



Consolidated Financial Results for the Fiscal Year Ended MARCH 31, 2022 (Under Japanese GAAP)

May 10, 2022

Listing: Tokyo

Company name: SEIKO HOLDINGS CORPORATION
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 Scheduled date of annual general meeting of shareholders: June 29, 2022
 Scheduled date to commence dividend payments: June 30, 2022
 Scheduled date to file annual securities report: June 29, 2022 (in Japanese)
 Preparation of supplementary material on financial results: Available
 Holding of 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 fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results (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	%
Fiscal year ended March 31, 2022	237,382	17.1	8,770	299.7	9,939	-	6,415	84.6
March 31, 2021	202,671	(15.3)	2,194	(64.2)	633	(91.0)	3,475	2.4

Note: Comprehensive income For the fiscal year ended March 31, 2022: ¥ 11,870 million [9.4%]
 For the fiscal year ended March 31, 2021: ¥ 10,855 million [-%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2022	155.56	155.56	5.5	3.1	3.7
March 31, 2021	84.30	84.30	3.2	0.2	1.1

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2022: ¥ 898 million
 For the fiscal year ended March 31, 2021: ¥ (1,826) million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2022	327,533	121,624	36.7	2,911.17
March 31, 2021	319,671	113,082	34.9	2,709.17

Reference: Equity As of March 31, 2022: ¥ 120,067 million
 As of March 31, 2021: ¥ 111,695 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2022	20,358	(9,318)	(13,909)	30,738
March 31, 2021	2,874	(7,838)	10,465	32,340

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended March 31, 2021	-	12.50	-	25.00	37.50	1,550	44.5	1.4
Fiscal year ended March 31, 2022	-	25.00	-	25.00	50.00	2,067	32.1	1.8
Fiscal year ending March 31, 2023 (Forecast)	-	37.50	-	37.50	75.00		41.2	

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	245,000	3.2	10,000	14.0	10,500	5.6	7,500	16.9	181.85

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Applicable
 Newly included: Not applicable Excluded: Applicable (SEIKO Clock Inc.)
 (Note) Refer to Changes in significant subsidiaries during the period, (5) Notes to Consolidated Financial Statements, 3. Consolidated Financial Statements and Major Notes, for detail.

(2) 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, (5) Notes to Consolidated Financial Statements, 3. Consolidated Financial Statements and Major Notes, for detail.

(3) Number of issued shares (common shares)
 i) Total number of issued shares at the end of the period (including treasury shares)
 As of March 31, 2022 41,404,261 shares / As of March 31, 2021 41,404,261 shares
 ii) Number of treasury shares at the end of the period
 As of March 31, 2022 160,535 shares / As of March 31, 2021 175,589 shares
 iii) Average number of shares outstanding during the period
 Fiscal year ended March 31, 2022 41,240,659 shares
 Fiscal year ended March 31, 2021 41,226,940 shares
 (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.

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	12,043	6.6	(288)	-	(473)	-	3,257	108.7
March 31, 2021	11,301	(6.1)	436	(81.8)	809	(73.3)	1,560	(50.1)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2022	78.94	-
March 31, 2021	37.83	-

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2022	187,644	57,120	30.4	1,384.23
March 31, 2021	192,853	55,495	28.8	1,345.36

Reference: Equity As of March 31, 2022: ¥ 57,120 million
 As of March 31, 2021: ¥ 55,495 million

* Financial results reports are exempt from audit 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 (4) 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

In the world economy during the fiscal year ended March 31, 2022, many countries showed signs of a recovery from the sudden economic declines caused by the spread of the novel coronavirus during the previous fiscal year. In the U.S. economy, although the pace of growth in employment and consumption began to slow due to the impact of a resurgence of infections and labor shortages, a trend toward recovery continued. In Europe, economic activity was significantly 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 a recovery after the declaration of a state of emergency was lifted in September.

