

Non-Financial Review

Environment

	FY2017	FY2018	FY2019	FY2020	FY2021
CO ₂ emissions*1, *4 (t-CO ₂)					
SCOPE1 + SCOPE2	136,148	116,244	113,607	109,296	102,634
SCOPE1	—	6,662	6,834	6,898	8,279
SCOPE2	—	109,582	106,773	102,398	94,356
Energy consumption*1 (MWh)	—	249,588	247,410	241,320	253,295
Renewable energy consumption*3	0	0	0	0	15,948
Industrial waste emissions*2 (t)	5,223	6,080	5,124	5,232	5,686
Water consumption*2 (1,000 m ³)	989	904	870	814	791

*1 Scope of calculation: Seiko Group Corporation and all of operating companies in Japan and overseas

*2 Scope of calculation: Seiko Group Corporation and 22 operating companies in Japan and overseas

*3 Including purchases by certificate

*4 The following CO₂ emission coefficients are used:

Electricity: In Japan, we use emissions factors as determined by the emissions output for each separate electric power utility, as specified in the Act on Promotion of Global Warming Countermeasures. Overseas, the International Energy Agency (IEA) emission factors for each country are the standard reference.
 Fuel: Both in Japan and overseas, emissions are measured as the calorific value by type of fuel and emission factors for fuel use as specified in the Act on Promotion of Global Warming Countermeasures.
 Chilled/heated water: Emission factors provided by suppliers are used.

Social

	FY2017	FY2018	FY2019	FY2020	FY2021
Number of employees Total (people)	12,033	12,020	11,947	12,092	11,984
Emotional Value Solutions*1	8,167	8,140	7,917	7,267	7,063
Devices Solutions*1	3,018	2,991	2,810	3,405	3,484
Systems Solutions	683	713	746	1,027	1,045
Others*1	28	35	35	37	31
Corporate*1, *2	137	141	439	356	361
Ratio of women in managerial positions*3 (%)	10.9%	12.4%	13.4%	13.7%	13.2%
Average years of employee service*4 (years)	19.7	18.4	17.9	19.8	20.0
Ratio of employees with disabilities*5 (%)	2.2%	2.4%	2.3%	2.7%	2.3%

*1 Reported segments have been changed from FY2022. Accordingly, the number of employees from FY2017 through FY2021 has been reclassified to reflect the new disclosure segments.

*2 From FY2019, a method of considering expenses related to headquarters have changed in order to appropriately evaluate the results of each reported segment. Following this change, the classification of the number of employees has been changed.

*3 The ratio of women in managerial positions for April 1 in the following fiscal year is displayed as the ratio as of the end of that fiscal year.

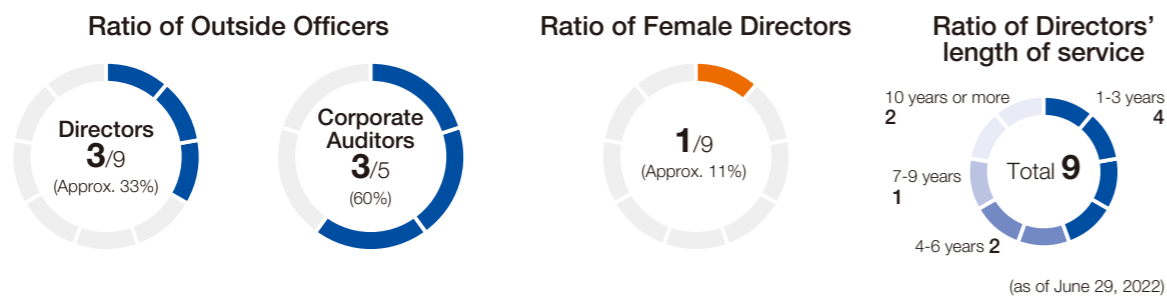
Scope of calculation: Seiko Group Corporation and 17 operating companies in Japan

*4 Scope of calculation: Seiko Group Corporation and 7 operating companies in Japan

*5 The ratio of employees with disabilities for June 1 in the following fiscal year is displayed as the ratio as of the end of that fiscal year.

Scope of calculation: Seiko Group Corporation and 8 companies certified as group companies including special subsidiaries

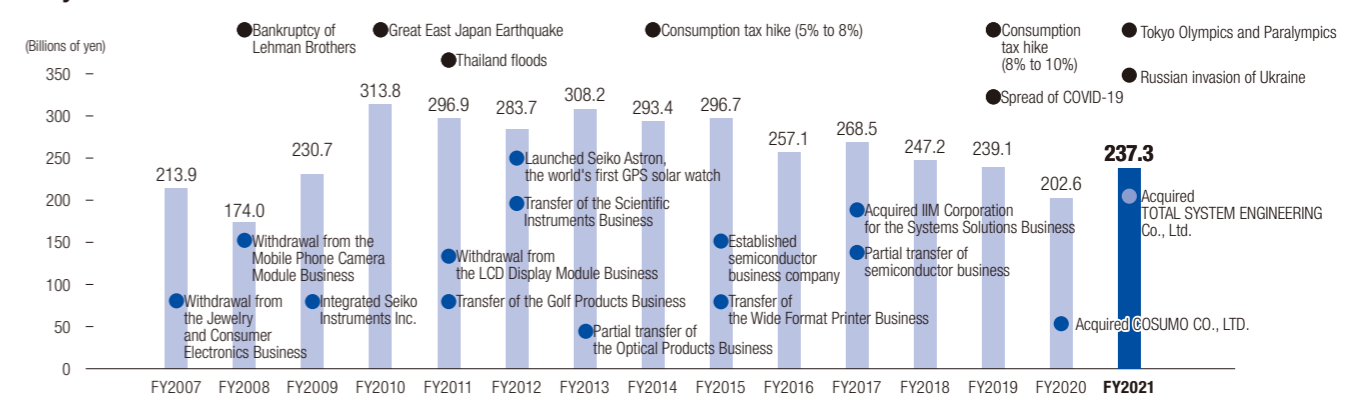
Governance



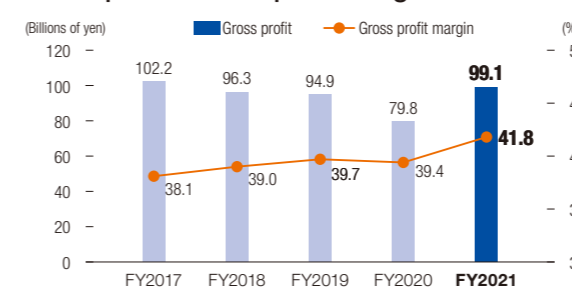
Ratio of Attendance at Board of Directors	FY2017	FY2018	FY2019	FY2020	FY2021
Average attendance rates of all Directors	97.8%	97.9%	97.9%	100.0%	100.0%
Average attendance rates of all Corporate Auditors	100.0%	96.9%	98.5%	100.0%	98.5%
Attendance rates of Outside Officers	100.0%	95.4%	93.8%	100.0%	98.5%
Average attendance rates of all Officers	98.5%	97.6%	98.1%	100.0%	99.5%

