

[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, 2025

(Start date for electronic provision measures) May 29, 2025

**To Shareholders with Voting Rights:**

Shuji Takahashi

President

SEIKO GROUP CORPORATION

5-11, Ginza 4-chome, Chuo-ku, Tokyo

**NOTICE OF  
THE 164TH 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 164th Ordinary General Meeting of Shareholders of SEIKO GROUP CORPORATION (the “Company”). The meeting will be held for the purposes described below.

In convening this Meeting, the Company has adopted measures for the electronic provision of information contained in the Reference Documents for the General Meeting of Shareholders (electronic provision measures) and has posted such information on the following websites on the Internet. Please access either website to view the documents.

<b>The Company’s website</b>	<a href="https://www.seiko.co.jp/en/ir/library/meeting.html">https://www.seiko.co.jp/en/ir/library/meeting.html</a>
<b>Tokyo Stock Exchange Website (Listed Company Search)</b>	<a href="https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show">https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show</a> Searched by entering “Seiko Group” or “8050” in the issue name (company name) or stock exchange code field, and selecting “Basic information,” then “Documents for public inspection/PR information.”
<b>Convocation on the Internet</b>	<a href="https://s.srdb.jp/8050/">https://s.srdb.jp/8050/</a> Scheduled to be posted on Tuesday, June 3, 2025.

Please review the attached Reference Documents for the General Meeting of Shareholders (pages 6 through 24), and exercise your voting rights in accordance with the “Notice regarding Exercise of Voting Rights” (pages 4 through 5) by 6 p.m. on Thursday, June 26, 2025, Japan time.

<b>1. Date and Time:</b>	<b>Friday, June 27, 2025, at 10 a.m. Japan time</b> (The reception desk will open at 9 a.m. Japan time.)
<b>2. Place:</b>	<b>Toranomon Hills Forum Hall B</b> <b>Toranomon Hills Mori Tower 4F</b> <b>23-3, Toranomon 1-chome, Minato-ku, Tokyo, Japan</b>
<b>3. Meeting Agenda:</b>	<p><b>Matters to be reported:</b> The Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements and results of audits by the Accounting Auditor and the Audit &amp; Supervisory Board of the Consolidated Financial Statements, for the Company's Fiscal Year Ended on March 31, 2025 (from April 1, 2024 to March 31, 2025)</p> <p><b>Proposals to be resolved:</b> <b>Proposal 1:</b> Distribution of Surplus <b>Proposal 2:</b> Election of Ten (10) Directors</p>
<b>4. Decisions Concerning Convocation</b>	<p>(1) Should you choose to exercise your voting rights via a proxy, you may designate one (1) 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 proof of representation document (power of attorney, etc.) together with your Voting Rights Exercise Form as well as the proxy's Voting Rights Exercise Form to the reception desk.</p> <p>(2) Should you diversely exercise your voting rights, please notify the Company in writing or via an electromagnetic method to this effect, together with the reason thereof, at least three (3) days prior to the date of the General Meeting of Shareholders.</p>

- ◎ Among the matters related to electronic provision measures, the following matters are not included in the paper copy delivered to shareholders who have requested, but are posted on each of the aforementioned websites on the Internet, pursuant to the provisions of laws and regulations and the Articles of Incorporation of the Company.
- (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 Audit & Supervisory Board Members have audited each document subject to auditing, including (i) to (iii) above.
- ◎ Corrections, if any, to the matters related to electronic provision measures, will be posted on each of the aforementioned websites on the Internet, indicating the matters both before and after correction.

## 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): Friday, June 20, 2025 to Tuesday, September 30, 2025

Distribution URL: [https://v.srdb.jp/8050/2025soukai\\_visual/](https://v.srdb.jp/8050/2025soukai_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	Friday, June 27, 2025, from 10 a.m. Japan time to the end of the meeting * The website can be accessed from 9 a.m. Japan time.
Distribution URL	<a href="https://v.srdb.jp/8050/2025soukai/">https://v.srdb.jp/8050/2025soukai/</a>

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

ID	Notified to shareholders on written Notice of the General Meeting of Shareholders
Password	Notified to shareholders on written Notice of the General Meeting of 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)	Contact phone number: Notified to shareholders on written Notice of the General Meeting of Shareholders	Contact time: Friday, June 27, 2025, from 9 a.m. to 12 p.m. Japan time
---	--	---

## 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.

<b>Shareholders attending the meeting in person</b>
Date and time of the meeting: Friday, June 27, 2025, at 10 a.m., Japan time When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.
<b>Shareholders not attending the meeting in person</b>
<b><u>Exercise of voting rights in writing</u></b>  Deadline: Must reach the Company by 6 p.m. on Thursday, June 26, 2025, 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. Any proposals which have not been voted for or against will be construed to have been voted for.
<b><u>Exercise of voting rights via “Smart Exercise”</u></b>  Deadline: By 6 p.m. on Thursday, June 26, 2025, Japan time  Scan the QR code on the bottom right of the enclosed Voting Rights Exercise Form using a smartphone or tablet device and enter your votes for or against the proposals in accordance with the screen instructions.
<b><u>Exercise of voting rights via the Internet</u></b>  Deadline: By 6 p.m. on Thursday, June 26, 2025, Japan time  Please access the voting website ( <a href="https://soukai.mizuho-tb.co.jp/">https://soukai.mizuho-tb.co.jp/</a> ), and exercise your voting rights in accordance with the screen instructions.

## 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 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. Tap “go to the voting website”
3. Enter your votes for or against the proposals in accordance with the screen instructions.  
There are two ways to exercise your voting rights.

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

## **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 basic policy that focuses on enriching internal reserves to strengthen our management foundation and providing consistent dividend payments. The Company aims to return profits with a consolidated payout ratio of 30% or higher.

Based on this policy, with regard to the year-end dividend for the fiscal year under review, the Company hereby proposes 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: 55 yen**

**Total amount of dividends: 2,273,804,115 yen**

Note: As the Company has already paid an interim dividend of 45 yen per share, the annual dividend for the 164th fiscal year will be 100 yen per share.

(3) Effective date of distribution of surplus

**June 30, 2025**

[For reference]

<Cash dividends per share (full year)>

	FY2020	FY2021	FY2022	FY2023	FY2024
Cash dividends per share (full year)	37.5 yen	50 yen	75 yen	80 yen	<b>100 yen</b>
Consolidated payout ratio	44.5%	32.1%	61.5%	32.7%	<b>30.7%</b>

## Proposal 2: Election of Ten (10) Directors

The Company proposes the election of ten (10) Directors, as the terms of office of all ten (10) Directors will expire at the closing of this General Meeting of Shareholders.  
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, and Group CCO	13 out of 13 meetings (100%)
2	Reappointed	<b>Shuji Takahashi</b>	Male	President	12 out of 13 meetings (92%)
3	Reappointed	<b>Akio Naito</b>	Male	Director, Senior Executive Vice President in charge of Emotional Value Solutions Domain, Legal and Intellectual Property	13 out of 13 meetings (100%)
4	Reappointed	<b>Jun Sekine</b>	Male	Director, Senior Executive Vice President in charge of Systems Solutions Domain and IT • DX Planning	13 out of 13 meetings (100%)
5	Reappointed	<b>Taku Yoneyama</b>	Male	Director, Executive Vice President in charge of Devices Solutions Domain, Corporate Strategy Planning, Accounting, and Financial Planning, and General Manager of Corporate Management Division	13 out of 13 meetings (100%)
6	Reappointed	<b>Yoichi Endo</b>	Male	Director, Executive Vice President in charge of Devices Solutions Domain	10 out of 10 meetings (100%)
7	Reappointed	<b>Noboru Saito</b>	Male	Outside Director	12 out of 13 meetings (92%)
8	Reappointed	<b>Hideki Kabori</b>	Male	Outside Director	13 out of 13 meetings (100%)
9	Reappointed	<b>Masahiko Uotani</b>	Male	Outside Director	9 out of 10 meetings (90%)
10	Reappointed	<b>Shihoko Urushi</b>	Female	Outside Director	10 out of 10 meetings (100%)

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: 18 years
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2025: 13 out of 13 meetings (100%)
- (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 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
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	Chairman, Group CEO, and 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, and Group CCO 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: 13,200
- (2) Length of service as a Director: 12 years
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2025: 12 out of 13 meetings (92%)



(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:

—

(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) (Reappointed)



- (1) Number of shares of the Company held: 10,700
- (2) Length of service as a Director: 3 years
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2025: 13 out of 13 meetings (100%)
- (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
December 2019	Director, Deputy Chief Operating Officer of SEIKO WATCH CORPORATION
April 2021	President of SEIKO WATCH CORPORATION (to present)
June 2022	Director, Senior Executive Vice President of the Company (to present)

<Responsibilities>

Emotional Value Solutions Domain, Legal and Intellectual Property

- (5) Significant concurrent positions:

President of SEIKO WATCH CORPORATION

- (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 and being in charge of the Emotional Value Solutions Domain, legal and intellectual property as Director and Senior Executive Vice 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. Akio Naito.

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



- (1) Number of shares of the Company held: 2,400
- (2) Length of service as a Director: 4 years
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2025: 13 out of 13 meetings (100%)
- (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 of the Company
June 2022	Director, Senior Executive Vice President of the Company (to present)

<Responsibilities>

Systems Solutions Domain, IT • DX Planning

- (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 the Systems Solutions Domain and IT • DX Planning as Director and Senior Executive Vice 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. Jun Sekine.

5. Taku Yoneyama (Date of Birth: November 15, 1962) (Reappointed)



- (1) Number of shares of the Company held: 8,600
- (2) Length of service as a Director: 2 years
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2025: 13 out of 13 meetings (100%)
- (4) Career, positions, and responsibilities

April 1986	Joined the Company
May 2011	General Manager, Corporate Strategy Planning Department of the Company
February 2015	Senior Vice President of SEIKO WATCH CORPORATION
June 2015	Director, Senior Vice President of SEIKO WATCH CORPORATION
April 2017	Director, Executive Vice President of SEIKO WATCH CORPORATION
April 2020	Director, Senior Executive Vice President of SEIKO WATCH CORPORATION
April 2023	Executive Vice President of the Company
April 2023	General Manager of Corporate Management Division of the Company (to present)
June 2023	Director, Executive Vice President of the Company (to present)
January 2024	Audit & Supervisory Board Member (Outside) of OHARA INC. (to present)
November 2024	Director, Chief Executive Vice President of Seiko Instruments Inc. (to present)

<Responsibilities>

Devices Solutions Domain, Corporate Strategy Planning, Accounting, and Financial Planning  
General Manager of Corporate Management Division

- (5) Significant concurrent positions:

Director, Chief Executive Vice President of Seiko Instruments Inc.  
Audit & Supervisory Board Member (Outside) of OHARA INC.

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

The Company nominates Mr. Taku Yoneyama 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 corporate strategy planning and corporate management for the Watches Business as a member of the Company Group since joining the Company; (ii) currently being engaged in management direction as Director and Chief Executive Vice President of Seiko Instruments Inc. and being in charge of Devices Solutions Domain and business management in general, including corporate strategy planning, accounting, and human resources as Director and Executive Vice 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. Taku Yoneyama.

6. Yoichi Endo (Date of Birth: December 2, 1961) (Reappointed)



- (1) Number of shares of the Company held: 5,700
- (2) Length of service as a Director: 1 year
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2025: 10 out of 10 meetings (100%)
- (4) Career, positions, and responsibilities

April 1984	Joined Sanwa Kouki K.K.
January 1986	Joined Seiko Instruments & Electronics Ltd. (currently Seiko Instruments Inc.)
October 2004	General Manager of Network Components Business Unit Semiconductor Design 1st Department of Seiko Instruments Inc.
March 2007	Senior General Manager of Network Components Business Unit Semiconductor Design Department of Seiko Instruments Inc.
February 2020	Director of SEIKO NPC CORPORATION
April 2020	Director and Executive Vice President of SEIKO NPC CORPORATION
June 2020	President of SEIKO NPC CORPORATION
April 2024	Executive Vice President of the Company
April 2024	President of Seiko Instruments Inc. (to present)
June 2024	Director, Executive Vice President of the Company (to present)

<Responsibilities>

Devices Solutions Domain

- (5) Significant concurrent positions:

President of Seiko Instruments Inc.

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

The Company nominates Mr. Yoichi Endo 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 a wide-ranging knowledge and experience from having been engaged mainly in designing, technical development, and sales of the Devices Solutions Business as a member of the Company Group since joining the Company; and (ii) 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. Yoichi Endo.