(Millions of yen)

	FY2019 (a)	FY2020 (b)	FY2021 ①	Variance ① - (a)	Variance ① - (b)
Net sales	239,150	202,671	237,382	(1,768)	34,711
Operating profit %	6,134 2.6%	2,194 1.1%	8,770 3.7%	2,638 1.1pt	6,576 2.6pt
Ordinary profit %	7,004 2.9%	633 0.3%	9,939 4.2%	2,935 1.3pt	9,306 3.9pt
Profit attributable to owners of parent %	3,394 1.4%	3,475 1.7%	6,415 2.7%	3,020 1.3pt	2,939 1.0pt
Exchange rate (v. JPY)					
USD	108.7	106.1	112.4	3.7	6.3
EUR	120.8	123.8	130.6	9.8	6.8

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, sales posted for both of these business segments exceeded those of the previous fiscal year and two years prior, before the spread of

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the novel coronavirus. As a result, for the fiscal year ended March 31, 2022, the Group reported consolidated net sales of 237.3 billion yen, a year-on-year increase of 17.1%.

On an overall consolidated basis, domestic net sales came to 124.4 billion yen (a year-on-year increase of 10.0%), and overseas net sales were 112.9 billion yen (a year-on-year increase of 26.1%). Overseas net sales comprised 47.6% of net sales overall.

Advertising and promotion expenses for the fiscal year ended March 31, 2022 increased by approximately 7% from the previous fiscal year, but fell by approximately 15% from two years prior. Other selling, general and administrative expenses also generally returned to usual levels as business activities normalized and also due to an increase resulting from the impact of changes in accounting standards. However, operating profit improved by 6.5 billion yen year on year to 8.7 billion yen (a year-on-year increase of 299.7%), 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 share of profit of entities accounted for using equity method and foreign exchange gains and losses, and ordinary profit increased by 9.3 billion yen year on year to 9.9 billion yen (ordinary profit of 0.6 billion yen in the previous fiscal year). Subsidy income of 0.1 billion yen was posted as extraordinary income, and a total loss of 1.1 billion yen, including a loss relating to the novel coronavirus, was posted as extraordinary losses. As a result, profit attributable to owners of parent minus income taxes and profit attributable to non-controlling interests was 6.4 billion yen (a year-on-year increase of 84.6%)

The average exchange rates for the current fiscal year were 112.4 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 125.7 billion yen, a year-on-year increase of 20.6 billion yen, or 19.7%, and a decrease of 7.2% from two years prior. Although net sales of completed watches in Japan slightly fell short of the plan for the fiscal year ended March 31, 2022 due to the spread of infections of mutant strains, they entered a recovery trend from the third quarter. 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. 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 two years prior in all regions overseas, driven by GS. In the U.S., sales during the Christmas season showed favorable performance, and sales centered on GS and Seiko Prospex grew significantly year on year and also from two years prior. In Europe as well, sales of GB such as GS grew in the U.K., France, and many other countries.

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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 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 2.0 billion yen year on year, resulting in operating profit of 7.6 billion yen (a year-on-year increase of 36.4%) 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 64.6 billion yen, a year-on-year increase of 28.8%. Operating profit was 5.8 billion yen, a year-on-year increase of 347.4%. 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 oscillators, high-performance metals for 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 34.4 billion yen, a year-on-year increase of 0.9%. Operating profit was 3.9 billion yen, a year-on-year increase of 11.5%. 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 digital 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 year-on-year growth in both revenue and profits for 24 consecutive quarters.

d. Time Creation, WAKO and other Businesses

Net sales under the Time Creation, WAKO and other Businesses amounted to 27.3 billion yen, a year-on-year increase of 2.4 billion yen, or 9.8%. Operating profit was 0.7 billion yen (compared to operating losses of 40 million yen in the previous fiscal year). Having shown signs of picking up, personal consumption in Japan recovered steadily from the third quarter. In the fourth quarter, the Company succeeded in maintaining favorable performance, with limited impact from the quasi-state of emergency measures implemented from January 2022 in Tokyo and other areas. Overseas clock sales also increased year on year in line with a market recovery from the impact of the spread of the novel coronavirus.

