

SEIKO HOLDINGS CORPORATION

Consolidated Financial Statements: 2Q FY2020

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1. Business Results

(1) Overview

During the six-month period ended September 30, 2020, the world economy generally began to recover in May onward, after a steep decline that continued from the previous fiscal year due to the spread of the novel coronavirus. Countries continued a process of trial and error attempting to balance controlling the spread of infection with continuing economic activities, with the pace of recovery slowing in the summer in some countries and regions. The U.S. economy recovered steadily from May into early June. However, the recovery slowed down in the summer due to a surge in infections in the West and South of the country. Foreign demand was also sluggish. In Europe as well, economic activities resumed from May onward as lockdowns were gradually eased. However, infections surged again around September, accompanied by moves to tighten regulations in order to stop the spread. Although the economy in the U.K. is headed toward recovery, it has not recovered to its pre-novel coronavirus level and shows strong signs of slowing down, including a deterioration of the employment environment. While improvement in personal consumption in the Eurozone varied by country, corporate business sentiment improved throughout the Eurozone, especially in Germany. The Chinese economy began to recover in the middle of March after the country contained the novel coronavirus through a strict lockdown and large-scale testing. The recovery has continued in July onward, including the emergence of demand, which until then had been depressed, as well as strong export growth. Economic activities in other Asian countries have also been recovering gradually. The Japanese economy also shrunk rapidly due to the closure of most of the commercial facilities such as department stores and retail stores following the government's declaration of a state of emergency in April. However, exports have driven a continued and gradual economic recovery after the state of emergency was lifted in late May.

(Millions of yen)

	FY2019 Q2 (Accumulative)	FY2020 Q2 (Accumulative)	Variance	Variance %
Net sales	122,152	87,490	(34,662)	(28.4)%
Operating profit (loss)	7,016	(1,511)	(8,527)	-
%	5.7%	-	-	-
Ordinary profit (loss)	7,848	(2,055)	(9,904)	-
%	6.4%	-	-	-
Profit attributable to owners of parent	5,407	2,107	(3,300)	(61.0)%
%	4.4%	2.4%	-	-
Exchange rate (v. JPY)				
USD	108.6	106.9	(1.7)	(1.6)%
EUR	121.4	121.3	(0.1)	(0.1)%

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Amid these circumstances, the Company's performance has gradually recovered since June. However, net sales were sluggish in the Watches Business, the Electronic Devices Business, the Clocks Business, the Wako Business and others due to the prolonged effects of the coronavirus, including a loss of inbound demand from foreign tourists to Japan due to global movement restrictions, self-restraint regarding traveling within Japan, and a stagnation in the food service industry. Meanwhile, the Systems Solutions Business performed favorably, owing to the success of efforts to diversify the business and expand the stock business. As a result, for the six-month period ended September 30, 2020, the Group reported consolidated net sales of 87.4 billion yen, a year-on-year decrease of 28.4%. On an overall consolidated basis, domestic net sales came to 49.9 billion yen (a year-on-year decrease of 29.2%), and overseas net sales were 37.5 billion yen (a year-on-year decrease of 27.3%). Overseas net sales comprised 42.9% of net sales overall.

Although the policies of the Seventh Mid-Term Management Plan have not changed significantly, the Group revised the timing and methods of investment for growth, due to changes in the environment accompanying the spread of the novel coronavirus. As a result, advertising and promotion expenses for the six-month period ended September 30, 2020 fell by approximately 25% year on year. Other expenses also decreased year on year mainly due to reductions resulting from lower net sales and a transfer of fixed costs during closures, which occurred mainly in the three-month period ended June 30, 2020, to extraordinary losses. However, operating profit deteriorated by 8.5 billion yen year on year, resulting in operating losses of 1.5 billion yen (operating profit of 7.0 billion yen in the same period of the previous fiscal year). On a quarterly basis, operating profit for the second quarter of the fiscal year ending March 31, 2021 (from July to September) came to 0.6 billion yen, which is a significant improvement from operating losses of 2.1 billion yen in the three-month period ended June 30, 2020. Non-operating income and expenses deteriorated year on year owing to a decrease in share of profit of entities accounted for using equity method mainly due to the transfer of shares of a semiconductor company that was an affiliated company accounted for using equity method. Accordingly, ordinary profit decreased by 9.9 billion yen year on year to ordinary losses of 2.0 billion yen (ordinary profit of 7.8 billion yen in the same period of the previous fiscal year). A gain on transfer of shares of the semiconductor company of 7.6 billion yen, a gain on sales of non-current assets of 0.5 billion yen, and subsidy income of 0.5 billion yen were posted as extraordinary income. A loss of 3.1 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 2.1 billion yen (a year-on-year decrease of 61.0%).

