



CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021
[Japanese GAAP]

February 8, 2022
 Stock Listing: Tokyo

Company name: SEIKO HOLDINGS CORPORATION
 Code number: 8050 URL: <https://www.seiko.co.jp/en/>
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 Quarterly securities report issuing date: February 10, 2022 (in Japanese)
 Supplemental information for financial statements: Available
 Investor meeting presentation: Scheduled (for institutional investors and analysts)

(Note) Amounts under one million yen have been rounded down.

1. Consolidated financial results for the nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)

(1) Consolidated financial results (% represents the change from the corresponding period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit (loss)		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2021	173,861	19.1	6,492	837.4	7,196	-	3,910	70.2
December 31, 2020	145,998	(21.0)	692	(91.5)	(878)	-	2,297	(64.0)

Note: Comprehensive income
 Nine months ended December 31, 2021: 7,961 million yen 77.1 %
 Nine months ended December 31, 2020: 4,494 million yen (30.1) %

	Basic earnings per share	Diluted earnings per share
Nine months ended December 31, 2021	Yen 94.81	Yen 94.81
December 31, 2020	55.72	55.72

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
As of December 31, 2021	Millions of yen 334,769	Millions of yen 117,784	34.7 %
March 31, 2021	319,671	113,082	34.9

(Reference) Shareholder's equity
 As of December 31, 2021: 116,235 million yen
 As of March 31, 2021: 111,695 million yen

2. Dividends

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2021	Yen -	Yen 12.50	Yen -	Yen 25.00	Yen 37.50
ending March 31, 2022	-	25.00	-	-	-
ending March 31, 2022 (Forecast)	-	-	-	25.00	50.00

(Note) Revision of the latest announced dividends forecast: None

3. Consolidated financial forecast for the fiscal year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(% represents the change from the previous fiscal year)

	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, 2022	235,000	16.0	7,000	219.1	7,500	-	4,000	15.1	96.99

(Note) Revision of the latest announced financial forecast: Revised

*Notes

(1) Changes in significant subsidiaries during the period : Applicable

(Changes in specified subsidiaries resulting in changes in the scope of consolidation)

Newly consolidated: Not applicable Excluded: Applicable / SEIKO Clock Inc.

(Note) Refer to Changes in significant subsidiaries during the period, (3) Notes to Quarterly Consolidated Financial Statements, 2. Quarterly Consolidated Financial Statements and Major Notes, for detail.

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

(3) Changes in accounting principles and estimates, and restatements

1) Changes in accounting policies in accordance with revisions of accounting standards : Applicable

2) Changes in accounting policies other than 1) : Not applicable

3) Changes in accounting estimates : Not applicable

4) Restatements : 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 shares issued (Common shares)

1) Number of shares issued at the end of period (including treasury shares):

As of December 31, 2021	41,404,261 shares /	As of March 31, 2021	41,404,261 shares
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2) Number of treasury shares at the end of period:

As of December 31, 2021	160,361 shares /	As of March 31, 2021	175,589 shares
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3) Average numbers of shares issued during the period for:

Nine months ended December 31, 2021	41,239,607 shares
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Nine months ended December 31, 2020	41,226,341 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 issued during the period, treasury shares held in the Board Benefit Trust (BBT) are included in the treasury shares deducted in the calculation.

*This report is out of scope of audit by certified public accountants or audit firms.

*Explanations about the appropriate use of financial forecasts and other important notes

(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, 2022 (FY2021), 1. Business Results, for detail.

SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: 9M21

Page 3/17

Contents

1.	Business Results	
	(1) Overview	4
	(2) Financial Condition	7
	(3) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2022 (FY2021)	7
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) Notes to Quarterly Consolidated Financial Statements	14
	(Going concern assumption)	14
	(Significant changes in shareholder's equity).....	14
	(Changes in significant subsidiaries during the period).....	14
	(Changes in accounting policies)	14
	(Segment information)	16

SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: 9M21

Page 4/17

1. Business Results

(1) Overview

In the world economy during the nine-month period ended December 31, 2021, many countries showed signs of a recovery from the sudden economic declines caused by the spread of the novel coronavirus during the fiscal year ended March 31, 2021. In the U.S. economy, although the pace of growth in employment and consumption experienced a temporary lull due to a resurgence of infections and labor shortages, a trend toward recovery continued. In Europe, economic activity was affected mainly by an intensification of restrictions on movement prompted by the rapid spread of the Omicron variant. In China as well, although the economy progressed steadily, growth was slowed by factors such as the impact of the government's "zero-COVID" policy and a sluggish real estate market.