(2) Financial Condition

-Assets-

Total assets at the close of the fiscal year ended March 31, 2022 amounted to 327.5 billion yen, an increase of 7.8 billion yen from the close of the previous fiscal year. Total current assets came to 154.7 billion yen, an increase of 4.7 billion yen from the close of the previous fiscal year. This was due to a decrease of 1.8 billion yen in cash and deposits and an increase of 4.6 billion yen in inventories including merchandise and finished goods, together with increases of 1.5 billion yen in a total of notes receivable - trade, 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 mainly due to increases of 1.9 billion yen in total property, plant and equipment and 2.1 billion yen in total investments and other assets, and a decrease of 0.9 billion yen in total intangible assets.

-Liabilities-

For liabilities, total borrowings came to 116.1 billion yen, due to decreases of 8.9 billion yen in short-term borrowings and 6.5 billion yen in long-term borrowings, and an increase of 6.4 billion yen in current portion of long-term borrowings. In addition, notes and accounts payable - trade increased by 1.7 billion yen, electronically recorded obligations - operating increased by 1.0 billion yen, and accounts payable - other increased by 2.0 billion yen. As a result, total liabilities amounted to 205.9 billion yen, a decrease of 0.6 billion yen from the close of the previous fiscal year.

-Net assets-

With regard to net assets, total net assets increased by 8.5 billion yen over the close of the previous fiscal year to 121.6 billion yen, mainly owing to increases of 3.1 billion yen in shareholders' equity and 4.0 billion yen in foreign currency translation adjustment.

(3) Overview of Cash Flows

The balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2022 came to 30.7 billion yen, a decrease of 1.6 billion yen relative to the end of the previous fiscal year. Free cash flow, the sum of cash flows from operating and investing activities, amounted to 11.0 billion yen. This is primarily due to the following factors:

-Cash flows from operating activities

Net cash provided by operating activities came to positive 20.3 billion yen (compared to a positive cash flow of 2.8 billion yen for the previous fiscal year), an increase of 17.4 billion yen year on year. This was the result of the Company posting 8.8 billion yen in income before income taxes, factoring in depreciation amounting to 10.8 billion yen, as well as a 1.7 billion-yen increase (decrease) in retirement benefit liability (posted as a decrease), a 1.4 billion-yen decrease (increase) in trade receivables (posted as an increase), and adjusted 2.0 billion yen decrease (increase) in inventories

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(posted as a decrease), and others.

-Cash flows from investing activities

Net cash used in investing activities came to negative 9.3 billion yen (compared to a negative cash flow of 7.8 billion yen for the previous fiscal year) due to cash outflows consisting mainly of 8.7 billion yen in purchase of property, plant and equipment (posted as a decrease).

-Cash flows from financing activities

Net cash provided by financing activities came to negative 13.9 billion yen (compared to a positive cash flow of 10.4 billion yen for the previous fiscal year) due mainly to repayments and borrowings of long- and short-term borrowings that combined for a net amount of 9.6 billion yen (posted as a decrease), as well as 1.7 billion yen in repayments of finance lease obligations (posted as a decrease) and 2.0 billion yen in cash dividends paid (posted as a decrease).

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

With respect to the impact of the novel coronavirus, while there is an increasing trend to prioritize economic activities in many countries, lockdowns have been prolonged in some countries. In addition, Russia invaded Ukraine on February 24, 2022, which caused a growing sense of economic slowdown worldwide. Furthermore, there are concerns regarding the impact on the Japanese economy due to the sudden depreciation of the yen. Going forward, semiconductor shortages and soaring prices of components, materials, transportation, etc., which are partly due to these factors, are expected to grow even more severe.

The Company has launched the five-year Eighth Mid-Term Management Plan, “SMILE145,” which begins in the fiscal year ending March 31, 2023. Under SMILE145, our main business targets will be the improvement of the gross profit margin and operating profit with the aim of establishing a sustainable corporate structure. In the fiscal year ending March 31, 2023, the first fiscal year of the Mid-Term Management Plan, our target is to raise the gross profit margin by one percentage point from the actual result in the previous fiscal year, to 42.8%, and to reach 10.0 billion yen in operating profit. The financial forecasts for the fiscal year ending March 31, 2023, including business targets other than those described above, are as follows.