7. Noboru Saito (Date of Birth: August 8, 1961)  
(Reappointed) (Outside Director) (Independent Director)



- (1) Number of shares of the Company held: 0
- (2) Length of service as a Director: 3 years
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2025: 12 out of 13 meetings (92%)
- (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.)
June 2022	Outside Director of the Company (to present)
April 2024	Representative Director, President of BIPROGY Inc. (to present)

- (5) Significant concurrent positions:

Representative Director, President 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. Noboru Saito is currently serving as Representative Director, President 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 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. Hideki Kobori (Date of Birth: February 2, 1955)  
(Reappointed) (Outside Director) (Independent Director)



- (1) Number of shares of the Company held: 0
- (2) Length of service as a Director: 2 years
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2025: 13 out of 13 meetings (100%)
- (4) Career, positions, and responsibilities
  - April 1978      Joined Asahi Chemical Industry Co., Ltd. (currently Asahi Kasei Corp.)
  - July 2004      General Manager, Corporate Strategy and Planning Department of Asahi Kasei EMD Corp.
  - April 2007      General Manager, Electronics Devices Marketing & Sales Center of Asahi Kasei EMD Corp.
  - April 2008      Director and Senior Executive Officer of Asahi Kasei EMD Corp.
  - April 2009      Director and Primary Executive Officer of Asahi Kasei Microdevices Corp.
  - April 2010      President & Representative Director, Presidential Executive Officer of Asahi Kasei Microdevices Corp.
  - June 2012      Director and Senior Executive Officer of Asahi Kasei Corp.
  - April 2014      Representative Director, Primary Executive Officer of Asahi Kasei Corp.
  - April 2016      President & Representative Director, Presidential Executive Officer of Asahi Kasei Corp.
  - April 2022      Chairman & Representative Director of Asahi Kasei Corp.
  - June 2022      Vice Chair of KEIDANREN (Japan Business Federation) (to present)
  - April 2023      Chairman & Director of Asahi Kasei Corp. (to present)
  - June 2023      Outside Director of Nomura Research Institute, Ltd. (to present)
  - June 2023      Outside Director of the Company (to present)

(5) Significant concurrent positions:

Chairman & Director of Asahi Kasei Corp.  
Outside Director of Nomura Research Institute, Ltd.  
Vice Chair of KEIDANREN (Japan Business Federation)

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

The Company nominates Mr. Hideki Kobori 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. Hideki Kobori.

Mr. Hideki Kobori 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.

9. Masahiko Uotani (Date of Birth: June 2, 1954)  
(Reappointed) (Outside Director) (Independent Director)



- (1) Number of shares of the Company held: 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, 2025: 9 out of 10 meetings (90%)
- (4) Career, positions, and responsibilities

April 1977	Joined Lion Dentifrice Co., Ltd. (currently Lion Corporation)
January 1988	Manager of Citibank, N.A.
April 1991	Representative Director, Vice President of Kraft Japan Limited (currently Mondelēz Japan Limited)
May 1994	Director, Executive Vice President and Chief Officer of Marketing of Coca-Cola (Japan) Company, Limited
October 2001	Representative Director, President (Global Officer) of Coca-Cola (Japan) Company, Limited
August 2006	Representative Director, Chair of Coca-Cola (Japan) Company, Limited
June 2007	Representative Director, Chief Executive Partner of BrandVision Inc
April 2013	Outside Chief Marketing Advisor of Shiseido Company, Limited
April 2014	President and CEO of Shiseido Company, Limited
June 2014	Representative Director, President and CEO of Shiseido Company, Limited
January 2020	Representative Director, President and CEO, Japan Region CEO of Shiseido Company, Limited
January 2021	Representative Director, Executive Officer, President and CEO, Japan Region CEO of Shiseido Company, Limited
January 2023	Representative Director, Executive Officer, Chairman and CEO of Shiseido Company, Limited
March 2024	Director, Representative Corporate Executive Officer, Executive Officer, Chairman and CEO of Shiseido Company, Limited
June 2024	Outside Director of the Company (to present)
January 2025	Director of Shiseido Company, Limited
February 2025	Director of Accenture plc (to present)

(5) Significant concurrent positions:

Director of Accenture plc

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

The Company nominates Mr. Masahiko Uotani as a candidate for Outside Director, expecting him to contribute to strengthen supervisory function 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. Masahiko Uotani.

Mr. Masahiko Uotani 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.

10. Shihoko Urushi (Date of Birth: April 4, 1961)  
(Name on the Family Register: Shihoko Abe)  
(Reappointed) (Outside Director) (Independent Director)



- (1) Number of shares of the Company held: 0
- (2) Length of service as a Director: 1 year
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2025: 10 out of 10 meetings (100%)
- (4) Career, positions, and responsibilities

April 1986	Worked at a private integrated school for girls in Tokyo
April 1989	Worked at SHINAGAWA JOSHI GAKUIN
April 2006	Principal of SHINAGAWA JOSHI GAKUIN
April 2017	Director of SHINAGAWA JOSHI GAKUIN (to present)
April 2017	Principal of SHINAGAWA JOSHI GAKUIN Junior High School
April 2018	Outside Director of Culture Convenience Club Co., Ltd. (to present)
June 2021	Outside Audit & Supervisory Board Member of Tokio Marine & Nichido Fire Insurance Co., Ltd. (to present)
June 2021	Member of the Administrative Reform Promotion Council (to present)
June 2024	Outside Director of the Company (to present)
- (5) Significant concurrent positions:

Director of SHINAGAWA JOSHI GAKUIN  
Outside Director of Culture Convenience Club Co., Ltd.  
Outside Audit & Supervisory Board Member of Tokio Marine & Nichido Fire Insurance Co., Ltd.
- (6) Reasons for nomination as candidate for Outside Director and the overview of expected roles:

The Company nominates Ms. Shihoko Urushi as a candidate for Outside Director, expecting her to contribute to strengthening supervisory functions over the execution of business and provide advice from a wide-ranging management perspective based on her extensive experience and high insight cultivated in her career as a management member of an educational corporation 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 Ms. Shihoko Urushi.  
Ms. Shihoko Urushi 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 her appointment is approved at this Ordinary General Meeting of Shareholders, she will continue to serve as an independent director.

Note 1: Tokio Marine & Nichido Fire Insurance Co., Ltd., where Ms. Shihoko Urushi concurrently serves as an Outside Audit & Supervisory Board Member, received a business improvement order pursuant to the Insurance Business Act from the Financial Services Agency on December 26, 2023. The order was issued with respect to actions such as the adjustment of insurance premiums with other companies, which is considered to be a violation of the Antimonopoly Act. On October 31, 2024, the company received a cease and desist order and surcharge payment order from the Japan Fair Trade Commission pursuant to the Antimonopoly Act. Additionally, on March 24, 2025, the company received a business improvement order pursuant to the Insurance Business Act from the Financial Services Agency in regard to personal information and corporate information leakage incidents, etc. incurred by its insurance agencies, which were potential violations of the Act on the Protection of Personal Information and the Unfair Competition Prevention Act. Ms. Shihoko Urushi was not aware of these facts in advance. However, she has offered recommendations from the perspective of enhancing internal controls and ensuring compliance with laws and regulations at the Board of Directors meetings, etc. on a regular basis. After becoming aware of these facts, she has fulfilled her responsibilities by conducting a thorough examination and analysis of real causes and directing the formulation of preventive measures to avoid recurrence.

Note 2: The Company entered into agreements with Mr. Noboru Saito, Mr. Hideki Kobori, Mr. Masahiko Uotani, and Ms. Shihoko Urushi 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.

Note 3: 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, “4. Matter related to officers, (3) Overview of directors and officers liability insurance.” 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.

[For reference]

<Reduction status of cross-shareholdings>

From the perspective of improving the corporate value of the Group in the mid- to long-term, the Company has a policy to reduce shares that are deemed not to have a significance of holding them, taking comprehensively into consideration the Company's management strategy, business relationships with partners, and the benefits and risks, etc., associated with the holding of such shares in view of capital cost.

As of the end of March 2024, the ratio of the total amount of cross-shareholdings to consolidated net assets was 21.2% (cross-shareholdings: 32,095 million yen/consolidated net assets: 151,334 million yen). However, in order to improve asset efficiency, the Company sold some of its cross-shareholdings, and as of the end of March 2025, this ratio has fallen below 20%, specifically to 17.0% (cross-shareholdings: 26,791 million yen/consolidated net assets: 158,014 million yen). The above gain on sale was posted as gain on sale of investment securities of 1,858 million yen in extraordinary income in the fiscal year ended March 31, 2025.

In addition, the Company does not hold any shares that are qualified as deemed shareholdings.

[Status of cross-shareholdings]

	End of March 2024	End of March 2025
Total amount of cross-shareholdings posted on the balance sheet (million yen)	32,095	26,791
Consolidated net assets (million yen)	151,334	158,014
Ratio of cross-shareholdings to consolidated net assets	21.2%	17.0%

[For reference]

<Decision process of the nomination of the Director and Audit & Supervisory Board Member 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 outside officers, as an advisory body for the Board of Directors.

The nomination of the Director candidates listed in Proposal 2 was determined by the Board of Directors after being deliberated on by that committee.

<Skills of Directors and Audit & Supervisory Board Members after this Ordinary General Meeting of Shareholders>

Name	Positions	Skills and experience							
		Corporate management	Brand culture	Marketing	Technology	Finance & Accounting	Legal & Risk management	Human resource Organizational development DE&I promotion	Global
Shinji Hattori	Chairman, Group CEO, and Group CCO	○	○	○					○
Shuji Takahashi	President	○		○	○				○
Akio Naito	Director, Senior Executive Vice President	○		○			○		○
Jun Sekine	Director, Senior Executive Vice President	○		○	○				
Taku Yoneyama	Director, Executive Vice President			○	○	○		○	
Yoichi Endo	Director, Executive Vice President	○		○	○				
Noboru Saito	Outside Director	○		○	○				○
Hideki Kobori	Outside Director	○	○	○			○		
Masahiko Uotani	Outside Director	○	○					○	○
Shihoko Urushi	Outside Director	○		○				○	
Takashi Nishimoto	Audit & Supervisory Board Member					○	○		
Minoru Nakao	Audit & Supervisory Board Member					○			○
Hideki Amano	Outside Audit & Supervisory Board Member					○	○		○
Masatoshi Yano	Outside Audit & Supervisory Board Member	○					○	○	
Kenji Sakurai	Outside Audit & Supervisory Board Member	○		○					○



[Translation][Attached Documents]

**Business Report for the Fiscal Year Ended March 2025 (From April 1, 2024 To March 31, 2025)**

1. Matters related to current status of the Corporate Group

(1) Business developments and results

In the fiscal year ended March 31, 2025, the Japanese economy has shown a moderate recovery trend in personal consumption despite inflationary pressures, and demand from inbound tourists has also remained strong.

In the overseas economy, the United States has maintained steady growth driven primarily by consumption, despite a slight slowdown in the labor market. Europe saw a lull in retail sales, but the economy showed signs of gradual recovery due to factors such as easing of inflation. China showed signs of recovery thanks to exports and policy-supported consumption, but prolonged adjustments in the housing market remained a cause for concern.

Currently, there are concerns about the impact of the Trump administration's tariff policies on the world economy.

Amid these circumstances, the Company launched the five-year Eighth Mid-Term Management Plan, "Seiko Milestone 145 = SMILE145," which began in the fiscal year ended March 31, 2023, and the first three years have passed at the end of the current fiscal year. The business results for the fiscal year ended March 31, 2025, the third fiscal year of the plan, are as indicated below.

In the "Emotional Value Solutions Business (EVS Business)," the Watches Business and WAKO Business for the Japanese market recorded significant sales growth driven by robust personal consumption and the inbound tourists demand. The Watches business for overseas also grew, particularly with the Seiko brands among the Global Brands, and net sales were significantly higher year on year. In the "Devices Solutions Business (DS Business)," there were signs of recovery for some products since around the fourth quarter of the previous fiscal year, and net sales were higher year on year. In the "Systems Solutions Business (SS Business)," net sales were higher year on year, thanks to ongoing successful efforts to diversify business and expand the stock business. As a result, for the fiscal year ended March 31, 2025, the Company Group reported consolidated net sales of 304.7 billion yen, a year-on-year increase of 10.1%.

On an overall consolidated basis, domestic net sales came to 166.2 billion yen (a year-on-year increase of 12.7%), and overseas net sales were 138.5 billion yen (a year-on-year increase of 7.1%). Overseas net sales comprised 45.4% of net sales overall.