The Japanese economy experienced cycles of activity restrictions and easing due to the spread of infections of mutant strains, but maintained a recovery trend. Personal consumption, which had been subdued, showed signs of recovery after the declaration of a state of emergency was lifted in September.

(Millions of yen)

	9M19 (a)	9M20 (b)	9M21 ①	Variance ① - (a)	Variance ① - (b)
Net sales	184,728	145,998	173,861	(10,867)	27,863
Operating profit	8,115	692	6,492	(1,622)	5,800
%	4.4%	0.5%	3.7%	(0.7)pt	3.2pt
Ordinary profit (loss)	9,357	(878)	7,196	(2,160)	8,074
%	5.1%	-	4.1%	(1.0)pt	-
Profit attributable to owners of parent	6,375	2,297	3,910	(2,465)	1,612
%	3.5%	1.6%	2.2%	(1.3)pt	0.6pt
Exchange rate (v. JPY)					
USD	108.7 yen	106.1 yen	111.1 yen	2.4	5.0
EUR	121.0 yen	122.4 yen	130.6 yen	9.6	8.2

Amid these circumstances, the Company promoted the strategies of the Seventh Mid-Term Management Plan, while paying close attention to the health and safety of stakeholders, given the rapid spread of infections of mutant strains. In the Watches Business, net sales rose significantly especially for overseas markets, thanks to progress in efforts to expand Global Brands (GB), centered on Grand Seiko (GS) and Seiko Prospex. The Electronic Devices Business steadily captured favorable demand in fields such as the medical field, and efforts by the Systems Solutions Business to diversify business and expand the stock business proved successful. As a result, net sales for both of these business segments exceeded those of the same period of the previous fiscal year and the same period

SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: 9M21

Page 5/17

two years prior, before the spread of the novel coronavirus. As a result, for the nine-month period ended December 31, 2021, the Group reported consolidated net sales of 173.8 billion yen, a year-on-year increase of 19.1%.

On an overall consolidated basis, domestic net sales came to 91.1 billion yen (a year-on-year increase of 12.4%), and overseas net sales were 82.6 billion yen (a year-on-year increase of 27.5%). Overseas net sales comprised 47.6% of net sales overall.

Advertising and promotion expenses for the nine-month period ended December 31, 2021 increased by approximately 5% from the same period of the previous fiscal year, but fell by approximately 15% from the same period two years prior. Although other expenses also increased year on year and returned to usual levels following a recovery in business activities, operating profit improved by 5.8 billion yen year on year to 6.4 billion yen (a year-on-year increase of 837.4%), as a result of a recovery in net sales and improvements in profitability. Non-operating income and expenses improved year on year, primarily due to an improvement in share of profit of entities accounted for using equity method and improvement in foreign exchange gains and losses, and ordinary profit increased by 8.0 billion yen year on year to 7.1 billion yen (ordinary losses of 0.8 billion yen in the same period of the previous fiscal year). Subsidy income of 0.1 billion yen was posted as extraordinary income, and a loss of 0.9 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 were 3.9 billion yen (a year-on-year increase of 70.2%).

The average exchange rates for the nine-month period ended December 31, 2021 were 111.1 yen to 1 US dollar and 130.6 yen to 1 euro.

Results by Segment

Results for each segment are as follows:

a. Watches Business

Net sales under the Watches Business came to 92.3 billion yen, a year-on-year increase of 15.2 billion yen, or 19.8%, and a decrease of 15.6 billion yen, or 14.5% from the same period two years prior.

Although net sales of completed watches in Japan fell short of the plan for the nine-month period ended December 31, 2021 due to the spread of infections of mutant strains, they entered a recovery trend from the third quarter, when the number of new infections fell. GS showed favorable performance, driven primarily by the 140th Anniversary commemorative model as well as a model that features a dial depicting a majestic white birch forest, and sales increased year on year. Net sales also grew for Seiko Astron and Seiko Presage. On a distribution channel basis, sales were steady for department stores and watch stores, which were supported by vigorous purchasing by wealthy customers.