Note that the exchange rates for the financial forecast are as follows: 1 US dollar = 120.0 yen; 1 euro = 130.0 yen.

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■Forecast for the consolidated business results for FY2022

(Billions of yen)	FY2022 (forecast)	Year-on-year change (%)
Net sales	245.0	3.2
Operating profit	10.0	14.0
Ordinary profit	10.5	5.6
Profit attributable to owners of parent	75.0	16.9
Earnings per share	181.85 yen	

■Forecasted results by segment for FY2022

The Group has established three strategic domains based on business strategies under the Eighth Mid-Term Management Plan, SMILE145. Accordingly, disclosure segments have been changed from the fiscal year ending March 31, 2023 as follows.

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, now make up the Emotional Value Solutions Business. The Devices Solutions Business will consist 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.

(Billions of yen)	Net Sales FY2022 (forecast)	Operating Profit FY2022 (forecast)
Emotional Value Solutions Business	155.0	9.7
Devices Solutions Business	65.0	5.8
Systems Solutions Business	36.0	4.5
Total for reported segments	256.0	20.0
Others	2.5	0.1
Consolidated total	245.0	10.0

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

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

2. Basic Policy on Adoption of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP in order to ensure comparability with peer companies in Japan and in consideration of the burden of establishing a system to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

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3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	32,611	30,740
Notes and accounts receivable - trade	37,185	-
Notes receivable - trade	-	2,730
Accounts receivable - trade	-	35,694
Contract assets	-	343
Merchandise and finished goods	42,365	42,847
Work in process	13,878	16,376
Raw materials and supplies	12,180	13,823
Accounts receivable - other	4,932	4,437
Other	8,306	9,102
Allowance for doubtful accounts	(1,421)	(1,310)
Total current assets	150,039	154,786
Non-current assets		
Property, plant and equipment		
Buildings and structures	74,459	77,046
Machinery, equipment and vehicles	79,098	82,590
Tools, furniture and fixtures	34,183	35,782
Other	8,831	9,909
Accumulated depreciation	(150,227)	(156,227)
Land	54,409	54,056
Construction in progress	2,422	1,942
Total property, plant and equipment	103,177	105,100
Intangible assets		
Goodwill	7,336	6,453
Other	8,493	8,391
Total intangible assets	15,830	14,844
Investments and other assets		
Investment securities	41,463	43,536
Retirement benefit asset	391	773
Deferred tax assets	2,273	2,200
Other	6,605	6,397
Allowance for doubtful accounts	(109)	(106)
Total investments and other assets	50,625	52,802
Total non-current assets	169,632	172,747
Total assets	319,671	327,533

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(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,310	21,027
Electronically recorded obligations - operating	6,048	7,138
Short-term borrowings	72,611	63,709
Current portion of bonds payable	350	150
Current portion of long-term borrowings	17,315	23,719
Accounts payable – other	9,266	11,359
Income taxes payable	1,478	1,546
Contract liabilities	-	6,574
Provision for bonuses	3,634	4,174
Provision for goods warranties	367	409
Provision for loss on lease contracts	348	348
Provision for business restructuring	-	136
Other provisions	414	245
Asset retirement obligations	6	-
Other	14,528	13,873
Total current liabilities	145,679	154,413
Non-current liabilities		
Bonds payable	450	300
Long-term borrowings	35,263	28,752
Lease liabilities	4,499	4,096
Deferred tax liabilities	3,346	3,069
Deferred tax liabilities for land revaluation	3,614	3,614
Provision for loss on lease contracts	785	436
Provision for stock benefits	161	232
Provision for long-term goods warranties	86	90
Provision for retirement benefits for directors (and other officers)	35	19
Provision for gift certificate exchange losses	152	-
Other provisions	21	29
Retirement benefit liability	9,402	7,617
Asset retirement obligations	729	1,070
Other	2,361	2,166
Total non-current liabilities	60,909	51,494
Total liabilities	206,589	205,908

