



# Consolidated Financial Results for the Three Months Ended JUNE 30, 2024 (Under Japanese GAAP)

August 13, 2024

Listing: Tokyo

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 Scheduled date to commence dividend payments: -  
 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 three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)

### (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	%
Three months ended June 30, 2024	74,040	17.6	5,104	80.8	5,415	45.1	3,492	44.8
June 30, 2023	62,949	1.4	2,823	(9.1)	3,732	(8.0)	2,411	41.2

Note: Comprehensive income For the three months ended June 30, 2024: ¥ 7,174 million [(21.4)%]  
 For the three months ended June 30, 2023: ¥ 9,130 million [33.5%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	85.66	-
June 30, 2023	58.43	-

### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of June 30, 2024	385,819	156,678	40.0
March 31, 2024	376,262	151,334	39.6

Reference: Equity As of June 30, 2024: ¥ 154,379 million  
 As of March 31, 2024: ¥ 149,100 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, 2024	Yen -	Yen 37.50	Yen -	Yen 42.50	Yen 80.00
Fiscal year ending March 31, 2025	-				
Fiscal year ending March 31, 2025 (Forecast)		45.00	-	45.00	90.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated financial forecast for the fiscal year ending March 31, 2025 (From April 1, 2024 to March 31, 2025)

(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, 2025	306,000	10.5	18,000	22.1	18,000	13.2	11,500	14.4	281.78

Note: Revision to the financial forecast most recently announced: Revised

Refer to (3) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2025 (FY2024), 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 : 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, (3) Notes to Quarterly Consolidated Financial Statements, 2. Quarterly Consolidated Financial Statements and Major Notes, for detail.

(4) Number of issued shares (common shares)

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

As of June 30, 2024	41,404,261 shares /	As of March 31, 2024	41,404,261 shares
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ii) Number of treasury shares at the end of period

As of June 30, 2024	578,832 shares /	As of March 31, 2024	639,870 shares
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iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2024	40,774,468 shares
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Three months ended June 30, 2023	41,275,959 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, 2025 (FY2024), 1. Business Results, for detail.

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## 1. Business Results

### (1) Overview

During the three-month period ended June 30, 2024, the global economy continued to face a situation of monetary tightening amid persistent high inflation. While the United States economy remained robust in terms of employment and consumption, despite concerns about slowdown, the European economy experienced sluggish recovery due to ongoing price inflation affecting consumer spending. In China, retail and real estate sectors were gradually recovering, but weakness persisted in certain areas such as housing investment.

As for the Japanese economy, despite some hesitation in recovery centered around personal consumption under inflationary conditions, the impact of a weaker yen has contributed to the recovery of demand from inbound tourists, approaching pre-pandemic levels.

(Millions of yen)

	3M FY2022 (a)	3M FY2023 (b)	3M FY2024 ①	Variance ① - (a)	Variance ① - (b)
Net sales	62,078	62,949	74,040	11,961	11,090
Operating profit	3,105	2,823	5,104	1,999	2,281
%	5.0%	4.5%	6.9%	1.9pt	2.4pt
Ordinary profit	4,056	3,732	5,415	1,358	1,683
%	6.5%	5.9%	7.3%	0.8pt	1.4pt
Profit attributable to owners of parent	1,707	2,411	3,492	1,785	1,081
%	2.8%	3.8%	4.7%	1.9pt	0.9pt
Exchange rate (v. JPY)					
USD	129.7	137.5	155.9	26.1	18.4
EUR	138.3	149.6	167.8	29.6	18.3

Amid these circumstances, in the Emotional Value Solutions Business, the Watch Business for the Japanese domestic market and the Wako business have significantly increased sales, driven by demand from inbound tourists. Additionally, the Watch Business for overseas markets, particularly in Europe, has surpassed net sales from the same period last year. The Devices Solutions Business has been gradually recovering from adjustment phases observed around the fourth quarter of the previous fiscal year, with net sales exceeding those of the same period last year. The Systems Solutions Business has continued its successful efforts in diversification and expanding stock business, resulting in higher net sales year on year.

