



CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED JUNE 30, 2021 [Japanese GAAP]



August 10, 2021

Stock Listing: Tokyo

Company name: SEIKO HOLDINGS CORPORATION
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 Quarterly securities report issuing date: August 12, 2021 (in Japanese)
 Dividend payment date: -
 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 three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)

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

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2021	54,609	53.3	1,512	-	1,791	-	53	(94.3)
June 30, 2020	35,612	(39.2)	(2,178)	-	(2,595)	-	942	(56.2)

Note: Comprehensive income
 Three months ended June 30, 2021: 1,882 million yen 54.9 %
 Three months ended June 30, 2020: 1,215 million yen 28.4 %

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2021	1.30	1.30
June 30, 2020	22.87	22.87

(2) Consolidated financial position

	Total assets	Net assets	Equity capital ratio
	Millions of yen	Millions of yen	%
As of June 30, 2021	320,326	112,757	34.7
March 31, 2021	319,671	113,082	34.9

(Reference) Shareholder's equity
 As of June 30, 2021: 111,238 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	-	-	-	-	-
ending March 31, 2022 (Forecast)	-	25.00	-	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	5,500	150.7	6,000	847.7	4,000	15.1	97.00

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

*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 June 30, 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 June 30, 2021	168,305 shares /	As of March 31, 2021	175,589 shares
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3) Average numbers of shares issued during the period for:

Three months ended June 30, 2021	41,232,331 shares
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Three months ended June 30, 2020	41,222,174 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.

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1. Business Results

(1) Overview

During the three-month period ended June 30, 2021, the world economy showed signs of a recovery mainly due to vaccinations, despite the ongoing effects of the novel coronavirus. In the U.S., the real GDP for the April-June period recovered to a level that was higher than that before the coronavirus pandemic. In Europe, progress was made in easing and lifting measures taken to restrict movement. The Chinese economy continued to grow, and the trend toward economic recovery also continued in other Asian countries. However, a resurgence of infections in some countries once again led to a reinforcement of restrictions on activities.

The Japanese economy saw an improvement in the manufacturing industry, spurred by favorable foreign demand. However, the non-manufacturing industry was unable to make a full-scale recovery, due to the government's third declaration of a state of emergency in April.

(Millions of yen)

	3M19 (a)	3M20 (b)	3M21 ①	Variance ① - (a)	Variance ① - (b)
Net sales	58,539	35,612	54,609	(3,930)	18,996
Operating profit (loss)	2,831	(2,178)	1,512	(1,319)	3,690
%	4.8%	(6.1)%	2.8%	(2.0)pt	-
Ordinary profit (loss)	3,315	(2,595)	1,791	(1,523)	4,387
%	5.7%	(7.3)%	3.3%	(2.4)pt	-
Profit attributable to owners of parent	2,153	942	53	(2,100)	(889)
%	3.7%	2.6%	0.1%	(3.6)pt	(2.5)pt
Exchange rate (v. JPY)					
USD	109.9 yen	107.6 yen	109.5 yen	(0.4)	1.9
EUR	123.5 yen	118.6 yen	131.9 yen	8.4	13.3

Amid these circumstances, the recovery in net sales for the domestic market under the Watches Business, Clocks Business, and Wako Business was lackluster, mainly due to the declaration of a state of emergency primarily in the Tokyo metropolitan area. However, net sales for overseas markets under the Watches Business made a significant recovery thanks to steady progress in efforts to expand Global Brands, centered on Grand Seiko and Seiko Prospex. Furthermore, net sales under the Electronic Devices Business grew due to continued favorable performance from the fourth quarter of the previous fiscal year. In addition, net sales under the Systems Solutions Business increased year on year, thanks to successful efforts to diversify business and expand the stock business. As a result, for the three-month period ended June 30, 2021, the Group reported consolidated net sales of 54.6 billion yen, a year-on-year increase of 53.3%.

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On an overall consolidated basis, domestic net sales came to 28.3 billion yen (a year-on-year increase of 35.3%), and overseas net sales were 26.2 billion yen (a year-on-year increase of 78.9%). Overseas net sales comprised 48.1% of net sales overall.