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(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,245	7,245
Retained earnings	75,909	79,075
Treasury shares	(315)	(292)
Total shareholders' equity	92,839	96,028
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,431	10,942
Deferred gains or losses on hedges	(133)	(331)
Revaluation reserve for land	8,190	8,190
Foreign currency translation adjustment	1,055	5,116
Remeasurements of defined benefit plans	(687)	120
Total accumulated other comprehensive income	18,856	24,038
Non-controlling interests	1,387	1,557
Total net assets	113,082	121,624
Total liabilities and net assets	319,671	327,533

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(2) Consolidated Statements of Income and Comprehensive Income

a. Consolidated Statements of Income

(Millions of yen)

	FY2020	FY2021
Net sales	202,671	237,382
Cost of sales	122,804	138,203
Gross profit	79,866	99,178
Selling, general and administrative expenses	77,672	90,408
Operating profit	2,194	8,770
Non-operating income		
Interest income	55	67
Dividend income	771	774
Share of profit of entities accounted for using equity method	-	898
Foreign exchange gains	278	699
Royalty income	324	420
Other	885	696
Total non-operating income	2,315	3,557
Non-operating expenses		
Interest expenses	899	896
Share of loss of entities accounted for using equity method	1,826	-
Other	1,149	1,492
Total non-operating expenses	3,876	2,388
Ordinary profit	633	9,939
Extraordinary income		
Subsidy income	618	133
Gain on sale of investment securities	7,603	-
Gain on sale of non-current assets	1,043	-
Gain on liquidation of subsidiaries and associates	140	-
Total extraordinary income	9,406	133
Extraordinary losses		
Loss on the spread of infectious disease	3,614	974
Business restructuring expenses	-	221
Total extraordinary losses	3,614	1,196
Profit before income taxes	6,424	8,876
Income taxes - current	1,682	2,138
Income taxes - deferred	1,088	125
Total income taxes	2,771	2,264
Profit	3,653	6,611
Profit attributable to non-controlling interests	177	196
Profit attributable to owners of parent	3,475	6,415

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b. Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2020	FY2021
Profit	3,653	6,611
Other comprehensive income		
Valuation difference on available-for-sale securities	5,245	296
Deferred gains or losses on hedges	(144)	(198)
Foreign currency translation adjustment	1,878	3,308
Remeasurements of defined benefit plans, net of tax	553	680
Share of other comprehensive income of entities accounted for using equity method	(330)	1,171
Total other comprehensive income	7,202	5,258
Comprehensive income	10,855	11,870
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,617	11,597
Comprehensive income attributable to non- controlling interests	238	272

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(3) Consolidated Statements of Changes in Equity

Previous fiscal year (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,000	7,245	74,418	(328)	91,335
Cumulative effects of changes in accounting policies			82		82
Restated balance	10,000	7,245	74,501	(328)	91,418
Changes during period					
Dividends of surplus			(2,067)		(2,067)
Profit attributable to owners of parent			3,475		3,475
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		0	0
Disposal of treasury stock by ownership plan trust				13	13
Other				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	1,408	12	1,420
Balance at end of period	10,000	7,245	75,909	(315)	92,839

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	5,486	11	8,190	(804)	(1,169)	11,714	1,223	104,273
Cumulative effects of changes in accounting policies								82
Restated balance	5,486	11	8,190	(804)	(1,169)	11,714	1,223	104,356
Changes during period								
Dividends of surplus								(2,067)
Profit attributable to owners of parent								3,475
Purchase of treasury shares								(0)
Disposal of treasury shares								0
Disposal of treasury stock by ownership plan trust								13
Other								(0)
Net changes in items other than shareholders' equity	4,944	(144)	-	1,859	482	7,141	163	7,305
Total changes during period	4,944	(144)	-	1,859	482	7,141	163	8,726
Balance at end of period	10,431	(133)	8,190	1,055	(687)	18,856	1,387	113,082

