



Consolidated Financial Results for the Three Months Ended JUNE 30, 2022 (Under Japanese GAAP)

August 9, 2022

Listing: Tokyo

Company name: SEIKO HOLDINGS CORPORATION
 Securities code: 8050 URL: <https://www.seiko.co.jp/en/>
 Representative: Shuji Takahashi, President
 Inquiries: Shimesu Takizawa, Director, Executive Vice President and Chief Financial Officer Telephone: +81-3-3563-2111
 Scheduled date to file quarterly securities report: August 12, 2022 (in Japanese)
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Available
 Holding of quarterly financial results briefing: Scheduled (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2022	62,078	13.7	3,105	105.3	4,056	126.4	1,707	-
June 30, 2021	54,609	53.3	1,512	-	1,791	-	53	(94.3)

Note: Comprehensive income For the three months ended June 30, 2022: ¥ 6,837 million [263.3%]
 For the three months ended June 30, 2021: ¥ 1,882 million [54.9%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2022	41.40	41.40
June 30, 2021	1.30	1.30

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2022	346,544	127,433	36.3
March 31, 2022	327,533	121,624	36.7

Reference: Equity As of June 30, 2022: ¥ 125,668 million
 As of March 31, 2022: ¥ 120,067 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2022	Yen -	Yen 25.00	Yen -	Yen 25.00	Yen 50.00
Fiscal year ending March 31, 2023	-				
Fiscal year ending March 31, 2023 (Forecast)		37.50	-	37.50	75.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated financial forecast for the fiscal year ending March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	245,000	3.2	10,000	14.0	10,500	5.6	7,500	16.9	181.83

Note: Revision to the financial forecast most recently announced: None

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Not applicable

Newly included: Not applicable Excluded: Not applicable

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Not applicable

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- i) Changes in accounting policies due to revisions to accounting standards and other regulations : Applicable
- ii) Changes in accounting policies due to other reasons : Not applicable
- iii) Changes in accounting estimates : Not applicable
- iv) Restatement : Not applicable

(Note) Refer to Changes in accounting policies, (3) Notes to Quarterly Consolidated Financial Statements, 2. Quarterly Consolidated Financial Statements and Major Notes, for detail.

(4) Number of issued shares (common shares)

i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022	41,404,261 shares /	As of March 31, 2022	41,404,261 shares
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ii) Number of treasury shares at the end of period

As of June 30, 2022	157,481 shares /	As of March 31, 2022	160,535 shares
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iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	41,245,268 shares
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Three months ended June 30, 2021	41,232,331 shares
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(Note) For the purpose of calculating the number of treasury shares at the end of period and the average numbers of shares outstanding during the period, treasury shares held in the Board Benefit Trust (BBT) are included in the treasury shares deducted in the calculation.

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Cautionary statements with respect to financial forecast)

The financial forecasts which appear in this report have been prepared based solely on the information which was available to the Company as of the date on which the report was released and the Company does not in any way guarantee the achievement of the forecasts. Actual results may differ significantly from the forecasted figures due to a number of factors. For assumptions used in the financial forecasts and instructions to use the financial forecasts, refer to (3) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2023 (FY2022), 1. Business Results, for detail.

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1. Business Results

(1) Overview

During the three-month period ended June 30, 2022, the world economy continued to recover, especially in Europe and the U.S., as the impact of the novel coronavirus eased. Meanwhile, the outlook for the world economy is becoming increasingly uncertain against the backdrop of factors such as rising prices primarily due to a concurrent global economic recovery since the previous fiscal year, as well as soaring international commodity prices due to tensions in Ukraine, supply chain disruptions in China due to the impact of the lockdown under the government's "zero-COVID" policy, and progress in monetary tightening in various countries.

The Japanese economy experienced positive growth as personal consumption, mainly in services, boosted the real GDP growth rate, despite rising prices primarily due to a significant depreciation of the yen.