Net sales of GB increased not only year on year, but also from the same period two years prior in all regions overseas, driven by GS. In the U.S., sales during the Christmas season showed favorable

SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: 9M21

Page 6/17

performance, and sales centered on GS and Seiko Prospex grew significantly year on year and also from the same period two years prior. In Europe as well, sales of GB such as GS grew in the U.K., France, and many other countries. In China, from the summer onward, social unease such as growing concerns regarding the default of a real estate company led to a decline in consumer sentiment, and net sales fell year on year. Due to the spread of infections of mutant strains, net sales in other Asian countries remained roughly the same as those of the same period of the previous year. However, sales in Australia showed favorable performance, centered on GB.

The watch movements business was sluggish for the Asian market.

Operating profit increased by 1.8 billion yen year on year, resulting in operating profit of 5.8 billion yen (a year-on-year increase of 46.5%) in conjunction with the increase in net sales, despite expenses returning to normal levels year on year following a recovery in business activities.

b. Electronic Devices Business

Net sales under the Electronic Devices Business came to 47.2 billion yen, a year-on-year increase of 35.3%. Operating profit was 4.0 billion yen (compared to operating profit of 16 million yen in the same period of the previous fiscal year). Business results were affected by delays in the supply of components and materials for thermal printers and some precision devices. However, favorable performance continued for micro batteries for medical equipment and quartz crystals, as well as high-performance metals for oscillators and semiconductor production equipment, precision components for automobiles and data centers, and other products. As a result, both revenue and profits grew significantly year on year.

c. Systems Solutions Business

Net sales under the Systems Solutions Business came to 25.3 billion yen, a year-on-year increase of 0.7%. Operating profit was 2.8 billion yen, a year-on-year increase of 11.2%. Some industries, such as food service, were affected by the coronavirus pandemic, and there were difficulties in procuring components and materials for some products. However, capturing the rising tide of the digitalization of society, there was growth in the electronic contract-related business, IIM's performance management and security-related business, network-related business for 5G for the public sector and communications industry, and other businesses, resulting in continued growth in both revenue and profits for 23 consecutive quarters.

d. Time Creation, WAKO and other Businesses

Net sales under the Time Creation, WAKO and other Businesses amounted to 20.1 billion yen, a year-on-year increase of 2.7 billion yen, or 15.7%. Operating profit was 0.2 billion yen (compared to operating losses of 0.4 billion yen in the same period of the previous fiscal year). The sentiment regarding market conditions recovered towards the end of the year, in conjunction with a decline in the number of new infections in Japan.

(2) Financial Condition**-Assets-**

Total assets at the close of the nine-month period ended December 31, 2021 amounted to 334.7 billion yen, an increase of 15.0 billion yen from the close of the previous fiscal year. Total current assets came to 161.9 billion yen, an increase of 11.9 billion yen from the close of the previous fiscal year. This was due to increases of 4.6 billion yen in cash and deposits, and 6.0 billion yen in inventories, together with increases of 1.4 billion yen in notes and accounts receivable - trade, and contract assets in comparison to notes and accounts receivable - trade as of the end of the previous fiscal year. Total non-current assets came to 172.7 billion yen, an increase of 3.1 billion yen from the close of the previous fiscal year. This was due to decreases of 0.1 billion yen in total property, plant and equipment and 0.7 billion yen in intangible assets, and an increase of 4.1 billion yen in investments and other assets.

-Liabilities-

For liabilities, total borrowings came to 123.8 billion yen, due to increase of 3.4 billion yen in short-term borrowings and 4.6 billion yen in current portion of long-term borrowings, and a decrease of 9.4 billion yen in long-term borrowings. In addition, notes and accounts payable - trade increased by 4.3 billion yen, electronically recorded obligations - operating increased by 2.8 billion yen, and deferred tax liabilities increased by 1.5 billion yen. As a result, total liabilities amounted to 216.9 billion yen, an increase of 10.3 billion yen from the close of the previous fiscal year.

-Net assets-

With regard to net assets, total net assets increased by 4.7 billion yen over the close of the previous fiscal year to 117.7 billion yen, mainly owing to increases of 0.6 billion yen in shareholders' equity, 2.3 billion yen in valuation difference on available-for-sale securities, and 1.2 billion yen in foreign currency translation adjustment.

