



Consolidated Financial Results for the Nine Months Ended DECEMBER 31, 2022 (Under Japanese GAAP)

February 14, 2023

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 Scheduled date to file quarterly securities report: February 14, 2023 (in Japanese)
 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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	197,459	13.6	12,446	91.7	12,716	76.7	8,104	107.3
December 31, 2021	173,861	19.1	6,492	837.4	7,196	-	3,910	70.2

Note: Comprehensive income For the nine months ended December 31, 2022: ¥ 13,724 million [72.4%]
 For the nine months ended December 31, 2021: ¥ 7,961 million [77.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2022	196.43	196.43
December 31, 2021	94.81	94.81

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of December 31, 2022	361,341	132,976	36.3
March 31, 2022	327,533	121,624	36.7

Reference: Equity As of December 31, 2022: ¥ 131,028 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: 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 December 31, 2022 41,404,261 shares / As of March 31, 2022 41,404,261 shares

ii) Number of treasury shares at the end of period

As of December 31, 2022 132,337 shares / As of March 31, 2022 160,535 shares

iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2022 41,258,856 shares

Nine months ended December 31, 2021 41,239,607 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.

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1. Business Results

(1) Overview

During the nine-month period ended December 31, 2022, the global economy experienced a distinct slowdown 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. However, the Japanese economy is on a gradual recovery trend, due to a marked recovery in personal consumption as the impact of the novel coronavirus eased, as well as a recovery in demand from foreign tourists, despite a sense of stagnation caused by the global economic downturn and rising prices.

(Millions of yen)

	9M FY2020 (a)	9M FY2021 (b)	9M FY2022 ①	Variance ① - (a)	Variance ① - (b)
Net sales	145,998	173,861	197,459	51,461	23,597
Operating profit	692	6,492	12,446	11,754	5,954
%	0.5%	3.7%	6.3%	5.8pt	2.6pt
Ordinary profit (loss)	(878)	7,196	12,716	13,594	5,520
%	-	4.1%	6.4%	-	2.3pt
Profit attributable to owners of parent	2,297	3,910	8,104	5,807	4,194
%	1.6%	2.2%	4.1%	2.5pt	1.9pt
Exchange rate (v. JPY)					
USD	106.1	111.1	136.5	30.4	25.4
EUR	122.4	130.6	140.6	18.2	10.0

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 for overseas markets, net sales also grew in many countries and regions. Although the DS Business continued to increase net sales by steadily capturing favorable demand, new orders experienced a slowdown from the third quarter onward. 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

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nine-month period ended December 31, 2022, the Group reported consolidated net sales of 197.4 billion yen, a year-on-year increase of 13.6%.

On an overall consolidated basis, domestic net sales came to 97.8 billion yen (a year-on-year increase of 7.3%), and overseas net sales were 99.6 billion yen (a year-on-year increase of 20.5%). Overseas net sales comprised 50.5% of net sales overall.

Advertising and promotion expenses for the nine-month period ended December 31, 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 5.9 billion yen year on year to 12.4 billion yen (a year-on-year increase of 91.7%), as a result of a recovery in net sales. Non-operating income and expenses came to positive 0.2 billion yen, and ordinary profit increased by 5.5 billion yen year on year to 12.7 billion yen (a year-on-year increase of 76.7%). 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 8.1 billion yen (a year-on-year increase of 107.3%).

The average exchange rates for the nine-month period ended December 31, 2022 were 136.5 yen to 1 US dollar and 140.6 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 129.5 billion yen, a year-on-year increase of 18.8 billion yen, or 17.1%.

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

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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 mechanical movements.

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

Operating profit increased by 4.8 billion yen year on year, resulting in operating profit of 11.0 billion yen (a year-on-year increase of 80.1%) 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 49.9 billion yen, a year-on-year increase of 12.6%. Operating profit was 5.2 billion yen, a year-on-year increase of 36.5%.

