



Consolidated Financial Results for the Six Months Ended SEPTEMBER 30, 2022 (Under Japanese GAAP)

November 8, 2022

Company name: SEIKO GROUP CORPORATION
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 Scheduled date to file quarterly securities report: November 11, 2022 (in Japanese)
 Scheduled date to commence dividend payments: December 5, 2022
 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 six months ended September 30, 2022 (from April 1, 2022 to September 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	%
Six months ended September 30, 2022	129,921	17.7	8,847	156.2	9,567	168.7	5,292	343.5
September 30, 2021	110,395	26.2	3,453	-	3,561	-	1,193	(43.4)

Note: Comprehensive income For the six months ended September 30, 2022: ¥ 13,152 million [136.7%]
 For the six months ended September 30, 2021: ¥ 5,555 million [222.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2022	128.29	128.29
September 30, 2021	28.93	28.93

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of September 30, 2022	355,132	133,752	37.2
March 31, 2022	327,533	121,624	36.7

Reference: Equity As of September 30, 2022: ¥ 132,001 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	-	37.50			
Fiscal year ending March 31, 2023 (Forecast)			-	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	257,000	8.3	12,000	36.8	13,000	30.8	8,500	32.5	206.00

Note: Revision to the financial forecast most recently announced: Revised

*** 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, (4) 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 September 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 September 30, 2022	132,256 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)

	Six months ended September 30, 2022	41,252,302 shares
	Six months ended September 30, 2021	41,237,479 shares

(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.

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 3/19

Contents

1.	Business Results	
	(1) Overview	4
	(2) Financial Condition	6
	(3) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2023 (FY2022)	8
2.	Quarterly Consolidated Financial Statements and Major Notes	
	(1) Quarterly Consolidated Balance Sheets	9
	(2) Quarterly Consolidated Statements of Income and Comprehensive Income	12
	(3) Quarterly Consolidated Statements of Cash Flows	14
	(4) Notes to Quarterly Consolidated Financial Statements	16
	(Going concern assumption)	16
	(Significant changes in shareholder's equity).....	16
	(Changes in accounting policies)	16
	(Segment information)	17

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 4/19

1. Business Results

(1) Overview

During the six-month period ended September 30, 2022, the world economy remained unstable 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 the impact of the situation in Ukraine, supply chain disruptions in China due to the lockdown under the government's "zero-COVID" policy, and progress in monetary tightening in various countries. The Japanese economy initially showed a recovery in personal consumption, as the impact of the novel coronavirus eased. However, from July onward, the global economic downturn and the seventh wave of the novel coronavirus have caused a growing sense of stagnation, especially in personal consumption and exports.

(Millions of yen)

	6M FY2020 (a)	6M FY2021 (b)	6M FY2022 ①	Variance ① - (a)	Variance ① - (b)
Net sales	87,490	110,395	129,921	42,431	19,525
Operating profit (loss)	(1,511)	3,453	8,847	10,359	5,394
%	(1.7%)	3.1%	6.8%	-	3.7pt
Ordinary profit (loss)	(2,055)	3,561	9,567	11,623	6,006
%	(2.3%)	3.2%	7.4%	-	4.2pt
Profit attributable to owners of parent	2,107	1,193	5,292	3,185	4,099
%	2.4%	1.1%	4.1%	1.7pt	3.0pt
Exchange rate (v. JPY)					
USD	106.9	109.8	134.0	27.1	24.2
EUR	121.3	130.9	138.8	17.5	7.9

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. As a result, for the six-month period ended September 30, 2022, the Group reported consolidated net

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 5/19

sales of 129.9 billion yen, a year-on-year increase of 17.7%.

On an overall consolidated basis, domestic net sales came to 63.4 billion yen (a year-on-year increase of 10.2%), and overseas net sales were 66.4 billion yen (a year-on-year increase of 25.9%). Overseas net sales comprised 51.1% of net sales overall.

Advertising and promotion expenses for the six-month period ended September 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 5.3 billion yen year on year to 8.8 billion yen (a year-on-year increase of 156.2%), 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 6.0 billion yen year on year to 9.5 billion yen (a year-on-year increase of 168.7%). A loss relating to the novel coronavirus and other losses were posted as extraordinary losses. As a result, profit attributable to owners of parent minus income taxes and profit attributable to non-controlling interests was 5.2 billion yen (a year-on-year increase of 343.5%).