Financial Review

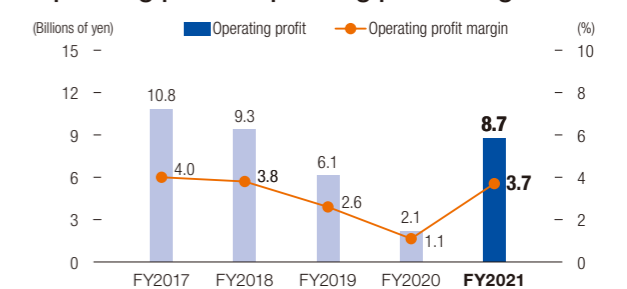
15 year net sales transition



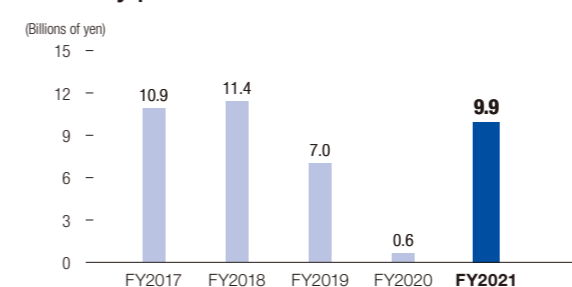
Gross profit / Gross profit margin



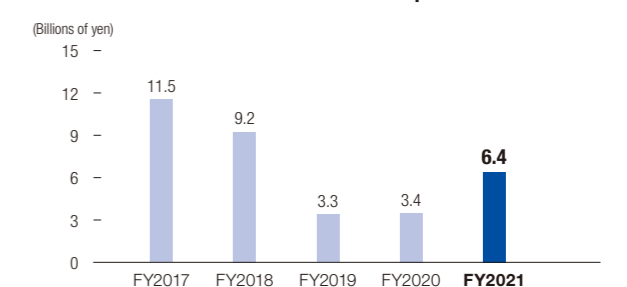
Operating profit / Operating profit margin



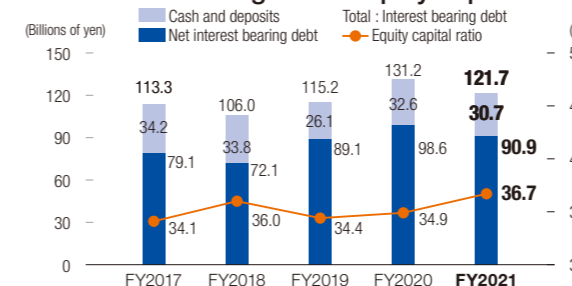
Ordinary profit



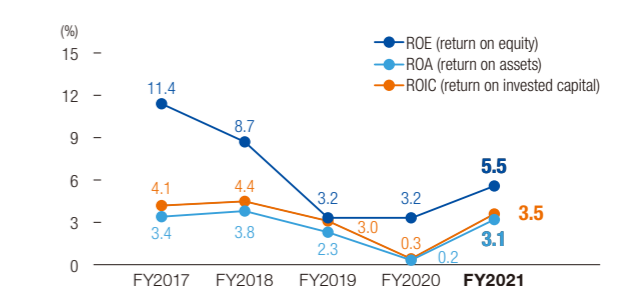
Profit attributable to owners of parent



Net interest bearing debt / Equity capital ratio



ROE / ROA / ROIC



* Net interest bearing debt = interest bearing debt - cash and deposits

* Interest bearing debt = borrowings + lease obligations

The Company has applied IFRS 16 "Leases" at consolidated subsidiaries overseas, excluding those in the U.S., from Q1, FY2019.

* Equity capital ratio = equity capital / total assets x 100

The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) from the beginning of FY2018, and the indexes for FY2017 are presented after reclassification.

* ROE = profit attributable to owners of parent / ((equity capital at beginning of fiscal year + equity capital at end of fiscal year) / 2) x 100

* ROA = ordinary profit / ((total assets at beginning of fiscal year + total assets at end of fiscal year) / 2) x 100

* ROIC = (ordinary income after income taxes + interest expense) / (interest bearing debt + net assets) x 100