(3) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2022 (FY2021)

The Omicron variant began spreading explosively from around November 2021, primarily in Europe, and since the start of 2022, it has also been spreading rapidly in Japan, creating concerns regarding its impact on economic activity. For the fourth quarter onward, risk factors, such as ongoing semiconductor shortages, soaring prices of components and materials, and changes in the Chinese market, will remain. However, business results were steady during the nine-month period ended December 31, 2021, and orders continued to be favorable in the Electronic Devices Business. Mainly taking these factors into consideration, the Company has revised its consolidated financial forecast and forecasted results by segment as described below.

Note that the exchange rates for the financial forecast from the fourth quarter onward are as follows:
1 US dollar = 110 yen; 1 euro = 125 yen.

SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: 9M21

Page 8/17

■ Forecast for the consolidated business results for the year ending March 31, 2022 (FY2021)

(Billions of yen)	Current forecast (as of Feb. 8, 2022)	Year-on-year change (%)	Previous forecast (as of Nov. 9, 2021)
Net sales	235.0	16.0	235.0
Operating profit	7.0	219.1	6.0
Ordinary profit	7.5	-	6.5
Profit attributable to owners of parent	4.0	15.1	4.0
Earnings per share	96.99 yen		96.99 yen

■ Forecasted results by segment for the year ending March 31, 2022 (FY2021)

(Billions of yen)	Net Sales		Operating Profit	
	Current	Previous	Current	Previous
Watches Business	123.0	123.0	7.0	7.0
Electronic Devices Business	63.0	63.0	5.0	4.0
Systems Solutions Business	36.0	36.0	4.0	4.0
Total for reported segments	222.0	222.0	16.0	15.0
Time Creation, WAKO and other Businesses	27.0	27.0	0.0	0.0
Consolidated total	235.0	235.0	7.0	6.0

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 HOLDINGS CORPORATION

Consolidated Financial Statements: 9M21

Page 9/17

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	32,611	37,268
Notes and accounts receivable - trade	37,185	-
Notes and accounts receivable - trade, and contract assets	-	38,624
Inventories	68,424	74,515
Accounts receivable - other	4,932	3,233
Other	8,306	9,702
Allowance for doubtful accounts	(1,421)	(1,346)
Total current assets	150,039	161,997
Non-current assets		
Property, plant and equipment		
Buildings and structures	74,459	75,801
Machinery, equipment and vehicles	79,098	81,325
Tools, furniture and fixtures	34,183	34,925
Other	8,831	9,339
Accumulated depreciation	(150,227)	(153,944)
Land	54,409	53,944
Construction in progress	2,422	1,592
Total property, plant and equipment	103,177	102,983
Intangible assets		
Goodwill	7,336	6,696
Other	8,493	8,335
Total intangible assets	15,830	15,032
Investments and other assets		
Investment securities	41,463	45,399
Deferred tax assets	2,273	2,362
Other	6,996	7,101
Allowance for doubtful accounts	(109)	(108)
Total investments and other assets	50,625	54,755
Total non-current assets	169,632	172,772
Total assets	319,671	334,769

SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: 9M21

Page 10/17

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,310	23,616
Electronically recorded obligations - operating	6,048	8,874
Short-term borrowings	72,611	76,024
Current portion of bonds payable	350	100
Current portion of long-term borrowings	17,315	22,003
Accounts payable - other	9,266	10,164
Income taxes payable	1,478	1,089
Provision for bonuses	3,634	2,766
Other provisions	1,130	1,086
Asset retirement obligations	6	80
Other	14,528	19,482
Total current liabilities	145,679	165,287
Non-current liabilities		
Bonds payable	450	350
Long-term borrowings	35,263	25,773
Deferred tax liabilities	3,346	4,923
Deferred tax liabilities for land revaluation	3,614	3,614
Other provisions	1,242	846
Retirement benefit liability	9,402	9,112
Asset retirement obligations	729	743
Other	6,861	6,335
Total non-current liabilities	60,909	51,698
Total liabilities	206,589	216,985

SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: 9M21

Page 11/17

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,245	7,245
Retained earnings	75,909	76,570
Treasury shares	(315)	(291)
Total shareholders' equity	92,839	93,523
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,431	12,804
Deferred gains or losses on hedges	(133)	(82)
Revaluation reserve for land	8,190	8,190
Foreign currency translation adjustment	1,055	2,343
Remeasurements of defined benefit plans	(687)	(544)
Total accumulated other comprehensive income	18,856	22,711
Non-controlling interests	1,387	1,548
Total net assets	113,082	117,784
Total liabilities and net assets	319,671	334,769

SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: 9M21

Page 12/17

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

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

(Millions of yen)

	9M20	9M21
Net sales	145,998	173,861
Cost of sales	88,360	100,665
Gross profit	57,637	73,196
Selling, general and administrative expenses	56,945	66,703
Operating profit	692	6,492
Non-operating income		
Interest income	42	52
Dividend income	770	773
Other	1,010	1,488
Total non-operating income	1,823	2,314
Non-operating expenses		
Interest expenses	701	675
Other	2,692	934
Total non-operating expenses	3,394	1,610
Ordinary profit (loss)	(878)	7,196
Extraordinary income		
Subsidy income	605	126
Gain on sales of investment securities	7,603	-
Gain on sales of non-current assets	537	-
Total extraordinary income	8,746	126
Extraordinary losses		
Loss on the spread of infectious disease	3,351	974
Total extraordinary losses	3,351	974
Profit before income taxes	4,516	6,348
Income taxes	2,090	2,267
Profit	2,426	4,080
Profit attributable to non-controlling interests	129	170
Profit attributable to owners of parent	2,297	3,910

SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: 9M21

Page 13/17

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

(Millions of yen)

	9M20	9M21
Profit	2,426	4,080
Other comprehensive income		
Valuation difference on available-for-sale securities	2,989	2,213
Deferred gains or losses on hedges	(239)	50
Foreign currency translation adjustment	(384)	869
Remeasurements of defined benefit plans, net of tax	172	139
Share of other comprehensive income of entities accounted for using equity method	(469)	608
Total other comprehensive income	2,068	3,880
Comprehensive income	4,494	7,961
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,343	7,764
Comprehensive income attributable to non- controlling interests	150	196

(3) Notes to Quarterly Consolidated Financial Statements

(Going concern assumption)

Not applicable.

(Significant changes in shareholder's equity)

Not applicable.

(Changes in significant subsidiaries during the period)

During the first quarter of the fiscal year ending March 31, 2022, SEIKO Clock Inc., the Company's consolidated subsidiary, ceased to exist through an absorption-type merger with the Company's consolidated subsidiary, SEIKO Time Systems Inc. as the surviving company. The surviving company, SEIKO Time Systems Inc. then changed its corporate name to SEIKO Time Creation Inc.

(Changes in accounting policies)

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter, the "Revenue Recognition Accounting Standard, etc."), etc., effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, and recognizes revenue in the amount expected to be received in exchange for promised goods or services at the time when control of these goods or services is transferred to customers. Accordingly, as a result of determining the role of the Group (as an agent or a principal) in providing goods or services to customers, the Company has changed its method to recognize revenue at a net amount, for transactions in which it is determined that the Group acted as an agent. In addition, for transactions in which the Group acts as the principal, the Company has changed its method to recognize revenue, which had previously been recognized at a net amount after deducting the amount equivalent to commissions for distributors from the amount to be received from the customers, at a gross amount. In sales transactions in which goods are expected to be returned, the Company does not recognize revenue at the time of sales, but instead recognizes the amount of compensation for merchandise and finished goods that are expected to be returned as refund liabilities in "Other" under "Current liabilities," and the assets that are recognized as the right to recover merchandise and finished goods from customers at the time of settlement of refund liabilities as return assets in "Other" under "Current assets."

The application of the Revenue Recognition Accounting Standard, etc. is subject to the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of the retroactive application of the new accounting policy, assuming that it has been applied to periods prior to the beginning of the first quarter of the fiscal year ending March 31, 2022, is added to or subtracted from retained earnings at the beginning of

SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: 9M21

Page 15/17

the first quarter, and the new accounting policy is applied from the beginning balance.