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Current fiscal year (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,000	7,245	75,909	(315)	92,839
Cumulative effects of changes in accounting policies			(1,182)		(1,182)
Restated balance	10,000	7,245	74,727	(315)	91,657
Changes during period					
Dividends of surplus			(2,067)		(2,067)
Profit attributable to owners of parent			6,415		6,415
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		0	0
Disposal of treasury stock by ownership plan trust				24	24
Other				0	0
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	4,348	23	4,371
Balance at end of period	10,000	7,245	79,075	(292)	96,028

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	10,431	(133)	8,190	1,055	(687)	18,856	1,387	113,082
Cumulative effects of changes in accounting policies								(1,182)
Restated balance	10,431	(133)	8,190	1,055	(687)	18,856	1,387	111,900
Changes during period								
Dividends of surplus								(2,067)
Profit attributable to owners of parent								6,415
Purchase of treasury shares								(1)
Disposal of treasury shares								0
Disposal of treasury stock by ownership plan trust								24
Other								0
Net changes in items other than shareholders' equity	511	(198)	-	4,061	807	5,182	170	5,352
Total changes during period	511	(198)	-	4,061	807	5,182	170	9,723
Balance at end of period	10,942	(331)	8,190	5,116	120	24,038	1,557	121,624

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(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2020	FY2021
Cash flows from operating activities		
Profit before income taxes	6,424	8,876
Depreciation	10,690	10,879
Increase (decrease) in allowance for doubtful accounts	65	(167)
Increase (decrease) in retirement benefit liability	(1,152)	(1,796)
Interest and dividend income	(827)	(842)
Interest expenses	899	896
Foreign exchange losses (gains)	74	(485)
Share of loss (profit) of entities accounted for using equity method	1,826	(898)
Loss (gain) on sale of investment securities	(7,603)	-
Loss (gain) on sale of non-current assets	(1,043)	-
Loss on retirement of non-current assets	192	304
Decrease (increase) in trade receivables	(911)	1,496
Decrease (increase) in inventories	(1,552)	(2,048)
Increase (decrease) in trade payables	(3,889)	176
Other, net	1,118	6,060
Subtotal	4,311	22,452
Interest and dividends received	827	842
Dividends received from entities accounted for using equity method	127	176
Interest paid	(898)	(897)
Extra retirement payments	(1)	-
Income taxes paid	(1,492)	(2,215)
Net cash provided by (used in) operating activities	2,874	20,358

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(Millions of yen)

	FY2020	FY2021
Cash flows from investing activities		
Purchase of property, plant and equipment	(17,735)	(8,797)
Proceeds from sale of property, plant and equipment	1,864	642
Purchase of investment securities	(200)	(34)
Proceeds from sale of investment securities	10,624	301
Loan advances	(806)	(487)
Proceeds from collection of loans receivable	790	693
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,365)	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	218
Other, net	(1,008)	(1,854)
Net cash provided by (used in) investing activities	(7,838)	(9,318)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,451,815	1,267,894
Repayments of short-term borrowings	(1,438,848)	(1,277,121)
Proceeds from long-term borrowings	20,800	18,600
Repayments of long-term borrowings	(19,172)	(19,045)
Repayments of lease liabilities	(1,798)	(1,716)
Dividends paid	(2,067)	(2,067)
Other, net	(265)	(453)
Net cash provided by (used in) financing activities	10,465	(13,909)
Effect of exchange rate change on cash and cash equivalents	727	1,267
Net increase (decrease) in cash and cash equivalents	6,228	(1,601)
Cash and cash equivalents at beginning of period	26,111	32,340
Cash and cash equivalents at end of period	32,340	30,738

(5) Notes to Consolidated Financial Statements**(Going concern assumption)**

Not applicable.

(Changes in significant subsidiaries during the period)

During the first quarter of the fiscal year ended 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 fiscal year ended 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 fiscal year ended March 31, 2022, is added to or subtracted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from the beginning balance.