Ten-Year Financial Table

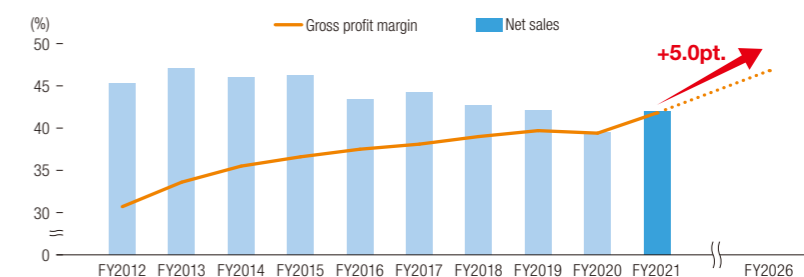
	(Millions of yen)									
	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Consolidated Statement of Income										
Net sales (by segment)*1										
Emotional Value Solutions	143,878	179,470	188,525	195,141	161,796	168,049	169,833	163,444	127,835	150,890
Watches*2	121,022	150,739	159,075	164,453	134,592	140,156	141,788	135,475	105,054	125,744
Others-Adjustments*3	22,856	28,730	29,450	30,687	27,204	27,892	28,044	27,969	22,781	25,146
Devices Solutions*4	106,844	86,299	88,684	87,351	78,662	76,632	50,133	46,962	47,536	61,060
Systems Solutions*5	16,157	22,868	21,142	19,455	20,287	27,411	30,809	32,839	34,114	34,413
Others*6	23,543	26,329	1,264	1,235	961	1,047	1,218	1,222	1,274	1,052
Adjustments	(6,633)	(6,681)	(6,144)	(6,478)	(4,591)	(4,610)	(4,701)	(5,319)	(8,090)	(10,035)
Consolidated total	283,790	308,286	293,472	296,705	257,115	268,529	247,293	239,150	202,671	237,382
Gross profit	87,053	103,540	104,266	108,540	96,292	102,297	96,338	94,928	79,866	99,178
Gross profit to sales ratio (%)	30.7%	33.6%	35.5%	36.6%	37.5%	38.1%	39.0%	39.7%	39.4%	41.8%
Selling, general and administrative expenses	81,530	89,526	92,599	95,233	88,804	91,461	86,943	88,794	77,672	90,408
Operating profit (by segment)*1										
Emotional Value Solutions	7,720	11,002	11,746	12,934	7,185	8,166	11,086	10,138	5,206	8,295
Watches*2	7,874	12,253	12,334	12,722	7,615	7,902	10,391	10,158	5,600	7,638
Others-Adjustments*3	(153)	(1,251)	(587)	211	(429)	264	695	(19)	(393)	656
Devices Solutions*4	(1,203)	2,330	2,741	3,382	4,291	5,917	1,129	668	1,365	5,638
Systems Solutions*5	497	349	327	364	1,283	1,605	2,401	3,010	3,538	3,946
Others*6	372	944	249	160	159	229	229	264	284	216
Adjustments	(1,864)	(611)	(3,398)	(3,532)	(5,432)	(5,082)	(5,452)	(7,947)	(8,200)	(9,326)
Consolidated total	5,523	14,014	11,667	13,307	7,487	10,836	9,394	6,134	2,194	8,770
Operating profit to sales ratio (%)	1.9%	4.5%	4.0%	4.5%	2.9%	4.0%	3.8%	2.6%	1.1%	3.7%
Ordinary profit	3,243	10,165	12,373	11,879	6,671	10,911	11,410	7,004	633	9,939
Ordinary profit to sales ratio (%)	1.1%	3.3%	4.2%	4.0%	2.6%	4.1%	4.6%	2.9%	0.3%	4.2%
Profit attributable to owners of parent	5,527	7,422	21,778	12,142	5,392	11,541	9,249	3,394	3,475	6,415
Profit attributable to owners of parent to sales ratio (%)	1.9%	2.4%	7.4%	4.1%	2.1%	4.3%	3.7%	1.4%	1.7%	2.7%
Advertising and sales promotion expenses	9,476	13,343	16,624	18,366	15,882	16,393	16,905	18,845	14,929	15,985
Salaries and wages	32,693	36,139	36,060	37,200	34,819	34,639	32,454	32,163	28,827	32,970
Provision for bonuses	1,113	2,007	2,202	2,074	1,867	1,986	1,879	1,913	2,023	2,365
Retirement benefit expenses	2,016	1,034	1,928	1,610	770	1,383	1,470	1,371	1,224	1,294
Research and development expenses*7	5,046	3,851	4,112	4,023	3,901	4,669	4,190	4,607	4,095	4,106
Consolidated Balance Sheet										
Cash and deposits	42,830	43,002	41,292	39,131	35,355	34,229	33,844	26,112	32,611	30,740
Inventories	60,638	57,022	62,910	65,196	66,177	57,011	58,305	65,734	68,424	73,048
Interest bearing debt*8	203,454	200,881	137,250	127,560	136,586	113,387	106,022	115,261	131,242	121,728
Net assets	40,801	64,766	92,589	102,692	107,161	105,170	110,415	104,273	113,082	121,624
Total assets	355,308	366,753	333,701	329,115	328,857	305,297	303,036	299,990	319,671	327,533
Consolidated Statement of Cash Flows										
Net cash provided (used in) operating activities	21,450	15,598	16,562	15,096	4,209	27,885	17,508	2,704	2,874	20,358
Net cash provided (used in) investing activities	(2,027)	(10,917)	46,254	(8,334)	(13,200)	(17,430)	(7,093)	(10,688)	(7,838)	(9,318)
Net cash provided (used in) financing activities	(29,274)	(3,517)	(66,816)	(6,645)	5,713	(11,759)	(10,670)	678	10,465	(13,909)
Free cash flow	19,423	4,681	62,816	6,762	(8,991)	10,455	10,414	(7,983)	(4,963)	11,040
Depreciation	12,886	12,242	10,892	10,325	10,959	10,128	8,980	10,315	10,690	10,879
Purchase of property, plant and equipment	(19,790)	(11,006)	(9,350)	(13,054)	(12,138)	(6,954)	(6,341)	(8,852)	(17,735)	(8,797)
Management Indices										
Overseas net sales	138,420	160,206	154,025	150,864	122,285	125,499	107,296	101,635	89,561	112,978
Overseas net sales ratio (%)	48.8%	52.0%	52.5%	50.8%	47.6%	46.7%	43.4%	42.5%	44.2%	47.6%
ROE (return on equity) (%)*9	17.5%	14.6%	28.4%	13.1%	5.6%	11.4%	8.7%	3.2%	3.2%	5.5%
ROA (return on assets) (%)*10	0.9%	2.8%	3.5%	3.6%	2.0%	3.4%	3.8%	2.3%	0.2%	3.1%
ROIC (return on invested capital) (%)*11	2.3%	3.3%	4.5%	4.5%	2.6%	4.1%	4.4%	3.0%	0.3%	3.5%
PER (price earnings ratio) (times)*12	14.3	11.4	5.8	7.6	17.4	9.2	11.7	21.2	22.3	14.7
Equity capital	39,013	62,871	90,410	94,521	98,119	104,010	109,221	103,050	111,695	120,067
Equity capital ratio (%)*13	11.0%	17.1%	27.1%	28.7%	29.8%	34.1%	36.0%	34.4%	34.9%	36.7%
Net interest bearing debt*14	160,623	157,879	95,957	88,428	101,230	79,158	72,178	89,148	98,631	90,988
Net D/E ratio (times)*15	3.9	2.4	1.0	0.8	0.9	0.7	0.6	0.8	0.8	0.7
Basic earnings per share (yen)*16, *17	147.07	179.58	526.95	293.81	130.71	280.01	224.42	82.36	84.30	155.56
Net assets per share (yen)*16, *18	943.82	1,521.18	2,187.60	2,287.18	2,380.50	2,523.54	2,649.99	2,499.97	2,709.17	2,911.17
Dividend per share (yen)*16	12.50	25.00	50.00	62.50	75.00	75.00	75.00	75.00	37.50	50.00
Dividend payout ratio (%)	8.5%	13.9%	9.5%	21.3%	57.4%	26.8%	33.4%	91.1%	44.5%	32.1%
Exchange rate (fiscal year average) (JPY)										
USD	83.1	100.2	109.9	120.1	108.4	110.8	110.9	108.7	106.1	112.4
EUR	107.1	134.3	138.7	132.6	118.8	129.7	128.4	120.8	123.8	130.6

Summary

In conjunction with the end of deflation in Japan, the Watches Business in the Emotional Value Solutions (EVS) Business performed favorably after FY2013, mainly in the Japanese market. From FY2016, net sales in the Watches Business temporarily slumped due to changes in market conditions, including shifts in theretofore booming consumption by foreign tourists in Japan and global stagnation in the market for affordable watches. In addition, net sales in the Devices Solutions (DS) Business also decreased as a result of the pursuit of selection and concentration. Net sales in the Watches Business began to grow from FY2016 through an acceleration of a shift to mid-high priced watches, and consolidated operating profit increased starting in FY2017, excluding the impact of removing the semiconductor business of the DS Business from the scope of consolidation. Since the fourth quarter of FY2019, our business was significantly impacted by the COVID-19 pandemic. However, despite the pandemic, the Watches Business has been successful in promoting digital marketing and expanding sales in overseas markets. In the DS Business, both net sales and profits grew due to factors such as a steady shift in the product portfolio to growth markets, such as Society 5.0. In addition, the Systems Solutions Business has achieved increases in both earnings and profits for six consecutive years thanks to our efforts on a shift to the stock business, even with the COVID-19 pandemic.