As a result, the Group's consolidated net sales for the first quarter amounted to 74.0 billion yen (a 17.6% increase year on year). Domestic net sales contributed 39.5 billion yen (a 20.4% increase), while overseas net sales reached 34.5 billion yen (a 14.6% increase), accounting for 46.6% of total net

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sales.

Advertising and promotional expenses for the first quarter increased by approximately 10% year on year. Selling, general and administrative expenses also rose by 2.9 billion yen year on year. Operating profit, led by the Emotional Value Solutions business, increased by 2.2 billion yen to 5.1 billion yen (an 80.8% increase) year on year. Non-operating income and expenses deteriorated due to decreases in foreign exchange gain and share of profit of entities accounted for using equity method. Consequently, ordinary profit exceeded the same period of the previous fiscal year by 1.6 billion yen, reaching 5.4 billion yen (a 45.1% increase). This led to a 1.0 billion yen increase in profit attributable to owners of parent, reaching 3.4 billion yen (a 44.8% increase).

The average exchange rates for the three-month period ended June 30, 2024 were 155.9 yen per US dollar and 167.8 yen per euro.

## Results by Segment

Results for each segment are as follows:

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

Net sales of the Emotional Value Solutions (EVS) Business increased by 7.6 billion yen compared to the same period last year, reaching 49.9 billion yen (an 18.1% increase).

In the domestic market, net sales increased significantly year on year, driven by a thriving luxury goods market and demand from inbound tourists. Global Brands, such as ‘Grand Seiko’ and ‘Seiko Prospex’ performed quite well. Overseas net sales also grew, contributed by ‘Seiko Presage.’ Additionally, the external sales of watch movements grew steadily, resulting in increased net sales year on year.

While the Wako business continued to benefit from robust demand from inbound tourists, the clock and sports & facility businesses maintained performance levels similar to the same period last year. Operating profit increased by 2.3 billion yen (a 66.8% increase) year on year, amounting to 5.8 billion yen.

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

Net sales of the Devices Solutions (DS) Business increased by 1.1 billion yen year on year, reaching 15.0 billion yen (an 8.1% increase). Operating profit also rose by 300 million yen (a 229.6% increase) year on year, amounting to 500 million yen. The growth in net sales and profit can be attributed to the recovery trend of quartz crystals from the adjustment phase around the fourth quarter of the previous fiscal year, as well as the increased sales of high-performance metals for semiconductor production equipment, which had been sluggish until the previous fiscal year.

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

Net sales of the Systems Solutions (SS) Business increased by 2.1 billion yen year on year, reaching

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11.4 billion yen (a 22.9% increase). Operating profit also rose by 84 million yen (a 7.8% increase) year on year, amounting to 1.1 billion yen. This growth can be attributed to the expansion of IoT-related business and the contribution from an M&A conducted in the fourth quarter of the previous fiscal year. This trend resulted in continued year-on-year growth in both net sales and operating profit for 33 consecutive quarters.

## **(2) Financial Condition**

### **-Assets-**

At the close of the three-month period ended June 30, 2024, total assets amounted to 385.8 billion yen, representing an increase of 9.5 billion yen compared to the previous fiscal year-end, including the impact of exchange rates. Within current assets, cash and deposits increased by 3.0 billion yen, and inventories grew by 3.9 billion yen. This resulted in a total current asset of 181.7 billion yen, which is 7.0 billion yen higher than the previous fiscal year-end. In terms of non-current assets, property, plant and equipment increased by 2.4 billion yen, leading to a total non-current assets of 204.0 billion yen, which is 2.5 billion yen higher than the previous fiscal year-end.

### **-Liabilities-**

Regarding liabilities, short-term borrowings increased by 9.7 billion yen, while long-term borrowings decreased by 5.9 billion yen, resulting in a total borrowing amount of 121.6 billion yen. Although accounts payable - other decreased by 3.8 billion yen, a 3.7 billion yen increase in notes and accounts payable - trade and other factors led to a total liabilities of 229.1 billion yen, which is 4.2 billion yen higher than the previous fiscal year-end, including the effect of exchange rates.