Advertising and promotion expenses for the three-month period ended June 30, 2021 increased by approximately 45% from the same period of the previous fiscal year, when activities were significantly restricted due to the spread of the novel coronavirus, but fell by approximately 15% from the same period two years prior. Although other expenses also increased year on year following a recovery in business activities, operating profit improved by 3.6 billion yen year on year to 1.5 billion yen (operating losses of 2.1 billion yen in the same period of the previous fiscal year), as a result of a recovery in net sales. 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 ordinary profit increased by 4.3 billion yen year on year to 1.7 billion yen (ordinary losses of 2.5 billion yen in the same period of the previous fiscal year). Subsidy income of 31 million yen was posted as extraordinary income, and a loss of 0.4 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 53 million yen (a year-on-year decrease of 94.3%).

The average exchange rates for the three-month period ended June 30, 2021 were 109.5 yen to 1 US dollar and 131.9 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 27.7 billion yen, a year-on-year increase of 13.0 billion yen, or 88.9%. Although effects such as a resurgence of novel coronavirus infections were observed, net sales of completed watches in Japan recovered significantly year on year. In terms of individual brands, Series 9, the new design series launched by Grand Seiko in the previous fiscal year achieved strong sales, along with new products. On a distribution channel basis, sales tended toward recovery, mainly in the Tokyo metropolitan area after the declaration of a state of emergency was lifted in June, despite the lingering effects of restrictions on activities in all distribution channels.

Meanwhile, the U.S. and China, in terms of overseas performance by country, and Global Brands, in terms of individual brands drove net sales to surpass the levels in the same periods of the previous fiscal year and two years prior. In the U.S., sales of Grand Seiko and Prospex grew favorably. In addition, mid-price range watches in distribution channels such as retail stores and department stores also improved due to the economic recovery. As a result, net sales increased significantly from the same period two years prior, when there was no impact from the novel coronavirus. In Europe as well, net sales recovered to levels that were higher than those before the spread of the infection, primarily for Global Brands mainly in the U.K. and Germany, as a result of an easing of restrictions on activities.

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In China, sales of Grand Seiko grew significantly in both physical stores and e-commerce, while other Global Brands also posted strong sales. Although the impact of the resurgence of infections persisted in some Asian countries, a steady recovery was seen in Thailand and Taiwan. In Australia, net sales grew in all price ranges, from the high price range to the affordable price range, especially for Global Brands.

In the watch movements business, demand for analogue quartz movements also recovered due to the economic recoveries in each country. However, net sales of mechanical movements were sluggish due to partial restrictions of manufacturing activities based on local government requests.

Operating profit increased by 2.5 billion yen year on year, resulting in operating profit of 1.4 billion yen (operating losses of 1.1 billion yen in the same period of the previous fiscal year). The increase was 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 15.7 billion yen, a year-on-year increase of 46.5%. Operating profit was 1.2 billion yen (compared to operating losses of 39 million yen in the same period of the previous fiscal year). Sales of thermal printers were sluggish due to the impact of shortages and soaring prices of components and materials. However, micro batteries for medical equipment and quartz crystals, as well as high-performance metals for semiconductor production equipment, precision components for automobiles and data centers, inkjet printheads, and other products maintained favorable performances from the previous fiscal year. As a result, both net sales and profits grew significantly year on year.

c. Systems Solutions Business

Net sales under the Systems Solutions Business came to 8.8 billion yen, a year-on-year increase of 44 million yen, or 0.5%. Operating profit was 0.9 billion yen, a year-on-year increase of 0.1 billion yen, or 13.5%. Some industries, such as food service were affected by the coronavirus pandemic. However, the network-related business for 5G, which captured demand for digitalization, performance management and security-related business, IoT business, and other businesses performed favorably, resulting in continued growth in both revenue and profits for 21 consecutive quarters.

d. Time Creation, WAKO and other Businesses

Net sales under the Time Creation, WAKO and other Businesses amounted to 5.5 billion yen, a year-on-year increase of 1.6 billion yen, or 44.0%. Operating losses were 0.1 billion yen (compared to operating losses of 0.3 billion yen in the same period of the previous fiscal year). Despite a significant recovery year on year, domestic business was sluggish, mainly due to the impact of the repeated declaration of a state of emergency.