The gross profit (GP) margin has continued to improve over the past 10 years thanks to the successful measures in each business. Under SMILE145, we are focusing on medium- and long-term profitability and growth and working to enhance our growth investment capabilities by further improving the GP margin. We have positioned and pro-actively rolled out products with high-added-value and profitability as MVP products that create excitement, while also taking on the challenge of cultivating new growth markets to achieve the KPIs of SMILE145, namely the increase in the consolidated GP margin by 5.0 points (compared to FY2021), working toward realizing what we aim to be in 2026.

Changes in Gross profit margin



*1 Reported segments have been changed from FY2022. Accordingly, the actual results from FY2012 through FY2021 have been reclassified to reflect the new disclosure segments, and they are unaudited and provided for reference.

*2 The previous Watches Business

*3 Including some of the businesses included in the previous Electronic Devices Business, the Time Creation Business and WAKO Business, not previously included in reported segments, and adjustment in the Emotional Value Solutions Business

*4 The businesses previously in the Electronic Devices Business, other than those that have been changed to the Emotional Value Solutions Business

*5 Separate segment from FY2013 (included in the Devices Solutions Business until FY2012)

*6 Including the Optical Products Business until FY2013 (from FY2014, an equity method affiliated company)

*7 Total of research and development expenses included in general and administrative expenses and manufacturing cost

*8 "Interest bearing debt = borrowings + lease obligations
The Company has applied IFRS 16 "Leases" at consolidated subsidiaries overseas, excluding those in the U.S., from Q1, FY2019."

*9 ROE = profit attributable to owners of parent / ((equity capital at beginning of fiscal year + equity capital at end of fiscal year) / 2) x 100

*10 ROA = ordinary profit / ((total assets at beginning of fiscal year + total assets at end of fiscal year) / 2) x 100

*11 ROIC = (ordinary income after income taxes + interest expense) / (interest bearing debt + net assets) x 100

*12 PER = stock price / basic earnings per share

*13 "Equity capital ratio = equity capital / total assets x 100
The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) from the beginning of FY2018, and the indexes for FY2017 are presented after reclassification."

*14 Net interest bearing debt = interest bearing debt - cash and deposits

*15 Net D/E ratio = net interest bearing debt / net assets

*16 The Company conducted a share consolidation of every five shares of its common stock into one share as of October 1, 2017. The value on the left reflect the share consolidation.

*17 Profit attributable to owners of parent pertaining to common stock / average number of shares of common stock outstanding during the period

*18 Net assets at end of fiscal year related to common stock / number of common stock at end of fiscal year

Financial Statement

Consolidated Balance Sheets

	(Millions of yen)				
	FY2017	FY2018	FY2019	FY2020	FY2021
Assets					
Current assets					
Cash and deposits	34,229	33,844	26,112	32,611	30,740
Notes and accounts receivable-trade	38,109	37,456	34,397	37,185	—
Notes receivable-trade	—	—	—	—	2,730
Accounts receivable-trade	—	—	—	—	35,694
Contract assets	—	—	—	—	343
Merchandise and finished goods	38,381	38,119	42,964	42,365	42,847
Work in process	10,701	11,448	12,161	13,878	16,376
Raw materials and supplies	7,928	8,737	10,608	12,180	13,823
Accounts receivable-other	3,537	3,116	5,406	4,932	4,437
Other	6,589	7,419	7,790	8,306	9,102
Allowance for doubtful accounts	(1,206)	(1,153)	(1,317)	(1,421)	(1,310)
Total current assets	138,271	138,989	138,123	150,039	154,786
Non-current assets					
Property, plant and equipment					
Buildings and structures	72,303	71,913	72,189	74,459	77,046
Machinery, equipment and vehicles	80,147	81,388	78,307	79,098	82,590
Tools, furniture and fixtures	30,419	31,772	32,278	34,183	35,782
Other	1,766	1,820	7,183	8,831	9,909
Accumulated depreciation	(145,116)	(148,177)	(146,873)	(150,227)	(156,227)
Land	49,199	48,998	48,522	54,409	54,056
Construction in progress	779	924	2,434	2,422	1,942
Total property, plant and equipment	89,498	88,640	94,044	103,177	105,100
Intangible assets					
Goodwill	9,149	8,289	7,430	7,336	6,453
Other	8,887	8,957	8,572	8,493	8,391
Total intangible assets	18,036	17,247	16,003	15,830	14,844
Investments and other assets					
Investment securities	46,774	45,913	38,759	41,463	43,536
Retirement benefit asset	—	—	—	391	773
Deferred tax assets	4,015	4,243	4,441	2,273	2,200
Other	8,908	8,165	8,734	6,605	6,397
Allowance for doubtful accounts	(208)	(163)	(115)	(109)	(106)
Total Investments and other assets	59,490	58,159	51,820	50,625	52,802
Total non-current assets	167,025	164,047	161,867	169,632	172,747
Total assets	305,297	303,036	299,990	319,671	327,533