### **-Net assets-**

The net assets increased by a total of 5.3 billion yen compared to the previous fiscal year-end, reaching 156.6 billion yen. This growth is attributed to a 1.9 billion yen increase in shareholders' equity and a 4.2 billion yen increase in foreign currency translation adjustment.

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### (3) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2025 (FY2024)

Based on the positive performance of EVS Business, as well as the steady progress in DS and SS Businesses during the three-month period ended June 30, 2024, the Company revised its full-year consolidated financial forecast and the segment-specific forecast as follows. The outlook remains favorable for the second quarter and beyond.

#### ■ Forecast for the consolidated business results for the year ending March 31, 2025 (FY2024)

(Billions of yen)	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Previous forecast (A) (as of May 14, 2024)	300.0	17.0	17.0	11.0	269.84 yen
<b>Current forecast (B) (as of Aug. 13, 2024)</b>	<b>306.0</b>	<b>18.0</b>	<b>18.0</b>	<b>11.5</b>	<b>281.78 yen</b>
Year-on-year change (B-A)	6.0	1.0	1.0	0.5	11.94 yen
Year-on-year change (%)	2.0	5.9	5.9	4.5	4.4

#### ■ Forecasted results by segment for the year ending March 31, 2025 (FY2024)

(Billions of yen)	Net Sales		Operating Profit	
	Current	Previous	Current	Previous
Emotional Value Solutions Business	<b>201.0</b>	196.0	<b>20.0</b>	19.0
Devices Solutions Business	<b>65.0</b>	63.5	<b>3.0</b>	3.0
Systems Solutions Business	<b>50.5</b>	50.5	<b>5.8</b>	5.8
Total for reported segments	<b>316.5</b>	310.0	<b>28.8</b>	27.8
Others	<b>1.0</b>	1.0	<b>0.1</b>	0.1
Consolidated total	<b>306.0</b>	300.0	<b>18.0</b>	17.0

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.*

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## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2024	As of June 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	32,683	35,736
Notes and accounts receivable - trade, and contract assets	45,496	45,294
Inventories	84,382	88,355
Accounts receivable - other	4,377	3,663
Other	9,173	10,226
Allowance for doubtful accounts	(1,419)	(1,547)
Total current assets	174,694	181,728
Non-current assets		
Property, plant and equipment		
Buildings and structures	82,230	84,100
Machinery, equipment and vehicles	91,948	94,128
Tools, furniture and fixtures	42,617	44,197
Other	15,609	17,863
Accumulated depreciation	(172,067)	(177,286)
Land	54,144	54,307
Construction in progress	1,553	1,205
Total property, plant and equipment	116,037	118,516
Intangible assets		
Goodwill	8,029	7,670
Other	10,159	10,668
Total intangible assets	18,189	18,339
Investments and other assets		
Investment securities	56,374	55,222
Deferred tax assets	1,984	2,198
Other	9,131	9,964
Allowance for doubtful accounts	(148)	(150)
Total investments and other assets	67,341	67,234
Total non-current assets	201,568	204,090
<b>Total assets</b>	376,262	385,819



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(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,500	25,217
Electronically recorded obligations - operating	8,085	7,825
Short-term borrowings	64,350	74,145
Current portion of long-term borrowings	21,727	19,995
Accounts payable - other	15,291	11,464
Income taxes payable	4,678	2,457
Provision for bonuses	5,097	3,117
Other provisions	1,030	1,000
Asset retirement obligations	647	548
Other	23,050	26,688
Total current liabilities	165,460	172,460
Non-current liabilities		
Long-term borrowings	31,674	27,463
Deferred tax liabilities	6,912	6,653
Deferred tax liabilities for land revaluation	3,614	3,614
Other provisions	732	746
Retirement benefit liability	6,135	6,143
Asset retirement obligations	494	503
Other	9,903	11,554
Total non-current liabilities	59,467	56,680
<b>Total liabilities</b>	<b>224,927</b>	<b>229,140</b>