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

Total assets at the close of the three-month period ended June 30, 2021 amounted to 320.3 billion yen, an increase of 0.6 billion yen from the close of the previous fiscal year. Total current assets came to 149.1 billion yen, a decrease of 0.8 billion yen from the close of the previous fiscal year. This was due to decreases of 3.3 billion yen in cash and deposits and 2.8 billion yen in notes and accounts receivable - trade, and contract assets (presented as notes and accounts receivable - trade as of the end of the previous fiscal year), offsetting an increase of 3.6 billion yen in inventories. Total non-current assets came to 171.1 billion yen, an increase of 1.5 billion yen from the close of the previous fiscal year. This was due to decreases of 0.5 billion yen in total property, plant and equipment and 0.3 billion yen in intangible assets, and an increase of 2.3 billion yen in investments and other assets.

-Liabilities-

For liabilities, total borrowings came to 121.0 billion yen, due to decreases of 1.9 billion yen in short-term borrowings, 0.4 billion yen in current portion of long-term borrowings, and 1.7 billion yen in long-term borrowings. In addition, current liabilities increased by 2.4 billion yen, due to increases of 2.7 billion yen in notes and accounts payable - trade and 1.1 billion yen in electronically recorded obligations - operating, and decreases of 2.3 billion yen in accounts payable - other and 1.4 billion yen in provision for bonuses. Non-current liabilities decreased by 1.4 billion yen. As a result, total liabilities amounted to 207.5 billion yen, an increase of 0.9 billion yen from the close of the previous fiscal year.

-Net assets-

With regard to net assets, total net assets decreased by 0.3 billion yen over the close of the previous fiscal year to become 112.7 billion yen, owing to a decrease of 2.1 billion yen in shareholders' equity, offsetting an increase of 1.4 billion yen in valuation difference on available-for-sale securities.

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

Business results during the three-month period ended June 30, 2021 progressed steadily, mainly in the Electronic Devices Business. However, the outlook is becoming increasingly uncertain due to a resurgence of the novel coronavirus infection, especially mutant strains, from July onward, as well as the emergence of various risks, such as a global shortage of semiconductors and soaring prices of components and materials. Taking these factors into consideration, the Company has not changed its consolidated financial forecast and forecasted results by segment from the previous forecast announced on May 11, 2021.

Note that the exchange rates for the financial forecast from the second quarter onward are as follows:
1 US dollar = 105 yen; 1 euro = 125 yen.

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The financial forecast announced on May 11, 2021 is as follows:

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

	Amount (Billions of yen)	Year-on-year change (%)
Net sales	235.0	16.0
Operating profit	5.5	150.7
Ordinary profit	6.0	847.7
Profit attributable to owners of parent	4.0	15.1
Earnings per share	97.00 yen	

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

	Net Sales (Billions of yen)	Operating Profit (Billions of yen)
Watches Business	126.0	7.0
Electronic Devices Business	56.0	3.0
Systems Solutions Business	36.0	4.0
Total for reported segments	218.0	14.0
Time Creation, WAKO and other Businesses	30.0	0.5
Consolidated total	235.0	5.5

Note: 1. Consolidated total represents figures after consolidation adjustment such as the elimination of inter-segment sales.

2. The segment presented as "Others" at the time of the announcement on May 11 has been renamed "Time Creation, WAKO and other Businesses." There is no change to the scope of aggregation due to this change.

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

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2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	32,611	29,287
Notes and accounts receivable - trade	37,185	-
Notes and accounts receivable - trade, and contract assets	-	34,353
Inventories	68,424	72,026
Accounts receivable - other	4,932	4,678
Other	8,306	10,277
Allowance for doubtful accounts	(1,421)	(1,432)
Total current assets	150,039	149,190
Non-current assets		
Property, plant and equipment		
Buildings and structures	74,459	74,384
Machinery, equipment and vehicles	79,098	80,408
Tools, furniture and fixtures	34,183	33,906
Other	8,831	9,014
Accumulated depreciation	(150,227)	(151,231)
Land	54,409	54,257
Construction in progress	2,422	1,931
Total property, plant and equipment	103,177	102,671
Intangible assets		
Goodwill	7,336	7,097
Other	8,493	8,406
Total intangible assets	15,830	15,504
Investments and other assets		
Investment securities	41,463	43,631
Deferred tax assets	2,273	2,261
Other	6,996	7,174
Allowance for doubtful accounts	(109)	(108)
Total investments and other assets	50,625	52,959
Total non-current assets	169,632	171,135
Total assets	319,671	320,326

