



# Consolidated Financial Results for the Nine Months Ended DECEMBER 31, 2023 (Under Japanese GAAP)

February 14, 2024

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 Scheduled date to file quarterly securities report: February 14, 2024 (in Japanese)  
 Preparation of supplementary material on quarterly financial results: Available  
 Holding of quarterly 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 nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

### (1) Consolidated operating results (cumulative) (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	%
Nine months ended December 31, 2023	205,672	4.2	14,143	13.6	15,321	20.5	10,643	31.3
December 31, 2022	197,459	13.6	12,446	91.7	12,716	76.7	8,104	107.3

Note: Comprehensive income For the nine months ended December 31, 2023: ¥ 16,781 million [22.3%]  
 For the nine months ended December 31, 2022: ¥ 13,724 million [72.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	257.96	-
December 31, 2022	196.43	196.43

### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of December 31, 2023	372,982	144,050	38.0
March 31, 2023	355,915	131,748	36.5

Reference: Equity As of December 31, 2023: ¥ 141,760 million  
 As of March 31, 2023: ¥ 129,792 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2023	Yen -	Yen 37.50	Yen -	Yen 37.50	Yen 75.00
Fiscal year ending March 31, 2024	-	37.50	-		
Fiscal year ending March 31, 2024 (Forecast)				42.50	80.00

Note: Revisions to the forecast of cash dividends most recently announced: Revised  
 Refer to (3) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2024 (FY2023), 1. Business Results, for detail.

## 3. Consolidated financial forecast for the fiscal year ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(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, 2024	275,000	5.6	14,000	24.6	14,500	29.8	9,000	79.0	218.78

Note: Revision to the financial forecast most recently announced: Revised  
 Refer to (3) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2024 (FY2023), 1. Business Results, for detail.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Not applicable

Newly included: Not applicable                      Excluded: Not applicable

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

(3) Changes in accounting policies, changes in accounting estimates, and restatement

i) Changes in accounting policies due to revisions to accounting standards and other regulations	: Not applicable
ii) Changes in accounting policies due to other reasons	: Not applicable
iii) Changes in accounting estimates	: Not applicable
iv) Restatement	: Not applicable

(4) Number of issued shares (common shares)

i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2023	41,404,261 shares /	As of March 31, 2023	41,404,261 shares
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ii) Number of treasury shares at the end of period

As of December 31, 2023	639,550 shares /	As of March 31, 2023	132,337 shares
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iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2023	41,261,132 shares
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Nine months ended December 31, 2022	41,258,856 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 outstanding during the period, treasury shares held in the Board Benefit Trust (BBT) are included in the treasury shares deducted in the calculation.

\* Quarterly financial results reports are exempt from quarterly review 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 (3) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2024 (FY2023), 1. Business Results, for detail.

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## 1. Business Results

### (1) Overview

During the nine-month period ended December 31, 2023, despite concerns regarding a potential slowdown in the U.S. economy due to continuation of monetary tightening caused by continuous high inflation, the U.S. economy continued to perform steadily. However, a slowdown in the European economy became more apparent. In China, consumer sentiment has declined due to prolonged adjustments in the real estate market.

In Japan, personal consumption is gradually resuming even amid inflation, and demand from inbound tourists continues to recover.

(Millions of yen)

	9M FY2021 (a)	9M FY2022 (b)	9M FY2023 ①	Variance ① - (a)	Variance ① - (b)
Net sales	173,861	197,459	205,672	31,810	8,213
Operating profit	6,492	12,446	14,143	7,650	1,696
%	3.7%	6.3%	6.9%	3.2pt	0.6pt
Ordinary profit	7,196	12,716	15,321	8,124	2,604
%	4.1%	6.4%	7.4%	3.3pt	1.0pt
Profit attributable to owners of parent	3,910	8,104	10,643	6,733	2,539
%	2.2%	4.1%	5.2%	3.0pt	1.1pt
Exchange rate (v. JPY)					
USD	111.1	136.5	143.3	32.2	6.8
EUR	130.6	140.6	155.3	24.7	14.7