The average exchange rates for the six-month period ended September 30, 2022 were 134.0 yen to 1 US dollar and 138.8 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 83.1 billion yen, a year-on-year increase of 14.8 billion yen, or 21.7%.

Net sales of completed watches in Japan grew significantly year on year, especially for Grand Seiko and Seiko Prospex, due to a recovery in personal consumption. Overseas, net sales in the U.S. also

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 6/19

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 and sluggish personal consumption that followed.

In the watch movements business, net sales increased especially for value-added movements.

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 4.2 billion yen year on year, resulting in operating profit of 6.9 billion yen (a year-on-year increase of 153.7%) 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 34.3 billion yen, a year-on-year increase of 16.9%. Operating profit was 4.1 billion yen, a year-on-year increase of 64.9%.

Business results of some products were affected by the lockdown in China and other factors. However, favorable performance continued for thermal printers, micro batteries for medical equipment, quartz crystals, high-performance metals for semiconductor production equipment, oscillators, 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 18.0 billion yen, a year-on-year increase of 1.1 billion yen, or 6.8%. Operating profit was 2.0 billion yen, a year-on-year increase of 0.1 billion yen, or 6.3%.

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 26 consecutive quarters.

(2) Financial Condition

a. Status of Assets, Liabilities, and Net Assets

-Assets-

Total assets at the close of the six-month period ended September 30, 2022 amounted to 355.1 billion yen, an increase of 27.5 billion yen from the close of the previous fiscal year, including the effect of exchange rates. Total current assets came to 174.4 billion yen, an increase of 19.6 billion yen from the close of the previous fiscal year. This was due to increases of 5.2 billion yen in cash and deposits and 12.4 billion yen in inventories. Total non-current assets came to 180.7 billion yen, an increase of 7.9 billion yen from the close of the previous fiscal year. This was due to increases of 4.0 billion yen in total property, plant and equipment, 1.2 billion yen in total intangible assets, and 2.6 billion yen in total investments and other assets.

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 7/19

-Liabilities-

For liabilities, total borrowings came to 126.3 billion yen, due to an increase of 12.1 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 3.4 billion yen and notes and accounts payable - trade increased by 1.9 billion yen. As a result, total liabilities amounted to 221.3 billion yen, an increase of 15.4 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 12.1 billion yen over the close of the previous fiscal year to become 133.7 billion yen, mainly owing to increases of 4.3 billion yen in shareholders' equity and 6.7 billion yen in foreign currency translation adjustment.

b. Overview of Cash Flows

The balance of cash and cash equivalents at the end of the six-month period ended September 30, 2022 came to 35.8 billion yen, an increase of 5.1 billion yen relative to the end of the previous fiscal year (including 2.8 billion yen in effect of exchange rate change).

This is primarily due to the following factors:

-Cash flows from operating activities-

Net cash provided by operating activities came to positive 3.2 billion yen (compared to a positive cash flow of 7.6 billion yen for the same period of the previous fiscal year), a decrease of 4.3 billion yen year on year. This was the result of the Company posting 9.4 billion yen in income before income taxes, factoring in depreciation amounting to 6.1 billion yen, as well as adjustments such as a 8.6 billion-yen increase in inventories (posted as a decrease) and 3.4 billion-yen decrease in accounts payable - other (posted as a decrease).

-Cash flows from investing activities-

Net cash used in investing activities came to negative 8.1 billion yen (compared to a negative cash flow of 4.0 billion yen for the same period of the previous fiscal year) due to cash outflows consisting mainly of 6.4 billion yen in purchase of property, plant and equipment (posted as a decrease) and 1.4 billion yen in purchase of shares of subsidiaries resulting in change in scope of consolidation (posted as a decrease).

-Cash flows from financing activities-

Net cash used in financing activities came to positive 7.1 billion yen (compared to a negative cash flow of 7.1 billion yen for the same period of the previous fiscal year) due mainly to repayments and borrowings of long- and short-term borrowings, as well as cash dividends paid.

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 8/19

(3) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2023 (FY2022)

During the six-month period ended September 30, 2022, both revenue and profits increased year on year in three business segments, exceeding the forecasts. For the time being, exchange rates are expected to remain close to their current levels, which are expected to have a positive impact on the Group. Meanwhile, from the third quarter onward, in addition to the effects of factors including soaring energy costs, the risk of economic recession in Europe, the U.S., China, and other countries is becoming even greater. Taking these factors into consideration, the Company has revised its consolidated financial forecast and forecasted results by segment as described below.