Advertising and promotion expenses for the fiscal year ended March 31, 2025 increased more than 10% from the previous fiscal year, resulting in a year-on-year increase of 7.8 billion yen in selling, general and administrative expenses. Operating profit improved by 6.5 billion yen year on year to 21.2 billion yen (a year-on-year increase of 44.1%), driven by the Emotional Value Solutions Business. Non-operating income and expenses deteriorated due to foreign exchange losses resulting from significant fluctuations in the yen exchange rate, leading to ordinary profit of 20.7 billion yen (a year-on-year increase of 30.7%), which is 4.8 billion yen higher yen year on year. A

gain on sale of investment securities and a gain on sale of non-current assets of 3.2 billion yen were posted as extraordinary income, while impairment loss and business restructuring expenses were posted as extraordinary losses totaling 3.7 billion yen. Profit attributable to owners of parent increased by 3.2 billion yen year on year to 13.3 billion yen (a year-on-year increase of 32.5%), mainly due to an increase in income taxes in conjunction with the improvement of revenue.

The average exchange rates for the current fiscal year were 152.6 yen to 1 US dollar and 163.8 yen to 1 euro.

Results for each segment are as follows.

a. Emotional Value Solutions Business (EVS Business)

Net sales in the EVS Business came to 204.2 billion yen, a year-on-year increase of 8.4%. Operating profit was 22.3 billion yen, a year-on-year increase of 29.5%.

In the domestic watch market, all Global Brands, including Grand Seiko, performed strongly, leading to a significant increase in sales year on year. Overseas, Seiko Presage led the growth, resulting in increased net sales year on year. Additionally, the external sales of watch movements grew steadily, resulting in increased net sales year on year.

Net sales in the WAKO Business increased significantly year on year, supported by continued strong inbound tourists demand. While the Clocks Business saw a slight decline year on year, mainly for domestic sales, sales in the Facility Businesses remained strong.

b. Devices Solutions Business (DS Business)

Net sales in the DS Business came to 62.1 billion yen, a year-on-year increase of 6.5%. Operating profit was 2.9 billion yen, a year-on-year increase of 38.9%.

Net sales of micro batteries significantly increased, driven by the continued strong performance of silver oxide batteries for medical equipment. Additionally, net sales of quartz crystals, which have been recovering from an adjustment phase since around the fourth quarter of the previous fiscal year, and high-performance metals for semiconductor production equipment, which had been sluggish until the previous fiscal year, increased, leading to higher net sales and operating profit year on year.

c. Systems Solutions Business (SS Business)

Net sales in the SS Business came to 47.8 billion yen, a year-on-year increase of 18.3%. Operating profit was 5.0 billion yen, a year-on-year increase of 7.2%.

The IT infrastructure-related and the security-related businesses have expanded as a result of the synergy effects from the M&A conducted in the fourth quarter of the previous fiscal year, and the IoT-related business saw steady growth due to the expansion of the telematics business. This trend resulted in continued year-on-year growth in both net sales and operating profit for 36 consecutive quarters.

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

In 2021, when the Company celebrated the 140th Anniversary of its foundation, 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

The Eighth Mid-Term Management Plan, 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 (sustainability, human resource, branding, DX, and R&D). 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 across the Group as Group core strategies, and will promote its growth strategy.

(i) Sustainability strategy

Starting with its Statement of Purpose, the Seiko 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 adopt the goal of working together as a group to become a solutions company through proactive efforts to develop human resources, improve diversity, and build organizational culture, thereby enhancing job satisfaction among employees and driving innovation.

(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

(i) Emotional Value Solutions (EVS) Domain

- Create products and services with high functional, emotional, and social value that are filled 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

- The Company Group will offer products and services with the high functionality and quality demanded by society using devices solutions that are created through technical innovation produced by the evolution of “Craftsmanship, Miniaturization and Efficiency”

(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 Company 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, R&D, manufacturing facilities, M&As, DX, human resources, etc., in order to achieve the Company 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 to achieve consolidated operating profit of 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%. We will strive to improve profitability and growth potential, achieve an ROE of 8% or above, and improve our capital efficiency. Consolidated operating profit for the fiscal year under review was 21.2 billion yen and ROE was 8.7%, surpassing our targets, so we have revised our targets for FY2026 upward to consolidated operating profit of 25.0 billion yen and ROE of 9% or above.

Regarding non-financial (ESG) indicators, the Company surpassed its targets by FY2024, so we are revising our Scope 1 and 2 CO<sub>2</sub> emissions target for FY2026 to 56,000 t-CO<sub>2</sub> or below (42% lower compared to FY2022).

8. The environment surrounding our business and initiatives for solving issues

(i) Group core strategies

In our sustainability strategy, the Company Group has implemented decarbonization and climate change response initiatives, including obtaining the Science Based Targets (SBT) certification, which certified that Group-wide greenhouse gas emissions reduction targets for FY2030 are in line with the 1.5°C levels defined in the Paris Agreement. We have achieved our goal of using renewable energy for 100% of the electricity used at all of our business sites in Japan in FY2024, and we will continue to promote initiatives for reducing greenhouse gas emissions as we work to switch to using renewable energy for 100% of the electricity used at all of our business sites, including overseas business sites, by the end of FY2040. In addition, we are enhancing our engagement with suppliers as part of our initiatives for engaging in responsible procurement, and striving to reduce risks throughout the Group's supply chain. Together with this, we will also actively carry out initiatives aimed at reducing human rights risks and initiatives related to water resources.

In our human resources strategy, we have established our priority themes: developing human resources who can increase our corporate value and produce sustainable growth in an increasingly complex operating environment; promoting diversity, equity, and inclusion centered around the promotion of the empowerment of women and providing support for balancing work and childcare; and building our organizational climate and culture needed for driving new innovation. Through these themes, we will promote initiatives for enhancing job satisfaction. In addition, we have positioned health management and respect for human rights, areas that we have been actively addressing in our activities so far, as the framework for our human resource strategy, and will further reinforce these activities in the future.

In our DX strategy, we aim to improve customer experience and promote CRM by utilizing marketing DX in our customer contact points. In our manufacturing and logistics operations, we will actively implement DX to improve productivity.

In our R&D strategy, we will promote the enhancement of Group-wide R&D strategy and development of new technology, led by Seiko Future Creation Inc., which is responsible for the Seiko Group's R&D and production technologies. Through these activities, we will strive to create new business domains throughout the Group.

In our branding strategy, we will face social issues and carry out branding activities with the aim of enriching the hearts of people around the world and creating a future full of smiles through our social, technical, and emotional value. In the EVS Business, we will strengthen our initiatives for conveying emotional value, which will lead to the promotion of Japanese culture. In the SS Business, we will carry out activities that communicate the social and technical value produced by solutions to social issues.

(ii) Business strategies by strategic domain

The latter three-year SMILE145 plan began in the fiscal year ended March 31, 2025. During the latter three years, we are positioning the Watches Business and the SS Business as the core of the Group's growth, and strengthening investments for further growth. In the DS Business, we are assessing the growth potential of each product and engaging in balanced investments. In addition, we are creating a synergy within the Company Group and exploring new businesses.

Regarding our business strategies by strategic domain, for the EVS Business, our highest priority is accelerating overseas sales growth in the Watches Business through expansion of high-end business, centering on GS. We have begun reviewing and revising our global manufacturing structure and strengthening coordination between manufacturing and sales, coordination between manufacturing sites, and optimization of the entire business. In the Clocks Business, we will strive to increase business efficiency by integrating the business structure with the Watches Business. In the WAKO Business, we will implement a customer strategy that aims to attract new, wealthy customers and turn them into loyal customers, and we will also focus on developing Wako's original products.

In the DS Business, we will aim to expand our market share of micro batteries for medical equipment, which have growth potential, and quartz crystals, where we excel at miniaturization. We will also increase sales of our precision devices, primarily automotive components, and oscillator ICs, for which we predict growing future demand.

In the SS Business, we will steadily expand our services and customers through M&As, etc., and strive to grow the business by providing IoT and AI solutions that combine hardware and software to solve social issues and platform solutions that support customer companies realize DX. We will also transfer our Facility Businesses from the EVS Business to the SS Business, expanding it by linking it to the System Solutions Business.

The progress we have made for our main KPI under SMILE145 is indicated below.

Consolidated Management Indicators (KPI)

(Billions of yen)

	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Forecasts	FY2026 SMILE145
Consolidated operating profit	8.7	11.2	14.7	21.2	22.5	25.0
Consolidated gross profit margin	41.8%	42.9%	44.3%	45.0%	46.0%	46.8%

Management Indicators by Domain (KPI)				(Billions of yen)	
	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Results	FY2025 Forecasts
Operating profit	8.2	11.5	17.2	22.3	23.0
EVS					
DS	5.6	5.0	2.1	2.9	3.3
SS	3.9	4.3	4.7	5.0	6.0

(3) Financing

There are no matters of special note.

(4) Capital expenditures

The Company invested 3,363 million yen in the Emotional Value Solutions Business and 3,176 million yen in the Devices Solutions Business primarily to reinforce and renew manufacturing and other facilities, and 2,142 million yen in the Systems Solutions Business primarily to acquire software for marketing purposes, respectively.



(5) Trends in assets and profit/loss

The operating results and assets in the fiscal year ended March 31, 2025 and the past three years are as follows.

(i) Consolidated		(Millions of yen)		
Item	FY2021	FY2022	FY2023	FY2024
Net sales	237,382	260,504	276,807	304,744
Ordinary income	9,939	11,167	15,894	20,769
Net income attributable to owners of parent	6,415	5,028	10,051	13,316
Net income per share (Yen)	156	122	244	326
Total assets	327,533	355,915	376,262	369,236
Net assets	121,624	131,748	151,334	158,014
Net assets per share (Yen)	2,911	3,145	3,658	3,819

(ii) Non-consolidated		(Millions of yen)		
Item	FY2021	FY2022	FY2023	FY2024
Operating revenue	12,043	15,312	15,220	16,238
Ordinary income	-473	1,560	1,477	1,658
Net income	3,257	2,562	3,601	4,500
Net income per share (Yen)	79	62	88	110
Total assets	187,644	201,299	202,287	189,589
Net assets	57,120	57,534	63,068	60,494
Net assets per share (Yen)	1,384	1,393	1,546	1,480

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.

(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\$266,808,000	100.0%(*)	Sales of watches and other products
SEIKO Manufacturing (H.K.) Ltd.	HK\$128,700,000	100.0%(*)	Manufacturing and sales of watches
Time Module Ltd.	HK\$5,001,000	100.0%(*)	Sales of watch movements
SEIKO Manufacturing (Singapore) Pte. Ltd.	S\$32,288,000	100.0%(*)	Manufacturing watches
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
Seiko Instruments Inc.	9,756 million yen	100.0%	Manufacturing and sales of electronic devices and other products
Seiko Future Creation Inc.	100 million yen	100.0%(*)	Group research and development, etc.
SEIKO Solutions Inc.	500 million yen	100.0%	Development, sales, etc. of information and telecommunication systems, etc.

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
Emotional Value Solutions Business	Manufacturing and sales	Watches, watch movements, clocks, high-end jewelry, apparel, fashion accessories, systems clocks
Devices Solutions Business	Manufacturing and sales	Micro batteries and materials, quartz crystals, precision turned parts, printers, quartz oscillator ICs
Systems Solutions Business	Development and sales	Digital trust solutions, network solutions, IT management solutions, IoT solutions, wireless network solutions, customer experience (CX) solutions, cashless solutions
Others	—	Shared services, real estate leasing, 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
Emotional Value Solutions Business	Chuo-ku, Tokyo
Devices Solutions Business	Mihama-ku, Chiba-shi, Chiba
Systems Solutions Business	Mihama-ku, Chiba-shi, Chiba
Others	Chuo-ku, Tokyo

(9) Status of employees of the Corporate Group

The number of employees of the Company and its consolidated subsidiaries is 11,367 (a decrease of 373 from the previous fiscal year-end).

(10) Major lenders and amounts borrowed

Lenders	Outstanding Balance of Loans
	(Millions of yen)
Mizuho Bank, Ltd.	36,810
Sumitomo Mitsui Banking Corporation	19,117
Aozora Bank, Ltd.	11,319

2. Matters related to the Company shares (as of March 31, 2025)

- (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 62,368 treasury shares)
- (3) Number of shareholders at the end of the fiscal year ended March 31, 2025 12,853
- (4) Major shareholders (top 10)

Name	Number of shares held	Percentage of shares held
	(shares)	(%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,756,300	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	1,710,000	4.1
Hideo Hattori	1,622,455	3.9
Custody Bank of Japan, Ltd. (Trust Account)	1,426,150	3.4
GOLDMAN SACHS INTERNATIONAL	797,700	1.9
SHIMIZU CORPORATION	744,200	1.8
FUJI BUILDING Co., Ltd.	671,400	1.6

Note 1: Percentages of shares held have been calculated with treasury shares excluded and rounded to one decimal place.

Note 2: The above figures are based on the shareholder register as of March 31, 2025.