As a result, for the nine-month period ended December 31, 2021, net sales increased by 2,143 million yen, cost of sales decreased by 172 million yen, and selling, general and administrative expenses increased by 2,115 million yen. Accordingly, operating profit increased by 200 million yen, and ordinary profit and profit before income taxes increased by 233 million yen, respectively. In addition, the beginning balance of retained earnings decreased by 1,182 million yen. Due to the application of the Revenue Recognition Accounting Standard, etc., “Notes and accounts receivable - trade,” which had been presented under “Current assets” in the consolidated balance sheets of the previous fiscal year, has been included in “Notes and accounts receivable - trade, and contract assets” from the first quarter of the fiscal year ending March 31, 2022.

In accordance with the transitional treatment provided for in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the Company has not reclassified financial statements for the previous fiscal year using the new presentation method. Furthermore, in accordance with the transitional treatment stipulated in Paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020), information regarding disaggregated revenue from contracts with customers for the nine-month period ended December 31, 2020 is not presented.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter, the “Fair Value Measurement Accounting Standard”), etc., effective from the beginning of the first quarter of the fiscal year ending March 31, 2022. In accordance with the transitional treatment provided for in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), the Company will apply the new accounting policy prescribed by the Fair Value Measurement Accounting Standard, etc. into the future. However, this application has no impact on the quarterly consolidated financial statements.

SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: 9M21

Page 16/17

(Segment Information)

I. For the nine months ended December 31, 2020

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

(Millions of yen)

	Reported segments				Others	Grand total	Adjustment	Figures in consolidated statements of income
	Watches Business	Electronic Devices Business	Systems Solutions Business	Total				
Sales								
Revenues from external customers	75,756	31,304	23,960	131,021	14,976	145,998	-	145,998
Transactions with other segments	1,324	3,571	1,159	6,054	2,393	8,448	(8,448)	-
Net sales	77,080	34,876	25,119	137,076	17,369	154,446	(8,448)	145,998
Segment profit (loss)	4,012	16	2,570	6,598	(447)	6,151	(5,458)	692

- Notes:
1. The "Others" category denotes business segments not included among reported segments, such as the Clocks Business.
 2. Adjustments to segment profit (loss) in the amount of -5,458 million yen include -424 million yen in the amortization of goodwill, -342 million yen that mainly consists of the elimination transactions with other segments, and -4,690 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 (loss) has been adjusted for alongside operating loss on the quarterly consolidated statements of income.

SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: 9M21

Page 17/17

II. For the nine months ended December 31, 2021

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

	Reported segments				Time Creation, WAKO and other Businesses	Grand total	Adjustment	Figures in consolidated statements of income
	Watches Business	Electronic Devices Business	Systems Solutions Business	Total				
Sales								
Revenues from external customers	90,487	42,270	23,914	156,672	17,189	173,861	-	173,861
Transactions with other segments	1,884	4,934	1,389	8,208	2,915	11,123	(11,123)	-
Net sales	92,371	47,204	25,304	164,880	20,105	184,985	(11,123)	173,861
Segment profit	5,878	4,048	2,857	12,785	281	13,066	(6,573)	6,492

- Notes:
1. During the first quarter of the fiscal year ending March 31, 2022, SEIKO Clock Inc., the Company's consolidated subsidiary, ceased to exist through an absorption-type merger with the Company's consolidated subsidiary, SEIKO Time Systems Inc. as the surviving company. The surviving company, SEIKO Time Systems Inc. then changed its corporate name to SEIKO Time Creation Inc. Accordingly, the segment that had previously been presented as "Others" has been renamed "Time Creation, WAKO and other Businesses," in an effort to provide a more accurate description of the segment. There is no change to the scope of aggregation due to this change.
 2. Adjustments to segment profit in the amount of -6,573 million yen include -424 million yen in the amortization of goodwill, -68 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.

2. Matters related to changes, etc. in reported segments

As stated in changes in accounting policies, the Company has applied the Revenue Recognition Accounting Standard, etc., effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, and changed accounting methods related to revenue recognition. Accordingly, the Company has similarly changed the calculation method of profit or loss of business segments.

As a result of this change, for the nine-month period ended December 31, 2021, revenues from external customers increased by 2,553 million yen in the Watches Business and decreased by 409 million yen revenues in segments other than the Watches Business, compared to the previous method. In addition, segment profit increased by 135 million yen in the Watches Business and by 64 million yen in segments other than the Watches Business.