(Millions of yen)

	3M FY2020 (a)	3M FY2021 (b)	3M FY2022 ①	Variance ① - (a)	Variance ① - (b)
Net sales	35,612	54,609	62,078	26,466	7,469
Operating profit (loss)	(2,178)	1,512	3,105	5,284	1,593
%	(6.1)%	2.8%	5.0%	-	2.2pt
Ordinary profit (loss)	(2,595)	1,791	4,056	6,652	2,264
%	(7.3)%	3.3%	6.5%	-	3.2pt
Profit attributable to owners of parent	942	53	1,707	765	1,654
%	2.6%	0.1%	2.8%	0.2pt	2.7pt
Exchange rate (v. JPY)					
USD	107.6	109.5	129.7	22.1	20.2
EUR	118.6	131.9	138.3	19.7	6.4

Amid these circumstances, the Company launched the five-year Eighth Mid-Term Management Plan, "Seiko Milestone 145 = SMILE145," which began in the fiscal year ending March 31, 2023, and proceeded with business development centered on the three newly defined strategic domains of "Emotional Value Solutions Business (EVS Business)," "Devices Solutions Business (DS Business)," and "Systems Solutions Business (SS Business)."

In the EVS 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 DS Business continued to increase net sales by steadily capturing favorable demand. In the SS Business, net sales exceeded those of the previous fiscal year, thanks to successful efforts to diversify business and expand the stock business.

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As a result, for the three-month period ended June 30, 2022, the Group reported consolidated net sales of 62.0 billion yen, a year-on-year increase of 13.7%.

On an overall consolidated basis, domestic net sales came to 30.8 billion yen (a year-on-year increase of 9.0%), and overseas net sales were 31.1 billion yen (a year-on-year increase of 18.9%). Overseas net sales comprised 50.3% of net sales overall.

Advertising and promotion expenses for the three-month period ended June 30, 2022 increased by approximately 10% from the same period of previous fiscal year. Although other selling, general and administrative expenses also increased year on year, operating profit improved by 1.5 billion yen year on year to 3.1 billion yen (a year-on-year increase of 105.3%), as a result of a recovery in net sales. Non-operating income and expenses improved year on year, primarily due to share of profit of entities accounted for using equity method, and ordinary profit increased by 2.2 billion yen year on year to 4.0 billion yen (a year-on-year increase of 126.4%). A loss of 0.1 billion yen relating to the novel coronavirus was posted as extraordinary losses. As a result, profit attributable to owners of parent minus income taxes and profit attributable to non-controlling interests was 1.7 billion yen (profit of 53 million yen in the same period of the previous fiscal year).

The average exchange rates for the three-month period ended June 30, 2022 were 129.7 yen to 1 US dollar and 138.3 yen to 1 euro.

Results by Segment

Results for each segment are as follows:

To realize the Group 10-year vision, the Company has established three strategic domains (the Emotional Value Solutions domain, the Devices Solutions domain, and the Systems Solutions domain) based on the solutions it provides, and formulated and implemented strategies for each domain under the Eighth Mid-Term Management Plan, "SMILE145." Accordingly, reported segments have been changed from "Watches Business," "Electronic Devices Business," and "Systems Solutions Business" to the three strategic domains, "Emotional Value Solutions Business," "Devices Solutions Business," and "Systems Solutions Business," effective from the first quarter of the fiscal year ending March 31, 2023. The previous Watches Business and some of the businesses included in the previous Electronic Devices Business, together with the Time Creation Business and WAKO Business in the Time Creation, WAKO and other Businesses, make up the Emotional Value Solutions Business. The Devices Solutions Business consists of the businesses previously in the Electronic Devices Business, other than those that have been changed to the Emotional Value Solutions Business. There are no changes from the previous business in the Systems Solutions Business.

a. Emotional Value Solutions Business (EVS Business)

Net sales under the EVS Business came to 39.0 billion yen, a year-on-year increase of 6.1 billion yen, or 18.8%.

Net sales of completed watches in Japan grew significantly year on year, especially for Grand Seiko

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and Seiko Prospex, due to a recovery in personal consumption. Overseas, net sales in the U.S. also rose significantly, driven by Global Brands such as Grand Seiko, and in Europe, net sales in the U.K., France, Germany, and other countries increased significantly due to favorable performance of Grand Seiko in general. Meanwhile, in China, net sales decreased due to the impact of the lockdown.

In the watch movements business, net sales increased especially for the U.S. market.