The following large shareholding report has been made available for public viewing, but the Company has not been able to confirm the number of shares under substantial ownership as of March 31, 2025, so it is not included above.

Provided by: JP Morgan Asset Management (Japan) Limited and its two joint shareholders

Submitted: December 18, 2024

Number of shares under ownership: 2,356,254 shares

Holding ratio of share certificates, etc.: 5.69%

- (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 1,500 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 Audit & Supervisory Board Members (as of March 31, 2025)

Name	Position and responsibility at the Company	Significant concurrent positions at other entities
Shinji Hattori	Chairman, Group CEO, and Group CCO	Chairman of SEIKO WATCH CORPORATION Chairman of WAKO Co., Ltd.
Shuji Takahashi	President	
Akio Naito	Director, Senior Executive Vice President in charge of Emotional Value Solutions Domain, Legal and Intellectual Property	President of SEIKO WATCH CORPORATION
Jun Sekine	Director, Senior Executive Vice President in charge of Systems Solutions Domain, IT・DX Planning	President of SEIKO Solutions Inc.
Taku Yoneyama	Director, Executive Vice President in charge of Devices Solutions Domain, Corporate Strategy Planning and Accounting, and General Manager of Corporate Management Division	Director, Chief Executive Vice President of Seiko Instruments Inc. Audit & Supervisory Board Member (Outside) of OHARA INC.
Yoichi Endo	Director, Executive Vice President in charge of Devices Solutions Domain	President of Seiko Instruments Inc.
Noboru Saito	Outside Director	Representative Director, President of BIPROGY Inc.
Hideki Kobori	Outside Director	Chairman & Director of Asahi Kasei Corp. Outside Director of Nomura Research Institute, Ltd. Vice Chair of KEIDANREN (Japan Business Federation)
Masahiko Uotani	Outside Director	Director of Accenture plc

Shihoko Urushi	Outside Director	Director of SHINAGAWA JOSHI GAKUIN Outside Director of Culture Convenience Club Co., Ltd. Outside Audit & Supervisory Board Member of Tokio Marine & Nichido Fire Insurance Co., Ltd.
Takashi Nishimoto	Audit & Supervisory Board Member	
Minoru Nakao	Audit & Supervisory Board Member	
Hideki Amano	Outside Audit & Supervisory Board Member	Certified public accountant Outside Auditor of Mizuho Leasing Company, Limited
Masatoshi Yano	Outside Audit & Supervisory Board Member	Outside Audit & Supervisory Board Member of FURUKAWA CO., LTD.
Kenji Sakurai	Outside Audit & Supervisory Board Member	Representative Director, President of THE DAI-ICHI BUILDING CO., LTD.

Note 1: The Company has reported to the Tokyo Stock Exchange Mr. Noboru Saito, Mr. Hideki Kobori, Mr. Masahiko Uotani, and Ms. Shihoko Urushi, Outside Directors, and Mr. Hideki Amano, Mr. Masatoshi Yano, and Mr. Kenji Sakurai, Outside Audit & Supervisory Board Members, as independent directors/audit & supervisory board members.

Note 2: Mr. Takashi Nishimoto and Mr. Minoru Nakao, Audit & Supervisory Board Members, have experience in accounting and have reasonable-degrees of knowledge about finance and accounting. Mr. Hideki Amano, Outside Audit & Supervisory Board Member, is a certified public accountant, and has reasonable-degree of knowledge about finance and accounting.

Note 3: Changes in Directors and Audit & Supervisory Board Members of the Company during this fiscal year are as follows:

- (1) Mr. Yoichi Endo was newly appointed as Director, Mr. Masahiko Uotani and Ms. Shihoko Urushi were newly appointed as Outside Directors, and Mr. Minoru Nakao was newly appointed as Audit & Supervisory Board Member and assumed office at the 163rd Ordinary General Meeting of Shareholders held on June 27, 2024.
- (2) Mr. Takahiro Naito, Director, Ms. Yasuko Teraura, Outside Director, and Mr. Haruhiko Takagi, Audit & Supervisory Board Member, retired from office due to the expiry of their terms of office at the close of the 163rd Ordinary General Meeting of Shareholders held on June 27, 2024.

Note 4: Changes in significant concurrent positions at other entities of Directors and Audit & Supervisory Board Members of the Company during and after this fiscal year are as follows:

- (1) Mr. Taku Yoneyama, Director, Executive Vice President, assumed office of Director, Chief Executive Vice President of Seiko Instruments Inc. as of November 1, 2024.

- (2) Mr. Masahiko Uotani, Outside Director, retired from office of Representative Corporate Executive Officer, Executive Officer, Chairman and CEO of Shiseido Company, Limited as of December 31, 2024, and from office of Director of the same company as of March 26, 2025. Mr. Uotani assumed office of Director of Accenture plc as of February 6, 2025.
- (3) Mr. Hideki Amano, Outside Audit & Supervisory Board Member, retired from office of Outside Audit & Supervisory Board Member of Kao Corporation as of March 21, 2025.

Note 5: The BIPROGY Group, at which Mr. Noboru Saito, Outside Director, has a concurrent position, 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 are thus insignificant.

Note 6: The Tokio Marine Group, at which Ms. Shihoko Urushi, 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 7: THE DAI-ICHI BUILDING CO., LTD., at which Mr. Kenji Sakurai, Outside Audit & Supervisory Board Member, has a concurrent position, and the Company Group have real estate leasing transactions. However, these transactions constitute less than one percent of net sales of THE DAI-ICHI BUILDING CO., LTD. and the Company's consolidated net sales, and are thus insignificant.

Note 8: There is no other special relationship of interest between the Company and the entities at which Outside Directors or Outside Audit & Supervisory Board Members hold concurrent positions.

Note 9: The responsibilities of Directors changed as follows as of April 1, 2025.

Position	Name	Responsibility
Director, Executive Vice President	Taku Yoneyama	In charge of Devices Solutions Domain, Corporate Strategy Planning, Accounting, and Financial Planning General Manager of Corporate Management Division

Note 10: As of May 1, 2025, the Executive Officers (Senior Vice Presidents) and Senior Officers without concurrent positions as Directors are as follows.

Position	Name	Responsibility
Executive Vice President	Makoto Ichimura	In charge of Secretaries and General Affairs
Executive Vice President	Hiromi Kanagawa	In charge of Sustainability Promotion, Corporate Branding, and Public Relations
Senior Vice President	Hiromi Nakagawa	Deputy General Manager of Corporate Management Division In charge of Human Resources and Group HR Strategy Planning General Manager of Human Resources Department



Senior IT・DX Officer	Osamu Kurata	In charge of IT ・ DX Planning General Manager of IT ・ DX Planning Department
Senior Strategy Planning Officer	Kaoru Higashihara	In charge of Corporate Strategy Planning General Manager of Corporate Strategy Planning Department
Senior Legal Officer	Yoko Watanabe	In charge of Legal General Manager of Legal Department
Senior HR Strategy Officer	Hirokazu Asami	In charge of Group HR Strategy Planning General Manager of Future Leaders Development Office General Manager of the Group HR Strategy Planning Department

(2) Overview of agreements limiting liability

The Company entered into an agreement with each of Mr. Noboru Saito, Mr. Hideki Kobori, Mr. Masahiko Uotani, and Ms. Shihoko Urushi, Outside Directors, and Mr. Hideki Amano, Mr. Masatoshi Yano, and Mr. Kenji Sakurai, Outside Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members 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, Audit & Supervisory Board Members, Senior Vice Presidents, managerial personnel, and officers dispatched outside the Company. The Company and Seiko Instruments Inc. bear the insurance premium. 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 Audit & Supervisory Board Members

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-linked compensation, etc.		
		Basic compensation	Bonuses (Monetary compensation)	Stock compensation (Non-monetary compensation, etc.)	
Director (excluding Outside Directors)	337	187	79	70	6
Outside Directors	45	45	-	-	5
Total	382	232	79	70	11
Audit & Supervisory Board Member (excluding Outside Audit & Supervisory Board Members)	42	42	-	-	3
Outside Audit & Supervisory Board Members	36	36	-	-	3
Total	78	78	-	-	6

Note 1: The forgoing includes one Director and one Audit & Supervisory Board Member who retired from office at the close of the 163rd Ordinary General Meeting of Shareholders held on June 27, 2024.

Note 2: “Bonuses” and “stock compensation” are paid to Executive Directors as performance-linked compensation, etc. The number of eligible recipients for the current fiscal year is 6. The amount of performance-linked 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-linked compensation, etc. for the current fiscal year are as follows:

(Bonuses)

	Consolidated operating profit	Consolidated gross profit margin
Target values	17.0 billion yen	45.3%
Actual results	21.3 billion yen	45.0%
Performance achievement ratios	125.29%	99.34%

(Stock compensation)

	Consolidated operating profit	Consolidated gross profit margin	Consolidated ROIC	Non-financial (ESG) evaluation (compared to FY2022)
Target values	17.0 billion yen	45.3%	5.3%	-37.80%
Actual results	21.3 billion yen	45.0%	-	-
Performance achievement ratios	125.29%	99.34%	-	-

\* The actual results for consolidated ROIC and non-financial (ESG) evaluation have not been finalized as of May 13, 2025. The amount of expense recognized for the above performance-linked compensation, etc. is calculated based on consolidated ROIC and non-financial (ESG) evaluation performance achievement ratios of 100.00%.

Note 4: The compensation, etc. for Directors that has already been received during the fiscal year under review, or whose amounts to be received are already determined, excluding the above compensation and compensation which was reported during the previous fiscal year in respective locations, is as follows.

Expense recognized for stock compensation: 7 Executive Directors: 10 million yen

- (5) Matters related to the resolution of the General Meeting of Shareholders regarding compensation, etc. for Directors and Audit & Supervisory Board Members

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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members 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 maximum number of points granted to Executive Directors eligible under this plan is up to 540,000 points (180,000 points 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 points (36,000 points per fiscal year). At the 162nd Ordinary General Meeting of Shareholders held on June 29, 2023, these figures were revised. The money paid by the Company shall be up to 540 million yen (of which 390 million yen is paid to Executive Directors of the Company), and the maximum number of points granted to Executive Directors and Executive Officers (Senior Vice Presidents) eligible under this plan shall be up to 186,000 points (of which 135,000 points are granted to Executive Directors of the Company). At the close of this Ordinary General Meeting of Shareholders, the number of Executive Directors eligible to receive stock compensation is 6.

(6) Policy for determining the content of compensation, etc. for Directors and Audit & Supervisory Board Members

[Policy for determining compensation for Directors and Executive Officers (Senior Vice Presidents)]

The Company resolved at the Board of Directors on a policy for determining the content of compensation, etc. for individual Directors and Executive Officers (Senior Vice Presidents), as a) to f) below. After being deliberated on by 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 said policy was determined at the Board of Directors based on the deliberations.

a) Basic policy for compensation for Directors and Executive Officers (Senior Vice Presidents)

In determining compensation for Directors and Audit & Supervisory Board Members of the Company, the basic policy is as follows:

- The Company shall secure the transparency and objectivity of the compensation and maintain the appropriate 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 Audit & Supervisory Board Members conducted by a third party that target peer companies similar in terms of business activity and scale.

- b) Compensation system for Directors and Executive Officers (Senior Vice Presidents)  
Compensation for Executive Directors and Executive Officers (Senior Vice Presidents) 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 and Executive Officers (Senior Vice Presidents) 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-linked 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-linked compensation, etc. shall consist 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 and Executive Officers (Senior Vice Presidents) 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 based on financial and non-financial (ESG) evaluations (performance-linked portion). The performance-linked 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-linked portion shall be 50%, respectively (when the performance achievement ratio is 100%).

Performance indicators related to the above performance-linked compensation shall consist of the significant management indicators set forth in the Eighth Mid-Term Management Plan (SMILE145) for the five (5) years from FY2022 to FY2026.