	(Millions of yen)				
	FY2017	FY2018	FY2019	FY2020	FY2021
Liabilities					
Current liabilities					
Notes and accounts payable-trade	24,921	26,449	21,869	19,310	21,027
Electronically recorded obligations - operating	7,956	6,438	6,495	6,048	7,138
Short-term borrowings	49,916	49,610	59,140	72,611	63,709
Current portion of bonds payable	—	—	—	350	150
Current portion of long-term borrowings	21,476	19,698	16,843	17,315	23,719
Accounts payable-other	12,598	12,402	11,739	9,266	11,359
Income taxes payable	1,275	1,281	1,282	1,478	1,546
Contract liabilities	—	—	—	—	6,574
Provision for bonuses	3,534	3,644	3,477	3,634	4,174
Provision for goods warranties	445	440	462	367	409
Provision for loss on lease contracts	348	348	348	348	348
Provision for business restructuring	—	—	—	—	136
Other provisions	350	444	555	414	245
Asset retirement obligations	51	—	13	6	—
Other	11,589	12,213	13,929	14,528	13,873
Total current liabilities	134,467	132,972	136,158	145,679	154,413
Non-current liabilities					
Bonds payable	—	—	—	450	300
Long-term borrowings	40,075	35,106	33,637	35,263	28,752
Lease liabilities	—	1,246	4,288	4,499	4,096
Deferred tax liabilities	2,521	2,451	1,929	3,346	3,069
Deferred tax liabilities for land revaluation	3,614	3,614	3,614	3,614	3,614
Provision for loss on lease contracts	1,832	1,483	1,134	785	436
Provision for stock benefits	—	89	133	161	232
Provision for long-term goods warranties	77	82	84	86	90
Provision for retirement benefits for directors (and other officers)	36	36	35	35	19
Provision for gift certificate exchange losses	157	155	148	152	—
Provision for loss on business withdrawal	57	32	10	—	—
Provision for environmental measures	351	349	1	—	—
Other provisions	38	8	7	21	29
Retirement benefit liability	10,810	10,602	10,453	9,402	7,617
Asset retirement obligations	676	888	908	729	1,070
Other	5,410	3,501	3,171	2,361	2,166
Total non-current liabilities	65,660	59,647	59,558	60,909	51,494
Total liabilities	200,127	192,620	195,717	206,589	205,908
Net assets					
Shareholders' equity					
Share capital	10,000	10,000	10,000	10,000	10,000
Capital surplus	7,245	7,245	7,245	7,245	7,245
Retained earnings	67,975	74,124	74,418	75,909	79,075
Treasury shares	(334)	(335)	(328)	(315)	(292)
Total shareholders' equity	84,886	91,034	91,335	92,839	96,028
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities	11,639	10,099	5,486	10,431	10,942
Deferred gains or losses on hedges	(294)	(104)	11	(133)	(331)
Revaluation reserve for land	8,190	8,190	8,190	8,190	8,190
Foreign currency translation adjustment	468	878	(804)	1,055	5,116
Remeasurements of defined benefit plans	(879)	(876)	(1,169)	(687)	120
Total accumulated other comprehensive income	19,123	18,186	11,714	18,856	24,038
Non-controlling interests	1,159	1,194	1,223	1,387	1,557
Total net assets	105,170	110,415	104,273	113,082	121,624
Total liabilities and net assets	305,297	303,036	299,990	319,671	327,533

Consolidated Statements of Income

	(Millions of yen)				
	FY2017	FY2018	FY2019	FY2020	FY2021
Net sales	268,529	247,293	239,150	202,671	237,382
Cost of sales	166,231	150,955	144,221	122,804	138,203
Gross profit	102,297	96,338	94,928	79,866	99,178
Advertising and promotion expenses	16,393	16,905	18,845	14,929	15,985
Provision of allowance for doubtful accounts	57	71	210	90	50
Personel expenses	34,639	32,454	32,163	28,827	32,970
Provision for bonuses	1,986	1,879	1,913	2,023	2,365
Retirement benefit expenses	1,383	1,470	1,371	1,224	1,294
Other selling, general and administrative expenses	37,001	34,161	34,289	30,576	37,741
Total selling, general and administrative expenses	91,461	86,943	88,794	77,672	90,408
Operating profit	10,836	9,394	6,134	2,194	8,770
Non-operating income					
Interest income	152	188	171	55	67
Dividend income	735	774	763	771	774
Share of profit of entities accounted for using equity method	734	1,941	1,313	—	898
Foreign exchange gains	—	—	—	278	699
Royalty income	386	—	367	324	420
House rent and other rental revenues	426	—	340	350	—
Other	820	1,889	628	534	696
Total non-operating income	3,255	4,794	3,585	2,315	3,557
Non-operating expenses					
Interest expenses	1,293	985	982	899	896
Foreign exchange losses	558	79	291	—	—
Share of loss of entities accounted for using equity method	—	—	—	1,826	—
Other	1,327	1,712	1,441	1,149	1,492
Total non-operating expenses	3,180	2,777	2,715	3,876	2,388
Ordinary profit	10,911	11,410	7,004	633	9,939
Extraordinary income					
Subsidy income	—	—	—	618	133
Gain on sale of investment securities	—	—	—	7,603	—
Gain on sale of non-current assets	—	257	346	1,043	—
Gain on liquidation of subsidiaries and associates	—	—	—	140	—
Gain on sale of memberships	—	106	—	—	—
Gain on sale of businesses	9,373	—	—	—	—
Total extraordinary income	9,373	363	346	9,406	133
Extraordinary losses					
Loss on the spread of infectious disease	—	—	305	3,614	974
Business restructuring expenses	1,955	—	264	—	221
Impairment loss	177	—	240	—	—
Loss on retirement of non-current assets	—	—	179	—	—
Retirement benefit expenses	—	—	158	—	—
Provision of reserve for loss on lease contracts	2,181	—	—	—	—
Loss on liquidation of subsidiaries and associates	142	—	—	—	—
Total extraordinary losses	4,456	—	1,148	3,614	1,196
Profit before income taxes	15,828	11,774	6,201	6,424	8,876
Income taxes - current	2,338	2,409	1,745	1,682	2,138
Income taxes - deferred	470	35	974	1,088	125
Total income taxes	2,809	2,445	2,719	2,771	2,264
Profit	13,019	9,329	3,481	3,653	6,611
Profit attributable to non-controlling interests	1,477	79	86	177	196
Profit attributable to owners of parent	11,541	9,249	3,394	3,475	6,415