"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 receivable - trade," "Accounts receivable - trade," and "Contract assets" from the current fiscal year. "Other,"

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which had been presented under “Current liabilities” in the consolidated balance sheets of the previous fiscal year, has been included in “Contract liabilities” and “Other” from the current fiscal year. 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.

As a result, compared to before the application of the Revenue Recognition Accounting Standard, etc., accounts receivable - trade decreased by 396 million yen, contract assets increased by 343 million yen, merchandise and finished goods decreased by 4 million yen, raw materials and supplies increased by 27 million yen, other in current assets increased by 1,313 million yen, investment securities increased by 26 million yen, deferred tax assets increased by 358 million yen, accounts payable - other decreased by 39 million yen, contract liabilities increased by 6,311 million yen, other in current liabilities decreased by 3,610 million yen, the balance of retained earnings decreased by 993 million yen in the consolidated balance sheets for the current fiscal year. Net sales increased by 2,834 million yen, cost of sales decreased by 282 million yen, and selling, general and administrative expenses increased by 2,881 million yen in the consolidated statements of income for the current fiscal year. Accordingly, operating profit increased by 235 million yen, and ordinary profit and profit before income taxes increased by 299 million yen, respectively.

In the consolidated statements of cash flows for the current fiscal year, profit before income taxes increased by 299 million yen, decrease (increase) in trade receivables increased by 304 million yen, decrease (increase) in inventories increased by 53 million yen, and other, net in cash flows from operating activities decreased by 656 million yen.

Due to the cumulative effects to net assets at the beginning of the current fiscal year, the beginning balance of retained earnings in the consolidated statements of changes in net assets decreased by 1,182 million yen.

For the current fiscal year, net assets per share decreased by 24.09 yen, and basic earnings per share and diluted earnings per share increased by 4.52 yen.

(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 fiscal year ended 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 consolidated financial statements.

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(Segment Information)

1. Outline of the reported segments

The Company's reported segments are business units of the Company for which discrete financial information is available and for which the Board of Directors regularly conducts a review for the purpose of making decisions about management resources to be allocated to the segments and assessing the segment's performance.

As a holding company, the Company has a business structure for consolidating and managing each operating subsidiary, which is responsible for comprehensively developing domestic and global strategies as well as engaging in business activities for the merchandise, finished goods and associated services.

In view of this, the Company is comprised of segments centered around a core company of each business classified by merchandise and finished goods. Three reported segments are specified; namely the Watches Business, Electronic Devices Business and Systems Solutions Business.

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

Reported Segment	Main merchandise and finished goods
Watches Business	Watches and watch movements
Electronic Devices Business	Crystal oscillators, micro batteries and materials, printers, and precision components
Systems Solutions Business	Wireless communication equipment, information network systems, data services, and computer performance management software
Time Creation, WAKO and other Businesses	Clocks / High-end jewelry, apparel and fashion accessories / System clocks / etc.

2. Explanation of measurements of sales, profit (loss), asset, liability, and other items for each reported segment

The accounting method for the reported segments is the same as basis of preparation for the consolidated financial statements. Intersegment transactions are primarily based on market prices.

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3. Amount of sales, profit (loss), and asset for each reported segment

For the fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(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	103,136	45,075	32,486	180,698	21,972	202,671	-	202,671
Transactions with other segments	1,918	5,141	1,628	8,688	2,909	11,598	(11,598)	-
Net sales	105,054	50,217	34,114	189,386	24,882	214,269	(11,598)	202,671
Segment profit (loss)	5,600	1,302	3,538	10,441	(40)	10,401	(8,207)	2,194
Segment asset	108,863	73,697	23,912	206,474	38,134	244,608	75,062	319,671

- Notes:
- The "Others" category denotes operating segments not included among reported segments, such as the Clocks Business.
 - Adjustments are as follows:
 - Adjustments to segment profit (loss) in the amount of -8,207 million yen include -566 million yen in the amortization of goodwill, 303 million yen that mainly consists of the elimination of transactions with other segments, and -7,944 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.
 - Adjustments to segment assets in the amount of 75,062 million yen include -85,914 million yen in the elimination of inter-segment liabilities, 211,958 million yen in company-wide assets not appropriated to each reported segment, and -50,980 million yen that mainly consists of the elimination of investments and equity. Company-wide assets consist of surplus funds and long-term investment funds (investment securities) at headquarters, etc.
 - Segment profit (loss) has been adjusted for alongside operating profit on the consolidated statements of income.

