

February 14, 2018

Notification of the Posting of Extraordinary Income (Update of the Previous Disclosure)

Seiko Holdings Corporation (hereinafter “SHD”) hereby announces that it expects to post extraordinary income in the fourth quarter of the fiscal year ending March 31, 2018 (FY2017). Details are as follows:

1. Posting of extraordinary income

Seiko Instruments Inc. (hereinafter “SII”), a subsidiary of SHD, concluded an agreement (hereinafter the “Agreement”) on September 8, 2015 with Development Bank of Japan Inc. (hereinafter “DBJ”) on the transfer of SII’s semiconductor business to SII Semiconductor Corporation (hereinafter “SSJ”), a semiconductor business company established through a joint investment by both companies, and the option of transferring a portion of equity in SSJ held by SII to DBJ after the passage of two years from the business transfer, among others.

As the above option was exercised pursuant to the Agreement, a share transfer agreement was concluded, effective December 1, 2017, between SII and DBJ, and a portion of equity in SSJ was transferred to DBJ on January 5, 2018.

Gain on transfer resulting from the above business transfer had previously been eliminated as a transaction under common control in the consolidated financial statements. However, as SSJ has been excluded from the scope of SHD’s consolidation in conjunction with the share transfer, an amount of gain on transfer, excluding the portion corresponding to the number of shares held after the share transfer, has been realized.

The unrealized gain of 9.5 billion yen is estimated to be realized in conjunction with the share transfer.

Furthermore, in the fourth quarter of the fiscal year ending March 31, 2018 (FY2017), SHD is expected to post extraordinary income of 9.3 billion yen (estimated) in conjunction with the share transfer, including 9.5 billion yen (estimated) as the realized amount of the unrealized gain, as mentioned above, and 0.1 billion yen (estimated) of loss on transfer of shares, etc.

Effective January 5, 2018, SII Semiconductor Corporation has changed its trade name to ABLIC Inc.

2. Future outlook

This extraordinary income has been incorporated in the consolidated business forecast for FY2017, disclosed on February 14, 2018.

(Reference)

Consolidated business forecast for FY2017 (as disclosed on February 14, 2018) and consolidated financial results for FY2016

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
FY2017	270,000	9,000	10,000	10,000	242.62 yen
FY2016	257,115	7,487	6,671	5,392	130.71 yen

* A share consolidation was conducted effective October 1, 2017. Five common shares were consolidated into one. Accordingly, earnings per share was calculated by assuming that the consolidation was conducted at the beginning of FY2016.