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(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	19,310	22,059
Electronically recorded obligations - operating	6,048	7,152
Short-term borrowings	72,611	70,701
Current portion of bonds payable	350	200
Current portion of long-term borrowings	17,315	16,817
Accounts payable - other	9,266	6,924
Income taxes payable	1,478	1,151
Provision for bonuses	3,634	2,223
Other provisions	1,130	987
Asset retirement obligations	6	3
Other	14,528	19,924
Total current liabilities	145,679	148,145
Non-current liabilities		
Bonds payable	450	450
Long-term borrowings	35,263	33,529
Deferred tax liabilities	3,346	4,003
Deferred tax liabilities for land revaluation	3,614	3,614
Other provisions	1,242	982
Retirement benefit liability	9,402	9,331
Asset retirement obligations	729	738
Other	6,861	6,772
Total non-current liabilities	60,909	59,422
Total liabilities	206,589	207,568

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(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,245	7,245
Retained earnings	75,909	73,744
Treasury shares	(315)	(304)
Total shareholders' equity	92,839	90,685
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,431	11,869
Deferred gains or losses on hedges	(133)	(83)
Revaluation reserve for land	8,190	8,190
Foreign currency translation adjustment	1,055	1,215
Remeasurements of defined benefit plans	(687)	(637)
Total accumulated other comprehensive income	18,856	20,553
Non-controlling interests	1,387	1,518
Total net assets	113,082	112,757
Total liabilities and net assets	319,671	320,326

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(2) Quarterly Consolidated Statements of Income and Comprehensive Income

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

(Millions of yen)

	3M20	3M21
Net sales	35,612	54,609
Cost of sales	22,948	32,441
Gross profit	12,664	22,167
Selling, general and administrative expenses	14,842	20,655
Operating profit (loss)	(2,178)	1,512
Non-operating income		
Interest income	13	13
Dividend income	388	391
Other	321	356
Total non-operating income	723	761
Non-operating expenses		
Interest expenses	239	224
Other	900	257
Total non-operating expenses	1,140	482
Ordinary profit (loss)	(2,595)	1,791
Extraordinary income		
Subsidy income	4	31
Gain on sales of investment securities	7,163	-
Total extraordinary income	7,167	31
Extraordinary losses		
Loss on the spread of infectious disease	3,083	470
Total extraordinary losses	3,083	470
Profit before income taxes	1,487	1,352
Income taxes	463	1,167
Profit	1,024	185
Profit attributable to non-controlling interests	82	132
Profit attributable to owners of parent	942	53

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

(Millions of yen)

	3M20	3M21
Profit	1,024	185
Other comprehensive income		
Valuation difference on available-for-sale securities	505	1,307
Deferred gains or losses on hedges	(41)	49
Foreign currency translation adjustment	(277)	22
Remeasurements of defined benefit plans, net of tax	(86)	46
Share of other comprehensive income of entities accounted for using equity method	90	270
Total other comprehensive income	190	1,696
Comprehensive income	1,215	1,882
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,108	1,750
Comprehensive income attributable to non- controlling interests	106	131

(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

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

As a result, for the three-month period ended June 30, 2021, net sales increased by 428 million yen, cost of sales decreased by 120 million yen, and selling, general and administrative expenses increased by 467 million yen. However, the impact of the application of the standard on operating profit, ordinary profit, and profit before income taxes is immaterial. 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 three-month period ended June 30, 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.

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(Segment Information)

I. For the three months ended June 30, 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	14,336	9,863	8,334	32,534	3,077	35,612	-	35,612
Transactions with other segments	348	885	440	1,675	775	2,451	(2,451)	-
Net sales	14,685	10,749	8,775	34,210	3,853	38,063	(2,451)	35,612
Segment profit (loss)	(1,162)	(39)	833	(368)	(311)	(680)	(1,497)	(2,178)

- 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 -1,497 million yen include -141 million yen in the amortization of goodwill, -145 million yen that mainly consists of the elimination transactions with other segments, and -1,210 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.

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II. For the three months ended June 30, 2021

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	27,216	14,324	8,253	49,794	4,815	54,609	-	54,609
Transactions with other segments	519	1,424	566	2,510	732	3,243	(3,243)	-
Net sales	27,736	15,748	8,819	52,304	5,547	57,852	(3,243)	54,609
Segment profit (loss)	1,408	1,266	946	3,621	(193)	3,427	(1,915)	1,512

- 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 (loss) in the amount of -1,915 million yen include -141 million yen in the amortization of goodwill, -31 million yen that mainly consists of the elimination of transactions with other segments, and -1,742 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 profit on the quarterly consolidated statements of income.