Net sales in the WAKO Business grew significantly year on year with the recovery of consumption in Japan. However, net sales of clocks and system clocks were sluggish.

Operating profit increased by 1.3 billion yen year on year, resulting in operating profit of 2.4 billion yen (a year-on-year increase of 120.0%) due to the increase in net sales and the depreciation of the yen.

b. Devices Solutions Business (DS Business)

Net sales under the DS Business came to 16.5 billion yen, a year-on-year increase of 10.2%. Operating profit was 1.7 billion yen, a year-on-year increase of 42.2%.

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

c. Systems Solutions Business (SS Business)

Net sales under the SS Business came to 9.1 billion yen, a year-on-year increase of 0.3 billion yen, or 3.6%. Operating profit was 0.9 billion yen, a year-on-year increase of 32 million yen, or 3.4%.

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.

(2) Financial Condition

-Assets-

Total assets at the close of the three-month period ended June 30, 2022 amounted to 346.5 billion yen, an increase of 19.0 billion yen from the close of the previous fiscal year, including the effect of exchange rates. Total current assets came to 168.2 billion yen, an increase of 13.4 billion yen from the close of the previous fiscal year. This was due to increases of 4.1 billion yen in cash and deposits and 7.5 billion yen in inventories. Total non-current assets came to 178.2 billion yen, an increase of 5.5 billion yen from the close of the previous fiscal year. This was due to increases of 2.3 billion yen in total property, plant and equipment, 1.4 billion yen in total intangible assets, and 1.6 billion yen in total investments and other assets.

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-Liabilities-

For liabilities, total borrowings came to 124.9 billion yen, due to an increase of 10.7 billion yen in short-term borrowings and a decrease of 1.9 billion yen in long-term borrowings. In addition, accounts payable - other decreased by 2.4 billion yen, notes and accounts payable - trade increased by 2.9 billion yen, and deferred tax liabilities increased by 1.3 billion yen. As a result, total liabilities amounted to 219.1 billion yen, an increase of 13.2 billion yen from the close of the previous fiscal year, including the effect of exchange rates.

-Net assets-

With regard to net assets, total net assets increased by 5.8 billion yen over the close of the previous fiscal year to become 127.4 billion yen, mainly owing to increases of 0.6 billion yen in shareholders' equity and 4.6 billion yen in foreign currency translation adjustment.

(3) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2023 (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, from the second quarter onward, risks such as raw material shortages, soaring prices, and supply chain disruptions due to China's zero-COVID measures are becoming even greater, and uncertainty about the future of the Japanese and global economies is increasing. Taking these factors into consideration, the Company has not changed its consolidated financial forecast and forecasted results by segment from the previous forecast announced on May 10, 2022.

The financial forecast announced on May 10, 2022 is as follows:

■ Forecast for the consolidated business results for the year ending March 31, 2023 (FY2022)

	Amount (Billions of yen)	Year-on-year change (%)
Net sales	245.0	3.2
Operating profit	10.0	14.0
Ordinary profit	10.5	5.6
Profit attributable to owners of parent	7.5	16.9
Earnings per share	181.83 yen	

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■ Forecasted results by segment for the year ending March 31, 2023 (FY2022)

	Net Sales (Billions of yen)	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

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

The forecasted results which appear in this report have been prepared based solely on the information which was available to us as of the date on which the report was released. As a result, actual results may differ from the forecasted figures due to a number of factors, such as changes in the business environment in the future.

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2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	30,740	34,885
Notes and accounts receivable - trade, and contract assets	38,767	39,090
Inventories	73,048	80,610
Accounts receivable - other	4,437	4,998
Other	9,102	10,042
Allowance for doubtful accounts	(1,310)	(1,371)
Total current assets	154,786	168,254
Non-current assets		
Property, plant and equipment		
Buildings and structures	77,046	78,546
Machinery, equipment and vehicles	82,590	86,162
Tools, furniture and fixtures	35,782	37,389
Other	9,909	11,599
Accumulated depreciation	(156,227)	(162,588)
Land	54,056	54,162
Construction in progress	1,942	2,215
Total property, plant and equipment	105,100	107,488
Intangible assets		
Goodwill	6,453	7,800
Other	8,391	8,542
Total intangible assets	14,844	16,342
Investments and other assets		
Investment securities	43,536	45,062
Deferred tax assets	2,200	2,327
Other	7,171	7,177
Allowance for doubtful accounts	(106)	(108)
Total investments and other assets	52,802	54,459
Total non-current assets	172,747	178,290
Total assets	327,533	346,544