From the third quarter onward, a slowdown trend became apparent in orders for devices for use in consumer and general-purpose products. However, favorable performance continued for micro batteries for medical equipment, 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 26.9 billion yen, a year-on-year increase of 1.6 billion yen, or 6.7%. Operating profit was 3.1 billion yen, a year-on-year increase of 0.3 billion yen, or 11.2%.

In some industries, such as food service, a trend toward recovery from the coronavirus pandemic was observed. In addition, businesses supporting digital infrastructure, such as 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 27 consecutive quarters.

(2) Financial Condition

-Assets-

Total assets at the close of the nine-month period ended December 31, 2022 amounted to 361.3 billion yen, an increase of 33.8 billion yen from the close of the previous fiscal year, including the effect of exchange rates. Total current assets came to 179.4 billion yen, an increase of 24.6 billion yen from the close of the previous fiscal year. This was due to increases of 7.0 billion yen in cash and deposits and 14.0 billion yen in inventories. Total non-current assets came to 181.8 billion yen, an increase of 9.1 billion yen from the close of the previous fiscal year. This was due to increases of 5.3 billion yen in total property, plant and equipment, 0.9 billion yen in total intangible assets, and 2.7 billion yen in total investments and other assets.

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-Liabilities-

For liabilities, total borrowings came to 128.2 billion yen, due to an increase of 21.2 billion yen in short-term borrowings and a decrease of 9.1 billion yen in long-term borrowings. In addition, notes and accounts payable - trade increased by 4.3 billion yen. As a result, total liabilities amounted to 228.3 billion yen, an increase of 22.4 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 11.3 billion yen over the close of the previous fiscal year to become 132.9 billion yen, mainly owing to increases of 5.5 billion yen in shareholders' equity and 4.2 billion yen in foreign currency translation adjustment.

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

During the nine-month period ended December 31, 2022, both revenue and profits increased for all three business segments, and results are favorable and roughly in line with the forecasts. For the final quarter, although the business environment is expected to deteriorate in some areas, the Company does not expect to see any major deviations from the previous forecast. Therefore, the Company has not changed its consolidated financial forecast or its forecasted results by segment.

The financial forecast announced on November 8, 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	257.0	8.3
Operating profit	12.0	36.8
Ordinary profit	13.0	30.8
Profit attributable to owners of parent	8.5	32.5
Earnings per share	206.00 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	166.0	11.0
Devices Solutions Business	67.0	6.4
Systems Solutions Business	36.0	4.5
Total for reported segments	269.0	21.9
Others	1.0	0.1
Consolidated total	257.0	12.0

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 December 31, 2022
Assets		
Current assets		
Cash and deposits	30,740	37,811
Notes and accounts receivable - trade, and contract assets	38,767	41,451
Inventories	73,048	87,048
Accounts receivable - other	4,437	4,378
Other	9,102	10,130
Allowance for doubtful accounts	(1,310)	(1,354)
Total current assets	154,786	179,465
Non-current assets		
Property, plant and equipment		
Buildings and structures	77,046	79,037
Machinery, equipment and vehicles	82,590	89,416
Tools, furniture and fixtures	35,782	38,614
Other	9,909	12,907
Accumulated depreciation	(156,227)	(166,351)
Land	54,056	54,123
Construction in progress	1,942	2,739
Total property, plant and equipment	105,100	110,488
Intangible assets		
Goodwill	6,453	7,201
Other	8,391	8,595
Total intangible assets	14,844	15,797
Investments and other assets		
Investment securities	43,536	46,505
Deferred tax assets	2,200	2,145
Other	7,171	7,086
Allowance for doubtful accounts	(106)	(147)
Total investments and other assets	52,802	55,590
Total non-current assets	172,747	181,876
Total assets	327,533	361,341

