

[Translation]

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Stock Exchange Code 8050)

June 9, 2022

**To Shareholders with Voting Rights:**

Shuji Takahashi  
President  
SEIKO HOLDINGS CORPORATION  
5-11, Ginza 4-chome, Chuo-ku, Tokyo

## NOTICE OF THE 161ST ORDINARY GENERAL MEETING OF SHAREHOLDERS

We would like to express our appreciation for your continued support and patronage.

Please be informed that we will hold the 161st Ordinary General Meeting of Shareholders of SEIKO HOLDINGS CORPORATION (the “Company”). The meeting will be held for the purposes described below.

When deciding whether to attend the General Meeting of Shareholders in person, we kindly ask you to take into consideration the status of the spread of the novel coronavirus, and your own health conditions as of the date of the General Meeting of Shareholders, including the option of exercising your voting rights in writing or via the Internet.

In order for shareholders to be able to view the proceedings of the Meeting, live streaming of the meeting will be made available via the Internet (for details, please refer to the “Notice of Live Streaming of the General Meeting of Shareholders” (page 3) below).

Please review the attached Reference Documents for the General Meeting of Shareholders (pages 6 through 25), and exercise your voting rights in accordance with the “Notice regarding Exercise of Voting Rights” (pages 4 through 5) by 6 p.m. on Tuesday, June 28, 2022, Japan time.

**1. Date and Time:** Wednesday, June 29, 2022, at 10 a.m. Japan time  
(The reception desk will open at 9 a.m. Japan time.)

**2. Place:** Toranomom Hills Forum Hall B  
Toranomom Hills Mori Tower 4F  
23-3, Toranomom 1-chome, Minato-ku, Tokyo, Japan

### 3. Meeting Agenda:

**Matters to be reported:** The Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements, for the Company’s Fiscal Year Ended on March 31, 2022 (from April 1, 2021 to March 31, 2022)

**Proposals to be resolved:** **Proposal 1:** Distribution of Surplus  
**Proposal 2:** Partial Amendment to the Articles of Incorporation  
**Proposal 3:** Election of Nine (9) Directors  
**Proposal 4:** Election of One (1) Corporate Auditor

#### 4. Decisions Concerning Convocation

- (1) Should you choose to exercise your voting rights via a proxy, you may designate a shareholder other than yourself, who is entitled to vote with respect to the Company, as your proxy. In such case, please have the proxy submit a power of attorney together with your Voting Rights Exercise Form to the reception desk.
- (2) Should you diversely exercise your voting rights, please notify the Company in writing to this effect, together with the reason thereof, at least three (3) days prior to the date of the General Meeting of Shareholders.

- In order for shareholders who are unable to attend to be able to view the proceedings of the Meeting, live streaming of the meeting will be made available via the Internet on the day of the meeting. For details, please refer to the “Notice of Live Streaming of the General Meeting of Shareholders” (page 3) below.

- The measures described above may be updated according to the status of the spread of the novel coronavirus infection, announcements from the government, etc. in the days leading up to the meeting. In addition, the venue and starting time are subject to change, as necessary. Any changes to the operation of the meeting will be published on the Company’s website (<https://www.seiko.co.jp/ir/>).
- The number of seats at the Meeting is limited, as the spacing between seats will be expanded to prevent the spread of the novel coronavirus infection. Accordingly, we may have to refuse admission of shareholders to the venue on the day.
- Body temperature measurements will be taken near the entrance to the venue, and persons who have a fever or appear to be in ill health may be refused admission and asked to leave, in order to prevent the spread of the novel coronavirus.
- Shareholders attending the meeting should wear a mask.

#### Notice regarding the distribution of the Business Report video

Prior to the meeting, a video regarding the Business Report will be distributed.

Distribution period (scheduled): Wednesday, June 15, 2022 to Friday, September 30, 2022

Distribution URL: [https://v.srdb.jp/8050/2022soukai\\_visual/](https://v.srdb.jp/8050/2022soukai_visual/)

## Notice of Live Streaming of the General Meeting of Shareholders

The proceedings of the General Meeting of Shareholders will be streamed live via the Internet.

1. Please access the following website designated by the Company.

Distribution date and time	Wednesday, June 29, 2022, from 10 a.m. Japan time to the end of the meeting * The distribution website can be accessed approximately 60 minutes prior to the start of the General Meeting of Shareholders (9 a.m. Japan time).
Distribution URL	<a href="https://v.srdb.jp/8050/2022soukai/">https://v.srdb.jp/8050/2022soukai/</a>

2. When the screen for entering your ID and password appears, please enter your ID and password as shown below.

ID	Separately notified to shareholders
Password	Separately notified to shareholders

### Notes:

- Please note that you may not be able to view the live streaming, depending on your computer or other devices, your Internet connection environment, or your connection conditions.
- Shareholders will be responsible for communication charges and other costs associated with viewing the live streaming.
- Shareholders who view the live streaming will not be able to participate in the resolutions on the day of the General Meeting of Shareholders. Please exercise your voting rights in advance, using any of the methods described on pages 4 through 5 below, prior to viewing the live streaming.
- We will not be able to accept questions or comments from shareholders who are viewing the live streaming.
- In consideration of the privacy of the shareholders who attend the meeting, the live streaming will be limited to the vicinity of the Chairman's and officers' seats. However, please note that there may be cases where shareholders are unavoidably visible.
- The live streaming may be unavoidably interrupted or cancelled due to the Internet environment, equipment trouble, or other circumstances.
- Please refrain from recording, photographing, or saving the live streaming. Please do not disclose your ID or password to the public.

### For inquiries on how to view the live streaming and network on the day of the meeting:

TAKARA PRINTING CO., LTD. (Live streaming support company)	Separately notified to shareholders	Contact time Wednesday, June 29, 2022, from 9 a.m. to 12 p.m. Japan time
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Regarding disclosures on the Internet

- ◎ Among the documents to be provided with this Notice, the following items are posted on the Company’s website (at the URL provided below) via the Internet pursuant to laws and regulations and Article 16 of the Articles of Incorporation of the Company; therefore, they are not included in the documents attached hereto:
  - (i) “Overview of the system to ensure proper operations and the implementation status thereof” for the Business Report
  - (ii) “Consolidated Statements of Changes in Equity” and “Notes to Consolidated Financial Statements” for Consolidated Financial Statements
  - (iii) “Non-Consolidated Statements of Changes in Equity” and “Notes to Non-Consolidated Financial Statements” for Non-Consolidated Financial Statements
- ◎The Accounting Auditor and Corporate Auditors have audited each document subject to auditing, including the above Internet disclosure items.
- ◎Corrections, if any, to the Reference Documents for the meeting or the attachments will be posted on the Company’s website.

<The Company’s Website>  
<https://www.seiko.co.jp/ir/>

**Notice regarding Exercise of Voting Rights**

Voting rights may be exercised by any of the means described below. Shareholders are requested to review the Reference Documents for the General Meeting of Shareholders before exercising voting rights.

Shareholders attending the meeting in person
Date and time of the meeting: Wednesday, June 29, 2022, at 10 a.m., Japan time When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Please also bring this convocation notice.

Shareholders not attending the meeting in person		
<u>Exercise of voting rights in writing</u>	<u>Exercise of voting rights via “Smart Exercise”</u>	<u>Exercise of voting rights via the Internet</u>
Deadline: Must reach the Company by 6 p.m. on Tuesday, June 28, 2022, Japan time Please indicate your votes for or against the proposals on the enclosed Voting Rights Exercise Form and return the same so that it is received by the deadline for exercising voting rights.	Deadline: By 6 p.m. on Tuesday, June 28, 2022, Japan time Please scan the “Smart Exercise” QR code displayed on the bottom right of the enclosed Voting Rights Exercise Form via a smartphone or tablet device, and enter your votes for or against the proposals. * Please refer to page 5 for details.	Deadline: By 6 p.m. on Tuesday, June 28, 2022, Japan time Access the Company’s designated voting website, and enter your votes for or against the proposals in accordance with the screen instructions. * Please refer to page 5 for details.

## **Exercise of Voting Rights via “Smart Exercise” Using the QR Code**

Procedures for exercising voting rights

1. Scan the QR code and access the website

Scan the “Smart Exercise” QR code on the bottom right of the enclosed Voting Rights Exercise Form using a smartphone or tablet device.

\* An application or function that can scan QR codes is required. (QR code is a registered trademark of DENSO WAVE INCORPORATED.)

2. Select the voting method

There are two ways to exercise your voting rights.

3. When instructing each proposal individually, enter your votes for or against the proposals in accordance with the screen instructions.

4. If there is no problem on the confirmation screen, click the “exercise with this content” button to complete the exercise.

! If you wish to change your exercise content after exercising your voting rights, you will need to scan the QR code again, and enter your “voting rights exercise code” and “password” displayed on the Voting Rights Exercise Form.

## **Exercise of Voting Rights via the Internet**

Please access the voting website (<https://soukai.mizuho-tb.co.jp/>), and exercise your voting rights in accordance with the screen instructions.

< Contact information regarding “Smart Exercise” and exercise via the Internet >

Stock Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.

Phone number: 0120-768-524 (toll free, accessible only in Japan)

(Usage time: 9 a.m. to 9 p.m. (excluding the year end and New Year holidays))

(For reference)

Institutional investors may use the electronic proxy voting platform operated by ICJ, Inc.

If duplicate votes are exercised

- \* If you exercise a voting right both in writing and via the Internet (including “Smart Exercise”), the vote exercised via the Internet will be taken as the valid vote.
- \* If you exercise a voting right multiple times via the Internet (including “Smart Exercise”), the vote last exercised will be taken as the valid vote.

[Translation]

**Reference Documents for the General Meeting of Shareholders**

Agenda of the Ordinary General Meeting of Shareholders

**Proposal 1: Distribution of surplus**

The Company has a policy to provide consistent dividend payments while considering the consolidated business results for the fiscal year under review and taking into account the enrichment of internal reserves to strengthen our management foundation. Based on this policy, with regard to the year-end dividend for the fiscal year under review, we hereby propose to distribute the surplus as described below.

Matters related to the year-end dividend

(1) Type of dividend assets

Cash

(2) Allotment of dividend property to shareholders and its total amount

Amount per common share: 25 yen

Total amount of dividends: 1,033,589,475 yen

Note: As the Company has already paid an interim dividend of 25 yen per share, the annual dividend for the 161st fiscal year will be 50 yen per share.

(3) Effective date of distribution of surplus

June 30, 2022

**Proposal 2: Partial amendment to the Articles of Incorporation**

Reason for proposal

- (1) The business environment surrounding the Company Group is changing rapidly and there is an urgent need to establish a structure to strengthen and develop the Group’s comprehensive capabilities. Under such circumstances, the Company proposes to amend its trade name stipulated in Article 1 of the current Articles of Incorporation for the purpose of transforming from a holding company structure that mainly administers the management of each business segment to a holding company structure that strengthens mutual use of management resources of each business segment and supports innovation creation.  
Supplementary provisions are established to the effect that the amendments will take effect on October 1, 2022, and the supplementary provisions will be deleted on the same date.
  
- (2) The amended provisions prescribed in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.
  - (i) The proposed Article 16, paragraph 1 provides that information contained in the Reference Documents for the General Meeting of Shareholders, etc. shall be provided electronically.
  - (ii) The proposed Article 16, paragraph 2 establishes a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
  - (iii) Article 16 of the current Articles of Incorporation (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) will become unnecessary and will therefore be deleted.
  - (iv) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.
  
- (3) The Company will make necessary changes to Article 19 (Minutes of the General Meetings of Shareholders), Article 30 (Minutes of the Board of Directors Meetings), and Article 40 (Minutes of the Board of Corporate Auditors Meetings) of the current Articles of Incorporation to enable the preparation of electronic records of the minutes of General Meetings of Shareholders, Board of Directors meetings, and Board of Corporate Auditors meetings.

(Underlines denote amendments.)

Current Articles of Incorporation	Proposed Amendment
CHAPTER I GENERAL PROVISIONS	CHAPTER I GENERAL PROVISIONS
(Trade Name) Article 1 The Company shall be called <u>Seiko Holdings Kabushiki Kaisha</u> , and the name in English shall be <u>SEIKO HOLDINGS CORPORATION</u> .	(Trade Name) Article 1 The Company shall be called <u>Seiko Group Kabushiki Kaisha</u> , and the name in English shall be <u>SEIKO GROUP CORPORATION</u> .