Amid these circumstances, in the “Emotional Value Solutions Business,” the Watches Business and WAKO Business for the Japanese market recorded significant net sales growth against the backdrop of a recovery in personal consumption and demand from inbound tourists. The Watches Business for overseas markets also grew, mainly in Europe and Asia, and net sales were higher year on year. In the “Devices Solutions Business,” although net sales were significantly lower year on year amid an ongoing slump in the business environment due to factors such as prolonged stagnation of the Chinese economy and inventory adjustments in the electronic devices market, there were signs of a recovery in demand for some products. In the “Systems Solutions Business,” net sales were higher year on year, thanks to ongoing successful efforts to diversify business and expand the stock business. As a result, for the nine-month period ended December 31, 2023, the Group reported consolidated net sales of 205.6 billion yen, a year-on-year increase of 4.2%.

On an overall consolidated basis, domestic net sales came to 105.9 billion yen (a year-on-year increase of 8.3%), and overseas net sales were 99.7 billion yen (a year-on-year increase of 0.1%). Net sales in

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overseas comprised 48.5% of net sales overall.

Advertising and promotion expenses for the nine-month period ended December 31, 2023 increased by approximately 7% from the same period of previous fiscal year, resulting in a year-on-year increase of 4.9 billion yen in selling, general and administrative expenses. Operating profit increased by 1.6 billion yen to 14.1 billion yen (a year-on-year increase of 13.6%), driven by the Emotional Value Solutions Business. Non-operating profit and loss improved year on year due to factors including increases in interest income and dividend income, and ordinary profit increased by 2.6 billion yen year on year to 15.3 billion yen (a year-on-year increase of 20.5%). A gain on sale of investment securities of 0.2 billion yen was posted as extraordinary income, while business restructuring expenses and information security expenses were posted as extraordinary losses totaling 1.0 billion yen. Profit attributable to owners of parent increased by 2.5 billion yen year on year to 10.6 billion yen (a year-on-year increase of 31.3%), mainly due to a decrease in income taxes - deferred in conjunction with the improvement of revenue in domestic operating companies.

The average exchange rates for the nine-month period ended December 31, 2023 were 143.3 yen to 1 US dollar and 155.3 yen to 1 euro.

## Results by Segment

Results for each segment are as follows:

### a. Emotional Value Solutions Business (EVS Business)

Net sales under the EVS Business came to 142.5 billion yen, a year-on-year increase of 13.0 billion yen, or 10.1%.

Net sales of completed watches in Japan grew year on year due to favorable performance of Global Brands such as Grand Seiko and Seiko Prospex against the background of personal consumption and demand from inbound tourists, which showed a recovery trend. Overseas, net sales increased year on year as Global Brands grew in the U.S., Europe, and Asia, especially for Seiko Presage and Seiko 5 Sports, despite a delayed recovery in China. In the watch movements business, net sales decreased year on year due to the sluggish Chinese economy.

Net sales in the WAKO Business grew significantly year on year against the backdrop of favorable demand from inbound tourists. However, net sales of the clocks business declined year on year due primarily to the sluggish Chinese economy, which caused net sales in overseas markets to struggle.

Operating profit increased by 4.9 billion yen year on year, resulting in operating profit of 15.9 billion yen (a year-on-year increase of 45.3%).

### b. Devices Solutions Business (DS Business)

Net sales under the DS Business came to 42.2 billion yen, a year-on-year decrease of 15.5%. Operating profit was 0.9 billion yen, a year-on-year decrease of 81.9%.

Net sales and operating profit decreased significantly year on year due to the prolonged stagnation of

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the Chinese economy and continued inventory adjustments in the electronic devices market, resulting in weak performance for thermal printers, high-performance metals for semiconductor production equipment, and precision components. However, there were signs of a recovery in some businesses, such as silver oxide batteries and quartz crystals.