	Bonuses	Stock compensation
Performance indicators	(i) Consolidated operating profit (ii) Consolidated gross profit margin (iii) Personal evaluations	(i) Consolidated operating profit (ii) Consolidated gross profit margin (iii) Consolidated ROIC (iv) ESG evaluation: CO <sub>2</sub> emissions reduction rate (Scope 1 and 2), etc.
Target values	(i) and (ii) Earnings forecast values announced at the beginning of the fiscal year	(i) to (iii) - Externally published values for the first and last fiscal years of the Eighth Mid-Term Management Plan - Second through fourth fiscal years of the Plan: “Previous fiscal year’s results” + “Difference (ratio) between the current fiscal year’s plan values and the previous fiscal year’s plan values” (iv) CO <sub>2</sub> emissions reduction rate (Scope 1 and 2) Target values for respective fiscal years based on the policy under the Eighth Mid-Term Management Plan
	(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 within a reasonable range 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 June in the following year.	The points for the current fiscal year shall be granted at the end of June 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 or Executive Officer (Senior Vice President) is dismissed or if Executive Director or Executive Officer (Senior Vice President) 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.
------------------------------------	---	---

- e) Policy for determining the ratio of the amount of monetary compensation, the amount of performance-linked compensation, etc., or the amount of non-monetary compensation, etc. to the amount of compensation, etc. for individual Directors and Executive Officers (Senior Vice Presidents)
- With regard to the compensation ratio of each type for Executive Directors and Executive Officers (Senior Vice Presidents), 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 independent 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-linked compensation, etc.	
	Basic compensation	Bonuses	Stock compensation
Chairman and President	1.0 (60%)	0.33 (20%)	0.33 (20%)
Executive Directors other than Chairman and President and Executive Officers (Senior Vice Presidents)	1.0 (70%)	0.21 (15%)	0.21 (15%)

- f) Matters for determining the content of compensation, etc. for individual Directors and Executive Officers (Senior Vice Presidents)

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 Executive Officer (Senior Vice President) and the qualitative evaluations of bonuses for each Executive Director and Executive Officer (Senior Vice President).

The Corporate Governance Committee shall deliberate annually on the level of compensation for each position of Directors and Executive Officers (Senior Vice Presidents), 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-linked compensation, etc. of individual Executive Directors and Executive Officers (Senior Vice Presidents) (excluding the above-mentioned delegation) shall be determined in accordance with the rules (the rules which stipulate the calculating method of performance-linked 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 independent 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 Audit & Supervisory Board Members]

Basic compensation for Audit & Supervisory Board Members shall be determined by deliberations of Audit & Supervisory Board Members, in the range of aggregate amount of compensation for Audit & Supervisory Board Members approved at the General Meeting of Shareholders.

- (7) Matters related to delegation of determining compensation, etc. for individual Directors and Executive Officers (Senior Vice Presidents)

With regard to part of compensation for individual Directors and Executive Officers (Senior Vice Presidents), 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 Audit & Supervisory Board Members” 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 and Executive Officer (Senior Vice President) 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 and Executive Officers (Senior Vice Presidents) for the current fiscal year was in line with the policy
- In determining the content of compensation, etc. for individual Directors and Executive Officers (Senior Vice Presidents) 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	Noboru Saito	Mr. Noboru Saito 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 12 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 that deliberates on the nomination of the Director and Audit & Supervisory Board Member candidates and the compensation, etc. for Directors and Audit & Supervisory Board Members as a member, and actively expressed his opinions from an objective and fair perspective.
Director	Hideki Kobori	Mr. Hideki Kobori 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 that deliberates on the nomination of the Director and Audit & Supervisory Board Member candidates and the compensation, etc. for Directors and Audit & Supervisory Board Members as a member, and actively expressed his opinions from an objective and fair perspective.
Director	Masahiko Uotani	Mr. Masahiko Uotani 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 9 of the 10 Board of Directors meetings held after assuming office of Director in June 2024, and made necessary remarks on discussion items and deliberation items, from an objective perspective. In addition, he attended the Corporate Governance Committee that deliberates on the nomination of the Director and

		Audit & Supervisory Board Member candidates and the compensation, etc. for Directors and Audit & Supervisory Board Members as a member, and actively expressed his opinions from an objective and fair perspective.
Director	Shihoko Urushi	Ms. Shihoko Urushi is expected to provide valuable comments from an objective perspective based on her experience and knowledge cultivated through managing an educational corporation, and to perform appropriate supervisory functions. She fully demonstrated the supervisory functions for execution of business, as she attended all of the 10 Board of Directors meetings held after assuming office of Director in June 2024, and made necessary remarks on discussion items and deliberation items, from an objective perspective. In addition, she attended the Corporate Governance Committee that deliberates on the nomination of the Director and Audit & Supervisory Board Member candidates and the compensation, etc. for Directors and Audit & Supervisory Board Members as a member, and actively expressed her opinions from an objective and fair perspective.
Audit & Supervisory Board Member	Hideki Amano	Mr. Hideki Amano 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 all of the 13 Board of Directors meetings and all of the 9 Audit & Supervisory Board 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 that deliberates on the nomination of the Director and Audit & Supervisory Board Member candidates and the compensation, etc. for Directors and Audit & Supervisory Board Members as a member, and actively expressed his opinions from an objective and fair perspective.
Audit & Supervisory Board Member	Masatoshi Yano	Mr. Masatoshi Yano 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 Audit & Supervisory Board 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 that deliberates on the nomination of the Director and Audit & Supervisory Board Member candidates and the compensation, etc.

		for Directors and Audit & Supervisory Board Members as a member, and actively expressed his opinions from an objective and fair perspective.
Audit & Supervisory Board Member	Kenji Sakurai	Mr. Kenji Sakurai 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 Audit & Supervisory Board 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 that deliberates on the nomination of the Director and Audit & Supervisory Board Member candidates and the compensation, etc. for Directors and Audit & Supervisory Board Members as a member, and actively expressed his opinions from an objective and fair perspective.

Note: In addition to the above number of Board of Directors meetings, there was one resolution in writing that was deemed to have been passed by the Board of Directors in accordance with Article 370 of the Companies Act and Article 29 of the Articles of Incorporation of the Company.

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

Classification	Compensation for the accounting auditor		Compensation for the same network as that of the accounting auditor	
	Compensation for the services set forth in Article 2, paragraph 1 of the Certified Public Accountants Act (Millions of yen)	Other compensation (Millions of yen)	Compensation for the services set forth in Article 2, paragraph 1 of the Certified Public Accountants Act (Millions of yen)	Other compensation (Millions of yen)
The Company	99	-	-	-
Consolidated subsidiaries	154	0	216	67
Total	254	0	216	67

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., Time Module 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 Audit & Supervisory Board's agreement to the amount of compensation, etc. for the accounting auditor

The Audit & Supervisory Board evaluated audit records during the fiscal year ended March 31, 2024, 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, 2025; as a result, the Audit & Supervisory

Board 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's 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 Audit & Supervisory Board shall dismiss the accounting auditor with unanimous consent of the Audit & Supervisory Board Members; 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, 2025

Millions of yen

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets:	(174,183)	Current liabilities:	(149,628)
Cash and deposits	39,429	Notes and accounts payable - trade	21,238
Notes receivable - trade	3,546	Electronically recorded obligations - operating	5,609
Accounts receivable - trade	36,400	Short-term borrowings	50,547
Contract assets	1,426	Current portion of long-term borrowings	23,065
Merchandise and finished goods	46,846	Accounts payable - other	11,997
Work in process	19,120	Income taxes payable	5,311
Raw materials and supplies	15,697	Contract liabilities	9,769
Accounts receivable - other	3,697	Provision for bonuses	5,865
Other	9,631	Provision for goods warranties	566
Allowance for doubtful accounts	-1,614	Provision for business restructuring	217
		Other provisions	286
		Asset retirement obligations	502
Non-current assets:	(195,053)	Other	14,652
Property, plant and equipment	(112,995)	Non-current liabilities:	(61,592)
Buildings and structures	83,290	Long-term borrowings	33,996
Machinery, equipment and vehicles	94,004	Lease liabilities	9,033
Tools, furniture and fixtures	43,549	Deferred tax liabilities	5,335
Other	16,736	Deferred tax liabilities for land revaluation	3,720
Accumulated depreciation	-178,271	Provision for stock benefits	723
Land	52,695	Provision for long-term goods warranties	164
		Provision for retirement benefits for directors (and other officers)	4
Construction in progress	989	Other provisions	5
Intangible assets	(17,989)	Retirement benefit liability	5,900
Goodwill	6,375	Asset retirement obligations	609
Other	11,614	Other	2,099
Investments and other assets	(64,068)	Total liabilities	211,221
Investment securities	53,123	(Net assets)	
Retirement benefit asset	1,603	Shareholders' equity:	(114,039)
Deferred tax assets	2,151	Share capital	10,000
Other	7,334	Capital surplus	7,256
Allowance for doubtful accounts	-146	Retained earnings	98,164
		Treasury shares	-1,381
		Accumulated other comprehensive income:	(41,932)
		Valuation difference on available-for-sale securities	14,711
		Deferred gains or losses on hedges	-5
		Revaluation reserve for land	8,083
		Foreign currency translation adjustment	18,783
		Remeasurements of defined benefit plans	359
		Non-controlling interests	(2,042)
		Total net assets	158,014
Total assets	369,236	Total liabilities and net assets	369,236

[Translation]

**Consolidated Statements of Income**

From April 1, 2024  
to March 31, 2025

Millions of yen	
Item	Amount
Net sales	304,744
Cost of sales	167,676
Gross profit	137,068
Selling, general and administrative expenses	115,827
Operating profit	21,240
Non-operating income	(3,223)
Interest income	531
Dividend income	911
Share of profit of entities accounted for using equity method	1,240
Other	540
Non-operating expenses	(3,694)
Interest expenses	1,567
Foreign exchange losses	624
Other	1,502
Ordinary profit	20,769
Extraordinary income	(3,218)
Gain on sale of investment securities	1,858
Gain on sale of non-current assets	816
Insurance claim income	360
Gain on sale of membership	183
Extraordinary losses	(3,715)
Impairment losses	2,217
Business restructuring expenses	899
Loss on disaster	281
Loss on retirement of non-current assets	167
Loss on cancellation of agency agreement	148
Profit before income taxes	20,273
Income taxes - current	7,323
Income taxes - deferred	-558
Profit	13,508
Profit attributable to non-controlling interests	191
Profit attributable to owners of parent	13,316



[Translation]

**Non-Consolidated Balance Sheet**

As of March 31, 2025

Millions of yen

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets:	66,461	Current liabilities:	81,192
Cash and deposits	7,657	Short-term borrowings	42,562
Prepaid expenses	761	Current portion of long-term borrowings	23,065
Short-term loans receivable	51,049	Lease obligations (current)	11
Accounts receivable - other	6,399	Accounts payable - other	3,196
Other	594	Accrued expenses	307
		Income taxes payable	23
Non-current assets:	123,127	Deposits received	11,637
Property, plant and equipment	31,258	Unearned revenue	166
Buildings	6,109	Provision for bonuses	221
Tools, furniture and fixtures	1,066		
Land	24,039	Non-current liabilities:	47,903
Leased assets	42	Long-term borrowings	33,996
		Lease obligations (non-current)	16
Intangible assets	2,562	Deferred tax liabilities	6,074
Leasehold right	1,952	Deferred tax liabilities for land revaluation	3,720
Trademark right	38	Provision for stock benefits	720
Software	550	Asset retirement obligations (non-current)	169
Other	20	Guarantee deposits	3,060
		Other	145
Investments and other assets	89,306	Total liabilities	129,095
Investment securities	26,791	(Net assets)	
Shares of subsidiaries and associates	59,956	Shareholders' equity:	39,132
Investments in capital	0	Share capital	10,000
Long-term loans receivable from subsidiaries and associates	6,641	Capital surplus	6,625
Claims provable in bankruptcy, claims provable in rehabilitation and other	0	Legal capital surplus	2,378
Long-term prepaid expenses	13	Other capital surplus	4,246
Guarantee deposits	1,561	Retained earnings	23,862
Other	531	Legal retained earnings	121
Allowance for doubtful accounts	-6,190	Other retained earnings	
		Retained earnings brought forward	23,740
		Treasury shares	-1,355
		Valuation and translation adjustments:	21,362
		Valuation difference on available-for-sale securities	13,278
		Revaluation reserve for land	8,083
		Total net assets	60,494
Total assets	189,589	Total liabilities and net assets	189,589

[Translation]

**Non-Consolidated Statements of Income**

From April 1, 2024  
to March 31, 2025

Millions of yen	
Item	Amount
Operating revenue	16,238
Dividend from subsidiaries and associates	9,425
Management fee income	3,220
Royalty income	3,592
Operating expenses	15,483
Operating profit	755
Non-operating income	2,167
Interest income	925
Dividend income	889
Other	351
Non-operating expenses	1,264
Interest expenses	1,109
Rental expenses on real estate	57
Other	97
Ordinary profit	1,658
Extraordinary income	1,906
Gain on sale of investment securities	1,858
Reversal of allowance for doubtful accounts for subsidiaries and affiliates	48
Profit before income taxes	3,564
Income taxes - current	-971
Income taxes - deferred	35
Profit	4,500

[Translation]

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

**Independent Auditor's Report**

May 12, 2025

KPMG AZSA LLC  
Tokyo Office

Toshiyuki Nishida  
Designated Limited Partner  
Engagement Partner  
Certified Public Accountant

Hidenori Kawamura  
Designated Limited Partner  
Engagement Partner  
Certified Public Accountant

Kenji Ueda  
Designated Limited Partner  
Engagement Partner  
Certified Public Accountant

The Board of Directors  
SEIKO GROUP 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 GROUP CORPORATION (the "Company") for the fiscal year from April 1, 2024 through March 31, 2025.