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(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,245	7,256
Retained earnings	88,465	90,201
Treasury shares	(1,584)	(1,430)
Total shareholders' equity	104,126	106,027
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,820	16,803
Deferred gains or losses on hedges	(74)	(70)
Revaluation reserve for land	8,190	8,190
Foreign currency translation adjustment	18,290	22,494
Remeasurements of defined benefit plans	746	935
Total accumulated other comprehensive income	44,974	48,352
Non-controlling interests	2,234	2,298
Total net assets	151,334	156,678
Total liabilities and net assets	376,262	385,819

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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)

	3M FY2023	3M FY2024
Net sales	62,949	74,040
Cost of sales	35,442	41,340
Gross profit	27,506	32,699
Selling, general and administrative expenses	24,682	27,594
Operating profit	2,823	5,104
Non-operating income		
Interest income	93	112
Dividend income	507	458
Foreign exchange gains	458	243
Other	553	172
Total non-operating income	1,613	987
Non-operating expenses		
Interest expenses	320	343
Other	384	334
Total non-operating expenses	705	677
Ordinary profit	3,732	5,415
Profit before income taxes	3,732	5,415
Income taxes	1,130	1,690
Profit	2,601	3,724
Profit attributable to non-controlling interests	190	231
Profit attributable to owners of parent	2,411	3,492

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

(Millions of yen)

	3M FY2023	3M FY2024
Profit	2,601	3,724
Other comprehensive income		
Valuation difference on available-for-sale securities	3,010	(1,158)
Deferred gains or losses on hedges	(235)	3
Foreign currency translation adjustment	4,323	4,089
Remeasurements of defined benefit plans, net of tax	(95)	178
Share of other comprehensive income of entities accounted for using equity method	(474)	337
Total other comprehensive income	6,528	3,450
Comprehensive income	9,130	7,174
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,859	6,870
Comprehensive income attributable to non-controlling interests	270	303

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

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

Not applicable.

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

Not applicable.

### **(Changes in accounting policies)**

(Application of “Accounting Standard for Current Income Taxes”)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter, “Revised Accounting Standard 2022”), etc. has been applied since the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, “Revised Guidance 2022”). The change in accounting policies had no impact on the quarterly consolidated financial statements.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the first quarter under review. The change in accounting policies was applied retrospectively to the quarterly and annual consolidated financial statements for the previous fiscal year. The change had no impact on the quarterly or annual consolidated financial statements of the previous fiscal year.

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## (Segment Information)

### I. For the three months ended June 30, 2023

#### Disclosure of sales and profit 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	41,655	12,683	8,407	62,746	97	62,843	105	62,949
Transactions with other segments	665	1,240	912	2,818	171	2,990	(2,990)	-
Net sales	42,320	13,923	9,320	65,564	269	65,834	(2,884)	62,949
Segment profit	3,487	172	1,077	4,737	56	4,794	(1,970)	2,823

- 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 105 million yen is royalty income at headquarters, unallocated to operating segments.
    - Adjustments to segment profit in the amount of -1,970 million yen include -141 million yen in the amortization of goodwill, 72 million yen that mainly consists of the elimination of transactions with other segments, and -1,900 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 three months ended June 30, 2024

### Disclosure of sales and profit 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	49,277	13,971	10,580	73,829	93	73,923	116	74,040
Transactions with other segments	715	1,075	872	2,664	176	2,840	(2,840)	—
Net sales	49,993	15,047	11,453	76,493	269	76,763	(2,723)	74,040
Segment profit	5,816	569	1,161	7,547	51	7,599	(2,494)	5,104

- 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 116 million yen is royalty income at headquarters, unallocated to operating segments.
    - Adjustments to segment profit in the amount of -2,494 million yen include -141 million yen in the amortization of goodwill, -126 million yen that mainly consists of the elimination of transactions with other segments, and -2,226 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.

### (Consolidated Statement of Cash Flows)

The quarterly consolidated statement of cash flows for the first quarter of the current consolidated cumulative period has not been prepared. However, the depreciation expenses (including amortization expenses for intangible fixed assets excluding goodwill) and the amortization amount for goodwill for the first quarter of the current consolidated cumulative period are as follows.

(Millions of yen)

	3M FY2023	3M FY2024
Depreciation expense	3,095	3,711
Amortization of goodwill	299	359

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