## **c. Systems Solutions Business (SS Business)**

Net sales under the SS Business came to 28.6 billion yen, a year-on-year increase of 6.2%. Operating profit was 3.4 billion yen, a year-on-year increase of 8.8%.

There was growth in businesses related to digital contracts, driven by the tide of digitalization. In addition, businesses supporting digital infrastructure, such as performance management and businesses including those related to security, expanded, resulting in continued year-on-year growth both in net sales and operating profit for 31 consecutive quarters.

## **(2) Financial Condition**

### **-Assets-**

Total assets at the close of the nine-month period ended December 31, 2023 amounted to 372.9 billion yen, an increase of 17.0 billion yen from the close of the previous fiscal year, including the effect of exchange rates. Total current assets came to 181.1 billion yen, an increase of 7.7 billion yen from the close of the previous fiscal year. This was due to factors such as an increase of 4.4 billion yen in inventories. Total non-current assets came to 191.7 billion yen, an increase of 9.2 billion yen from the close of the previous fiscal year. This was due to increases of 5.0 billion yen in total property, plant and equipment and 4.0 billion yen in total investments and other assets.

### **-Liabilities-**

For liabilities, total borrowings came to 126.3 billion yen, due to decreases of 1.9 billion yen in short-term borrowings and 3.7 billion yen in long-term borrowings. In addition, provision for bonuses decreased by 1.6 billion yen, while notes and accounts payable - trade increased 4.5 billion yen, electronically recorded obligations - operating increased 2.5 billion yen, and income taxes payable increased 2.2 billion yen. As a result, total liabilities amounted to 228.9 billion yen, an increase of 4.7 billion yen from the close of the previous fiscal year, including the effect of exchange rates.

### **-Net assets-**

With regard to net assets, total net assets increased by 12.3 billion yen over the close of the previous fiscal year to become 144.0 billion yen, mainly owing to increases of 6.2 billion yen in shareholders' equity and 4.0 billion yen in foreign currency translation adjustment.

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## (3) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2024 (FY2023)

During the nine-month period ended December 31, 2023, both net sales and operating profit increased significantly year on year in the EVS Business, and despite a year-on-year decline in both net sales and operating profit in the DS Business, consolidated operating profit rose year on year. Accordingly, the Company has revised its consolidated financial forecast and its forecasted results by segment as described below.

### ■ Forecast for the consolidated business results for the year ending March 31, 2024 (FY2023)

(Billions of yen)	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previous forecast (A) (as of Nov. 14, 2023)	268.0	12.0	12.0	8.0	193.72 yen
<b>Current forecast (B) (as of Feb. 14, 2024)</b>	<b>275.0</b>	<b>14.0</b>	<b>14.5</b>	<b>9.0</b>	<b>218.78 yen</b>
Year-on-year change (B-A)	7.0	2.0	2.5	1.0	25.06 yen
Year-on-year change (%)	2.6	16.7	20.8	12.5	12.9

### ■ Forecasted results by segment for the year ending March 31, 2024 (FY2023)

(Billions of yen)	Net Sales		Operating Profit	
	Current	Previous	Current	Previous
Emotional Value Solutions Business	<b>185.0</b>	180.0	<b>17.0</b>	15.0
Devices Solutions Business	<b>60.0</b>	60.0	<b>2.3</b>	2.3
Systems Solutions Business	<b>41.0</b>	39.0	<b>5.0</b>	5.0
Total for reported segments	<b>286.0</b>	279.0	<b>24.3</b>	22.3
Others	<b>1.0</b>	1.0	<b>0.2</b>	0.1
Consolidated total	<b>275.0</b>	268.0	<b>14.0</b>	12.0

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

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The Company's basic policy for profit allocation is to continue providing stable dividends, while striving to enhance its equity, and giving consideration to capital efficiency and allocating stable profits to shareholders.

As announced today, since the consolidated financial forecast for the current fiscal year is expected to exceed the previous forecast, the Company has revised the year-end dividend forecast for the current fiscal year to 42.5 yen per share, which is an increase of 5 yen per share compared to the previous forecast.