The average exchange rates for the six-month period ended September 30, 2020 were 106.9 yen to 1 US dollar and 121.3 yen to 1 euro.

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Results by Segment

Results for each segment are as follows:

a. Watches Business

Net sales under the Watches Business came to 43.4 billion yen, a year-on-year decrease of 27.6 billion yen, or 38.8%. Net sales of completed watches in Japan fell substantially for two months in April and May due to the closure of retail stores and commercial facilities following the government's declaration of a state of emergency and a loss of inbound demand from foreign tourists to Japan. However, from June onward, when the state of emergency was lifted, net sales gradually recovered mainly in regions where the effects of the novel coronavirus were weak. Although infections again trended upward from the middle of July to August, net sales continued to recover during those two months. Net sales in September fell significantly compared to the same month of the previous fiscal year, because net sales in September 2019 included a surge in demand before the consumption-tax hike. However, net sales in September generally recovered to the same level as two years prior, excluding inbound demand from foreign tourists to Japan. In terms of individual brands, net sales of Seiko Prospex, which commemorates the 55th Anniversary of Seiko's diver's watch, increased year on year for certain months, owing mainly to the effect of television commercials. On a distribution channel basis, department stores and mass retailers operating primarily in the Tokyo metropolitan area were affected significantly by the novel coronavirus.

Net sales of completed watches overseas were sluggish mainly due to the lockdowns that continued until around May throughout the world. However, net sales began to recover in many countries and regions from July onward. In the U.S., physical stores began to reopen in July onward, in addition to online sales promotions. In addition to Grand Seiko, which grew sales favorably, mainly of limited-edition products, Seiko Prospex performed strongly, primarily for models commemorating the 55th Anniversary of Seiko's diver's watch. As a result, overall net sales in the U.S. during the three-month period from July to September exceeded those of the same period of the previous fiscal year. In Europe, a recovery of watches in the affordable price range has lagged. However, net sales of Global Brands, especially Seiko Prospex and Grand Seiko, increased year on year in most countries for the six-month period ended September 30, 2020. In China, e-commerce continued to post strong performance, while net sales of Grand Seiko increased in physical stores, including Grand Seiko Boutiques. As a result, net sales increased year on year in all months from July onward. In addition, net sales increased year on year for the three months of the second quarter of the fiscal year ending March 31, 2021, in Thailand, where sales of Grand Seiko grew at department-store watch fairs, Taiwan, where a Grand Seiko Boutique opened in Taipei in September, and Australia, where digital measures were enhanced. As a result of strong sales in various countries, especially of Grand Seiko, overall overseas net sales of Global Brands increased year on year for the six-month period ended September 30, 2020.

In the watch movements business, demand for analogue quartz movements remained sluggish due

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to a prolonged downturn in the fashion watch market, as well as the spread of the novel coronavirus. Net sales of mechanical movements were also sluggish due to partial restrictions of manufacturing activities based on government requests.

Operating profit decreased by 7.1 billion yen year on year, resulting in operating profit of 1.0 billion yen (a year-on-year decrease of 87.3%). The decline was despite expenses falling year on year due to such factors as a review on investments in line with the external environment and a curtailment of expenses following restrictions on economic activities.

b. Electronic Devices Business

Net sales under the Electronic Devices Business came to 22.4 billion yen, a year-on-year decrease of 13.8%. Operating losses were 0.1 billion yen (compared to operating profit of 0.4 billion yen in the same period of the previous fiscal year). Net sales in the printer-related business were sluggish due to a slow recovery of demand in the retail and sign markets, despite a gradual recovery of businesses from the effects of the novel coronavirus. Meanwhile, sales of products such as precision components for data centers, silver oxide batteries, and high-performance metals for semiconductor production equipment were favorable.

c. Systems Solutions Business

Net sales under the Systems Solutions Business came to 16.7 billion yen, a year-on-year increase of 1.1 billion yen, or 7.3%. Operating profit was 1.6 billion yen, a year-on-year increase of 0.2 billion yen, or 14.8%. Although some businesses were affected by the spread of the novel coronavirus, such as mobile communication equipment and solutions for the food service industry, in addition to COSMO CO., LTD. being made into a subsidiary in April, sales grew in cashless-related businesses, application performance management software and other areas.