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For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	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	123,074	58,168	32,511	213,754	23,627	237,382	-	237,382
Transactions with other segments	2,669	6,505	1,901	11,077	3,685	14,762	(14,762)	-
Net sales	125,744	64,674	34,413	224,831	27,313	252,144	(14,762)	237,382
Segment profit	7,638	5,828	3,946	17,413	705	18,119	(9,348)	8,770
Segment asset	110,534	79,863	24,799	215,198	39,208	254,406	73,126	327,533

- Notes:
- During the first quarter of the fiscal year ended 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.
 - Adjustments are as follows:
 - Adjustments to segment profit in the amount of -9,348 million yen include -566 million yen in the amortization of goodwill, 10 million yen that mainly consists of the elimination of transactions with other segments, and -8,792 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.
 - Adjustments to segment assets in the amount of 73,126 million yen include -72,545 million yen in the elimination of inter-segment liabilities, 212,462 million yen in company-wide assets not appropriated to each reported segment, and -66,790 million yen that mainly consists of the elimination of investments and equity. Company-wide assets consist of surplus funds and long-term investment funds (investment securities) at headquarters, etc.
 - Segment profit has been adjusted for alongside operating profit on the consolidated statements of income.
 - 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 fiscal year ended 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 current fiscal year, revenues from external customers increased by 3,413 million yen in the Watches Business and decreased by 579 million yen revenues in segments other than the Watches Business, compared to the previous method. Segment profit increased by 174 million yen in the Watches Business and by 60 million yen in segments other than the Watches Business. In addition, segment assets increased by 1,571 million yen in the Watches Business and by 96 million yen in segments other than the Watches Business.

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(Per share information)

(Yen)

	Current fiscal year (from April 1, 2021 to March 31, 2022)
Net assets per share	2,911.17
Basic earnings per share	155.56
Diluted earnings per share	155.56

(Notes) 1. For the purpose of calculating the basic earnings per share and diluted earnings per share, the treasury shares remaining in trust posted as treasury shares in the “Shareholders’ equity” section are included in the treasury shares deducted in the calculation of the average number of shares during the fiscal year (82 thousand shares for the current fiscal year).

For the purpose of calculating the net assets per share, the treasury shares so remaining in trust are included in the treasury shares deducted from the total number of shares issued and outstanding at the end of the fiscal year (78 thousand shares for the current fiscal year).

2. Calculation basis of net assets per share is as follows:

(Millions of yen)

	Current fiscal year (as of March 31, 2022)
Total net assets	121,624
Amounts deducted from total net assets	1,557
<i>Of which, non-controlling interests</i>	<i>1,557</i>
Net assets at the end of the fiscal year related to common shares	120,067
The number of common shares at the end of the fiscal year used to calculate net assets per share (Thousands of shares)	41,243

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3. Calculation basis of basic earnings per share and diluted earnings per share is as follows:

(Millions of yen)

	Current fiscal year (from April 1, 2021 to March 31, 2022)
Basic earnings per share:	
Profit attributable to owners of parent	6,415
Profit attributable to owners of parent pertaining to common stock	6,415
Average number of shares of common stock outstanding during the period (Thousands of shares)	41,240
Diluted earnings per share:	
Adjustments to profit attributable to owners of parent	(0)
<i>Of which, adjustments by potential shares of affiliates accounted for by the equity method</i>	<i>(0)</i>
The increased number of common shares (Thousands of shares)	-
Overview of potential shares that are not included in the calculation of diluted earnings per share due to absence of dilutive effects	-

(Significant subsequent events)

Current fiscal year (from April 1, 2021 to March 31, 2022)

Not applicable.