Current Articles of Incorporation	Proposed Amendment
<p data-bbox="300 232 828 293">CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p data-bbox="300 331 828 427"><u>(Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.)</u></p> <p data-bbox="300 434 421 463"><u>Article 16</u></p> <p data-bbox="300 468 828 898"><u>When convening general meetings of shareholders, the Company may be deemed to have provided information relating to matters that should be stated or indicated in reference documents for general meetings of shareholders, business reports, financial statements, and consolidated financial statements to shareholders by disclosing such information through methods which use the Internet in accordance with the Ordinance for Enforcement of the Companies Act and Corporate Accounting Rules.</u></p> <p data-bbox="443 1171 683 1200">(Newly established)</p> <p data-bbox="300 1473 828 1738">(Minutes of the General Meetings of Shareholders) Article 19 Minutes of the general meetings of shareholders shall be prepared in writing and kept by the Company in accordance with the provisions of applicable laws and regulations.</p>	<p data-bbox="861 232 1390 293">CHAPTER III GENERAL MEETING OF SHAREHOLDERS</p> <p data-bbox="1062 566 1184 595">(Omitted)</p> <p data-bbox="861 936 1390 965"><u>(Measures for Electronic Provision, etc.)</u></p> <p data-bbox="861 972 983 1001"><u>Article 16</u></p> <p data-bbox="861 1005 1390 1435">1. <u>The Company shall, when convening general meetings of shareholders, provide information contained in reference documents for general meetings of shareholders, etc. electronically.</u> 2. <u>Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u></p> <p data-bbox="861 1473 1390 1738">(Minutes of the General Meetings of Shareholders) Article 19 Minutes of the general meetings of shareholders shall be prepared in writing <u>or electronically</u> and kept by the Company in accordance with the provisions of applicable laws and regulations.</p>



Current Articles of Incorporation	Proposed Amendment
<p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Minutes of the Board of Directors Meetings) Article 30 Minutes of the Board of Directors meetings shall be prepared in writing in accordance with the provisions of the applicable laws and regulations, and kept by the Company after the Directors and Corporate Auditors present thereat have affixed their names and seals thereto.</p>	<p style="text-align: center;">CHAPTER IV DIRECTORS AND BOARD OF DIRECTORS</p> <p>(Minutes of the Board of Directors Meetings) Article 30 Minutes of the Board of Directors meetings shall be prepared in writing <u>or electronically</u> in accordance with the provisions of the applicable laws and regulations, and kept by the Company after the Directors and Corporate Auditors present thereat have affixed their names and seals <u>or electronically signed</u> thereto.</p>
<p style="text-align: center;">CHAPTER V CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</p> <p>(Minutes of the Board of Corporate Auditors Meetings) Article 40 Minutes of the Board of Corporate Auditors meetings shall be prepared in writing in accordance with the provisions of the applicable laws and regulations, and kept by the Company after the Corporate Auditors present thereat have affixed their names and seals thereto.</p>	<p style="text-align: center;">CHAPTER V CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</p> <p>(Minutes of the Board of Corporate Auditors Meetings) Article 40 Minutes of the Board of Corporate Auditors meetings shall be prepared in writing <u>or electronically</u> in accordance with the provisions of the applicable laws and regulations, and kept by the Company after the Corporate Auditors present thereat have affixed their names and seals <u>or electronically signed</u> thereto.</p> <p><u>Supplementary provisions</u> <u>Article 1</u> <u>Amendments to Article 1 shall take effect as of October 1, 2022. Article 1 of these supplementary provisions shall be deleted after the lapse of the effective date of such amendments.</u></p> <p><u>Article 2</u> <u>1. Amendments to Article 16 shall take effect on September 1, 2022, the effective date of the amended provisions prescribed in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the “Effective Date”).</u> <u>2. Notwithstanding the preceding paragraph, Article 16 (Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, etc.) shall remain in effect for a general meeting of shareholders held within six (6) months from the Effective Date.</u></p>
<p style="text-align: center;">(Newly established)</p>	

Current Articles of Incorporation	Proposed Amendment
	<u>3. Article 2 of these supplementary provisions shall be deleted on the date when six (6) months have elapsed from the Effective Date or three (3) months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever comes later.</u>

### Proposal 3: Election of Nine (9) Directors

The terms of office of all eleven (11) Directors will expire at the closing of this General Meeting of Shareholders. In addition, the Company intends to introduce the system of executive officer (senior vice president) on June 29, 2022 for the purpose of strengthening supervisory functions of the Board of Directors and accelerating the execution of business, by separating management decision-making and supervision from the execution of business. Accordingly, the Company proposes to reduce the number of Directors by two (2) and elect nine (9) Directors. The candidates for Director are as follows.

Candidate No.		Name	Gender	Positions and responsibilities at the Company	Attendance at the Board of Directors meetings
1	Reappointed	<b>Shinji Hattori</b>	Male	Chairman & Group CEO Group Chief Culture Officer (Group CCO)	13 out of 13 meetings (100.0%)
2	Reappointed	<b>Shuji Takahashi</b>	Male	President	13 out of 13 meetings (100.0%)
3	Newly Appointed	<b>Akio Naito</b>	Male	—	—
4	Newly Appointed	<b>Takahiro Naito</b>	Male	—	—
5	Reappointed	<b>Jun Sekine</b>	Male	Director in charge of IT Planning and DX Business Promotion	10 out of 10 meetings (100.0%)
6	Reappointed	<b>Shimesu Takizawa</b>	Male	Executive Director in charge of Financial Management and Real Estate Management General Manager of the Financial Management Department	13 out of 13 meetings (100.0%)
7	Reappointed	<b>Tsuyoshi Nagano</b>	Male	Outside Director Independent Director	13 out of 13 meetings (100.0%)
8	Reappointed	<b>Yasuko Teraura</b>	Female	Outside Director Independent Director	13 out of 13 meetings (100.0%)
9	Newly Appointed	<b>Noboru Saito</b>	Male	Outside Director Independent Director	—

1. Shinji Hattori (Date of Birth: January 1, 1953) (Reappointed)



- (1) Number of shares of the Company held: 2,279,289
- (2) Length of service as a Director: 15 years
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2022: 13 out of 13 meetings (100.0%)
- (4) Career, positions, and responsibilities

April 1975	Joined Mitsubishi Corporation
July 1984	Joined Seikosha Co., Ltd.
January 1996	Director of Seiko Precision Inc.
June 2001	President of Seiko Precision Inc.
June 2003	President & CEO of SEIKO WATCH CORPORATION
June 2007	Director of the Company
June 2009	Executive Vice President of the Company
April 2010	President of the Company
October 2012	Chairman & Group CEO of the Company (to present)
June 2015	President & CEO of SEIKO WATCH CORPORATION
April 2017	Chairman & CEO of SEIKO WATCH CORPORATION
June 2020	Chairman of WAKO Co., Ltd. (to present)
June 2020	Group Chief Culture Officer (Group CCO) of the Company (to present)
April 2021	Chairman of SEIKO WATCH CORPORATION (to present)

- (5) Significant concurrent positions:

Chairman of SEIKO WATCH CORPORATION  
Chairman of WAKO Co., Ltd.

- (6) Reasons for nomination as candidate for director:

The Company nominates Mr. Shinji Hattori as a candidate for Director, expecting him to perform full functions as a Board member in the decision-making to execute important business and supervise the other Directors' execution of their duties by utilizing his wealth of experience and achievement, including the following: (i) having served as President of the Company and its group companies; and (ii) currently being engaged in strategic planning and management direction for the entire Company Group from a medium- to long-term, and global perspective as Chairman & Group CEO of the Company.

- (7) Special relationship of interest between the Company and the candidate for Director:

There is no special relationship of interest between the Company and Mr. Shinji Hattori.

2. Shuji Takahashi (Date of Birth: August 29, 1957) (Reappointed)



- (1) Number of shares of the Company held: 10,900
- (2) Length of service as a Director: 9 years
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2022: 13 out of 13 meetings (100.0%)
- (4) Career, positions, and responsibilities

April 1980	Joined the Company
February 2011	Senior Vice President of SEIKO WATCH CORPORATION
June 2012	Director, Senior Vice President of SEIKO WATCH CORPORATION
June 2013	Director of the Company
April 2014	Director, Executive Vice President of SEIKO WATCH CORPORATION
June 2015	Director, Senior Executive Vice President of SEIKO WATCH CORPORATION
June 2016	Executive Director of the Company
April 2017	Director of the Company
April 2017	President & COO & CMO of SEIKO WATCH CORPORATION
June 2021	President of the Company (to present)

- (5) Significant concurrent positions:

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- (6) Reasons for nomination as candidate for director:

The Company nominates Mr. Shuji Takahashi as a candidate for Director, expecting him to perform full functions as a Board member in the decision-making to execute important business and supervise the other Directors' execution of their duties by utilizing his wealth of experience and achievement, including the following: (i) having promoted the Global Brand strategy for the Watches Business as President of SEIKO WATCH CORPORATION; and (ii) currently being engaged in management direction for the Company Group as President of the Company.

- (7) Special relationship of interest between the Company and the candidate for Director:

There is no special relationship of interest between the Company and Mr. Shuji Takahashi.

3. Akio Naito (Date of Birth: November 9, 1960) (Newly Appointed)



- (1) Number of shares of the Company held: 9,000
- (2) Length of service as a Director: —
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2022: —
- (4) Career, positions, and responsibilities

April 1984	Joined the Company
January 2002	Managing Director of SEIKO Australia Pty. Ltd.
April 2006	General Manager, Legal & Intellectual Property Department of the Company
June 2011	Director of the Company
June 2013	Executive Director of the Company
June 2016	Director of the Company
June 2016	Director, Senior Executive Vice President of SEIKO WATCH CORPORATION
October 2018	Chairman & CEO of Grand Seiko Corporation of America (to present)
December 2019	Director, Deputy Chief Operating Officer of SEIKO WATCH CORPORATION
April 2021	President of SEIKO WATCH CORPORATION (to present)

- (5) Significant concurrent positions:

President of SEIKO WATCH CORPORATION  
Chairman & CEO of Grand Seiko Corporation of America

- (6) Reasons for nomination as candidate for director:

The Company nominates Mr. Akio Naito as a candidate for Director, expecting him to perform full functions as a Board member in the decision-making to execute important business and supervise the other Directors' execution of their duties by utilizing his wealth of experience and achievement, including the following: (i) having been engaged mainly in legal affairs, and overseas marketing for the Watches Business as a member of the Company Group since joining the Company; and (ii) currently being engaged in management direction as President of SEIKO WATCH CORPORATION.

- (7) Special relationship of interest between the Company and the candidate for Director:

There is no special relationship of interest between the Company and Mr. Akio Naito.

4. Takahiro Naito (Date of Birth: September 5, 1955) (Newly Appointed)



(1) Number of shares of the Company held: 2,000

(2) Length of service as a Director: —

(3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2022: —

(4) Career, positions, and responsibilities

April 1979	Joined Suwa Seikosha Co., Ltd. (currently Seiko Epson Corporation)
December 2001	Manager of Hong Kong Branch of Seiko Epson Corporation.
October 2006	General Manager of Audit Office of Seiko Epson Corporation.
October 2010	General Manager of Watch Business of Seiko Epson Corporation.
September 2015	Director of SEIKO WATCH CORPORATION
June 2016	Senior Vice President, Director of SEIKO WATCH CORPORATION
April 2019	Senior Vice President of Seiko Instruments Inc.
April 2019	General Manager, Motion Device Business of Seiko Instruments Inc.
June 2019	Director of Seiko Instruments Inc.
April 2020	General Manager, Precision Device Business of Seiko Instruments Inc.
June 2020	Director, Executive Vice President of Seiko Instruments Inc.
April 2021	Director, Senior Executive Vice President of Seiko Instruments Inc.
April 2022	President of Seiko Instruments Inc. (to present)

(5) Significant concurrent positions:

President of Seiko Instruments Inc.

(6) Reasons for nomination as candidate for director:

The Company nominates Mr. Takahiro Naito as a candidate for Director, expecting him to perform full functions as a Board member in the decision-making to execute important business and supervise the other Directors' execution of their duties by utilizing his wealth of experience and achievement, including the following: (i) having held key positions at the precision device companies; (ii) having been engaged mainly in the precision device business and motion device business since being appointed as Senior Vice President of Seiko Instruments Inc. in April 2019 and having a broad range of knowledge and experience regarding its businesses; and (iii) currently being engaged in management direction as President of Seiko Instruments Inc.

(7) Special relationship of interest between the Company and the candidate for Director:

There is no special relationship of interest between the Company and Mr. Takahiro Naito.