Consolidated Statements of Cash Flows

	(Millions of yen)				
	FY2017	FY2018	FY2019	FY2020	FY2021
Cash flows from operating activities					
Profit (loss) before income taxes	15,828	11,774	6,201	6,424	8,876
Depreciation	10,128	8,980	10,315	10,690	10,879
Increase (decrease) in allowance for doubtful accounts	162	(76)	134	65	(167)
Increase (decrease) in retirement benefit liability	(757)	(275)	149	(1,152)	(1,796)
Interest and dividend income	(887)	(962)	(935)	(827)	(842)
Interest expenses	1,293	985	982	899	896
Foreign exchange losses (gains)	203	(94)	75	74	(485)
Share of loss (profit) of entities accounted for using equity method	(734)	(1,941)	(1,313)	1,826	(898)
Impairment loss	177	—	240	—	—
Loss (gain) on sale of investment securities	—	—	—	(7,603)	—
Loss (gain) on sale of businesses	(9,373)	—	—	—	—
Loss (gain) on sale of non-current assets	—	(257)	(346)	(1,043)	—
Loss on retirement of non-current assets	276	92	245	192	304
Decrease (increase) in trade receivables	(2,438)	1,132	2,388	(911)	1,496
Decrease (increase) in inventories	1,990	(976)	(7,446)	(1,552)	(2,048)
Increase (decrease) in trade payables	9,310	(518)	(4,358)	(3,889)	176
Other, net	6,862	1,926	(2,643)	1,118	6,060
Subtotal	32,043	19,788	3,689	4,311	22,452
Interest and dividends received	887	963	935	827	842
Dividends received from entities accounted for using equity method	213	327	1,456	127	176
Interest paid	(1,291)	(988)	(990)	(898)	(897)
Extra retirement payments	(2,299)	(170)	(666)	(1)	—
Income taxes paid	(1,667)	(2,412)	(1,720)	(1,492)	(2,215)
Net cash provided by (used in) operating activities	27,885	17,508	2,704	2,874	20,358
Cash flows from investing activities					
Purchase of property, plant and equipment	(6,954)	(6,341)	(8,852)	(17,735)	(8,797)
Proceeds from sale of property, plant and equipment	124	1,061	546	1,864	642
Purchase of investment securities	(966)	(0)	(0)	(200)	(34)
Proceeds from sale of investment securities	6	33	2	10,624	301
Loan advances	(725)	(522)	(477)	(806)	(487)
Proceeds from collection of loans receivable	646	508	1,229	790	693
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,095)	—	(219)	(1,365)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	—	—	—	218
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(3,264)	—	—	—	—
Other, net	(5,201)	(1,831)	(2,916)	(1,008)	(1,854)
Net cash provided by (used in) investing activities	(17,430)	(7,093)	(10,688)	(7,838)	(9,318)
Cash flows from financing activities					
Proceeds from short-term borrowings	943,237	910,847	893,019	1,451,815	1,267,894
Repayments of short-term borrowings	(942,950)	(911,281)	(883,432)	(1,438,848)	(1,277,121)
Proceeds from long-term borrowings	24,200	16,300	16,800	20,800	18,600
Repayments of long-term borrowings	(32,476)	(23,058)	(21,124)	(19,172)	(19,045)
Repayments of lease liabilities	—	(371)	(1,463)	(1,798)	(1,716)
Dividends paid	(3,100)	(3,100)	(3,100)	(2,067)	(2,067)
Other, net	(669)	(5)	(20)	(265)	(453)
Net cash provided by (used in) financing activities	(11,759)	(10,670)	678	10,465	(13,909)
Effect of exchange rate change on cash and cash equivalents	67	229	(427)	727	1,267
Net increase (decrease) in cash and cash equivalents	(1,237)	(26)	(7,732)	6,228	(1,601)
Cash and cash equivalents at beginning of period	35,333	33,911	33,843	26,111	32,340
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(184)	(41)	—	—	—
Cash and cash equivalents at end of period	33,911	33,843	26,111	32,340	30,738

Segment Information

		(Millions of yen)	
		From April 1, 2020 To March 31, 2021	From April 1, 2021 To March 31, 2022
Emotional Value Solutions Business*	Revenues from external customers	125,709	147,849
	Transactions with other segments	2,126	3,041
	Total	127,835	150,890
	Segment profits	5,206	8,295
	Segment assets	127,719	128,009
	Depreciation and amortization expense	5,393	5,305
Devices Solutions Business*	Revenues from external customers	44,059	56,653
	Transactions with other segments	3,477	4,407
	Total	47,536	61,060
	Segment profits	1,365	5,638
	Segment assets	70,481	76,374
	Depreciation and amortization expense	3,030	3,169
Systems Solutions Business	Revenues from external customers	32,486	32,511
	Transactions with other segments	1,628	1,901
	Total	34,114	34,413
	Segment profits	3,538	3,946
	Segment assets	23,912	24,799
	Depreciation and amortization expense	1,057	1,092
Others**	Revenues from external customers	416	367
	Transactions with other segments	857	685
	Total	1,274	1,052
	Segment profits	284	216
	Segment assets	21,721	24,140
	Depreciation and amortization expense	84	85
Adjustments**	Revenues from external customers	—	—
	Transactions with other segments	(8,090)	(10,035)
	Total	(8,090)	(10,035)
	Segment profits	(8,200)	(9,326)
	Segment assets	75,837	74,208
	Depreciation and amortization expense	1,123	1,225
Consolidated Total	Revenues from external customers	202,671	237,382
	Transactions with other segments	—	—
	Total	202,671	237,382
	Segment profits	2,194	8,770
	Segment assets	319,671	327,533
	Depreciation and amortization expense	10,690	10,879

*1. Reported segments have been changed from the fiscal year ending March 31, 2023. Accordingly, the above figures for the fiscal years ended March 31, 2021 and 2022 have been reclassified to reflect the new disclosure segments, and they are unaudited and provided for reference.

**2. Adjustments are as follows:

	From April 1, 2020 To March 31, 2021	From April 1, 2021 To March 31, 2022
Amortization of goodwill	(566) million yen	(566) million yen
Elimination of inter-segment transactions, etc.	309 million yen	32 million yen
Company-wide expenses not appropriated to each reported segment	(7,944) million yen	(8,792) million yen

(2) Adjustments to segment assets include the following. Company-wide assets primarily consist of surplus funds and long-term investment funds (investment securities) at the parent company (holding company).

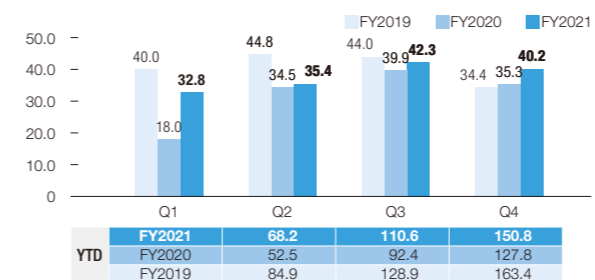
	From April 1, 2020 To March 31, 2021	From April 1, 2021 To March 31, 2022
Elimination of inter-segment liabilities.	(85,347) million yen	(71,786) million yen
Company-wide assets not appropriated to each reported segment	211,958 million yen	212,462 million yen
Elimination of investment and equity, etc.	(50,773) million yen	(66,467) million yen

(3) Adjustment to investment in entities accounted for by the equity method is the amount of investment to entities accounted for by the equity method, which do not belong to any reported segment.