d. Others

Net sales under Others amounted to 10.5 billion yen, a year-on-year decrease of 30.0%. Operating losses were 0.5 billion yen (compared to operating profit of 0.2 billion yen in the same period of the previous fiscal year). Net sales for the three-month period ended June 30, 2020 fell significantly in the Wako Business, which closed its stores for about two months following the government's declaration of a state of emergency in Japan due to the spread of the novel coronavirus, as well as in the Clocks Business, with many of its distribution channels, such as department stores and mass retailers, having been shut down. Although the businesses have been recovering since June, net sales were still down year on year due to the prolonged impact of the novel coronavirus.

(2) Financial Condition**a. Status of Assets, Liabilities, and Net Assets****-Assets-**

Total assets at the close of the six-month period ended September 30, 2020 amounted to 311.0 billion yen, an increase of 11.0 billion yen from the close of the previous fiscal year. Total current assets came to 144.5 billion yen, an increase of 6.4 billion yen from the close of the previous fiscal year. This was due to increases of 6.6 billion yen in inventories and 2.9 billion yen in cash and deposits, offsetting a decrease of 3.1 billion yen in notes and accounts receivable - trade. Total non-current assets came to 166.4 billion yen, an increase of 4.6 billion yen from the close of the previous fiscal year. This was due to increases of 9.2 billion yen in total property, plant and equipment and 0.1 billion yen in intangible assets, and a decrease of 4.7 billion yen in investments and other assets.

-Liabilities-

For liabilities, total borrowings came to 128.6 billion yen, due to increases of 21.9 billion yen in short-term borrowings and 80 million yen in current portion of long-term borrowings, as well as a decrease of 2.9 billion yen in long-term borrowings. In addition, current liabilities and non-current liabilities increased by 0.2 billion yen and 0.6 billion yen due to adopting ASU No. 2016-02 "Leases" at the consolidated subsidiaries in the U.S. from the three-month period ended June 30, 2020. Furthermore, notes and accounts payable - trade decreased by 3.0 billion yen, and accounts payable - other decreased by 4.4 billion yen. As a result, total liabilities amounted to 206.5 billion yen, an increase of 10.7 billion yen from the close of the previous fiscal year.

-Net assets-

With regard to net assets, total net assets increased by 0.2 billion yen over the close of the previous fiscal year to become 104.5 billion yen, owing to an increase of 0.6 billion yen in retained earnings, offsetting a decrease of 0.5 billion yen in foreign currency translation adjustment.

b. Overview of Cash Flows

The balance of cash and cash equivalents at the end of the six-month period ended September 30, 2020 came to 28.8 billion yen, an increase of 2.6 billion yen relative to the end of the previous fiscal year. This is primarily due to the following factors:

-Cash flows from operating activities

Net cash provided by operating activities came to negative 9.4 billion yen (compared to a positive cash flow of 0.2 billion yen for the same period of the previous fiscal year), a decrease of 9.6 billion yen year on year. This was the result of the Company posting 3.4 billion yen in income before income taxes, factoring in depreciation amounting to 5.1 billion yen, as well as a 3.5 billion-yen decrease in trade receivables (posted as an increase), a 6.8 billion-yen increase in inventories (posted as a

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decrease), a 3.6 billion-yen decrease in trade payables (posted as a decrease), a 3.7 billion-yen decrease in accounts payable - other (posted as a decrease), and adjusted a 7.6 billion-yen posted in gain on sales of investment securities (posted as a decrease) and others.

-Cash flows from investing activities

Net cash used in investing activities came to negative 3.5 billion yen (compared to a negative cash flow of 4.7 billion yen for the same period of the previous fiscal year) due to cash outflows consisting mainly of 12.6 billion yen in purchase of property, plant and equipment (posted as a decrease) and 1.3 billion yen in purchase of shares of subsidiaries resulting in change in scope of consolidation (posted as a decrease), and cash inflows consisting mainly of 10.1 billion yen in proceeds from sales of investment securities.

-Cash flows from financing activities

Net cash used in financing activities came to positive 15.8 billion yen (compared to a negative cash flow of 2.7 billion yen for the same period of the previous fiscal year) due mainly to repayments and borrowings of long- and short-term loans payable as well as cash dividends paid.