5. Jun Sekine (Date of Birth: October 1, 1959) (Reappointed)



- (1) Number of shares of the Company held: 1,800
- (2) Length of service as a Director: 1 year
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2022: 10 out of 10 meetings (100.0%)
- (4) Career, positions, and responsibilities

April 1984	Joined IBM Japan, Ltd.
April 1998	Sales Manager, Insurance of IBM Japan, Ltd.
June 2002	General Manager, Insurance of IBM Japan, Ltd.
January 2006	Managing Director of IBM Japan, Ltd.
July 2012	President and Director of ESCCO JAPAN K.K.
January 2013	Vice President and General Manager, Strategic Business Division of SAP Japan Co., Ltd.
July 2015	Vice President and Chief Customer Officer of SAP Japan Co., Ltd.
December 2015	Director and Executive Vice President of SEIKO Solutions Inc.
April 2017	President of SEIKO Solutions Inc. (to present)
June 2021	Director in charge of IT Planning and DX Business Promotion of the Company (to present)

- (5) Significant concurrent positions:

President of SEIKO Solutions Inc.

- (6) Reasons for nomination as candidate for director:

The Company nominates Mr. Jun Sekine as a candidate for Director, expecting him to perform full functions as a Board member in the decision-making to execute important business and supervise the other Directors' execution of their duties by utilizing his wealth of experience and achievement, including the following: (i) having extensive knowledge and a wide-ranging network in the IT industry from having served as a management member of foreign-affiliated IT corporations; and (ii) currently being engaged in management direction as President of SEIKO Solutions Inc. and being in charge of IT Planning and DX Business Promotion as a Director of the Company.

- (7) Special relationship of interest between the Company and the candidate for Director:

There is no special relationship of interest between the Company and Mr. Jun Sekine.



6. Shimesu Takizawa (Date of Birth: July 2, 1963) (Reappointed)



- (1) Number of shares of the Company held: 3,600
- (2) Length of service as a Director: 6 years
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2022: 13 out of 13 meetings (100.0%)
- (4) Career, positions, and responsibilities

April 1987	Joined the Company
August 1993	Seconded to SEIKO U.K. Limited
June 2010	General Manager, Finance & Accounting Department of the Company
June 2016	Director of the Company
June 2018	Outside Director of Jedat Inc. (to present)
June 2019	Executive Director of the Company (to present)
April 2022	In charge of Financial Management and Real Estate Management, and General Manager, Financial Management Department of the Company (to present)

- (5) Significant concurrent positions:

Outside Director of Jedat Inc.

- (6) Reasons for nomination as candidate for director:

The Company nominates Mr. Shimesu Takizawa as a candidate for Director, expecting him to perform full functions as a Board member in the decision-making to execute important business and supervise the other Directors' execution of their duties by utilizing his wealth of experience and achievement, including the following: (i) having been engaged mainly in finance & accounting, and corporate strategy planning as a member of the Company Group since joining the Company; and (ii) currently being in charge of financial management and real estate management as Executive Director of the Company.

- (7) Special relationship of interest between the Company and the candidate for Director:

There is no special relationship of interest between the Company and Mr. Shimesu Takizawa.

7. Tsuyoshi Nagano (Date of Birth: November 9, 1952)  
(Reappointed) (Outside Director) (Independent Director)



- (1) Number of shares of the Company held: 8,400
- (2) Length of service as a Director: 3 years
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2022: 13 out of 13 meetings (100.0%)
- (4) Career, positions, and responsibilities

April 1975	Joined Tokio Marine & Fire Insurance Co., Ltd.
June 2003	Executive Officer and General Manager of Nagoya Production Dept. III, Tokai Division of Tokio Marine & Fire Insurance Co., Ltd.
October 2004	Executive Officer and General Manager of Nagoya Production Dept. III of Tokio Marine & Nichido Fire Insurance Co., Ltd.
June 2006	Managing Executive Officer of Tokio Marine & Nichido Fire Insurance Co., Ltd.
June 2008	Managing Director of Tokio Marine & Nichido Fire Insurance Co., Ltd.
June 2008	Director of Tokio Marine Holdings, Inc.
June 2010	Senior Managing Director of Tokio Marine & Nichido Fire Insurance Co., Ltd.
June 2011	Senior Managing Director of Tokio Marine Holdings, Inc.
June 2012	Executive Vice President of Tokio Marine & Nichido Fire Insurance Co., Ltd.
June 2012	Executive Vice President of Tokio Marine Holdings, Inc.
June 2013	President & Chief Executive Officer of Tokio Marine & Nichido Fire Insurance Co., Ltd.
June 2013	President & Chief Executive Officer of Tokio Marine Holdings, Inc.
April 2016	Chairman of the Board Tokio Marine & Nichido Fire Insurance Co., Ltd. (retired in June 2019)
June 2019	Chairman of the Board of Tokio Marine Holdings, Inc. (to present)
June 2019	Outside Director of the Company (to present)

(5) Significant concurrent positions:

Chairman of the Board of Tokio Marine Holdings, Inc.

(6) Reasons for nomination as candidate for Outside Director and the overview of expected roles:

The Company nominates Mr. Tsuyoshi Nagano as a candidate for Outside Director, expecting him to contribute to strengthening supervisory functions over the execution of business and provide advice from a wide-ranging management perspective based on

his extensive experience and high insight cultivated in his career as a management member of corporations over many years.

- (7) Special relationship of interest between the Company and the candidate for Outside Director and the candidate's independence from the Company:

There is no special relationship of interest between the Company and Mr. Tsuyoshi Nagano.

Mr. Nagano is currently serving as Chairman of the Board of Tokio Marine Holdings, Inc. The Tokio Marine Group and the Company Group have transactions related to insurance contracts. However, these transactions constitute less than one percent of consolidated ordinary income (equivalent to consolidated net sales) of Tokio Marine Holdings, Inc. and the Company's consolidated net sales, and is thus insignificant. Mr. Tsuyoshi Nagano satisfies the requirements of an independent director under the rules of the Tokyo Stock Exchange, and has been reported thereto as an independent director. If his appointment is approved at this Ordinary General Meeting of Shareholders, he will continue to serve as an independent director.

8. Yasuko Teraura (Date of Birth: October 16, 1970)  
(Reappointed) (Outside Director) (Independent Director)



- (1) Number of shares of the Company held: 500
- (2) Length of service as a Director: 3 years
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2022: 13 out of 13 meetings (100.0%)
- (4) Career, positions, and responsibilities

April 2000	Registered as an attorney
October 2006	Certified as a New York State attorney
March 2010	Established Endeavour Law Office, Partner Attorney of Endeavour Law Office (to present)
June 2014	Outside Director of Neturen Co., Ltd. (to present)
June 2019	Outside Director of the Company (to present)

- (5) Significant concurrent positions:

Partner Attorney of Endeavour Law Office  
Outside Director of Neturen Co., Ltd. (scheduled to retire in June 2022)

- (6) Reasons for nomination as candidate for Outside Director and the overview of expected roles:

The Company nominates Ms. Yasuko Teraura as a candidate for Outside Director, expecting her to contribute to strengthening supervisory functions over the execution of business and provide advice by leveraging her legal expertise based on her extensive knowledge and experience cultivated over many years as an attorney. Although Ms. Teraura does not have any previous experience of being involved in corporate management other than through serving as an Outside Director, the Company has determined that she is capable of appropriately performing the duties of an Outside Director based on the aforementioned reasons.

- (7) Special relationship of interest between the Company and the candidate for Outside Director and the candidate's independence from the Company:

There is no special relationship of interest between the Company and Ms. Yasuko Teraura.

Ms. Yasuko Teraura satisfies the requirements of an independent director under the rules of the Tokyo Stock Exchange. If her appointment is approved at this Ordinary General Meeting of Shareholders, she will continue to serve as an independent director.

9. Noboru Saito (Date of Birth: August 8, 1961)  
(Newly Appointed) (Outside Director) (Independent Director)



- (1) Number of shares of the Company held: 0
- (2) Length of service as a Director: —
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2022: —
- (4) Career, positions, and responsibilities

April 1986	Joined Burroughs Corporation (currently BIPROGY Inc.)
April 2004	General Manager, Industry & Commerce 2 of Nihon Unisys, Ltd. (currently BIPROGY Inc.)
April 2009	General Manager, Industry & Commerce of Nihon Unisys, Ltd. (currently BIPROGY Inc.)
April 2010	General Manager, Industry & Commerce 2 of Nihon Unisys, Ltd. (currently BIPROGY Inc.)
April 2012	General Manager, Business Services of Nihon Unisys, Ltd. (currently BIPROGY Inc.)
April 2013	Corporate Officer of Nihon Unisys, Ltd. (currently BIPROGY Inc.)
April 2016	Senior Corporate Officer of Nihon Unisys, Ltd. (currently BIPROGY Inc.)
June 2016	Director, Senior Corporate Officer of Nihon Unisys, Ltd. (currently BIPROGY Inc.)
April 2020	Representative Director, Executive Corporate Officer of Nihon Unisys, Ltd. (currently BIPROGY Inc.) (to present)

- (5) Significant concurrent positions:

Representative Director, Executive Corporate Officer of BIPROGY Inc.

- (6) Reasons for nomination as candidate for Outside Director and the overview of expected roles:

The Company nominates Mr. Noboru Saito as a candidate for Outside Director, expecting him to contribute to strengthening supervisory functions over the execution of business and provide advice from a wide-ranging management perspective based on his extensive experience and high insight cultivated in his career as a management member of corporations over many years.

- (7) Special relationship of interest between the Company and the candidate for Outside Director and the candidate's independence from the Company:

There is no special relationship of interest between the Company and Mr. Noboru Saito.

Mr. Saito is currently serving as Representative Director, Executive Corporate Officer of BIPROGY Inc. The BIPROGY Group and the Company Group have transactions in the Systems Solutions Business. However, these transactions constitute less than one

percent of BIPROGY Inc. and the Company's consolidated net sales, and is thus insignificant.

Mr. Noboru Saito satisfies the requirements of an independent director under the rules of the Tokyo Stock Exchange, and will be reported thereto as an independent director, if his appointment is approved at this Ordinary General Meeting of Shareholders.

Note 1: The Company entered into an agreement with Mr. Tsuyoshi Nagano and Ms. Yasuko Teraura to limit liability for damages set forth in Article 423, paragraph 1 of the Companies Act, pursuant to Article 427, paragraph 1 thereof. The limit on the liability for damages under the said agreement will be the minimum limit of liability prescribed in Article 425, paragraph 1 of the Companies Act. If their appointment is approved, the Company will continue the aforementioned liability limitation agreement with them. If the appointment of Mr. Noboru Saito is approved, the Company plans to enter into a similar agreement with Mr. Saito.

Note 2: The Company has entered into a directors and officers liability insurance (D&O insurance) policy with an insurance company, with all Directors of the Company as the insured, as prescribed in Article 430-3, paragraph 1 of the Companies Act. The details of the insurance policy are as described in the Business Report (page 44). If the appointment of the candidates is approved, each candidate will be included as an insured under the insurance policy. The Company plans to renew the insurance policy with the same conditions during the term of office of each candidate.

#### Proposal 4: Election of One (1) Corporate Auditor

The Company proposes the election of one (1) Corporate Auditor to replace Mr. Tomoyasu Asano, Corporate Auditor, who will retire from office by voluntary resignation at the closing of this Ordinary General Meeting of Shareholders.

The Company has obtained consent from the Board of Corporate Auditors with regard to this proposal.

The candidate for Corporate Auditor is as follows.

Kenji Sakurai (Date of Birth: August 17, 1959)  
(Newly Appointed) (Outside Corporate Auditor)  
(Independent Corporate Auditor)



- (1) Number of shares of the Company held: 0
- (2) Length of service as a Corporate Auditor: —
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2022: —  
Attendance at the Board of Corporate Auditors meetings during the fiscal year ended March 31, 2022: —
- (4) Career and positions

April 1982	Joined The Dai-ichi Mutual Life Insurance Company
April 2008	Executive Officer of The Dai-ichi Mutual Life Insurance Company
April 2011	Managing Executive Officer of The Dai-ichi Life Insurance Company, Limited
June 2014	Director, Managing Executive Officer of The Dai-ichi Life Insurance Company, Limited
April 2015	Director, Senior Managing Executive Officer of The Dai-ichi Life Insurance Company, Limited
October 2016	Senior Managing Executive Officer of Dai-ichi Life Holdings, Inc.
October 2016	Representative Director, Senior Managing Executive Officer of The Dai-ichi Life Insurance Company, Limited
April 2017	Vice President of Dai-ichi Life Holdings, Inc.
April 2017	Representative Director, Vice President of The Dai-ichi Life Insurance Company, Limited (retired in March 2020)
April 2021	Director of Dai-ichi Life Holdings, Inc. (retired in June 2021)
June 2021	Representative Director, President of THE DAI-ICHI BUILDING CO., LTD. (to present)

(5) Significant concurrent positions:

Representative Director, President of THE DAI-ICHI BUILDING CO., LTD.