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(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,027	24,007
Electronically recorded obligations - operating	7,138	7,037
Short-term borrowings	63,709	74,418
Current portion of bonds payable	150	150
Current portion of long-term borrowings	23,719	23,656
Accounts payable - other	11,359	8,865
Income taxes payable	1,546	1,342
Provision for bonuses	4,174	2,386
Other provisions	1,140	1,182
Other	20,448	24,209
Total current liabilities	154,413	167,255
Non-current liabilities		
Bonds payable	300	300
Long-term borrowings	28,752	26,845
Deferred tax liabilities	3,069	4,465
Deferred tax liabilities for land revaluation	3,614	3,614
Other provisions	807	690
Retirement benefit liability	7,617	7,640
Asset retirement obligations	1,070	1,081
Other	6,262	7,219
Total non-current liabilities	51,494	51,856
Total liabilities	205,908	219,111

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(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,245	7,245
Retained earnings	79,075	79,749
Treasury shares	(292)	(287)
Total shareholders' equity	96,028	96,707
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,942	11,592
Deferred gains or losses on hedges	(331)	(706)
Revaluation reserve for land	8,190	8,190
Foreign currency translation adjustment	5,116	9,770
Remeasurements of defined benefit plans	120	114
Total accumulated other comprehensive income	24,038	28,961
Non-controlling interests	1,557	1,764
Total net assets	121,624	127,433
Total liabilities and net assets	327,533	346,544

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(2) Quarterly Consolidated Statements of Income and Comprehensive Income

a. Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	3M FY2021	3M FY2022
Net sales	54,609	62,078
Cost of sales	32,441	35,880
Gross profit	22,167	26,197
Selling, general and administrative expenses	20,655	23,092
Operating profit	1,512	3,105
Non-operating income		
Interest income	13	27
Dividend income	391	390
Share of profit of entities accounted for using equity method	30	370
Foreign exchange gains	-	553
Other	325	211
Total non-operating income	761	1,554
Non-operating expenses		
Interest expenses	224	233
Foreign exchange losses	6	-
Other	251	369
Total non-operating expenses	482	603
Ordinary profit	1,791	4,056
Extraordinary income		
Subsidy income	31	-
Total extraordinary income	31	-
Extraordinary losses		
Loss on the spread of infectious disease	470	109
Total extraordinary losses	470	109
Profit before income taxes	1,352	3,947
Income taxes	1,167	2,102
Profit	185	1,844
Profit attributable to non-controlling interests	132	136
Profit attributable to owners of parent	53	1,707

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b. Quarterly Consolidated Statements of Comprehensive Income (For the three months)

(Millions of yen)

	3M FY2021	3M FY2022
Profit	185	1,844
Other comprehensive income		
Valuation difference on available-for-sale securities	1,307	679
Deferred gains or losses on hedges	49	(374)
Foreign currency translation adjustment	22	4,475
Remeasurements of defined benefit plans, net of tax	46	(6)
Share of other comprehensive income of entities accounted for using equity method	270	218
Total other comprehensive income	1,696	4,992
Comprehensive income	1,882	6,837
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,750	6,630
Comprehensive income attributable to non- controlling interests	131	207

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(3) Notes to Quarterly Consolidated Financial Statements

(Going concern assumption)

Not applicable.

(Significant changes in shareholder's equity)

Not applicable.

(Changes in accounting policies)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021), effective from the beginning of the first quarter of the fiscal year ending March 31, 2023. In accordance with the transitional treatment provided for in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company will apply the new accounting policy prescribed by the Implementation Guidance on Accounting Standard for Fair Value Measurement into the future. However, this application has no impact on the quarterly consolidated financial statements.