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 GROUP 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 Audit & Supervisory Board Members and the Audit & Supervisory Board 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, Audit & Supervisory Board Members, and the Audit & Supervisory Board 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 Audit & Supervisory Board Members and the Audit & Supervisory Board 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.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries as a basis for expressing an opinion on the consolidated financial statements. The auditor is responsible for the direction, supervision and review of the audit work performed for the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit & Supervisory Board Members and the Audit & Supervisory Board 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 Audit & Supervisory Board Members and the Audit & Supervisory Board 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 measures that have been taken to eliminate obstacles or safeguards that have been put in place to reduce these obstacles to an acceptable level.

#### *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
---

**Independent Auditor's Report**

May 12, 2025

KPMG AZSA LLC  
Tokyo Office

Toshiyuki Nishida  
Designated Limited Partner  
Engagement Partner  
Certified Public Accountant

Hidenori Kawamura  
Designated Limited Partner  
Engagement Partner  
Certified Public Accountant

Kenji Ueda  
Designated Limited Partner  
Engagement Partner  
Certified Public Accountant

The Board of Directors  
SEIKO GROUP 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 GROUP CORPORATION (the "Company") for the 164th fiscal year from April 1, 2024 through March 31, 2025.

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, 2025, 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 Audit & Supervisory Board Members and the Audit & Supervisory Board 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, Audit & Supervisory Board Members, and the Audit & Supervisory Board 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 Audit & Supervisory Board Members and the Audit & Supervisory Board 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 Audit & Supervisory Board Members and the Audit & Supervisory Board 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 Audit & Supervisory Board Members and the Audit & Supervisory Board 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 measures that have been taken to eliminate obstacles or safeguards that have been put in place to reduce these obstacles to an acceptable level.

### *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 Audit & Supervisory Board
---

### **Audit Report**

The Audit & Supervisory Board has deliberated on, prepared and submitted this Audit Report as below, based on the audit reports made by the Audit & Supervisory Board Members concerning the execution of duties by Directors for the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025).

1. Methods and contents of the audit by Audit & Supervisory Board Members and Audit & Supervisory Board
  - (1) The Audit & Supervisory Board established the audit policies and division of duties, received reports regarding the implementation of the audit and results thereof from the respective Audit & Supervisory Board Members, as well as reports regarding the execution of duties from Directors, Executive Officers (Senior Vice Presidents) and the Accounting Auditor, and requested explanations as necessary.
  - (2) In accordance with the audit policies and division of duties determined by the Audit & Supervisory Board, each Audit & Supervisory Board Member made efforts to collect information and establish proper circumstances for the audit by communicating with the Directors, Executive Officers (Senior Vice Presidents), 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, Executive Officers (Senior Vice Presidents) and employees, and requested explanations as necessary. Each Audit & Supervisory Board Member 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 Audit & Supervisory Board Members communicated and exchanged information with Directors, Audit & Supervisory Board Members and employees 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 Audit & Supervisory Board Members also periodically received reports from Directors, Executive Officers (Senior Vice Presidents) and employees regarding the development and operation thereof, requested explanations as necessary, and expressed opinions.
    - (iii) The Audit & Supervisory Board Members 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 Audit & Supervisory Board Members 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), and requested explanations as necessary.

In accordance with the aforementioned procedures, the Audit & Supervisory Board Members 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, 2025.

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 12, 2025

Audit & Supervisory Board  
Seiko Group Corporation

Takashi Nishimoto  
Audit & Supervisory Board Member

Minoru Nakao  
Audit & Supervisory Board Member

Hideki Amano  
Outside Audit & Supervisory Board Member

Masatoshi Yano  
Outside Audit & Supervisory Board Member

Kenji Sakurai  
Outside Audit & Supervisory Board Member

[Translation]

Start date for electronic provision measures: May 29, 2025

To Shareholders with Voting Rights:

## **Documents for the 164th Ordinary General Meeting of Shareholders**

Matters not included in the paper copy delivered upon request, among  
paper copy of matters related to electronic provision measures,  
pursuant to laws and regulations and the Articles of Incorporation

### ■ **Business Report**

Overview of the system to ensure proper operations and  
the implementation status thereof

### ■ **Consolidated Financial Statements**

Consolidated Statements of Changes in Equity

Notes to Consolidated Financial Statements

### ■ **Non-Consolidated Financial Statements**

Non-Consolidated Statements of Changes in Equity

Notes to Non-Consolidated Financial Statements

Fiscal year 2024 (April 1, 2024 to March 31, 2025)

**SEIKO GROUP CORPORATION**

The above-mentioned documents are omitted from the paper copy delivered to shareholders who have requested it (paper copy of matters related to electronic provision measures) pursuant to the provisions of laws and regulations and the Articles of Incorporation of the Company.

## Systems and policies of the Company

- I. Overview of a resolution to establish systems to ensure the proper operations of the Company
- (1) System to ensure that the duties of Directors, Executive Officers (Senior Vice Presidents), and employees are executed in compliance with laws and regulations and the Articles of Incorporation

In order for Directors, Executive Officers (Senior Vice Presidents), and employees (hereinafter, the “Officer(s) and Employee(s)” or “Officer(s) or Employee(s)”) to comply with corporate ethics, laws and regulations, and internal rules, the Company shall establish the “Basic Principles of Corporate Ethics” and the “Action Guidelines for Corporate Ethics” to thoroughly ensure their compliance with corporate ethics and laws and regulations, as follows:

- 1) The President shall repeatedly convey the spirit of the “Basic Principles of Corporate Ethics” to all Officers and Employees to ensure that compliance with corporate ethics and the laws and regulations are the basis for every corporate activity.
  - 2) The “Corporate Ethics Committee” chaired by the President shall discuss corporate ethical issues that might significantly affect the Company and its subsidiaries (the “Company Group”) and matters related to revisions of the system to comply with corporate ethics, and report the results of discussion to the Board of Directors.
  - 3) The Company shall develop a system where any Officer or Employee who finds any action suspected of violating the laws and regulations can promptly report such findings to the “Corporate Ethics Committee”, and establish a “Corporate Ethics Helpline” as a means for reporting information.
  - 4) The Company shall continuously provide training sessions on corporate ethics to Officers and Employees to foster and enhance their awareness of compliance with corporate ethics and laws and regulations.
- (2) System to store and manage information regarding execution of the duties of Directors and Executive Officers (Senior Vice Presidents)
    - (i) Pursuant to the “Internal Document Management Rules”, the Company shall record information regarding execution of the duties of Directors and Executive Officers (Senior Vice Presidents) in a document or in an electromagnetic medium, and store and manage it properly.

- (ii) Directors, Executive Officers (Senior Vice Presidents), and Audit & Supervisory Board Members may inspect such document or medium at any time pursuant to the “Internal Document Management Rules”.
- (3) Regulations and systems for loss risk management of the Company and its subsidiaries
  - (i) Pursuant to the “Risk Management Rules”, the Company shall set forth the basic policy for risk management of the Company Group and develop a risk management system.
  - (ii) The Company shall establish the “Risk Management Committee” chaired by the President in order to build, develop and monitor risk management processes, including understanding business risks that might affect the activities of the Company Group, and identifying, analyzing, evaluating and monitoring risks.
  - (iii) The Risk Management Committee shall report the status of each risk to the Board of Directors, regularly or as necessary, pursuant to the “Risk Management Rules”.
- (4) System to ensure that the duties of Directors and Executive Officers (Senior Vice Presidents) of the Company and its subsidiaries are efficiently executed
  - (i) The Company shall develop a Mid-Term Management Plan as the target to be shared by Officers and Employees of the Company Group. It shall also review the progress of annual budgets consisting of the said plan on a quarterly basis using the management accounting method, and promote the efficiency of operation by considering and implementing remedial measures for the progress of annual budget.
  - (ii) In order to respect autonomous and independent management of its subsidiaries while contributing to the proper and efficient operation of the Group management, the Company shall develop basic management rules therefor. It shall also establish Management Conference comprising standing Directors and Executive Officers (Senior Vice Presidents) of the Company and respective President of major subsidiaries of the Company, in order to share the management policy and management information of the Company Group, and to discuss medium- to long-term business strategies.
  - (iii) The Company shall clarify the assignment of duties of Directors and Executive Officers (Senior Vice Presidents), and the responsibility and authority of each division/department, and secure the efficient execution of the duties of Directors and Executive Officers (Senior Vice Presidents).

- (5) System to ensure the proper operations of the Corporate Group comprising the Company and its subsidiaries
- (i) The Company shall assist its subsidiaries to develop a system to comply with corporate ethics, and laws and regulations, and other systems to ensure their proper operations.
  - (ii) Each subsidiary of the Company shall share the “Basic Principles of Corporate Ethics” and the “Action Guidelines for Corporate Ethics” established by the Company, and manage its operations pursuant to them. The Company shall set forth the rules for reporting any violation of laws and regulations by any subsidiary, and assist its subsidiaries to develop their internal reporting systems.
  - (iii) Pursuant to the “Consolidated Business Management Rules”, the Company shall request that each subsidiary consult in advance with, and report to, the Company regarding significant management-related matters, and whenever necessary, shall dispatch its Officers or Employees as Directors or Audit & Supervisory Board Members of the subsidiary so as to properly supervise and audit the operation of subsidiary.
  - (iv) Pursuant to the “Consolidated Business Management Rules”, each subsidiary shall report its business results, financial position and other important matters to the Company, and whenever necessary, the President of the relevant subsidiary shall report the execution status of the operations to the Board of Directors of the Company.
  - (v) The Company’s Internal Audit Department shall conduct internal audits on each subsidiary regarding the execution status of the operations, compliance with laws and regulations, the Articles of Incorporation, and risk management.
- (6) Matters related to employees to assist the duties of Audit & Supervisory Board Members
- (i) Internal Audit Department shall be responsible for assisting the duties of Audit & Supervisory Board Members.
  - (ii) Employees who are assigned to the Internal Audit Department shall not concurrently hold duties related to the execution of operations.
  - (iii) Regarding any transfer of the General Manager of the Internal Audit Department, the President shall discuss with the Audit & Supervisory Board in advance, and shall respect the opinion of

Audit & Supervisory Board.

- (7) System for reporting to Audit & Supervisory Board Members
- (i) Each Officer and Employee of the Company shall regularly report to Corporate Auditor Audit & Supervisory Board Members the status of finance, compliance with corporate ethics, risk management, and internal audits. If any Director/employee finds any fact likely to significantly damage the Company or its subsidiaries, any violation of laws and regulations or internal rules, he/she shall immediately report such findings to the Audit & Supervisory Board Members of the Company.
  - (ii) The Company shall develop a reporting system where if any Director, Executive Officer (Senior Vice President), Audit & Supervisory Board Member or employee of a subsidiary finds any material violation of laws and regulations or internal rules regarding the execution of operations of the Company or the subsidiary, or any fact which is likely to significantly damage the Company, he/she or the person who was reported by him/her shall report it to the Audit & Supervisory Board Members of the Company.
  - (iii) The Company shall develop necessary systems to ensure that the person who makes the report in accordance with the preceding two (2) paragraphs might not be treated disadvantageously on the grounds of having made such report.
  - (iv) In conducting internal audits, the General Manager of the Internal Audit Department shall cooperate with Audit & Supervisory Board Members in advance, and make efforts to report important matters to Audit & Supervisory Board Members in a timely manner. In addition, the General Manager of the Internal Audit Department shall report the results of internal audits to Audit & Supervisory Board Members without delay, and regularly report such results to the Audit & Supervisory Board of the Company.
- (8) Other systems to ensure that audits by Audit & Supervisory Board Members are effectively conducted
- (i) The Company shall ensure a system where, besides the Internal Audit Department, the department in charge of general affairs and the department in charge of finance and accounting shall assist audits by Audit & Supervisory Board Members from time to time based on respective instructions from Audit & Supervisory Board Members.
  - (ii) The Company shall ensure that Audit & Supervisory Board Members attend important meetings and committees which are established and held by the Board of Directors in a timely manner to

ensure proper operations of the Company.

- (iii) The President shall meet and consult with the Audit & Supervisory Board, as necessary, and exchange opinions regarding important management issues.
- (iv) If an Audit & Supervisory Board Member requests that the Company pay expenses incurred in connection with executing his/her duties, the Company shall promptly reimburse such expenses unless the Company proves that such expenses are not necessary for the Audit & Supervisory Board Member to execute his/her duties.