(3) Financial Forecast for the Year Ending March 31, 2021 (FY2020)

The resurgence of the novel coronavirus is becoming increasingly serious, mainly in the U.S. and Europe. The impact of the disease is becoming prolonged, including the reimposition of lockdowns in some cities. The economic outlook for countries that were heading toward recovery is becoming increasingly uncertain, as the resurgence is increasing the risk of a slowdown in the recovery.

In light of these circumstances, the Company has not changed its previous full-year consolidated financial forecast and results by segment announced on August 11. Although the impact of the novel coronavirus is expected to continue in the third quarter of the fiscal year ending March 31, 2021 onward, the Company continues to maintain the assumption in the previous forecast that production and sales activities will continue in Japan and overseas, without restrictions on economic activities that are stricter than those currently in place.

The Group anticipates a significant decrease in revenue on the assumption that the impact from the infection will continue and will work to reduce expenses accordingly. There are no major changes to the basic policies of the Seventh Mid-Term Management Plan, and the Group believes it is of utmost importance to accelerate them in each business. Ensuring investment for future growth while paying attention to timing, the Group will make investments that anticipate a world with and then without the novel coronavirus, such as by cultivating new demand and promoting Digital Transformation (DX) in marketing and sales activities. In addition, the Group will proactively work toward solving newly emerging social issues.

Note that the exchange rates for the financial forecast from the third quarter onward are as follows: 1

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US dollar = 105 yen; 1 euro = 120 yen.

With regard to dividends, although the Company's basic policy is to continue to provide stable dividends, the novel coronavirus is expected to cause a significant decline in profit attributable to owners of parent. Therefore, the dividend per share for interim and year-end dividends for the fiscal year ending March 31, 2021 is expected to be 12.5 yen, respectively, combined for an annual dividend of 25.0 yen, as shown below.

	Dividends per share		
	2nd quarter-end	Year-end	Total
Previous dividends forecast announced on August 11, 2020	-	-	-
Latest dividends forecast	12.50 yen	12.50 yen	25.00 yen
Dividends for the previous fiscal year ended March 31, 2020	37.50 yen	37.50 yen	75.00 yen

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■ Forecast for the consolidated business results for the year ending March 31, 2021 (FY2020)

	Amount (Billions of yen)	Year-on-year change (%)
Net sales	210.0	(12.2)
Operating profit	0.2	(96.7)
Ordinary profit (loss)	(1.3)	-
Profit attributable to owners of parent	1.0	(70.5)
Earnings per share (yen)	JPY 24.26	

■ Forecasted results by segment for the year ending March 31, 2021 (FY2020)

	Net Sales (Billions of yen)	Operating Profit (Billions of yen)
Watches Business	110.0	4.5
Electronic Devices Business	50.0	0.8
Systems Solutions Business	35.0	3.5
Total for reported segments	195.0	8.8
Others	25.0	0.0
Consolidated total	210.0	0.2

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. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and deposits	26,112	29,071
Notes and accounts receivable - trade	34,397	31,261
Inventories	65,734	72,417
Accounts receivable - other	5,406	4,346
Other	7,790	8,750
Allowance for doubtful accounts	(1,317)	(1,307)
Total current assets	138,123	144,539
Non-current assets		
Property, plant and equipment		
Buildings and structures	72,189	74,399
Machinery, equipment and vehicles	78,307	76,589
Tools, furniture and fixtures	32,278	33,584
Other	7,183	8,633
Accumulated depreciation	(146,873)	(146,350)
Land	48,522	54,469
Construction in progress	2,434	1,946
Total property, plant and equipment	94,044	103,271
Intangible assets		
Goodwill	7,430	7,814
Other	8,572	8,313
Total intangible assets	16,003	16,127
Investments and other assets		
Investment securities	38,759	35,630
Deferred tax assets	4,441	3,603
Other	8,734	7,964
Allowance for doubtful accounts	(115)	(108)
Total investments and other assets	51,820	47,089
Total non-current assets	161,867	166,489
Total assets	299,990	311,028