By Quarter (by Segment)

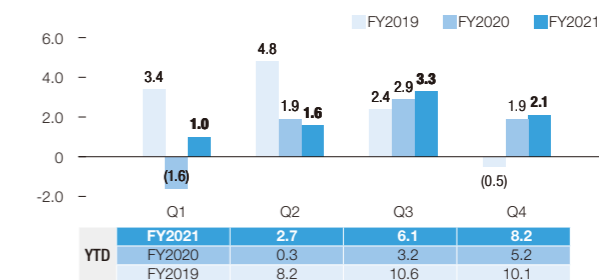
Net Sales (Billions of yen)

Emotional Value Solutions Business

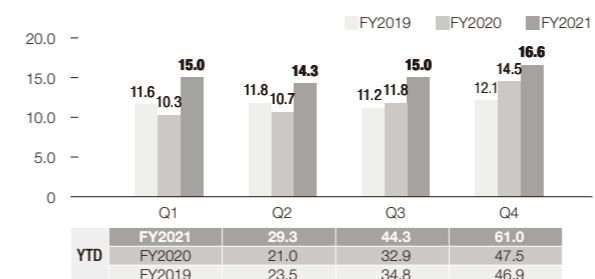


Operating Profit (Billions of yen)

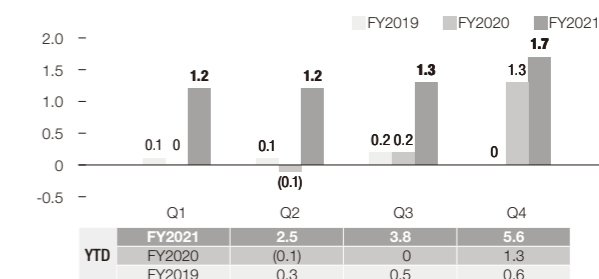
Emotional Value Solutions Business



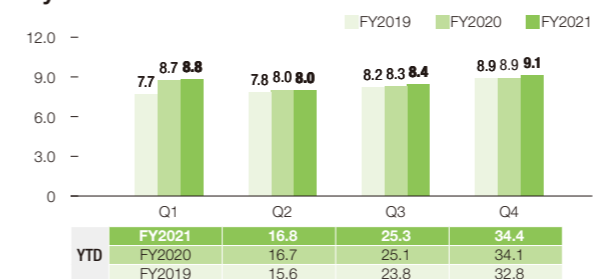
Devices Solutions Business



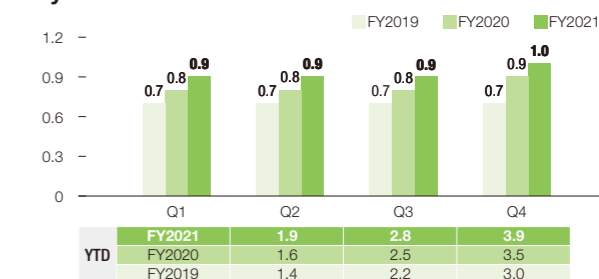
Devices Solutions Business



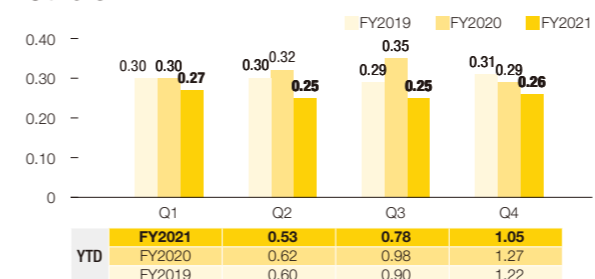
Systems Solutions Business



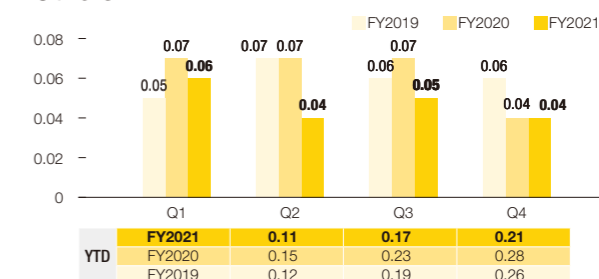
Systems Solutions Business



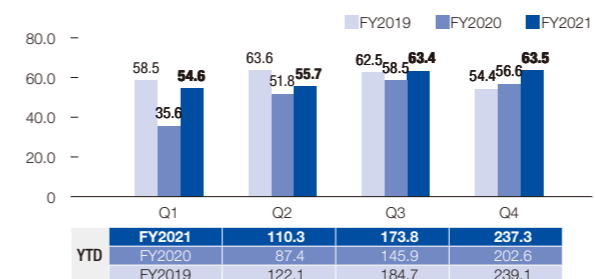
Others



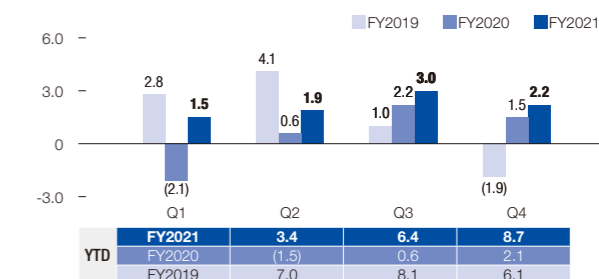
Others



Consolidated Total



Consolidated Total



* Reported segments have been changed from FY2022. Accordingly, the actual results from FY2019 through FY2021 have been reclassified to reflect the new disclosure segments, and they are unaudited and provided for reference.

Company Overview / Information about Shares

Company Overview

Company Name	SEIKO GROUP CORPORATION
Year of Establishment	1881
Capital	10 billion yen
Number of Employees*	361 11,984 (consolidated)

Operating Revenue*	12.0 billion yen
Consolidated Net Sales*	237.3 billion yen
Head Office Address	26-1, Ginza 1-chome, Chuo-ku, Tokyo Tel: +81-3-3563-2111

* as of March 31, 2022

Consolidated Subsidiaries (as of October 1, 2022)