(6) Reasons for nomination as candidate for Outside Corporate Auditor:

The Company nominates Mr. Kenji Sakurai as a candidate for Outside Corporate Auditor, expecting him to perform appropriate audit functions based on his extensive experience and high insight cultivated in his career as a management member of corporations over many years.

(7) Special relationship of interest between the Company and the candidate for Outside Corporate Auditor and the candidate's independence from the Company:

There is no special relationship of interest between the Company and Mr. Kenji Sakurai.

Mr. Sakurai is currently serving as Representative Director, President of THE DAI-ICHI BUILDING CO., LTD. THE DAI-ICHI BUILDING CO., LTD. and the Company Group have transactions related to real estate leases. However, these transactions constitute less than one percent of the net sales of THE DAI-ICHI BUILDING CO., LTD. and the Company's consolidated net sales, and is thus insignificant. Mr. Sakurai previously worked at Dai-ichi Life Holdings, Inc. However, Mr. Sakurai has not been involved in execution of operations at Dai-ichi Life Holdings, Inc. since he retired from office of Director of the said company in June 2021. The Dai-ichi Life Group and the Company Group have transactions related to insurance contracts. However, these transactions constitute less than one percent of consolidated ordinary revenues (equivalent to consolidated net sales) of Dai-ichi Life Holdings, Inc. and the Company's consolidated net sales, and is thus insignificant. In addition, the Company Group has borrowed funds from the Dai-ichi Life Group. However, the amount of such borrowings constitutes less than two percent of consolidated total assets of Dai-ichi Life Holdings, Inc. and the Company, and is thus insignificant.

Mr. Kenji Sakurai satisfies the requirements of an independent auditor under the rules of the Tokyo Stock Exchange, and will be reported thereto as an independent auditor, if his appointment is approved at this Ordinary General Meeting of Shareholders.



- Note 1: The Company proposes the election of Mr. Kenji Sakurai as a substitute, and his term of office will expire at the closing of the Ordinary General Meeting of Shareholders to be held in 2024, when the term of office of his predecessor will expire, in accordance with Article 35, paragraph 2 of the Company's Articles of Incorporation.
- Note 2: From October 2020 to October 2021, it was discovered that a former employee of The Dai-ichi Life Insurance Company, Limited, where Mr. Kenji Sakurai was serving as Representative Director, Vice President, was involved in the improper acquisition of money from customers. Although the aforementioned misconduct occurred in business activities during his time in office, Mr. Sakurai was not directly involved in any of the facts discovered. Mr. Sakurai had already retired from his position as Representative Director, Vice President of the said company at the time he became aware of these facts. However, as a Director of Dai-ichi Life Holdings, Inc., the parent company of the said company, he has fulfilled his responsibilities, including efforts to further strengthen legal compliance initiatives and to prevent any recurrence.
- Note 3: The Company plans to enter into an agreement with Mr. Kenji Sakurai to limit liability for damages set forth in Article 423, paragraph 1 of the Companies Act, pursuant to Article 427, paragraph 1 thereof, if his appointment is approved at this Ordinary General Meeting of Shareholders. The limit on the liability for damages under the said agreement will be the minimum limit of liability prescribed in Article 425, paragraph 1 of the Companies Act.
- Note 4: The Company has entered into a directors and officers liability insurance (D&O insurance) policy with an insurance company, with all Corporate Auditors of the Company as the insured, as prescribed in Article 430-3, paragraph 1 of the Companies Act. The details of the insurance policy are as described in the Business Report (page 44). If the appointment of Mr. Kenji Sakurai is approved, he will be included as an insured under the insurance policy. The Company plans to renew the insurance policy with the same conditions during his term of office.

[For reference]

<Decision process of the nomination of the Director and Corporate Auditor candidates>

In order to procure the objectivity and transparency of the process to nominate officer candidates and to determine compensation for officers, the Company established the Corporate Governance Committee, a majority of the members of which are independent outside officers, as an advisory body for the Board of Directors.

The nomination of the Director candidates listed in Proposal 3 and the Corporate Auditor candidate listed in Proposal 4 were determined by the Board of Directors after being deliberated on by that committee.

<Skills of Directors and Corporate Auditors (tentative) after this Ordinary General Meeting of Shareholders>

Name	Positions after this Meeting (tentative)	Gender	Skills and experience						
			Corporate management	Brand culture	Marketing	Technology	Finance & Accounting	Legal & Risk management	Global
Shinji Hattori	Chairman & Group CEO Group CCO	Male	○	○	○				○
Shuji Takahashi	President	Male	○		○	○			○
Akio Naito	Director, Senior Executive Vice President	Male	○		○			○	○
Takahiro Naito	Director, Senior Executive Vice President	Male	○			○			○
Jun Sekine	Director, Senior Executive Vice President	Male	○		○	○			
Shimesu Takizawa	Director, Executive Vice President	Male					○	○	○
Tsuyoshi Nagano	Outside Director	Male	○	○	○				○
Yasuko Teraura	Outside Director	Female						○	○
Noboru Saito	Outside Director	Male	○		○	○			○
Haruhiko Takagi	Standing Corporate Auditor	Male					○		○
Takashi Nishimoto	Standing Corporate Auditor	Male					○	○	
Hideki Amano	Outside Corporate Auditor	Male					○	○	
Masatoshi Yano	Outside Corporate Auditor	Male	○					○	
Kenji Sakurai	Outside Corporate Auditor	Male	○		○				○

[For reference]

## **Basic Principle of Corporate Governance**

Based on the principle "being a company that is trusted by society", Seiko Holdings Corporation considers "compliance with relevant laws and regulations", "implementation of management transparency and fairness", and "honoring social ethics" as core business goals. In order to achieve these goals, we will strengthen and promote our corporate governance framework and strive to achieve our group's sustainable growth and increase corporate value.

### **Basic Policy**

#### **(1) Securing the Rights and Equal Treatment of Shareholders**

We strive to develop a necessary environment that effectively ensures the rights of shareholders including voting rights at the general meeting of shareholders, and provide them with necessary information accurately so that they can exercise their rights appropriately. We are also committed to securing equality among shareholders, such as minority shareholders and foreign shareholders.

#### **(2) Appropriate Cooperation with Stakeholders other than Shareholders**

We recognize that our social responsibility is to contribute to the realization of a sustainable society through implementation of our group's basic principle "being a company that is trusted by society". Under such recognition, we strive to cooperate appropriately with our various stakeholders, including our shareholders, customers, business partners, members of local communities and employees.

#### **(3) Ensuring Appropriate Information Disclosure and Transparency**

In order to obtain appropriate evaluation from our various stakeholders including our shareholders, and to engage in a constructive dialogue with shareholders, we strive not only to disclose appropriate information in compliance with relevant laws and regulations, but also to disclose other information in a timely and appropriate manner so that such information would be clear and useful for the people who use it.

#### **(4) Responsibilities of the Board of Directors**

Our Board of Directors will engage in free and constructive discussions and exchanges of opinions, and will appropriately fulfill its roles and responsibilities for the sustainable growth of company and the enhancement of corporate value over the medium to long-term, including making decisions on important management matters such as business strategies, establishing an environment that supports swift and decisive decision-making by the senior management, and enhancing management supervision.

#### **(5) Dialogue with Shareholders**

We will promote constructive dialogue with our shareholders to contribute sustainable growth and enhancement of corporate value over the medium to long-term based on "Basic Policy on Constructive Dialogue with Shareholders".



[Translation][Attached Documents]

**Business Report for the Fiscal Year Ended March 2022 (From April 1, 2021 To March 31, 2022)**

1. Matters related to current status of the Corporate Group

(1) Business developments and results

In the world economy during the fiscal year ended March 31, 2022, many countries showed signs of a recovery from the sudden economic declines caused by the spread of the novel coronavirus during the previous fiscal year. In the U.S. economy, although the pace of growth in employment and consumption began to slow due to the impact of a resurgence of infections and labor shortages, a trend toward recovery continued. In Europe, economic activity was significantly affected mainly by the tightening of restrictions on movement prompted by the rapid spread of the Omicron variant. In China, although the economy progressed steadily, growth was slowed by factors such as the impact of the government's "zero-COVID" policy and a sluggish real estate market.

The Japanese economy experienced cycles of activity restrictions and easing due to the spread of infections of mutant strains, but maintained a recovery trend. Personal consumption, which had been subdued, showed signs of a recovery after the declaration of a state of emergency was lifted in September 2022.

Amid these circumstances, the Company promoted the strategies of the Seventh Mid-Term Management Plan, while paying close attention to the health and safety of stakeholders, given the rapid spread of infections of mutant strains. In the Watches Business, net sales rose significantly especially for overseas markets, thanks to progress in efforts to expand Global Brands (GB), especially for Grand Seiko (GS) and Seiko Prospex. The Electronic Devices Business steadily captured favorable demand in fields such as the medical field, and efforts by the Systems Solutions Business to diversify business and expand the stock business proved successful. As a result, sales posted for both of these business segments exceeded those of the previous fiscal year and two years prior, before the spread of the novel coronavirus. As a result, for the fiscal year ended March 31, 2022, the Group reported consolidated net sales of 237.3 billion yen, a year-on-year increase of 17.1%.

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

Advertising and promotion expenses for the fiscal year ended March 31, 2022 increased by approximately 7% from the previous fiscal year, but fell by approximately 15% from two years prior. Other selling, general and administrative expenses also generally returned to usual levels as business activities normalized and also due to an increase resulting from the impact of changes in accounting standards. However, operating profit improved by 6.5 billion yen year on year to 8.7 billion yen (a year-on-year increase of 299.7%), as a result of a recovery in net sales and improvements in profitability. Non-operating income and expenses improved year on year, primarily due to share of profit of entities accounted for using equity method and foreign exchange gains and losses, and ordinary

profit increased by 9.3 billion yen year on year to 9.9 billion yen (ordinary profit of 0.6 billion yen in the previous fiscal year). Subsidy income of 0.1 billion yen was posted as extraordinary income, and a total loss of 1.1 billion yen, including a loss relating to the novel coronavirus, was posted as extraordinary losses. As a result, profit attributable to owners of parent minus income taxes and profit attributable to non-controlling interests was 6.4 billion yen (a year-on-year increase of 84.6%).

The average exchange rates for the current fiscal year were 112.4 yen to 1 US dollar and 130.6 yen to 1 euro.

Results for each segment are as follows.

a. Watches Business

Net sales under the Watches Business came to 125.7 billion yen, a year-on-year increase of 20.6 billion yen, or 19.7%. Although net sales of completed watches in Japan slightly fell short of the plan for the fiscal year ended March 31, 2022 due to the spread of infections of mutant strains, they entered a recovery trend from the third quarter. GS showed favorable performance, driven primarily by the 140th Anniversary commemorative model as well as a model that features a dial depicting a majestic white birch forest, and sales increased year on year. Net sales also grew for Seiko Astron. On a distribution channel basis, sales were steady for department stores and watch stores, which were supported by vigorous purchasing power of wealthy customers.

Net sales of GB increased not only year on year, but also from two years prior in all regions overseas, driven by GS. In the U.S., sales during the Christmas season showed favorable performance, and sales especially for GS and Seiko Prospex grew significantly year on year and also from two years prior. In Europe, sales of GB such as GS also grew in the U.K., France, and many other countries. In China, from the summer onward, social unease such as growing concerns regarding the default of a real estate company led to a decline in consumer sentiment, and net sales fell year on year. Due to the spread of infections of mutant strains, net sales in other Asian countries remained roughly the same as those of the previous year. However, sales in Australia showed favorable performance, especially for GB.

The watch movements business was sluggish for the Asian market.

Operating profit increased by 2.0 billion yen year on year, resulting in operating profit of 7.6 billion yen (a year-on-year increase of 36.4%) in conjunction with the increase in net sales, despite expenses returning to normal levels year on year following a recovery in business activities.

b. Electronic Devices Business

Net sales under the Electronic Devices Business came to 64.6 billion yen, a year-on-year increase of 28.8%. Operating profit was 5.8 billion yen, a year-on-year increase of 347.4%. Business results were affected by delays in the supply of components and materials for thermal printers and some precision devices. However, favorable

performance continued for micro batteries for medical equipment and quartz crystals, as well as oscillators, high-performance metals for semiconductor production equipment, precision turned parts for automobiles and data centers, and other products. As a result, both revenue and profits grew significantly year on year.

c. Systems Solutions Business

Net sales under the Systems Solutions Business came to 34.4 billion yen, a year-on-year increase of 0.9%. Operating profit was 3.9 billion yen, a year-on-year increase of 11.5%. Some industries, such as food service, were affected by the coronavirus pandemic, and there were difficulties in procuring components and materials for some products. However, capturing the rising tide of the digitalization of society, there was growth in the digital contract-related business, IIM Corporation's performance management and security-related business, network-related business for 5G for the public sector and communications industry, and other businesses, resulting in continued year-on-year growth in both revenue and profits for 24 consecutive quarters.

d. Time Creation, WAKO and other Businesses

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

(2) Issues that need to be addressed by the Corporate Group

As the Company celebrated the 140th Anniversary of its foundation last year, the Company has clarified its purpose: “As a company trusted by society, we will constantly pursue innovation, inspiring people everywhere, and creating a future full of smiles.” This purpose is the starting point for all of the Company’s activities, which are based on its corporate philosophy of being “A Company that is Trusted by Society.”