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(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,869	18,799
Electronically recorded obligations - operating	6,495	5,528
Short-term borrowings	59,140	81,077
Current portion of bonds payable	-	100
Current portion of long-term borrowings	16,843	16,923
Accounts payable - other	11,739	7,288
Income taxes payable	1,282	1,232
Provision for bonuses	3,477	3,573
Other provisions	1,367	1,181
Asset retirement obligations	13	7
Other	13,929	13,347
Total current liabilities	136,158	149,058
Non-current liabilities		
Bonds payable	-	800
Long-term borrowings	33,637	30,680
Deferred tax liabilities	1,929	1,861
Deferred tax liabilities for land revaluation	3,614	3,614
Other provisions	1,555	1,386
Retirement benefit liability	10,453	10,313
Asset retirement obligations	908	723
Other	7,460	8,066
Total non-current liabilities	59,558	57,445
Total liabilities	195,717	206,504

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(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,245	7,245
Retained earnings	74,418	75,058
Treasury shares	(328)	(315)
Total shareholders' equity	91,335	91,988
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,486	5,574
Deferred gains or losses on hedges	11	(157)
Revaluation reserve for land	8,190	8,190
Foreign currency translation adjustment	(804)	(1,337)
Remeasurements of defined benefit plans	(1,169)	(1,039)
Total accumulated other comprehensive income	11,714	11,229
Non-controlling interests	1,223	1,305
Total net assets	104,273	104,523
Total liabilities and net assets	299,990	311,028

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(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

a. Consolidated Statements of Income

(Millions of yen)

	FY2019 Q2 (Accumulative)	FY2020 Q2 (Accumulative)
Net sales	122,152	87,490
Cost of sales	72,388	53,902
Gross profit	49,764	33,587
Selling, general and administrative expenses	42,747	35,098
Operating profit (loss)	7,016	(1,511)
Non-operating income		
Interest income	92	28
Dividend income	385	388
House rent and other rental revenues	190	238
Share of profit of entities accounted for using equity method	889	-
Other	599	479
Total non-operating income	2,156	1,135
Non-operating expenses		
Interest expenses	498	475
Share of loss of entities accounted for using equity method	-	627
Other	826	576
Total non-operating expenses	1,324	1,679
Ordinary profit (loss)	7,848	(2,055)
Extraordinary income		
Gain on sales of investment securities	-	7,603
Subsidy income	-	556
Gain on sales of non-current assets	138	537
Total extraordinary income	138	8,697
Extraordinary losses		
Loss on the spread of infectious disease	-	3,172
Retirement benefit expenses	158	-
Total extraordinary losses	158	3,172
Income before income taxes	7,827	3,469
Income taxes	2,348	1,267
Profit	5,479	2,202
Profit attributable to non-controlling interests	72	94
Profit attributable to owners of parent	5,407	2,107

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b. Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2019 Q2 (Accumulative)	FY2020 Q2 (Accumulative)
Profit	5,479	2,202
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,434)	288
Deferred gains or losses on hedges	(22)	(168)
Foreign currency translation adjustment	(1,229)	(410)
Remeasurements of defined benefit plans, net of tax	103	115
Share of other comprehensive income of entities accounted for using equity method	(46)	(303)
Total other comprehensive income	(2,628)	(478)
Comprehensive income	2,850	1,723
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,788	1,622
Comprehensive income attributable to non- controlling interests	62	101

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c. Statements of Cash Flows

(Millions of yen)

	FY2019 2Q (Accumulative)	FY2020 2Q (Accumulative)
Cash flows from operating activities		
Income before income taxes	7,827	3,469
Depreciation	5,025	5,174
Increase (decrease) in allowance for doubtful accounts	42	(13)
Increase (decrease) in retirement benefit liability	5	(175)
Interest and dividend income	(477)	(417)
Interest expenses	498	475
Foreign exchange losses (gains)	130	120
Share of loss (profit) of entities accounted for using equity method	(889)	627
Loss (gain) on sales of investment securities	-	(7,603)
Loss (gain) on sales of non-current assets	(138)	(537)
Loss on retirement of non-current assets	43	47
Decrease (increase) in trade receivables	(1,110)	3,569
Decrease (increase) in inventories	(3,683)	(6,887)
Decrease (increase) in accounts receivable - other	658	1,500
Increase (decrease) in trade payables	(2,911)	(3,678)
Increase (decrease) in accounts payable - other	(4,279)	(3,766)
Other, net	527	(618)
Subtotal	1,271	(8,713)
Interest and dividends received	478	417
Dividends received from entities accounted for using equity method	27	27
Interest paid	(502)	(474)
Extra retirement payments	-	(1)
Income taxes paid	(1,054)	(731)
Net cash provided by (used in) operating activities	219	(9,475)