Description of major businesses	Name	Address
	SEIKO WATCH CORPORATION	Chuo-ku, Tokyo
	SEIKO TIME LABS CO., LTD.	Koto-ku, Tokyo
	CRONOS Inc.	Chiyoda-ku, Tokyo
	SEIKO Retail Marketing Corporation	Chuo-ku, Tokyo
	Morioka Seiko Instruments Inc.	Shizukuishi-cho, Iwate
	Ninohe Tokai Kogyo Co., Ltd.	Ninohe-shi, Iwate
	Tono Seiki Co., Ltd.	Tono-shi, Iwate
	Michinoku Service Co., Ltd.	Shizukuishi-cho, Iwate
	Grand Seiko Corporation of America	New York U.S.A.
	Seiko Watch of America LLC	New York U.S.A.
	SEIKO Time Corporation	New York U.S.A.
	SEIKO Panama, S.A.	Panama City Panama
	SEIKO U.K. Limited	Maidenhead U.K.
	Seiko Watch Europe S.A.S.	Neully-sur-Seine France
	Grand Seiko Europe S.A.S.	Paris France
Emotional Value Solutions	SEIKO RUS Limited Liability Company	Moscow Russia
	SEIKO Hong Kong Ltd.	Kowloon Hong Kong
	SEIKO Manufacturing (H.K.) Ltd.	Kowloon Hong Kong
	Time Module Ltd.	Kwai Fong Hong Kong
	SEIKO Watch (Shanghai) Co., Ltd.	Shanghai P.R. China
	Guangzhou SII Watch Co., Ltd.	Guangzhou P.R. China
	SEIKO Taiwan Co., Ltd.	Taipei Taiwan
	SEIKO (Thailand) Co., Ltd.	Bangkok Thailand
	SEIKO Watch India Pvt. Ltd.	Bangalore India
	Instruments Technology (Johor) Sdn. Bhd.	Johor Bahru Malaysia
	Grand Seiko Asia-Pacific Pte. Ltd.	Singapore Singapore
	SEIKO Manufacturing (Singapore) Pte. Ltd.	Singapore Singapore
	SEIKO Australia Pty. Ltd.	Macquarie Park Australia
	SEIKO Time Creation Inc.	Koto-ku, Tokyo
	SEIKO CLOCK (Hong Kong) Ltd.	Kowloon Hong Kong
	SEIKO CLOCK (Shenzhen) Co., Ltd.	Shenzhen P.R. China
	SEIKO Precision (Thailand) Co., Ltd.	Pathumthani Thailand
	WAKO Co., Ltd.	Chuo-ku, Tokyo
Devices Solutions	Seiko Instruments Inc.	Mihama-ku, Chiba
	SII Printek Inc.	Mihama-ku, Chiba
	Seiko EG&G Co., Ltd.	Mihama-ku, Chiba
	Seshika Inc.	Mihama-ku, Chiba
	Seiko Future Creation Inc.	Mihama-ku, Chiba
	SII Crystal Technology Inc.	Mihama-ku, Chiba
	Seiko Instruments U.S.A., Inc.*	Torrance U.S.A.
	Seiko Instruments GmbH	Neu-Isenburg Germany

Description of major businesses	Name	Address
Devices Solutions	Seiko Instruments Trading (H.K.) Ltd.	N.T. Hong Kong
	Dalian Seiko Instruments Inc.	Dalian P.R. China
	Seiko Instruments (Shanghai) Inc.	Shanghai P.R. China
	Seiko Instruments Technology (Shanghai) Inc.	Shanghai P.R. China
	Seiko Instruments Taiwan Inc.	Taipei Taiwan
	Seiko Instruments (Thailand) Ltd.	Pathumthani Thailand
	Asian Electronic Technology Pte. Ltd.	Singapore Singapore
	Seiko Instruments Singapore Pte. Ltd.	Singapore Singapore
	SEIKO NPC CORPORATION	Taito-ku, Tokyo
Systems Solutions	SEIKO Solutions Inc.	Mihama-ku, Chiba
	IIM Corporation	Chuo-ku, Tokyo
	CSM SOLUTION CO., LTD.	Koto-ku, Tokyo
	GCC CO., LTD.	Koto-ku, Tokyo
	TOTAL SYSTEM ENGINEERING Co., Ltd.	Chuo-ku, Osaka
	Instruction Co., Ltd.	Chuo-ku, Tokyo
	BackStore Co., Ltd.	Chuo-ku, Tokyo
	Prestige Co., Ltd.	Minato-ku, Tokyo
Others	Human Capital Co., LTD.	Mihama-ku, Chiba
	KYOBASHI KIGYO (K.K.)	Chuo-ku, Tokyo
	Shirakawa Estate Co., Ltd.	Chuo-ku, Tokyo

And one other company
* Seiko Instruments U.S.A., Inc. is also in the business of "Emotional Value Solutions."

Affiliates accounted for by the equity method (as of October 1, 2022)

Description of major businesses	Name	Address
Emotional Value Solutions	CLOCKWORK HOLDINGS INC.	Chuo-ku, Tokyo
Devices Solutions	Jedat Inc.	Chuo-ku, Tokyo
Others	SII Logistics Inc.	Mihama-ku, Chiba
	SEIKO OPTICAL PRODUCTS CO., LTD.	Chuo-ku, Tokyo
	OHARA INC.	Sagamihara-shi, Kanagawa

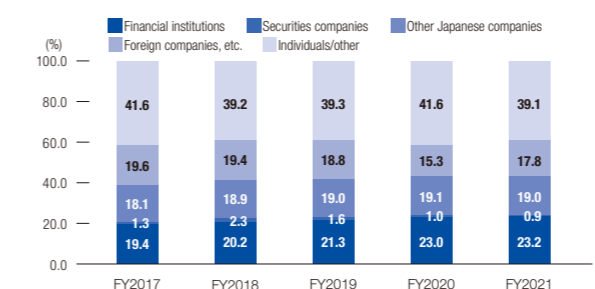
Information about Shares (as of March 31, 2022)

Total number of shares authorized to be issued: 149,200,000
Total number of shares issued and outstanding: 41,404,261
Number of shareholders: 12,934

Status of Major Shareholders (as of March 31, 2022)

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

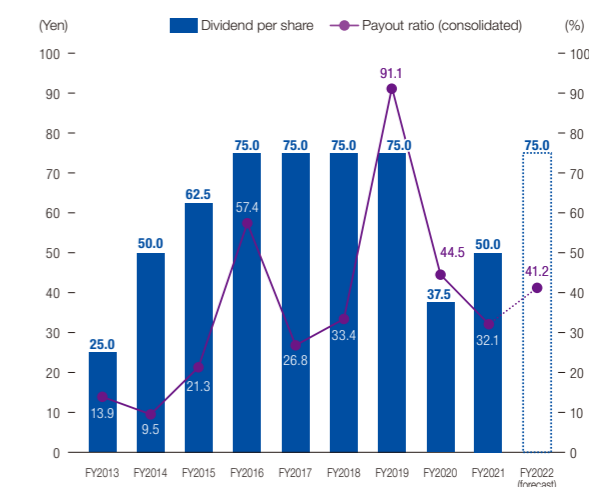
Distribution of Shares (as of March 31, 2022)



Dividend Policy

With regard to profit allocation, the basic policy is to continue to distribute stable dividends with consideration of capital efficiency and stable profit distribution to shareholders, while also enhancing capital adequacy. In addition, the company's major profit return policy to shareholders is to return profits by dividends.

Dividend payout ratio



* Share consolidation performed on October 1, 2017 at a ratio of 5 ordinary shares to 1. The above annual dividend is when consolidation of shares is considered.

Share Price Transition



* Share consolidation performed on October 1, 2017 at a ratio of 5 ordinary shares to 1. The above annual dividend is when consolidation of shares is considered.