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(Segment Information)

I. For the three months ended June 30, 2021

Disclosure of sales and profit (loss) for each reported segment

(Millions of yen)

	Reported segments				Others (Note 1)	Grand total	Adjustment (Note 2)	Figures in consolidated statements of income (Note 3)
	Emotional Value Solutions Business	Devices Solutions Business	Systems Solutions Business	Total				
Sales								
Revenues from external customers	32,315	13,936	8,253	54,505	103	54,609	-	54,609
Transactions with other segments	528	1,071	566	2,166	172	2,339	(2,339)	-
Net sales	32,843	15,008	8,819	56,672	276	56,948	(2,339)	54,609
Segment profit	1,093	1,253	946	3,292	68	3,361	(1,849)	1,512

- Notes:
1. The "Others" category denotes operating segments not included among reported segments, such as the Shared Services Business.
 2. Adjustments to segment profit in the amount of -1,849 million yen include -141 million yen in the amortization of goodwill, 34 million yen that mainly consists of the elimination of transactions with other segments, and -1,742 million yen in company-wide expenses not appropriated to each operating segment. Company-wide expenses primarily consist of expenses incurred at headquarters, unallocated to operating segments.
 3. Segment profit has been adjusted for alongside operating profit on the quarterly consolidated statements of income.

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II. For the three months ended June 30, 2022

1. Disclosure of sales and profit (loss) for each reported segment

	Reported segments				Others (Note 1)	Grand total	Adjustment (Note 2)	Figures in consolidated statements of income (Note 3)
	Emotional Value Solutions Business	Devices Solutions Business	Systems Solutions Business	Total				
Sales								
Revenues from external customers	38,332	15,215	8,327	61,875	98	61,974	104	62,078
Transactions with other segments	697	1,317	812	2,826	158	2,985	(2,985)	-
Net sales	39,030	16,532	9,139	64,702	257	64,959	(2,881)	62,078
Segment profit	2,405	1,782	978	5,166	47	5,213	(2,108)	3,105

- Notes:
1. The “Others” category denotes operating segments not included among reported segments, such as the Shared Services Business.
 2. Adjustments to segment profit in the amount of -2,108 million yen include -141 million yen in the amortization of goodwill, -26 million yen that mainly consists of the elimination of transactions with other segments, and -1,940 million yen in company-wide expenses not appropriated to each operating segment. Company-wide expenses primarily consist of expenses incurred at headquarters, unallocated to operating segments.
 3. Segment profit has been adjusted for alongside operating profit on the quarterly consolidated statements of income.

2. Changes in reported segments

To realize the Group 10-year vision, the Company has established three strategic domains (the Emotional Value Solutions domain, the Devices Solutions domain, and the Systems Solutions domain) based on the solutions it provides, and formulated and implemented strategies for each domain under the Eighth Mid-Term Management Plan, “SMILE145.”

Accordingly, reported segments have been changed from “Watches Business,” “Electronic Devices Business,” and “Systems Solutions Business” to the three strategic domains, “Emotional Value Solutions Business,” “Devices Solutions Business,” and “Systems Solutions Business,” effective from the first quarter of the fiscal year ending March 31, 2023.

The previous Watches Business and some of the businesses included in the previous Electronic Devices Business, together with the Time Creation Business and WAKO Business in the Time Creation, WAKO and other Businesses, make up the Emotional Value Solutions Business. The Devices Solutions Business consists of the businesses previously in the Electronic Devices Business, other than those that have been changed to the Emotional Value Solutions Business. There are no changes from the previous business in the Systems Solutions Business.

The segment information for the three-month period ended June 30, 2021, has been prepared based on the classification after the change.

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The main merchandise and finished goods belonging to each reported segment are as follows:

Reported Segment	Main merchandise and finished goods
Emotional Value Solutions Business	Watches / Watch movements / Clocks / High-end jewelry, apparel, and fashion accessories / System clocks
Devices Solutions Business	Micro batteries and materials / Crystal oscillators / Precision components / Printers / Quartz oscillator ICs
Systems Solutions Business	Digital trust solutions / Network solutions / IT management solutions / IoT solutions / Wireless network solutions / Customer experience (CX) solutions / Cashless solutions
Others	Shared services / Real estate leasing / Others