The Company has also defined the following Group 10-year vision leading up to the 150th Anniversary in 2031.

Leveraging analog & digital synergies to offer products and services  
that contribute to the creation of sustainable societies,  
connecting people, things, and time throughout the world

In order to realize the Group 10-year vision, the Company has formulated the Eighth Mid-Term Management Plan (Seiko Milestone 145 = SMILE145), which concludes in FY2026, and will promote its businesses.

1. Positioning of SMILE145

SMILE145 is a five-year plan formulated by backcasting from the Group 10-year vision and aimed at FY2026, the 145th Anniversary of our founding and the midpoint of the vision, in order to realize the Group 10-year vision, which represents what we aim to be for the 150th Anniversary.

2. Ideals of SMILE145

By 2026, we aim to become “A solutions company that offers high-added-value products and services that create excitement and generate substantial profits.” The basic principle through which we will achieve this is the “MVP Strategy = Moving, Valuable, Profitable,” in which we will focus on high-added-value, highly profitable products that move people.

3. Our value creation story for the years leading up to 2031

Based on an analysis of the environment surrounding the Company Group, from the perspectives of both opportunity and risk, the Company is engaging in business activities that help solve social issues, with the Group purpose as the starting point, and contributing to the Group’s steady growth and the development of a sustainable society. As the Group’s growth strategy, the Company has promoted the Group core strategies (SDGs, human resource, DX, R&D, and branding). In addition, the Company has established three strategic domains (Emotional Value Solutions, Devices Solutions, and Systems Solutions), in which the Company Group’s strengths lie, and will implement strategies in these domains to capture business opportunities in four areas (Emotional Consumption, Society 5.0, Wellness, and Society/Environment). Furthermore, by striving to generate Group synergies, the Company will aim to create social value and achieve the Company Group’s growth.



To accomplish this, the Company will promote the “MVP Strategy” for achieving what we aim to be in 2026, which was defined by backcasting from the Group 10-year vision.

4. Group core strategies

The Company Group has defined five strategies as Group-wide core strategies to be implemented in all businesses in order to achieve growth of the Group and society, and will promote its growth strategy.

(i) SDGs strategy

Starting with its Statement of Purpose, the Seiko Holdings Group will strive to use its business activities, which aim to create WITH, to realize the Group’s steady growth and contribute to the development of a sustainable society.

(“WITH” = Well-being: A Better Life, Inclusion: For All People, Trust: Certainty and Trust, and Harmony: Harmony with the Earth)

(ii) Human resource strategy

The Company Group will build an organizational culture and systems that turn failure into value, with human-resource development as a pillar of its growth strategy, by improving engagement and promoting diversity.

(iii) DX strategy

The Company Group will make full use of digital technology and data to create high-added-value business that is customer-centric and that places an emphasis on the customer experience.

(iv) R&D strategy

The Company Group will further evolve its technology and create new value by combining its long-cultivated technological philosophy of “Craftsmanship, Miniaturization and Efficiency” with digital technology.

(v) Branding strategy

Seiko will face social issues with the aim of enriching the hearts of people around the world, and create a future full of smiles through its social, technical, and emotional value.

5. Domain-specific ideals

The Company has set three strategic domains with the aim of “establishing management unified by a common purpose, which aims to create business synergies through a purpose-driven approach”, “innovating into a business model that solves social issues through DX”, and “creating a distributed business structure that responds to the risk of changes in the business environment”.

- (i) Emotional Value Solutions (EVS) Domain
  - Create products and services with high functional, emotional, and social value, with a sense of beauty and meticulous attention to detail that excite customers
  - Improve our brand and corporate value by selling products that are partners for life, and can be enjoyed together in times of joy, through a superior customer experience
- (ii) Devices Solutions (DS) Domain
  - Offer the high functionality and quality demanded by society, with devices solutions that are created through technical innovation
  - Realize Society 5.0 (resolution of social issues by integrating cyberspace and physical space)
- (iii) Systems Solutions (SS) Domain
  - Achieve sustainable growth by offering social innovation through one-stop ICT solutions
  - Increase the value of customers, society, and the Group by continuously offering value in line with customer needs

6. Financial policy and cash allocation

Under SMILE145, the Company Group will increase its growth investment capabilities by improving the gross profit margin and make investments to establish sustainability, with the aim of improving the financial constitution based on capital costs and reliably providing returns to shareholders. The investment policy aimed at establishing sustainability will consist of three elements: active investment based on sales growth potential and an ROIC, the establishment of a stable revenue base, and taking on the challenges of new business domains. Led by this policy, the Company will engage in investments in branding, manufacturing facilities, and the development of new business domains (R&D, M&As, DX, human resources, etc.), in order to achieve the Group's growth.

7. Group-wide management targets

SMILE145 focuses on medium- and long-term profitability and growth. Its objective is to ensure the ongoing sustainability of the Company Group. Financial targets for FY2026 are consolidated operating profit of 18.0 to 20.0 billion yen, an increase in consolidated gross profit margin of 5.0 percentage points (compared to FY2021), and a consolidated ROIC of over 6.5%. Regarding ESG indicators, the Company aims to reduce CO<sub>2</sub> emissions under SCOPE 1 and 2 by 25% (compared to FY2020) in FY2026. In addition, the Company will use employee engagement studies to be carried out from FY2022 to clearly prioritize issues, and strive to improve engagement scores by working to address these issues.

(3) Financing

There are no matters of special note.

(4) Capital expenditures

The Company invested 2,141 million yen in the Watches Business and 2,324 million yen in the Electronic Devices Business primarily to reinforce and renew manufacturing and other facilities, and 718 million yen in the Systems Solutions Business primarily to acquire software for marketing purposes, respectively. In addition, the Company has made capital investments of 556 million yen to acquire rental equipment (Chuo-ku, Tokyo) for external companies.

(5) Trends in assets and profit/loss

The operating results and assets in the fiscal year ended March 31, 2022 and the past three years are as follows.

(i) Consolidated		(Millions of yen)			
Item	FY2018	FY2019	FY2020	FY2021	
Net sales	247,293	239,150	202,671	237,382	
Ordinary income	11,410	7,004	633	9,939	
Net income attributable to owners of parent	9,249	3,394	3,475	6,415	
Net income per share (Yen)	224	82	84	156	
Total assets	303,036	299,990	319,671	327,533	
Net assets	110,415	104,273	113,082	121,624	
Net assets per share (Yen)	2,650	2,500	2,709	2,911	

(ii) Non-consolidated		(Millions of yen)			
Item	FY2018	FY2019	FY2020	FY2021	
Operating revenue	11,301	12,031	11,301	12,043	
Ordinary income	2,691	3,027	809	-473	
Net income	3,719	3,124	1,560	3,257	
Net income per share (Yen)	90	76	38	79	
Total assets	176,640	176,961	192,853	187,644	
Net assets	55,029	50,681	55,495	57,120	
Net assets per share (Yen)	1,334	1,229	1,345	1,384	

Note 1 Net income per share is calculated on the basis of the average number of shares during the fiscal year.

Note 2 Treasury shares are indicated as a deduction item on net assets, and the values of net income per share and of net assets are calculated by deducting the number of treasury shares from the average number of shares during the fiscal year and the total number of issued shares, respectively.

Note 3 The Company has applied “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020) and relevant guidance from the beginning of FY2021.

(6) Status of major parent companies and subsidiaries

(i) Relationship with parent companies

Not applicable.

(ii) Status of major subsidiaries

Company Name	Paid-in Capital	Capital Contribution Ratio	Details of Major Business Activities
SEIKO WATCH CORPORATION	5,000 million yen	100.0%	Sales of watches
CRONOS INC.	200 million yen	100.0%(*)	Sales of watches and other products
Morioka Seiko Instruments Inc.	2,000 million yen	100.0%(*)	Manufacturing watches
Grand Seiko Corporation of America	US\$2,000	100.0%(*)	Sales of watches
Seiko Watch of America LLC	US\$112,000	100.0%(*)	Sales of watches
SEIKO Hong Kong Ltd.	HK\$129,300,000	100.0%(*)	Sales of watches and other products
SEIKO Manufacturing (H.K.) Ltd.	HK\$128,700,000	100.0%(*)	Manufacturing and sales of watches
SEIKO Manufacturing (Singapore) Pte. Ltd.	S\$32,288,000	100.0%(*)	Manufacturing watches
Seiko Instruments Inc.	9,756 million yen	100.0%	Manufacturing and sales of electronic devices and other products
SEIKO Solutions Inc.	500 million yen	100.0%	Development, sales, etc. of information and telecommunication systems, etc.
SEIKO Time Creation Inc.	500 million yen	100.0%	Manufacturing and sales of clocks, systems clocks and other products
WAKO Co., Ltd.	2,500 million yen	100.0%	Sales of high-end jewelry, apparel, and fashion accessories

Note: Asterisked ratios in the “Capital Contribution Ratio” column include indirect holdings.

(7) Major business segments of the Corporate Group

The Company is a holding company. The details of business activities, main merchandise and finished goods of each business are as follows:

Business Segment	Details of Business Activities	Main merchandise and products
Watches Business	Manufacturing and sales	Watches, watch movements
Electronic Devices Business	Manufacturing and sales	Quartz crystals, micro batteries and materials, printers, precision turned parts
Systems Solutions Business	Development and sales	Wireless communication equipment, information network systems, data services, computer-performance management software
Time Creation, WAKO and other Businesses	Manufacturing, sales and other activities	Clocks, high-end jewelry, apparel, fashion accessories, systems clocks, others

(8) Major business locations of the Corporate Group

The Company has its headquarters in Chuo-ku, Tokyo, and the major location of each business is as follows:

Business Segment	Location
Watches Business	Chuo-ku, Tokyo
Electronic Devices Business	Mihama-ku, Chiba-shi, Chiba
Systems Solutions Business	Mihama-ku, Chiba-shi, Chiba
Time Creation, WAKO and other Businesses	Chuo-ku, Tokyo

(9) Status of employees of the Corporate Group

The number of employees of the Company and its consolidated subsidiaries is 11,984 (a decrease of 108 from the previous fiscal year-end).

(10) Major lenders and amounts borrowed

Lenders	Outstanding Balance of Loans
	(Millions of yen)
Mizuho Bank, Ltd.	39,066
Sumitomo Mitsui Banking Corporation	21,459
Aozora Bank, Ltd.	13,085

2. Matters related to the Company shares

- (1) Total number of shares authorized to be issued 149,200,000 shares
- (2) Total number of shares issued and outstanding 41,404,261 shares  
(including 60,682 treasury shares)
- (3) Number of shareholders at the end of the fiscal year ended March 31, 2022 12,934

(4) Major shareholders (top 10)

Name	Number of shares held	Percentage of shares held
	shares	%
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,752,500	11.5
Sanko Kigyo K.K.	4,436,500	10.7
Etsuko Hattori	3,613,908	8.7
Shinji Hattori	2,279,289	5.5
The Dai-ichi Life Insurance Company, Limited	1,800,000	4.4
Hideo Hattori	1,622,455	3.9
Custody Bank of Japan, Ltd. (Trust Account)	1,598,500	3.9
GIC PRIVATE LIMITED-C	1,369,839	3.3
SHIMIZU CORPORATION	744,200	1.8
FUJI BUILDING Co., Ltd.	671,400	1.6

Note: Percentages of shares held have been calculated with treasury shares excluded and rounded to one decimal place.