## II. Overview of the implementation status of the system to ensure proper operations

### (1) System for compliance with corporate ethics and laws and regulations

- (i) The Company has established a “Corporate Ethics Committee” chaired by the President to discuss corporate ethical issues and the system for compliance with corporate ethics, including those relating to its subsidiaries, and reports the result of discussions to the Board of Directors.
- (ii) The Company has established a “Corporate Ethics Helpline” internally and appointed a law firm as a reception to receive consultations or reports from employees regarding violations of laws and regulations within the Company. The Company has made sure all employees and retirees are well informed about how to use these helplines by posting them on its intranet and the Company’s website.
- (iii) The Company regularly provides training sessions on corporate ethics to enhance awareness of compliance with corporate ethics and laws and regulations. During the fiscal year ended March 31, 2025, the Company provided training sessions on “Protection of Personal Information” for standing officers, Executive Officers (Senior Vice Presidents), and employees.

### (2) Risk management system

- (i) The Company has established the “Risk Management Committee” chaired by the President to discuss the Company Group’s responses to important risk issues and matters relating to foreseeing and prevention of risks during normal times. The Committee also reports to the Board of Directors the matters discussed thereat and important risks which require the Company Group to take comprehensive measure.  
Further, the Company has established the “Group Risk Management Committee” consisting of respective standing Directors and Executive Officers (Senior Vice Presidents) of the Company



and Presidents of its subsidiaries, and confirms and shares the risks and the counter-measures against them experienced by each group company.

- (ii) Regarding responses when risks occur, the “Crisis Management Manual” sets out for the Company’s basic policy therefor and measures to respond to respective risks, such as natural disasters.
- (3) System to ensure that the duties of Directors and Executive Officers (Senior Vice Presidents) are efficiently executed
- (i) The Company has determined the assignment of duties for each Director and Executive Officer (Senior Vice President) upon a resolution of the Board of Directors, and the responsibility and authority of each division/department in accordance with the “Duty Assignment Rules”.
  - (ii) The Company has established a council called the “Strategic Conference for Management” where the President, Executive Directors, and Executive Officers (Senior Vice Presidents) exchange opinions and share information with other Directors, Executive Officers (Senior Vice Presidents), Audit & Supervisory Board Members, or General Managers of divisions/departments when they decide on and execute important matters relating to execution of their duties.
  - (iii) The Company has provided the “Consolidated Business Management Rules” for the execution of the operations of its subsidiaries in order to perform its management and support functions from the viewpoint of consolidated management.
- (4) System to ensure the proper operations of the Company Group
- (i) Pursuant to the “Consolidated Business Management Rules”, the Company properly discusses with its subsidiaries in advance regarding their business plan, annual budgets, and measures to respond to important corporate ethical issues, receives reports on material business matters from them, and dispatches its Officers or Employees to subsidiaries, as necessary, to supervise and audit them.

Furthermore, the President of each subsidiary reports the execution status of its operations to the Board of Directors of the Company as necessary. During the fiscal year ended March 31, 2025, seven (7) subsidiaries made such reports.

- (ii) Each unit of the Company assists its subsidiaries to develop a system to comply with corporate ethics and laws and regulations, and a system to comply with business operation laws. During

the fiscal year ended March 31, 2025, training sessions and briefings were held for officers and employees of the Company's subsidiaries to discuss topics such as "Protection of Personal Information".

- (5) System to ensure that audits by Audit & Supervisory Board Members are effectively conducted
  - (i) The Internal Audit Department holds a regular meeting once a month with Audit & Supervisory Board Members and reports the performance status of internal audits.
  - (ii) Audit & Supervisory Board Members attend important meetings such as the "Strategic Conference for Management", "the Risk Management Committee", and the "Corporate Ethics Committee", etc.
  - (iii) The President attends the Audit & Supervisory Board meetings to exchange opinions and gather information relating to material business issues.

[Translation]

**Consolidated Statements of Changes in Equity**  
(From April 1, 2024 to March 31, 2025)

Millions of yen

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,000	7,245	88,465	-1,584	104,126
Changes during period					
Dividends of surplus			-3,617		-3,617
Profit attributable to owners of parent			13,316		13,316
Purchase of treasury shares				-2	-2
Disposal of treasury stock by ownership plan trust				205	205
Change in ownership interest of parent due to transactions with non-controlling interests		11			11
Other				-0	-0
Net changes in items other than shareholders' equity					
Total changes during period	-	11	9,699	202	9,913
Balance at end of period	10,000	7,256	98,164	-1,381	114,039

Millions of yen

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	17,820	-74	8,190	18,290	746	44,974	2,234	151,334
Changes during period								
Dividends of surplus								-3,617
Profit attributable to owners of parent								13,316
Purchase of treasury shares								-2
Disposal of treasury stock by ownership plan trust								205
Change in ownership interest of parent due to transactions with non-controlling interests								11
Other								-0
Net changes in items other than shareholders' equity	-3,109	68	-106	492	-387	-3,041	-192	-3,233
Total changes during period	-3,109	68	-106	492	-387	-3,041	-192	6,679
Balance at end of period	14,711	-5	8,083	18,783	359	41,932	2,042	158,014

(Note) The -0 million yen of "Other" under treasury shares represents changes due to a change in the ratio of equity interests of the Company's affiliates accounted for using equity method.

[Translation]

**Notes to Consolidated Financial Statements**

1. Notes to Important Matters that are the Basis for Preparation of Consolidated Financial Statements

(1) Matters relating to scope of consolidation

Number of consolidated subsidiaries: 61

SEIKO WATCH CORPORATION, Morioka Seiko Instruments Inc., WAKO Co., Ltd., Seiko Instruments Inc., SEIKO NPC CORPORATION, SEIKO Solutions Inc., SEIKO Time Creation Inc., Grand Seiko Corporation of America, Seiko Watch of America LLC, Grand Seiko Europe S.A.S., Seiko Watch Europe S.A.S., SEIKO Hong Kong Ltd., SEIKO Manufacturing (H.K.) Ltd., SEIKO Manufacturing (Singapore) Pte. Ltd., Dalian Seiko Instruments Inc., Seiko Instruments (Thailand) Ltd., SEIKO Precision (Thailand) Co., Ltd., and others.

Grand Seiko (Shanghai) Co. Ltd. was included in the scope of consolidation from the 1st quarterly consolidated accounting period due to the new establishment.

The liquidation proceedings of Seshika Inc. was completed in the 2nd quarterly consolidated accounting period.

Non-consolidated subsidiaries:

AOBA WATCH SERVICE Co. Ltd. and others are of a small scale in terms of net sales, total assets, profit and loss, and retained earnings, and none of them have any material impact on the consolidated financial statements. Therefore, they were excluded from the scope of consolidation.

(2) Matters relating to the application of the equity method

Number of affiliates accounted for by the equity method: 5

SEIKO OPTICAL PRODUCTS CO., LTD., OHARA INC., and others.

Non-consolidated subsidiaries and affiliates not accounted for by the equity method:

AOBA WATCH SERVICE Co. Ltd. and others have a minimal impact on the consolidated net income and loss and retained earnings, and are of little significance. Therefore, the equity method has not been applied to these companies.

(3) Standards and methods for evaluating significant assets

(i) Inventories	Basically stated at cost using the moving-average method (for values stated on the balance sheet, writing down the book values in response to decreased profitability)
(ii) Securities	
Available-for-sale securities	
Securities other than shares, etc. that do not have a market price	Market value method based on the market price as of the consolidated closing date (differences in valuation are included directly in net assets and the costs of securities sold are calculated using the moving-average method)
Shares, etc. that do not have a market price	Stated at cost using the moving-average method

Investment Limited Partnership	Stated on a net basis equivalent to equity interests, based on the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement
(iii) Derivatives	Market value method
(4) Depreciation methods for significant depreciable assets	
(i) Property, plant and equipment (excluding leased assets and right-of-use assets)	As for domestic consolidated companies, basically the straight-line method is used for buildings (excluding equipment attached to buildings), and the declining-balance method for those other than buildings (except that the straight-line method is used for the equipment attached to buildings, and structures that were acquired on or after April 1, 2016); as for consolidated subsidiaries outside Japan, basically the straight-line method is used. The estimated economic life reflecting the usable period, the actual period of use, and other factors for each asset is used for a useful life.
(ii) Intangible assets (excluding leased assets)	The straight-line method is used. As for software for in-house use, the straight-line method is used with a usable period of 5 years.
(iii) Leased assets	
Leased assets relating to finance lease with transfer of ownership	The same depreciation method as applied to the property, etc. owned by the Company is used.
Lease assets relating to finance lease without transfer of ownership	The straight-line method is used with a useful life of the lease period and with a residual value of zero.
(iv) Right-of-use assets	The straight-line method is used with a useful life of the lease period and with a residual value of zero.
(5) Accounting standards for significant allowances and provisions	
(i) Allowance for doubtful accounts	In order to prepare for possible losses on uncollectible receivables held, estimated uncollectible amounts are posted: for general receivables, according to the historical percentage of uncollectibles, and for doubtful receivables, considering the probability of collection.
(ii) Allowance for investment loss of subsidiaries and affiliates	In order to prepare for possible losses on investments to subsidiaries and affiliates, an amount deemed necessary is provided after considering the financial position of each company and based on a respective review. The allowance for investment loss of subsidiaries and affiliates of 4 million yen is directly reduced from the amount of investment securities.
(iii) Provision for bonuses	In order to prepare for payment of bonuses to employees, a provision is made based on the estimated bonus payments, which are attributable to the consolidated fiscal year under review.

(iv) Provision for goods warranties	To provide for warranties of the goods sold at some of the consolidated subsidiaries outside Japan, respective estimated amount based on the past experience is posted.
(v) Provision for business restructuring	The Company has posted an estimated amount of losses expected to be incurred in the future as a result of business restructuring.
(vi) Provision for stock benefits	The Company has posted an estimated amount, as of the end of the consolidated fiscal year under review, for the obligation to deliver shares, as a provision for the delivery of its shares to the Executive Directors of the Company and its subsidiaries, in accordance with the Rules for Delivery of Shares to Officers.
(vii) Provision for retirement benefits for directors (and other officers)	Some of the domestic consolidated companies passed a resolution to discontinue their respective directors' retirement benefit systems during the fiscal year ended March 2005. Accordingly, the amount of retirement benefits for incumbent officers is posted corresponding to the terms of office till the end of the Ordinary General Meeting of Shareholders during the relevant consolidated fiscal year.

(6) Accounting standards for significant income and expenses

(i) Emotional Value Solutions  
Business

The Company Group manufactures, sells, and provides repair services for its own products as the wholesale of watches, and provides retail services, including other companies' products, as the retail of watches.

With regard to the time of satisfaction of performance obligations for the wholesale of watches, the Company Group applies the alternative treatment prescribed in Paragraph 98 of the "Implementation Guidance on Accounting Standard for Revenue Recognition" (hereinafter, the "Revenue Recognition Implementation Guidance"), and recognizes revenue at the time of shipment, if the period between the shipment and the transfer of control of products to customers is primarily a normal period of time for domestic sales. For other transactions, including export sales, revenue is recognized when risks are transferred to customers based on terms of contracts with each customer. For the retail of watches, revenue is recognized when products are delivered to customers.

For transactions in which returns are expected at the time of sale, such amounts are not recognized as revenue, but are estimated based on historical experience and recognized as a liability for returns. For transactions in which the Company Group acts as an agent, revenue is recognized at a net amount. For transactions in which the Company Group acts as the principal, revenue is recognized at a gross amount.

The Company Group generally receives consideration for transactions in the Emotional Value Solutions Business within one to three months from the time when performance obligations are satisfied, and the receivables arising from contracts with such customers are not adjusted for significant financial components.

(ii) Devices Solutions Business

The Company Group manufactures and sells products related to electronic devices, precision devices, and printing devices.

The Company Group applies the alternative treatment prescribed in Paragraph 98 of the Revenue Recognition Implementation Guidance, and recognizes revenue at the time of shipment, if the period between the shipment and the transfer of control of products to customers is primarily a normal period of time for domestic sales. For other transactions, including export sales, revenue is recognized when risks are transferred to customers based on terms of contracts with each customer.

The Company Group generally receives consideration for transactions in the Devices Solutions Business within one to three months from the time when performance obligations are satisfied, and the receivables arising from contracts with such customers are not adjusted for significant financial components.