Accordingly, the annual dividend for the current fiscal year, including the interim dividend of 37.5 yen, which has already been paid, will be 80 yen per share.

## ■ Dividend forecast

Record date	Annual dividends per share		
	2 <sup>nd</sup> quarter-end	Fiscal year-end	Total (annual)
Previous forecast (as of Nov. 14, 2023)	-	37.50 yen	75.0 yen
<b>Current forecast (as of Feb. 14, 2024)</b>	-	<b>42.50 yen</b>	<b>80.0 yen</b>
Fiscal year ended March 31,2024	37.50 yen	-	-
Fiscal year ended March 31,2023	37.50 yen	37.50 yen	75.0 yen

*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, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	36,324	36,650
Notes and accounts receivable - trade, and contract assets	38,647	44,765
Inventories	83,776	88,219
Accounts receivable - other	6,577	3,697
Other	9,381	9,318
Allowance for doubtful accounts	(1,297)	(1,455)
<b>Total current assets</b>	<b>173,410</b>	<b>181,196</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	79,280	81,741
Machinery, equipment and vehicles	86,117	90,802
Tools, furniture and fixtures	39,233	40,809
Other	12,699	15,432
Accumulated depreciation	(163,232)	(170,208)
Land	54,182	54,401
Construction in progress	2,867	3,226
<b>Total property, plant and equipment</b>	<b>111,149</b>	<b>116,205</b>
Intangible assets		
Goodwill	6,901	6,003
Other	8,620	9,648
<b>Total intangible assets</b>	<b>15,522</b>	<b>15,651</b>
Investments and other assets		
Investment securities	45,490	48,882
Deferred tax assets	1,923	2,125
Other	8,572	9,075
Allowance for doubtful accounts	(153)	(155)
<b>Total investments and other assets</b>	<b>55,833</b>	<b>59,928</b>
<b>Total non-current assets</b>	<b>182,505</b>	<b>191,785</b>
<b>Total assets</b>	<b>355,915</b>	<b>372,982</b>

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(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	18,790	23,371
Electronically recorded obligations - operating	6,212	8,785
Short-term borrowings	72,598	70,650
Current portion of bonds payable	300	-
Current portion of long-term borrowings	22,117	21,985
Accounts payable - other	11,344	11,527
Income taxes payable	1,793	4,077
Provision for bonuses	4,879	3,208
Other provisions	1,452	1,282
Asset retirement obligations	9	433
Other	22,659	23,690
Total current liabilities	162,157	169,011
Non-current liabilities		
Long-term borrowings	37,525	33,737
Deferred tax liabilities	4,285	4,606
Deferred tax liabilities for land revaluation	3,614	3,614
Other provisions	742	767
Retirement benefit liability	6,894	6,701
Asset retirement obligations	1,079	492
Other	7,867	9,999
Total non-current liabilities	62,009	59,919
Total liabilities	224,166	228,931

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(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,245	7,245
Retained earnings	81,520	89,058
Treasury shares	(248)	(1,583)
Total shareholders' equity	98,517	104,719
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,464	13,356
Deferred gains or losses on hedges	(9)	13
Revaluation reserve for land	8,190	8,190
Foreign currency translation adjustment	10,638	14,678
Remeasurements of defined benefit plans	992	801
Total accumulated other comprehensive income	31,275	37,040
Non-controlling interests	1,956	2,290
Total net assets	131,748	144,050
Total liabilities and net assets	355,915	372,982

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

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

(Millions of yen)