- (5) Shares issued to the Company's officers during the fiscal year under review as compensation for the execution of their duties

	Type and number of shares	Number of share recipients
Directors (excluding Outside Directors)	The Company's common shares 5,600 shares	1

3. Matters related to stock acquisition rights issued by the Company  
Not applicable.



4. Matters related to officers

(1) Name, etc. of Directors and Corporate Auditors (as of March 31, 2022)

Name	Position and responsibility at the Company	Significant concurrent positions at other entities
Shinji Hattori	Chairman & Group CEO Group Chief Culture Officer (Group CCO)	Chairman of SEIKO WATCH CORPORATION Chairman of WAKO Co., Ltd.
Yoshinobu Nakamura	Vice Chairman	
Shuji Takahashi	President	
Shimesu Takizawa	Executive Director in charge of Corporate Planning and Finance & Accounting General Manager of the Finance & Accounting Department	Director, Executive Vice President of Seiko Instruments Inc. Outside Director of Jedat Inc.
Kiyoko Niwasaki	Executive Director in charge of Corporate Branding and ESG & SDGs Promoting	Director, Executive Vice President of WAKO Co., Ltd.
Kazuhiko Sakamoto	Director in charge of Human Resources and Legal	Director, Senior Executive Vice President of WAKO Co., Ltd.
Makoto Ichimura	Director in charge of Secretaries, General Affairs, and Strategy Planning Deputy Chief of Group R&D Headquarters General Manager of the Secretaries Office	Director, Executive Vice President of SEIKO Solutions Inc. Outside Director of OHARA INC.
Tetsu Kobayashi	Director in charge of Group R&D Headquarters Chief of Headquarters	President of Seiko Instruments Inc.
Jun Sekine	Director in charge of IT Planning and DX Business Promotion	President of SEIKO Solutions Inc.
Tsuyoshi Nagano	Director	Chairman of the Board of Tokio Marine Holdings, Inc.
Yasuko Teraura	Director	Partner Attorney of Endeavour Law Office

		Outside Director of Neturen Co., Ltd.
Haruhiko Takagi	Standing Corporate Auditor	Outside Corporate Auditor of OHARA INC.
Takashi Nishimoto	Standing Corporate Auditor	
Tomoyasu Asano	Corporate Auditor	
Hideki Amano	Corporate Auditor	Certified public accountant Outside Director of TOPPAN FORMS CO., LTD. Outside Audit & Supervisory Board Member of Kao Corporation Outside Director of Ajinomoto Co., Inc.
Masatoshi Yano	Corporate Auditor	President of Seiwa Sogo Tatemono Co., Ltd.

- Note 1: Mr. Tsuyoshi Nagano and Ms. Yasuko Teraura, Directors, are outside directors set forth in Article 2, item 15 of the Companies Act.
- Note 2: Mr. Tomoyasu Asano, Mr. Hideki Amano, and Mr. Masatoshi Yano, Corporate Auditors, are outside company auditors set forth in Article 2, item 16 of the Companies Act.
- Note 3: The Company has reported to the Tokyo Stock Exchange Mr. Tsuyoshi Nagano and Ms. Yasuko Teraura, Directors, and Mr. Tomoyasu Asano, Mr. Hideki Amano, and Mr. Masatoshi Yano, Corporate Auditors, as independent directors/auditors.
- Note 4: Mr. Haruhiko Takagi and Mr. Takashi Nishimoto, Standing Corporate Auditors, have experience in accounting and have reasonable-degrees of knowledge about finance and accounting. Mr. Hideki Amano, Corporate Auditor, is a certified public accountant, and has reasonable-degree of knowledge about finance and accounting.
- Note 5: Changes in Directors and Corporate Auditors of the Company during this fiscal year are as follows:
- (1) Mr. Jun Sekine was newly appointed as Director and assumed office at the 160th Ordinary General Meeting of Shareholders held on June 29, 2021.
  - (2) Mr. Akihiro Okuma, Senior Executive Director, retired from office of Director due to the expiry of his term of office at the close of the 160th Ordinary General Meeting of Shareholders held on June 29, 2021.
- Note 6: Changes in significant concurrent positions at other entities of Directors and Corporate Auditors of the Company during and after this fiscal year are as follows:
- (1) Mr. Shimesu Takizawa, Executive Director, retired from office of Executive Vice President of Seiko Instruments Inc. as of March 31, 2022, and assumed office of Director as of April 1, 2022.
  - (2) Ms. Kiyoko Niwasaki, Executive Director, retired from office of Executive Vice President of WAKO Co., Ltd. as of March 31, 2022 in conjunction with the discontinuation of the system of executive officer (senior vice president) of WAKO Co., Ltd. on the same date, and assumed office of Director as of April 1, 2022.

- (3) Mr. Kazuhiko Sakamoto, Director, assumed office of Senior Executive Director (Representative Director) of WAKO Co., Ltd. as of April 1, 2022.
- (4) Mr. Tetsu Kobayashi, Director, assumed office of Chairman of Seiko Instruments Inc. as of April 1, 2022.
- (5) Mr. Tomoyasu Asano, Corporate Auditor, retired from office of Outside Auditor of Tokyu Fudosan Holdings Corporation as of June 25, 2021.
- (6) Mr. Hideki Amano, Corporate Auditor, retired from office of Audit & Supervisory Board Members (External) of Ajinomoto Co., Inc. as of June 23, 2021, and assumed office of Outside Director of Ajinomoto Co., Inc. on the same date.

Note 7: The Tokio Marine Group, at which Mr. Tsuyoshi Nagano, Outside Director, has a concurrent position, and the Company Group have transactions related to insurance contracts. However, these transactions constitute less than one percent of consolidated ordinary income (equivalent to consolidated net sales) of Tokio Marine Holdings, Inc. and the Company's consolidated net sales, and is thus insignificant.

Note 8: Seiwa Sogo Tatemono Co., Ltd., at which Mr. Masatoshi Yano, Outside Corporate Auditor, has a concurrent position, and the Company Group have transactions related to real estate management. However, these transactions constitute less than one percent of net sales of Seiwa Sogo Tatemono Co., Ltd. and the Company's consolidated net sales, and is thus insignificant.

Note 9: There is no other special relationship of interest between the Company and the entities at which Outside Directors or Outside Corporate Auditors hold concurrent positions.

Note 10: Responsibilities of Directors changed as follows as of April 1, 2022.

Position	Name	Responsibility
Executive Director	Shimesu Takizawa	In charge of Financial Management and Real Estate Management General Manager of the Financial Management Department
Executive Director	Kiyoko Niwasaki	In charge of Corporate Branding, Public Relations & IR, and ESG & SDGs Promoting
Director	Makoto Ichimura	In charge of Secretaries, General Affairs, Corporate Strategy Planning, and Strategy Planning Deputy Chief of Group R&D Headquarters General Manager of the Secretaries Office

(2) Overview of agreements limiting liability

The Company entered into an agreement with each of Mr. Tsuyoshi Nagano and Ms. Yasuko Teraura, Outside Directors, and Mr. Tomoyasu Asano, Mr. Hideki Amano, and Mr. Masatoshi Yano, Outside Corporate Auditors, to limit liability for damages set forth in Article 423, paragraph 1 of the Companies Act, pursuant to Article 427, paragraph 1 thereof. The upper limit of liability for damages under the agreement shall be the minimum limit of liability prescribed in Article 425, paragraph 1 of the Companies Act. The limitation on liability is permitted

only when such Outside Directors or Outside Corporate Auditors have acted in good faith and without gross negligence in performing their duties that caused the liability.

(3) Overview of directors and officers liability insurance

The Company has entered into a directors and officers liability insurance (D&O insurance) policy stipulated in Article 430-3, paragraph 1 of the Companies Act with an insurance company. The insured parties under the insurance policy are the Company, its subsidiary Seiko Instruments Inc., its Directors, Corporate Auditors, Senior Vice Presidents, managerial personnel, and officers dispatched outside the Company. The insurance policy covers the insured against claims for damages and costs of litigation arising out of the execution of business by the insured. However, we have taken measures to ensure that the appropriateness of the execution of duties by directors and officers is not compromised by excluding from coverage damage caused by criminal or intentionally illegal acts.

(4) Aggregate amount of compensation, etc. for Directors and Corporate Auditors

Officer classification	Aggregate amount of compensation, etc. (Millions of yen)	Aggregate amount by type of compensation, etc. (Millions of yen)			Number of eligible officers
		Fixed compensation	Performance-based compensation, etc.		
		Basic compensation	Bonuses (Monetary compensation)	Stock compensation (Non-monetary compensation, etc.)	
Director (excluding Outside Directors)	420	300	76	43	10
Outside Directors	19	19	-	-	2
Total	439	320	76	43	12
Corporate Auditor (excluding Outside Corporate Auditors)	37	37	-	-	2
Outside Corporate Auditors	28	28	-	-	3
Total	66	66	-	-	5

Note 1: The forgoing includes one Director who retired from office at the close of the 160th Ordinary General Meeting of Shareholders held on June 29, 2021.

Note 2: “Bonuses” and “stock compensation” are paid to Executive Directors as performance-based compensation, etc. The number of eligible recipients for the current fiscal year is 9. The amount of performance-based compensation, etc. shown in the above table is the amount of expense recognized and the amount paid for the current fiscal year.

Note 3: Target values and actual results of indicators related to performance-based compensation, etc. for the current fiscal year are as follows:

(Bonuses)

	Consolidated net sales	Consolidated operating profit
Target values	235.0 billion yen	5.5 billion yen
Actual results	237.4 billion yen	8.8 billion yen
Performance achievement ratios	101.02%	160.00%

(Stock compensation)

	Consolidated net sales (accumulated)	Consolidated operating profit (accumulated)
Target values	700.0 billion yen	15.2 billion yen
Actual results	679.3 billion yen	17.1 billion yen
Performance achievement ratios	97.04%	112.50%

- (5) Matters related to the resolution of the General Meeting of Shareholders regarding compensation, etc. for Directors and Corporate Auditors

Aggregate amounts of basic compensation and bonuses for Directors were resolved to be up to 420 million yen annually at the 155th Ordinary General Meeting of Shareholders held on June 29, 2016. At the close of this Ordinary General Meeting of Shareholders, the number of Directors eligible to receive basic compensation is 13 (including 2 Outside Directors), and the number of Executive Directors eligible to receive bonuses is 6.

Basic compensation for Corporate Auditors was resolved to be up to 8 million yen monthly at the 155th Ordinary General Meeting of Shareholders held on June 29, 2016. At the close of this Ordinary General Meeting of Shareholders, the number of Corporate Auditors eligible to receive basic compensation is 5. Stock compensation was resolved at the 155th Ordinary General Meeting of Shareholders held on June 29, 2016 that for every three fiscal years consistent with the Mid-Term Management Plan, money paid by the Company is up to 240 million yen and the aggregate number of shares delivered to eligible Executive Directors is up to 540,000 shares (180,000 shares per fiscal year). At the close of this Ordinary General Meeting of Shareholders, the number of Executive Directors eligible to receive stock compensation is 6. The Company conducted a share consolidation by which five common shares have been consolidated into one share as of October 1, 2017. The number of shares after the share consolidation is up to 108,000 shares (36,000 shares per fiscal year).

- (6) Policy for determining the content of compensation, etc. for Directors and Corporate Auditors  
[Policy for determining compensation for Directors]

The Company resolved at the Board of Directors meeting held on March 9, 2021 on a policy for determining the content of compensation, etc. for individual Directors, as a) to f) below. After being deliberated on by the Corporate Governance Committee, a majority of the members of which are outside officers, as an advisory body for the Board of Directors, the said policy was determined at the Board of Directors based on the deliberations.

- a) Basic policy for compensation for Directors

In determining compensation for Directors and Corporate Auditors of the Company, the basic policy is as follows:

- The Company shall secure the transparency and objectivity of the compensation and maintain the appropriated level of compensation corresponding to their roles and responsibilities.
- Aiming for sustainable growth and mid- to long-term enhancement of the corporate value of the Company and the Company Group, the Company shall promote the execution of duties in line with the corporate philosophy and management strategy, and motivate them to achieve corporate targets. The level of compensation shall be determined based on results of surveys on compensation for Directors and Corporate Auditors conducted by a third party that target peer companies similar in terms of business activity and scale.

b) Compensation system for Directors

Compensation for Executive Directors comprises of “basic compensation” as fixed compensation, “bonuses” that are linked to performance (short-term incentive compensation), and “stock compensation” (mid- to long-term incentive compensation). Compensation for non-executive Directors such as Outside Directors comprises only of “basic compensation.”

c) Policy for determining the amount of compensation, etc. for individual Directors regarding basic compensation (monetary compensation) (including the policy for the timing to provide compensation, etc. or the determination of conditions)

Basic compensation for Directors of the Company shall be monthly fixed compensation. The amount shall be determined by taking into account comprehensive factors, while considering the level of peer companies and the length of service, etc., according to their roles and responsibilities.

d) Policy for determining performance-based compensation, etc. and the content and amount of non-monetary compensation, etc., or the calculation method for the number (including the policy for the timing to provide compensation or the determination of conditions)

Performance-based compensation, etc. shall comprise of “bonuses” as monetary compensation and “stock compensation” as non-monetary compensation, etc.