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(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,027	25,356
Electronically recorded obligations - operating	7,138	8,662
Short-term borrowings	63,709	84,949
Current portion of bonds payable	150	450
Current portion of long-term borrowings	23,719	17,244
Accounts payable - other	11,359	10,789
Income taxes payable	1,546	1,676
Provision for bonuses	4,174	3,101
Other provisions	1,140	1,284
Asset retirement obligations	-	8
Other	20,448	22,704
Total current liabilities	154,413	176,227
Non-current liabilities		
Bonds payable	300	-
Long-term borrowings	28,752	26,041
Deferred tax liabilities	3,069	4,963
Deferred tax liabilities for land revaluation	3,614	3,614
Other provisions	807	597
Retirement benefit liability	7,617	7,654
Asset retirement obligations	1,070	1,085
Other	6,262	8,181
Total non-current liabilities	51,494	52,137
Total liabilities	205,908	228,365

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(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,245	7,245
Retained earnings	79,075	84,595
Treasury shares	(292)	(248)
Total shareholders' equity	96,028	101,593
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,942	11,828
Deferred gains or losses on hedges	(331)	(9)
Revaluation reserve for land	8,190	8,190
Foreign currency translation adjustment	5,116	9,332
Remeasurements of defined benefit plans	120	93
Total accumulated other comprehensive income	24,038	29,434
Non-controlling interests	1,557	1,948
Total net assets	121,624	132,976
Total liabilities and net assets	327,533	361,341

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(2) Quarterly Consolidated Statements of Income and Comprehensive Income

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

(Millions of yen)

	9M FY2021	9M FY2022
Net sales	173,861	197,459
Cost of sales	100,665	111,422
Gross profit	73,196	86,037
Selling, general and administrative expenses	66,703	73,590
Operating profit	6,492	12,446
Non-operating income		
Interest income	52	134
Dividend income	773	771
Share of profit of entities accounted for using equity method	359	772
Other	1,129	482
Total non-operating income	2,314	2,161
Non-operating expenses		
Interest expenses	675	808
Other	934	1,082
Total non-operating expenses	1,610	1,891
Ordinary profit	7,196	12,716
Extraordinary income		
Subsidy income	126	-
Total extraordinary income	126	-
Extraordinary losses		
Business restructuring expenses	-	136
Loss on the spread of infectious disease	974	90
Total extraordinary losses	974	226
Profit before income taxes	6,348	12,490
Income taxes	2,267	4,180
Profit	4,080	8,309
Profit attributable to non-controlling interests	170	205
Profit attributable to owners of parent	3,910	8,104

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

(Millions of yen)

	9M FY2021	9M FY2022
Profit	4,080	8,309
Other comprehensive income		
Valuation difference on available-for-sale securities	2,213	780
Deferred gains or losses on hedges	50	322
Foreign currency translation adjustment	869	3,188
Remeasurements of defined benefit plans, net of tax	139	(20)
Share of other comprehensive income of entities accounted for using equity method	608	1,145
Total other comprehensive income	3,880	5,415
Comprehensive income	7,961	13,724
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,764	13,500
Comprehensive income attributable to non- controlling interests	196	224

(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 nine months ended December 31, 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	108,525	41,138	23,914	173,578	283	173,861	-	173,861
Transactions with other segments	2,119	3,250	1,389	6,759	505	7,264	(7,264)	-
Net sales	110,645	44,388	25,304	180,337	788	181,126	(7,264)	173,861
Segment profit	6,106	3,875	2,857	12,838	171	13,010	(6,517)	6,492

- 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 -6,517 million yen include -424 million yen in the amortization of goodwill, -12 million yen that mainly consists of the elimination of transactions with other segments, and -6,080 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 nine months ended December 31, 2022

1. 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	127,259	44,847	24,758	196,864	282	197,146	312	197,459
Transactions with other segments	2,270	5,130	2,233	9,634	507	10,142	(10,142)	-
Net sales	129,529	49,977	26,992	206,499	790	207,289	(9,829)	197,459
Segment profit	11,000	5,290	3,178	19,469	147	19,617	(7,170)	12,446

- Notes:
- The "Others" category denotes operating segments not included among reported segments, such as the Shared Services Business.
 - Adjustments to segment profit in the amount of -7,170 million yen include -424 million yen in the amortization of goodwill, -518 million yen that mainly consists of the elimination of transactions with other segments, and -6,227 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.
 - 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 nine-month period ended December 31, 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