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(Millions of yen)

	FY2019 2Q (Accumulative)	FY2020 2Q (Accumulative)
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,981)	(12,647)
Proceeds from sales of property, plant and equipment	81	1,013
Purchase of investment securities	(0)	(200)
Proceeds from sales of investment securities	0	10,164
Loan advances	(123)	(431)
Collection of loans receivable	872	89
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,365)
Other, net	(1,577)	(163)
Net cash provided by (used in) investing activities	(4,728)	(3,540)
Cash flows from financing activities		
Proceeds from short-term borrowings	422,309	651,006
Repayments of short-term borrowings	(424,108)	(629,202)
Proceeds from long-term borrowings	11,500	7,000
Repayments of long-term borrowings	(10,154)	(10,346)
Dividends paid	(1,550)	(1,550)
Other, net	(768)	(1,065)
Net cash provided by (used in) financing activities	(2,771)	15,841
Effect of exchange rate change on cash and cash equivalents	(402)	(130)
Net increase (decrease) in cash and cash equivalents	(7,683)	2,694
Cash and cash equivalents at beginning of period	33,843	26,111
Cash and cash equivalents at end of period	26,160	28,806

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(Changes in significant accounting policies)

The Company adopted ASU No.2016-02 “Leases” at some consolidated subsidiaries in the U.S., from the first quarter of the fiscal year ending March 31, 2021. Accordingly, the Company recognizes right-of-use assets and lease obligations with regard to all leases, in principle, for lessees’ lease transactions.

When applying ASU No.2016-02, the Company has adopted a method of recognizing the cumulative effect of application of this standard on the application start date, which is allowed as a transitional measure.

The standard’s application resulted in increases of 850 million yen in property, plant and equipment, 241 million yen in current liabilities, and 664 million yen in non-current liabilities, respectively, in the balance sheets for the three months ended September 30, 2020. The impact of this standard on retained earnings at the beginning of the fiscal year, gains or losses and segment information for the six months ended September 30, 2020 is immaterial.

(Segment Information)

I. For the six months ended September 30, 2019

1. Information about Sales and Income (Loss) by Reported Segment

	Reported segments				Others	Grand total	Adjustment	Figures in consolidated statements of income
	Watches Business	Electronic Devices Business	Systems Solutions Business	Total				
Net Sales								
Sales to third parties	70,120	24,144	14,854	109,119	13,033	122,152	-	122,152
Inter-segment sales or transfers	973	1,891	779	3,644	1,994	5,639	(5,639)	-
Total	71,093	26,036	15,634	112,764	15,027	127,792	(5,639)	122,152
Segment income	8,205	431	1,475	10,112	248	10,360	(3,344)	7,016

- Notes:
1. The “Others” category denotes business segments not included among reported segments, such as the Clocks Business.
 2. Adjustments to segment income in the amount of -3,344 million yen include -283 million yen in the amortization of goodwill, 84 million yen that mainly consists of the elimination of inter-segment transactions, and -3,145 million yen in company-wide expenses not appropriated to each reported segment. Company-wide expenses primarily consist of expenses incurred at headquarters, unallocated to reported segments.
 3. Segment income has been adjusted for alongside operating profit on the consolidated statements of income.

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II. For the six months ended September 30, 2020

1. Information about Sales and Income (Loss) by 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				
Net Sales								
Sales to third parties	42,713	20,082	15,972	78,768	8,721	87,490	-	87,490
Inter-segment sales or transfers	771	2,361	803	3,936	1,803	5,739	(5,739)	-
Total	43,485	22,443	16,775	82,704	10,525	93,229	(5,739)	87,490
Segment income (loss)	1,040	(145)	1,692	2,587	(510)	2,077	(3,588)	(1,511)

- Notes:
- The "Others" category denotes business segments not included among reported segments, such as the Clocks Business.
 - Adjustments to segment income (loss) in the amount of -3,588 million yen include -283 million yen in the amortization of goodwill, -271 million yen that mainly consists of the elimination of inter-segment transactions, and -3,033 million yen in company-wide expenses not appropriated to each reported segment. Company-wide expenses primarily consist of expenses incurred at headquarters, unallocated to reported segments.
 - Segment income (loss) has been adjusted for alongside operating loss on the consolidated statements of income.