(Bonuses)

For bonuses, a standard payment shall be the amount obtained by multiplying the basic compensation by a coefficient determined for each position. The individual payments for Chairman and President shall be determined by multiplying the standard payment by the payment ratio according to the performance achievement ratio. The individual payments for Executive Directors other than Chairman and President shall be determined by adding the amounts obtained by multiplying the standard payments by the payment ratio according to the performance achievement ratio, to the amounts obtained by multiplying the standard payments by the payment ratio based on qualitative evaluations. Bonuses shall fluctuate in the range of 0 to 200% depending on the degree of achievement of the target values.

(Stock compensation)

For stock compensation, points obtained by converting the individual benefits into the number of shares shall be granted each fiscal year. The individual benefits shall be the amounts determined by adding the standard benefits (fixed portion) obtained by multiplying the basic compensation by a coefficient determined for each position, to the amount obtained by multiplying the standard benefits by the payment ratio according to the performance achievement ratio (performance-based portion). The performance-based portion of the stock compensation shall fluctuate in the range of 0 to 200% depending on the degree of achievement of the target values. The guideline for the ratio of the fixed portion and the performance-based portion shall be 50%, respectively (when the performance achievement ratio is 100%).

Performance indicators related to the above performance-based compensation shall be “consolidated net sales” and “consolidated operating profit,” which are defined as significant management indicators related to evaluation of corporate performance, in order to function as incentives to achieve corporate targets of the Company Group.

	Bonuses	Stock compensation
Performance indicators	Consolidated net sales and consolidated operating profit * Target values shall be earnings forecast values announced in financial results at the beginning of the fiscal year.	Consolidated net sales and consolidated operating profit * Target values shall be externally published values in the Mid-Term Management Plan, and evaluated as accumulative values from the first fiscal year to the evaluation year.
	(Exceptions) If an unpredictable situation (an event that significantly affects consolidated business results or corporate value) occurs during the evaluation period, the target value shall be revised by resolution of the Board of Directors after consulting with the Corporate Governance Committee.	
Timing of payment and delivery	The portion for the current fiscal year shall be paid at the end of May in the following year.	The points for the current fiscal year shall be granted at the end of May in the following year. At the time of retirement, one point shall be converted to one stock, and the Company’s stocks shall be delivered.



Clauses for return of compensation	If Executive Director is dismissed or if Executive Director commits an act that causes serious damage to the Company or any other non-conformity similar to such act before his/her retirement, all or part of the bonus to be paid may be reduced by resolution of the Board of Directors.	If the prospective recipient is dismissed or if the prospective recipient commits an act that causes serious damage to the Company or the Company Group or any other non-conformity similar to such act before his/her retirement, all or part of the stocks to be delivered and money to be paid may be reduced by resolution of the Board of Directors of the Company or the Company Group.
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- e) Policy for determining the ratio of the amount of monetary compensation, the amount of performance-based compensation, etc., or the amount of non-monetary compensation, etc. to the amount of compensation, etc. for individual Directors

With regard to the compensation ratio of each type for Executive Directors, the level of peer companies shall be considered so that it will be an appropriate ratio as an incentive to contribute to the enhancement of the corporate value of the Company. After being deliberated on by the Corporate Governance Committee, a majority of the members of which are outside officers, as an advisory body for the Board of Directors, the said policy shall be determined at the Board of Directors based on the deliberations. The guideline for the compensation ratio of each type shall be as follows (when the performance achievement ratio and the payment ratio based on qualitative evaluations are 100%):

	Fixed compensation	Performance-based compensation, etc.	
	Basic compensation	Bonuses	Stock compensation
Chairman and President	1.0	0.2	0.2
Executive Directors other than Chairman and President	1.0	0.15	0.15

- f) Matters for determining the content of compensation, etc. for individual Directors

With regard to part of compensation for individuals, Chairman and President shall be delegated the specific contents based on the resolution of the Board of Directors. The content of such authority shall be the amount of basic compensation for each Director and the qualitative evaluations of bonuses for each Executive Director.

The Corporate Governance Committee shall deliberate annually on the level of compensation for each position of Directors, so that the authority may be properly exercised by Chairman and President. Chairman and President who have received the said delegation shall be required to make decisions based on the content of the deliberations.

Performance-based compensation, etc. of individual Executive Directors (excluding the above-mentioned delegation) shall be determined in accordance with the rules (the rules which stipulate the calculating method of performance-based compensation, etc. and non-monetary compensation, etc. in accordance with the policy d) above) established by resolution of the Board of Directors.

After being deliberated on by the Corporate Governance Committee, a majority of the members of which are outside officers, as an advisory body for the Board of Directors, the said contents of the compensation, etc. shall be determined by the Board of Directors based on the deliberations.

[Policy for determining compensation for Corporate Auditors]

Basic compensation for Corporate Auditors shall be determined by deliberations of Corporate Auditors, in the range of aggregate amount of compensation for Corporate Auditors approved at the General Meeting of Shareholders.

- (7) Matters related to delegation of determining compensation, etc. for individual Director
- With regard to part of compensation for individual Directors, the Board of Directors delegates Mr. Shinji Hattori, Chairman and Mr. Shuji Takahashi, President to determine the specific contents. The position and responsibility at the Company on the day that such details were determined are the same as “Name, etc. of Directors and Corporate Auditors” under “Matters related to officers.” The delegated authority and the measures to ensure that the authority is properly exercised are stated in (6), f) above.
- The reason that the authority is delegated to Chairman and President is that the Board of Directors judged that Chairman and President are the most suitable for evaluating the duties of each Director while taking a bird’s-eye view of the entire Company’s business results, etc.
- (8) Reasons that the Board of Directors judged that the content of compensation, etc. for individual Directors for the current fiscal year was in line with the policy
- In determining the content of compensation, etc. for individual Directors for the current fiscal year, the Corporate Governance Committee reviewed the compensation level for each position from various perspectives, including consistency with the policy. Accordingly, the Board of Directors basically respected the report and judged that it is in line with the policy.

(9) Matters related to outside officers

Main activities of outside officers

Classification	Name	Main activities
Director	Tsuyoshi Nagano	He is expected to provide valuable comments from an objective perspective based on his experience and knowledge cultivated through managing companies, and to perform appropriate supervisory functions. He fully demonstrated the supervisory functions for execution of business, as he attended all of the 13 Board of Directors meetings held during the current fiscal year, and made necessary remarks on discussion items and deliberation items, from an objective perspective. In addition, he attended the Corporate Governance Committee as a member, and actively expressed opinions on the nomination of the Director and Corporate Auditor candidates and the compensation, etc. for Directors and Corporate Auditors.
Director	Yasuko Teraura	She is expected to provide valuable comments from an objective perspective based on her insight as an attorney, and to perform appropriate supervisory functions. She fully demonstrated the supervisory functions for execution of business, as she attended all of the 13 Board of Directors meetings held during the current fiscal year, and made necessary remarks on discussion items and deliberation items, from an objective perspective. In addition, she attended the Corporate Governance Committee as a member, and actively expressed opinions on the nomination of the Director and Corporate Auditor candidates and the compensation, etc. for Directors and Corporate Auditors.
Corporate Auditor	Tomoyasu Asano	He is expected to perform appropriate audit functions based on his experience and knowledge cultivated through managing companies. He fully demonstrated the audit functions, as he attended all of the 13 Board of Directors meetings and all of the 9 Board of Corporate Auditors meetings held during the current fiscal year, and made necessary remarks on discussion items and deliberation items, from an objective perspective. In addition, he attended the Corporate Governance Committee as a member, and actively expressed opinions on the nomination of the Director and Corporate Auditor candidates and the compensation, etc. for Directors and Corporate Auditors.

Corporate Auditor	Hideki Amano	He is expected to perform appropriate audit functions based on his insight as a certified public accountant. He fully demonstrated the audit functions, as he attended 12 of the 13 Board of Directors meetings and all of the 9 Board of Corporate Auditors meetings held during the current fiscal year, and made necessary remarks on discussion items and deliberation items, from an objective perspective. In addition, he attended the Corporate Governance Committee as a member, and actively expressed opinions on the nomination of the Director and Corporate Auditor candidates and the compensation, etc. for Directors and Corporate Auditors.
Corporate Auditor	Masatoshi Yano	He is expected to perform appropriate audit functions based on his experience and knowledge cultivated through managing companies. He fully demonstrated the audit functions, as he attended all of the 13 Board of Directors meetings and all of the 9 Board of Corporate Auditors meetings held during the current fiscal year, and made necessary remarks on discussion items and deliberation items, from an objective perspective. In addition, he attended the Corporate Governance Committee as a member, and actively expressed opinions on the nomination of the Director and Corporate Auditor candidates and the compensation, etc. for Directors and Corporate Auditors.

5. Matters related to the Accounting Auditor

(1) Name of the accounting auditor

KPMG AZSA LLC

(2) Amount of compensation, etc. for the accounting auditor for the current fiscal year

- (i) Total amount of compensation, etc. for the services (auditing and attesting financial documents) set forth in Article 2, paragraph 1 of the “Certified Public Accountants Act (Act No. 103 of 1948)” payable by the Company and its subsidiaries to the accounting auditor: 214 million yen
- (ii) Amount of compensation, etc. (out of (i) above) payable by the Company to the accounting auditor: 71 million yen
- (iii) Total amount of monies and other financial benefits payable by the Company and its subsidiaries to the accounting auditor: 214 million yen

Note 1: Under the audit contract with the accounting auditor, the amount of compensation, etc. for audits under the Companies Act and that for audits under the Financial Instruments and Exchange Act are not clearly separated, and those amounts cannot practically be separated; as such, the aggregate of those amounts is shown as the amount of compensation, etc. for the services.

Note 2: Among the Company's major subsidiaries listed in "1. Matters related to current status of the Corporate Group, (6) Status of major parent companies and subsidiaries", Grand Seiko Corporation of America, Seiko Watch of America LLC, SEIKO Hong Kong Ltd., SEIKO Manufacturing (H.K.) Ltd., and SEIKO Manufacturing (Singapore) Pte. Ltd. were audited by certified public accountants (or audit corporations) other than the Company's accounting auditor.

- (3) Reasons for the Board of Corporate Auditors' agreement to the amount of compensation, etc. for the accounting auditor

The Board of Corporate Auditors evaluated audit records during the fiscal year ended March 31, 2021, and confirmed the content of the audit plan, the performance status of the auditing auditor, and rationale of the estimate compensation during the fiscal year ended March 31, 2022; as a result, the Board of Corporate Auditors agreed to the amount of compensation, etc. for the accounting auditor as set forth in Article 399, paragraphs 1 and 2 of the Companies Act.

- (4) Non-audit operations

The Company and its subsidiaries entrusted to the accounting auditor, and paid compensation for, the agreed procedural service that was outside of the services set forth in Article 2, paragraph 1 of the Certified Public Accountants Act.

- (5) Policy for determining dismissal or non-reappointment of the accounting auditor

Pursuant to laws and regulations, if any reasonable event occurs to the accounting auditor, the Board of Corporate Auditors shall dismiss the accounting auditor with unanimous consent of the Corporate Auditors; if it is deemed difficult for the accounting auditor to properly perform audits, the Company shall propose a resolution for dismissal or non-reappointment of the accounting auditor to the General Meeting of Shareholders.