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

(Billions of yen)	Current forecast (as of Nov. 8, 2022)	Year-on-year change (%)	Previous forecast (as of Aug. 9, 2022)
Net sales	257.0	8.3	245.0
Operating profit	12.0	36.8	10.0
Ordinary profit	13.0	30.8	10.5
Profit attributable to owners of parent	8.5	32.5	7.5
Earnings per share	206.00 yen		181.83 yen

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

(Billions of yen)	Net Sales		Operating Profit	
	Current	Previous	Current	Previous
Emotional Value Solutions Business	166.0	155.0	11.0	9.7
Devices Solutions Business	67.0	65.0	6.4	5.8
Systems Solutions Business	36.0	36.0	4.5	4.5
Total for reported segments	269.0	256.0	21.9	20.0
Others	1.0	2.5	0.1	0.1
Consolidated total	257.0	245.0	12.0	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.

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 9/19

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	30,740	36,010
Notes and accounts receivable - trade, and contract assets	38,767	40,537
Inventories	73,048	85,524
Accounts receivable - other	4,437	3,403
Other	9,102	10,341
Allowance for doubtful accounts	(1,310)	(1,410)
Total current assets	154,786	174,405
Non-current assets		
Property, plant and equipment		
Buildings and structures	77,046	79,158
Machinery, equipment and vehicles	82,590	87,594
Tools, furniture and fixtures	35,782	38,665
Other	9,909	12,663
Accumulated depreciation	(156,227)	(165,651)
Land	54,056	54,133
Construction in progress	1,942	2,627
Total property, plant and equipment	105,100	109,190
Intangible assets		
Goodwill	6,453	7,501
Other	8,391	8,576
Total intangible assets	14,844	16,077
Investments and other assets		
Investment securities	43,536	46,648
Deferred tax assets	2,200	2,007
Other	7,171	6,950
Allowance for doubtful accounts	(106)	(147)
Total investments and other assets	52,802	55,458
Total non-current assets	172,747	180,726
Total assets	327,533	355,132

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 10/19

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,027	22,927
Electronically recorded obligations - operating	7,138	6,784
Short-term borrowings	63,709	75,828
Current portion of bonds payable	150	450
Current portion of long-term borrowings	23,719	22,338
Accounts payable - other	11,359	7,919
Income taxes payable	1,546	2,147
Provision for bonuses	4,174	4,715
Other provisions	1,140	1,230
Asset retirement obligations	-	8
Other	20,448	22,928
Total current liabilities	154,413	167,280
Non-current liabilities		
Bonds payable	300	-
Long-term borrowings	28,752	28,209
Deferred tax liabilities	3,069	4,889
Deferred tax liabilities for land revaluation	3,614	3,614
Other provisions	807	635
Retirement benefit liability	7,617	7,634
Asset retirement obligations	1,070	1,079
Other	6,262	8,035
Total non-current liabilities	51,494	54,100
Total liabilities	205,908	221,380

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 11/19

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,245	7,245
Retained earnings	79,075	83,334
Treasury shares	(292)	(247)
Total shareholders' equity	96,028	100,331
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,942	12,143
Deferred gains or losses on hedges	(331)	(676)
Revaluation reserve for land	8,190	8,190
Foreign currency translation adjustment	5,116	11,908
Remeasurements of defined benefit plans	120	104
Total accumulated other comprehensive income	24,038	31,669
Non-controlling interests	1,557	1,751
Total net assets	121,624	133,752
Total liabilities and net assets	327,533	355,132

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 12/19

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

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

(Millions of yen)

	6M FY2021	6M FY2022
Net sales	110,395	129,921
Cost of sales	64,894	74,267
Gross profit	45,500	55,654
Selling, general and administrative expenses	42,047	46,806
Operating profit	3,453	8,847
Non-operating income		
Interest income	35	60
Dividend income	393	390
Share of profit of entities accounted for using equity method	163	604
Foreign exchange gains	50	646
Other	571	329
Total non-operating income	1,213	2,031
Non-operating expenses		
Interest expenses	454	515
Other	651	795
Total non-operating expenses	1,105	1,311
Ordinary profit	3,561	9,567
Extraordinary income		
Subsidy income	91	-
Total extraordinary income	91	-
Extraordinary losses		
Loss on the spread of infectious disease	945	90
Business restructuring expenses	-	26
Total extraordinary losses	945	117
Profit before income taxes	2,707	9,450
Income taxes	1,379	3,995
Profit	1,328	5,455
Profit attributable to non-controlling interests	135	162
Profit attributable to owners of parent	1,193	5,292