	9M FY2022	9M FY2023
Net sales	197,459	205,672
Cost of sales	111,422	112,988
Gross profit	86,037	92,684
Selling, general and administrative expenses	73,590	78,541
Operating profit	12,446	14,143
Non-operating income		
Interest income	134	289
Dividend income	771	961
Share of profit of entities accounted for using equity method	772	792
Other	482	1,186
Total non-operating income	2,161	3,229
Non-operating expenses		
Interest expenses	808	1,021
Other	1,082	1,029
Total non-operating expenses	1,891	2,051
Ordinary profit	12,716	15,321
Extraordinary income		
Gain on sale of investment securities	-	139
Reversal of provision for business restructuring	-	106
Total extraordinary income	-	245
Extraordinary losses		
Business restructuring expenses	136	608
Information security expenses	-	395
Loss on the spread of infectious disease	90	-
Total extraordinary losses	226	1,004
Profit before income taxes	12,490	14,562
Income taxes	4,180	3,631
Profit	8,309	10,930
Profit attributable to non-controlling interests	205	287
Profit attributable to owners of parent	8,104	10,643

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

(Millions of yen)

	9M FY2022	9M FY2023
Profit	8,309	10,930
Other comprehensive income		
Valuation difference on available-for-sale securities	780	1,815
Deferred gains or losses on hedges	322	23
Foreign currency translation adjustment	3,188	4,185
Remeasurements of defined benefit plans, net of tax	(20)	(216)
Share of other comprehensive income of entities accounted for using equity method	1,145	42
Total other comprehensive income	5,415	5,850
Comprehensive income	13,724	16,781
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,500	16,408
Comprehensive income attributable to non- controlling interests	224	373

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## **(3) Notes to Quarterly Consolidated Financial Statements**

### **(Going concern assumption)**

Not applicable.

### **(Significant changes in shareholder's equity)**

Not applicable.

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## (Segment Information)

### I. For the nine months ended December 31, 2022

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

(Millions of yen)

	Reported segments				Others (Note 1)	Grand total	Adjustment (Note 2)	Figures in consolidated statements of income (Note 3)
	Emotional Value Solutions Business	Devices Solutions Business	Systems Solutions Business	Total				
Sales								
Revenues from external customers	127,259	44,847	24,758	196,864	282	197,146	312	197,459
Transactions with other segments	2,270	5,130	2,233	9,634	507	10,142	(10,142)	-
Net sales	129,529	49,977	26,992	206,499	790	207,289	(9,829)	197,459
Segment profit	11,000	5,290	3,178	19,469	147	19,617	(7,170)	12,446

- Notes:
- The "Others" category denotes operating segments not included among reported segments, such as the Shared Services Business.
  - Adjustments are as follows:
    - Adjustment to revenues from external customers in the amount of 312 million yen is royalty income at headquarters, unallocated to operating segments.
    - Adjustments to segment profit in the amount of -7,170 million yen include -424 million yen in the amortization of goodwill, -518 million yen that mainly consists of the elimination of transactions with other segments, and -6,227 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.
  - Segment profit has been adjusted for alongside operating profit on the quarterly consolidated statements of income.

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## II. For the nine months ended December 31, 2023

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

(Millions of yen)

	Reported segments				Others (Note 1)	Grand total	Adjustment (Note 2)	Figures in consolidated statements of income (Note 3)
	Emotional Value Solutions Business	Devices Solutions Business	Systems Solutions Business	Total				
Sales								
Revenues from external customers	140,409	38,332	26,284	205,027	295	205,323	349	205,672
Transactions with other segments	2,162	3,887	2,381	8,430	579	9,010	(9,010)	-
Net sales	142,571	42,220	28,665	213,458	875	214,333	(8,661)	205,672
Segment profit	15,984	957	3,458	20,401	175	20,576	(6,433)	14,143

- Notes:
1. The "Others" category denotes operating segments not included among reported segments, such as the Shared Services Business.
  2. Adjustments are as follows:
    - (1) Adjustment to revenues from external customers in the amount of 349 million yen is royalty income at headquarters, unallocated to operating segments.
    - (2) Adjustments to segment profit in the amount of -6,433 million yen include -424 million yen in the amortization of goodwill, -359 million yen that mainly consists of the elimination of transactions with other segments, and -5,649 million yen in company-wide expenses not appropriated to each operating segment. Company-wide expenses primarily consist of expenses incurred at headquarters, unallocated to operating segments.
  3. Segment profit has been adjusted for alongside operating profit on the quarterly consolidated statements of income.

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