[Translation]

**Consolidated Balance Sheet**  
As of March 31, 2022

Millions of yen

Item	Amount	Item	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
Current assets:	(154,786)	Current liabilities:	(154,413)
Cash and deposits	30,740	Notes and accounts payable - trade	21,027
Notes receivable - trade	2,730	Electronically recorded obligations - operating	7,138
Accounts receivable - trade	35,694	Short-term borrowings	63,709
Contract assets	343	Current portion of bonds payable	150
Merchandise and finished goods	42,847	Current portion of long-term borrowings	23,719
Work in process	16,376	Accounts payable - other	11,359
Raw materials and supplies	13,823	Income taxes payable	1,546
Accounts receivable - other	4,437	Contract liabilities	6,574
Other	9,102	Provision for bonuses	4,174
Allowance for doubtful accounts	-1,310	Provision for goods warranties	409
		Provision for loss on lease contracts	348
		Provision for business restructuring	169
		Other provisions	212
		Other	13,873
Non-current assets:	(172,747)	Non-current liabilities:	(51,494)
Property, plant and equipment	(105,100)	Bonds payable	300
Buildings and structures	77,046	Long-term borrowings	28,752
Machinery, equipment and vehicles	82,590	Lease obligations	4,096
Tools, furniture and fixtures	35,782	Deferred tax liabilities	3,069
Other	9,909	Deferred tax liabilities for land revaluation	3,614
Accumulated depreciation	-156,227	Provision for loss on lease contracts	436
Land	54,056	Provision for stock benefits	232
Construction in progress	1,942	Provision for long-term goods warranties	90
		Provision for retirement benefits for directors (and other officers)	19
Intangible assets	(14,844)	Other provisions	29
Goodwill	6,453	Retirement benefit liability	7,617
Other	8,391	Asset retirement obligations	1,070
		Other	2,166
		<b>Total liabilities</b>	<b>205,908</b>
Investments and other assets	(52,802)	<b>(Net assets)</b>	
Investment securities	43,536	Shareholders' equity:	(96,028)
Retirement benefit asset	773	Share capital	10,000
Deferred tax assets	2,200	Capital surplus	7,245
Other	6,397	Retained earnings	79,075
Allowance for doubtful accounts	-106	Treasury shares	-292
		Accumulated other comprehensive income:	(24,038)
		Valuation difference on available-for-sale securities	10,942
		Deferred gains or losses on hedges	-331
		Revaluation reserve for land	8,190
		Foreign currency translation adjustment	5,116
		Remeasurements of defined benefit plans	120
		Non-controlling interests	(1,557)
		<b>Total net assets</b>	<b>121,624</b>
<b>Total assets</b>	<b>327,533</b>	<b>Total liabilities and net assets</b>	<b>327,533</b>

[Translation]

**Consolidated Statements of Income**

From April 1, 2021  
to March 31, 2022

	Millions of yen
Item	Amount
Net sales	237,382
Cost of sales	138,203
Gross profit	99,178
Selling, general and administrative expenses	90,408
Operating profit	8,770
Non-operating income	(3,557)
Interest income	67
Dividend income	774
Share of profit of entities accounted for using equity method	898
Foreign exchange gains	699
Royalty income	420
Other	696
Non-operating expenses	(2,388)
Interest expenses	896
Other	1,492
Ordinary profit	9,939
Extraordinary income	(133)
Subsidy income	133
Extraordinary losses	(1,196)
Loss on the spread of infectious disease	974
Business restructuring expenses	221
Profit before income taxes	8,876
Income taxes - current	2,138
Income taxes - deferred	125
Profit	6,611
Profit attributable to non-controlling interests	196
Profit attributable to owners of parent	6,415

[Translation]

**Non-Consolidated Balance Sheet**

As of March 31, 2022

Millions of yen

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets:	66,972	Current liabilities:	90,885
Cash and deposits	8,230	Short-term borrowings	56,777
Prepaid expenses	741	Current portion of long-term borrowings	23,719
Short-term loans receivable	51,423	Lease obligations (current)	9
Accounts receivable - other	6,106	Accounts payable - other	2,593
Other	469	Accrued expenses	443
Non-current assets:	120,672	Income taxes payable	59
Property, plant and equipment	32,659	Deposits received	6,600
Buildings	6,712	Unearned revenue	232
Machinery and equipment	280	Provision for bonuses	391
Tools, furniture and fixtures	1,593	Other	57
Land	24,043	Non-current liabilities:	39,639
Leased assets	22	Long-term borrowings	28,752
Construction in progress	6	Lease obligations (non-current)	12
Intangible assets	2,448	Deferred tax liabilities	3,685
Leasehold right	1,952	Deferred tax liabilities for land revaluation	3,614
Trademark right	3	Provision for stock benefits	226
Software	471	Asset retirement obligations (non-current)	123
Other	20	Guarantee deposits	3,142
Investments and other assets	85,564	Other	82
Investment securities	22,541	Total liabilities	130,524
Shares of subsidiaries and associates	61,023	(Net assets)	
Investments in capital	0	Shareholders' equity:	38,860
Long-term loans receivable from subsidiaries and associates	5,760	Share capital	10,000
Claims provable in bankruptcy, claims provable in rehabilitation and other	24	Capital surplus	6,625
Long-term prepaid expenses	29	Legal capital surplus	2,378
Guarantee deposits	1,720	Other capital surplus	4,246
Other	298	Retained earnings	22,500
Allowance for doubtful accounts	-5,833	Legal retained earnings	121
		Other retained earnings	
		Retained earnings brought forward	22,379
		Treasury shares	-265
		Valuation and translation adjustments:	18,260
		Valuation difference on available-for-sale securities	10,134
		Deferred gains or losses on hedges	-64
		Revaluation reserve for land	8,190
		Total net assets	57,120
Total assets	187,644	Total liabilities and net assets	187,644



[Translation]

**Non-Consolidated Statements of Income**

From April 1, 2021  
to March 31, 2022

Item	Millions of yen Amount
Operating revenue	12,043
Dividend from subsidiaries and associates	6,996
Management fee income	2,510
Royalty income	2,536
Operating expenses	12,332
Operating loss	288
Non-operating income	1,770
Interest income	478
Dividend income	745
Other	546
Non-operating expenses	1,956
Interest expenses	702
Rental expenses on real estate	923
Other	329
Ordinary loss	473
Extraordinary income	1,682
Reversal of allowance for investment loss of subsidiaries and affiliates	1,682
Extraordinary losses	53
Loss on the spread of infectious disease	53
Profit before income taxes	1,155
Income taxes - current	-1,958
Income taxes - deferred	-143
Profit	3,257

[Translation]

Certified copy of audit report on the consolidated financial statements by the Accounting Auditor

**Independent Auditor's Report**

May 9, 2022

KPMG AZSA LLC  
Tokyo Office

Akihiro Ohtani  
Designated Limited Partner  
Engagement Partner  
Certified Public Accountant

Toshiyuki Nishida  
Designated Limited Partner  
Engagement Partner  
Certified Public Accountant

Kenji Ueda  
Designated Limited Partner  
Engagement Partner  
Certified Public Accountant

The Board of Directors  
SEIKO HOLDINGS CORPORATION

*Opinion*

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statements of income, the consolidated statements of changes in equity and the notes to consolidated financial statements of SEIKO HOLDINGS CORPORATION (the "Company") for the fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of SEIKO HOLDINGS CORPORATION, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

*Basis for the Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### *Other Statements*

Other statements are the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of other statements. The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of the duties of Directors related to designing and operating the process of reporting other statements.

Other statements are not included in the scope of our audit opinion regarding the consolidated financial statements, and we do not express our opinion on the other statements.

Our responsibility with regard to the audit of the consolidated financial statements is to read through other statements and consider whether there are any material differences between the other statements and the consolidated financial statements or the knowledge we have obtained through our audit.

Furthermore, it is our responsibility to pay attention to whether or not there are signs of material errors in other statements, in addition to such material differences.

When we determine that there are material errors in other statements through our audit work, we are required to report such fact.

We have found no matters to report regarding other statements.

### *Responsibilities of Management, Corporate Auditors, and the Board of Corporate Auditors for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of the duties of Directors related to designing and operating the financial reporting process.

### *Auditor's Responsibility for the Audit of the Consolidated Financial Statements*

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.

- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Corporate Auditors and the Board of Corporate Auditors regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Corporate Auditors and the Board of Corporate Auditors regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

#### *Interest*

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

[Translation]

Certified copy of audit report (on the non-consolidated financial statements) by the Accounting Auditor
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**Independent Auditor's Report**

May 9, 2022

KPMG AZSA LLC  
Tokyo Office

Akihiro Ohtani  
Designated Limited Partner  
Engagement Partner  
Certified Public Accountant

Toshiyuki Nishida  
Designated Limited Partner  
Engagement Partner  
Certified Public Accountant

Kenji Ueda  
Designated Limited Partner  
Engagement Partner  
Certified Public Accountant

The Board of Directors  
SEIKO HOLDINGS CORPORATION

*Opinion*

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statements of income, the non-consolidated statements of changes in equity and the related notes, and the accompanying supplementary schedules of SEIKO HOLDINGS CORPORATION (the "Company") for the 161st fiscal year from April 1, 2021 through March 31, 2022.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

*Basis for the Opinion*

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

### *Other Statements*

Other statements are the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of other statements. The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of the duties of Directors related to designing and operating the process of reporting other statements.

Other statements are not included in the scope of our audit opinion regarding the financial statements and the accompanying supplementary schedules, and we do not express our opinion on the other statements.

Our responsibility with regard to the audit of the financial statements and the accompanying supplementary schedules is to read through other statements and consider whether there are any material differences between the other statements and the financial statements and the accompanying supplementary schedules or the knowledge we have obtained through our audit. Furthermore, it is our responsibility to pay attention to whether or not there are signs of material errors in other statements, in addition to such material differences.

When we determine that there are material errors in other statements through our audit work, we are required to report such fact.

We have found no matters to report regarding other statements.

### *Responsibilities of Management, Corporate Auditors, and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules*

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of the duties of Directors related to designing and operating the financial reporting process.

### *Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules*

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit.

Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.

- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Corporate Auditors and the Board of Corporate Auditors regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Corporate Auditors and the Board of Corporate Auditors regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

#### *Interest*

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

[Translation]

Certified copy of audit report by the Board of Corporate Auditors

### **Audit Report**

The Board of Corporate Auditors has deliberated on, prepared and submitted this Audit Report as below, based on the audit reports made by the Corporate Auditors concerning the execution of duties by Directors for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022).

1. Methods and contents of the audit by Corporate Auditors and Board of Corporate Auditors
  - (1) The Board of Corporate Auditors established the audit policies and division of duties, received reports regarding the implementation of the audit and results thereof from the respective Corporate Auditors, as well as reports regarding the execution of duties from Directors and the Accounting Auditor, and requested explanations as necessary.
  - (2) In accordance with the audit policies and division of duties determined by the Board of Corporate Auditors, each Corporate Auditor made efforts to collect information and establish proper circumstances for the audit by communicating with the Directors, the internal audit department and other employees, and performed an audit using the following methods:
    - (i) Attending Board of Directors meetings and other important meetings to receive reports regarding the execution of duties from Directors and employees, and requested explanations as necessary. Each Corporate Auditor also inspected important decision-making documents and other materials, and examined the status of operations and the condition of the assets of the Company. With regard to subsidiaries, the Corporate Auditors communicated and exchanged information with directors and corporate auditors thereof, and received reports on business from those subsidiaries as necessary.
    - (ii) With regard to the resolutions by the Board of Directors, described in the business report, regarding the establishment of systems to ensure that the Directors' duties are performed in conformity of laws, regulations and the Articles of Incorporation of the Company and those other systems which are provided for in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as systems necessary to ensure proper business operations of a corporate group comprised of a stock company and its subsidiaries, as well as the systems (internal control system) established in accordance with the aforementioned resolutions of the Board of Directors, the Corporate Auditors also periodically received reports from Directors and employees regarding the development and operation thereof, requested explanations as necessary, and expressed opinions.
    - (iii) The Corporate Auditors monitored and examined whether the Accounting Auditor was maintaining an independent position and conducting audits appropriately, obtained reports on the execution of duties from the Accounting Auditor, and requested explanations as necessary. In addition, the Corporate Auditors were informed by the Accounting Auditor that a "system to ensure the duties are performed properly" (the matters stipulated in the respective items of Article 131 of Corporate Accounting Rules) had been implemented in accordance with the "quality management standards concerning audits" (Business Accounting Deliberation Council, October 28, 2005), and requested explanations as necessary.



In accordance with the aforementioned procedures, the Corporate Auditors reviewed the business report and accompanying schedules thereto, and the financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in shareholders' equity, and notes to non-consolidated financial statements) and accompanying schedules thereto, and consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in shareholders' equity, and notes to consolidated financial statements) for the fiscal year ended March 31, 2022.

2. Results of audits

(1) Results of the audit on business reports and related materials

- (i) The business report and accompanying schedules thereto fairly present the condition of the Company in accordance with the laws, regulations and the Articles of Incorporation of the Company.
- (ii) Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws, regulations, or the Articles of Incorporation of the Company.
- (iii) The contents of resolutions by the Board of Directors with regard to the internal control system are reasonable. Additionally, regarding the descriptions of the relevant internal control system in the business report and the execution of duties by Directors under the relevant internal control system, there are no matters to be pointed out.

(2) Results of the audit of the non-consolidated financial statements and accompanying schedules thereto

The methods and results of the audit by KPMG AZSA LLC, Accounting Auditor, are fair and reasonable.

(3) Results of the audit of the consolidated financial statements

The methods and results of the audit by KPMG AZSA LLC, Accounting Auditor, are fair and reasonable.

May 10, 2022

Board of Corporate Auditors  
Seiko Holdings Corporation

Haruhiko Takagi  
Standing Corporate Auditor

Takashi Nishimoto  
Standing Corporate Auditor

Tomoyasu Asano  
Outside Corporate Auditor

Hideki Amano  
Outside Corporate Auditor

Masatoshi Yano  
Outside Corporate Auditor