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 13/19

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

(Millions of yen)

	6M FY2021	6M FY2022
Profit	1,328	5,455
Other comprehensive income		
Valuation difference on available-for-sale securities	3,838	1,140
Deferred gains or losses on hedges	59	(345)
Foreign currency translation adjustment	(377)	5,979
Remeasurements of defined benefit plans, net of tax	92	(13)
Share of other comprehensive income of entities accounted for using equity method	613	936
Total other comprehensive income	4,227	7,697
Comprehensive income	5,555	13,152
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,430	12,922
Comprehensive income attributable to non- controlling interests	125	229

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 14/19

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	6M FY2021	6M FY2022
Cash flows from operating activities		
Profit before income taxes	2,707	9,450
Depreciation	5,286	6,149
Increase (decrease) in allowance for doubtful accounts	(76)	46
Increase (decrease) in retirement benefit liability	(193)	(94)
Interest and dividend income	(428)	(451)
Interest expenses	454	515
Foreign exchange losses (gains)	(18)	(236)
Share of loss (profit) of entities accounted for using equity method	(163)	(604)
Loss on retirement of non-current assets	94	113
Decrease (increase) in trade receivables	4,081	11
Decrease (increase) in inventories	(4,886)	(8,620)
Increase (decrease) in trade payables	1,286	947
Increase (decrease) in accounts payable - other	(2,375)	(3,461)
Other, net	3,051	1,182
Subtotal	8,821	4,949
Interest and dividends received	429	451
Dividends received from entities accounted for using equity method	26	32
Interest paid	(455)	(505)
Income taxes paid	(1,197)	(1,652)
Net cash provided by (used in) operating activities	7,624	3,274

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 15/19

(Millions of yen)

	6M FY2021	6M FY2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,208)	(6,458)
Proceeds from sale of property, plant and equipment	135	757
Purchase of investment securities	(0)	(9)
Proceeds from sale of investment securities	186	18
Loan advances	(304)	(123)
Proceeds from collection of loans receivable	190	210
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,428)
Other, net	(1,021)	(1,085)
Net cash provided by (used in) investing activities	(4,021)	(8,117)
Cash flows from financing activities		
Proceeds from short-term borrowings	624,273	665,067
Repayments of short-term borrowings	(626,759)	(654,014)
Proceeds from long-term borrowings	7,900	10,000
Repayments of long-term borrowings	(10,335)	(11,923)
Dividends paid	(1,033)	(1,033)
Other, net	(1,161)	(956)
Net cash provided by (used in) financing activities	(7,116)	7,139
Effect of exchange rate change on cash and cash equivalents	(22)	2,862
Net increase (decrease) in cash and cash equivalents	(3,536)	5,158
Cash and cash equivalents at beginning of period	32,340	30,738
Cash and cash equivalents at end of period	28,804	35,897

(4) 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.

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 17/19

(Segment Information)

I. For the six months ended September 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	67,100	27,230	15,872	110,203	192	110,395	-	110,395
Transactions with other segments	1,193	2,133	1,004	4,331	343	4,674	(4,674)	-
Net sales	68,294	29,363	16,877	114,534	535	115,070	(4,674)	110,395
Segment profit	2,742	2,506	1,902	7,151	114	7,265	(3,812)	3,453

- 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 -3,812 million yen include -283 million yen in the amortization of goodwill, -33 million yen that mainly consists of the elimination of transactions with other segments, and -3,495 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.

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 18/19

II. For the six months ended September 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	81,673	31,276	16,572	129,523	188	129,711	209	129,921
Transactions with other segments	1,466	3,063	1,451	5,982	350	6,332	(6,332)	-
Net sales	83,140	34,340	18,024	135,505	538	136,044	(6,122)	129,921
Segment profit	6,957	4,133	2,022	13,112	98	13,211	(4,363)	8,847

- 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 -4,363 million yen include -283 million yen in the amortization of goodwill, -265 million yen that mainly consists of the elimination of transactions with other segments, and -3,814 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 six-month period ended September 30, 2021, has been prepared based on the classification after the change.

SEIKO GROUP CORPORATION

Consolidated Financial Statements: 6M FY2022

Page 19/19

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