(iii) Systems Solutions Business

The Company Group develops and sells products for businesses related to system, IoT, and settlement, and provides maintenance services for products sold and made-to-order software services. With regard to the time of satisfaction of performance obligations for the sale of products, revenue is recognized when products are delivered to customers or when customers inspect the products. For maintenance services, revenue is recognized over the period the services are provided, as performance obligations are deemed to be satisfied over time, since the Company Group provides uniform services over the contract period. For the provision of made-to-order software services, revenue is recognized based on the degree of progress toward satisfying performance obligations, as performance obligations are deemed to be satisfied over a certain period of time. The degree of progress is measured based on the percentage of costs incurred to the end of each fiscal year of the total expected costs.

The Company Group generally receives consideration for transactions in the Systems Solutions Business within one to six months from the time when performance obligations are satisfied (in some cases, advance payments are received based on contracts), and the receivables arising from contracts with such customers are not adjusted for significant financial components.



(7) Standards for translation of significant foreign currency-denominated assets or liabilities into Japanese yen

Foreign currency receivables/payables are translated into yen using the spot foreign exchange rate on the consolidated closing date, and translation differences are treated as income or loss. The assets and liabilities of subsidiaries outside Japan are translated into yen using the spot foreign exchange rate on the consolidated closing date; income and expenses are translated into yen using an average market rate during the period, and translation differences are included in “Foreign currency translation adjustment” and “Non-controlling interests” of the “Net assets”.

(8) Significant hedge accounting methods

(i) Hedge accounting method

Deferred hedge accounting is employed. However, regarding domestic consolidated companies, basically deferral hedge accounting (“*furiate-shori*”) is employed for foreign currency receivables/payables with forward exchange contracts or the like, and with regard to interest-rate swaps that meet the requirements for exceptional accounting (“*tokurei-shori*”), exceptional accounting is employed.

(ii) Means of hedging and hedged items

Forward exchange contracts and foreign currency deposits to hedge foreign exchange-rate fluctuation risks regarding foreign currency-denominated trade payables and receivables; and interest-rate swaps to avoid fluctuation risks regarding borrowings on floating interest rates. Forward exchange contracts, foreign currency deposits and interest-rate swaps are hedged to avoid exchange- and interest-rate fluctuation risks present in hedged items in accordance with the internal rules of the respective companies, and no speculative transactions are conducted.

(iii) Hedging policy

(iv) Assessment of hedge effectiveness

For interest-rate swaps, hedge effectiveness is assessed by analysis of the percentage between the accumulated cash flow changes of hedged items and the accumulated cash flow changes by means of hedging. However, the assessment of hedge effectiveness is omitted if the material conditions of the means of hedging and the hedged items are the same.

(9) Accounting for employees’ retirement benefits

In order to prepare to pay retirement benefits to employees, the net defined benefit liability is posted based on the estimated amount of retirement benefit obligations minus the amount of plan assets as of the end of the consolidated fiscal year under review. To calculate retirement benefit obligations, the benefit formula method is adopted as a method to attribute the estimated retirement benefits to the periods up to the end of the consolidated fiscal year under review. The actuarial differences that resulted are recognized in the following consolidated fiscal year by the straight-line method over various periods (5 to 8 years) that are not more than the average remaining service period of employees at the time of the accrual of a difference. Prior service costs are basically recognized by the straight-line method over various periods that are not more than the average remaining service period of employees at the time of the accrual thereof. Unrecognized actuarial differences and unrecognized prior

service costs after tax effect adjustment are posted in “Remeasurements of defined benefit plans”, “Accumulated other comprehensive income” in “Net assets”.

(10) Application of group tax sharing system

Group tax sharing system is applied.

(11) Method and period of amortization of goodwill

Goodwill is equally amortized for 5 to 20 years; minor goodwill is entirely amortized upon accrual.

2. Notes to Changes in Accounting Policies

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

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

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the fiscal year under review.

However, this application has no impact on the consolidated financial statements for the fiscal year under review.

3. Notes to Changes in Presentation Methods

(Consolidated statements of income)

“Foreign exchange gains” that were included in “Other” under “Non-operating income” in the previous fiscal year, became “Foreign exchange losses” in the fiscal year under review and are now separately itemized under “Non-operating expenses” due to their increased financial significance.

“Foreign exchange gains” in the previous fiscal year were 409 million yen.

4. Notes to Accounting Estimates

Valuation of inventories

(i) Amounts posted in the consolidated financial statements for the fiscal year under review

Emotional Value Solutions Business	58,217 million yen
Devices Solutions Business	18,034 million yen
Systems Solutions Business	5,966 million yen
Adjustment	-553 million yen
Consolidated total	81,664 million yen

(ii) Information useful for understanding the content of accounting estimates

The Company Group evaluates inventories by writing down book values based on a decrease in profitability.

For products, etc. of each business company exceeding a given holding period and volume that are no longer part of the normal operating cycle, a decrease in profitability is reflected through a systematic write-down method, which has been determined mainly based on past sales and disposal results.

However, products, etc. that are considered to be still in the process of the normal operating cycle in light of recent sales results and future sales estimates, despite exceeding a given holding period and volume, are exempted from systematic write-downs, in whole or in part.

The Emotional Value Solutions Business primarily handles products, etc. directly related to personal consumption. Consequently, the business results and profitability of products, etc. are strongly affected by economic trends in Japan and overseas, especially personal consumption. The business results and profitability of products, etc. of the Devices Solutions Business are affected by trends of demand for electronic devices, etc. in Japan and overseas. Economic trends and personal consumption may fluctuate considerably due to factors that are out of the Company Group's control, and thus are difficult to predict. Accordingly, in determining a systematic write-down method to reflect a decrease in profitability, significant judgments and assumptions are incorporated.

These estimates entailing judgments and assumptions may be affected by future trends in personal consumption and may significantly affect the amount of inventories in the consolidated financial statements for the following consolidated fiscal year.

5. Notes to Consolidated Balance Sheet

(1) Assets provided as security and secured obligations

Assets provided as security

Cash and deposits	38 million yen
Deposits (Investments and other assets)	365 million yen
<u>Total</u>	<u>403 million yen</u>

Secured obligations

Accounts payable - other	0 million yen
Gift certificates (Contract liabilities)	258 million yen
<u>Total</u>	<u>259 million yen</u>

- (2) Land for business use was revaluated pursuant to the “Act on Revaluation of Land” (Act No. 34 promulgated on March 31, 1998), and valuation differences which correspond to taxes are posted as “Deferred tax liabilities for land revaluation” of “Liabilities” and the balance thereof is posted as “Revaluation reserve for land” of “Net assets”.

(i) Method of revaluation

Land for business use was evaluated based on the main-street land price set forth in Article 2, item 4 of the “Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998)”, and that land without a main-street land price was evaluated based on the assessed value of fixed assets as set forth in item 3 thereof, with reasonable adjustment.

(ii) Date of revaluation: March 31, 2001

- (3) Out of investment securities, 511 million yen is for lending stock.

(4) Loan commitment agreement

The Company has concluded loan commitment agreements with two banks in order to carry out efficient funding of working capital. The balance of unused line of credit, etc. under the loan commitment agreements at the end of the consolidated fiscal year under review is as follows.

Total amount of loan commitment	28,500 million yen
<u>Borrowing balance</u>	<u>11,900 million yen</u>
Balance	16,600 million yen

6. Notes to Consolidated Statements of Changes in Equity

(1) Matters relating to type and total number of issued shares, and type and number of treasury shares

(Thousands of shares)

	Number of shares at the beginning of the consolidated fiscal year under review	Number of shares increased during the consolidated fiscal year under review	Number of shares decreased during the consolidated fiscal year under review	Number of shares at the end of the consolidated fiscal year under review
Issued shares				
Common shares	41,404	-	-	41,404
Total	41,404	-	-	41,404
Treasury shares				
Common shares (Note)	639	0	81	559
Total	639	0	81	559

(Note) The number of common shares held as treasury shares at the end of the consolidated fiscal year under review includes 476 thousand shares of the Company held in the Board Benefit Trust (BBT). 0 thousand shares of increase in common shares held as treasury shares is due to the purchase of fractional shares and a change in the ratio of equity interests of affiliates accounted for using equity method.

81 thousand shares of decrease in common shares held as treasury shares is due to the disposal of the Company shares through the Board Benefit Trust (BBT).

(2) Matters relating to dividend

(i) Amount of dividend paid

Resolution	Type of shares	Total dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2024	Common share	1,757	42.50	March 31, 2024	June 28, 2024
Board of Directors meeting on November 12, 2024	Common share	1,860	45.00	September 30, 2024	December 5, 2024

(Note 1) The total amount of dividend approved by a resolution of the Ordinary General Meeting of Shareholders on June 27, 2024 includes a dividend of 23 million yen payable for the Company shares held in the Board Benefit Trust (BBT).

(Note 2) The total amount of dividend approved by a resolution of the Board of Directors meeting on November 12, 2024 includes a dividend of 21 million yen payable for the Company shares held in the Board Benefit Trust (BBT).

(ii) Dividend for which the record date falls in the consolidated fiscal year under review but the effective date comes after the end of that consolidated fiscal year

Resolution	Type of shares	Total dividend (million yen)	Source for dividend	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders on June 27, 2025	Common Share	2,273	Retained earnings	55.00	March 31, 2025	June 30, 2025

(Note) The total amount of dividend proposed for approval by a resolution of the Ordinary General Meeting of Shareholders on June 27, 2025 includes a dividend of 26 million yen payable for the Company shares held in the Board Benefit Trust (BBT).

7. Notes to Financial Instruments

(1) Matters relating to status of financial instruments

The Company Group raises funds (mainly borrowing from banks) necessary in light of respective business plans of business companies. Temporary surplus funds are invested in more safe financial assets.

Notes and accounts receivable - trade (which are operating receivables) are exposed to customers' credit risks; as such, the Company controls each customer's due date and balance, and understands major customers' credit status. Exchange-rate fluctuation risks for foreign currency operating receivables due to the Company's global development are almost set off by the risks resulting from foreign currency operating payables, some of which are hedged using

forward exchange contracts. Investment securities are mainly shares of customers, and exposed to market price fluctuation risks.

Most of the notes and accounts payable - trade (which are operating payables) are due within one year. Borrowings and bonds payable are mainly to raise funds for operating transactions, and interest-rate swaps are used to hedge part of exchange-rate fluctuation risks of borrowings.

Derivatives include forward exchange contracts to hedge exchange-rate fluctuation risks present in foreign currency receivables/payables, and interest-rate swaps to hedge fluctuation risks of interest rates payable on borrowings.

(2) Matters relating to market value, etc. of financial instruments

Amounts posted on the Consolidated Balance Sheet, market values, and the corresponding differences between the two as of March 31, 2025, are as follows. Shares, etc. that do not have a market price are not included in the table below. Notes to cash are omitted. Deposits, notes receivable - trade, accounts receivable - trade, accounts receivable - other, notes and accounts payable - trade, electronically recorded obligations - operating, short-term borrowings, and accounts payable - other are omitted, as these are settled within a short time frame and therefore have a market value approximate to their book value.

	(Millions of yen)		
	Amounts posted on the Consolidated Balance Sheet (*)	Market value (*)	Difference
(1) Investment securities			
(i) Shares of subsidiaries and associates	21,229	11,704	-9,525
(ii) Available-for-sale securities	27,160	27,160	-
(2) Current portion of long-term borrowings	(23,065)	(23,032)	-33
(3) Long-term borrowings	(33,996)	(33,803)	-192
(4) Derivatives	50	50	-

(\*) Items posted as liabilities are enclosed in brackets.

(Note)

Unlisted shares (posted as 139 million yen on the Consolidated Balance Sheet), shares of unlisted subsidiaries and associates (posted as 4,111 million yen on the Consolidated Balance Sheet), and Investment Limited Partnership (posted as 482 million yen on the Consolidated Balance Sheet) are shares, etc. that do not have a market price. As such, these items are not included in (1).

(3) Matters relating to breakdown, etc. of market values of financial instruments by level

Market values of financial instruments are classified into the following three levels based on the observability and materiality of inputs used to calculate market values.

Level 1 market value: Market value calculated using (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2 market value: Market value calculated using directly or indirectly observable inputs other than Level 1 inputs



Level 3 market value: Market value calculated using significant unobservable inputs

When multiple inputs that have a significant impact on the calculation of market value are used, market value is classified into the level with the lowest priority in the calculation of market value among the levels to which those inputs belong.

- (i) Financial assets and financial liabilities that are recognized on the Consolidated Balance Sheet at market value

(Millions of yen)

Classification	Market value			
	Level 1	Level 2	Level 3	Total
(1) Investment securities				
Shares	27,160	-	-	27,160
(4) Derivatives	-	50	-	50

- (ii) Financial assets and financial liabilities that are not recognized on the Consolidated Balance Sheet at market value

(Millions of yen)

Classification	Market value			
	Level 1	Level 2	Level 3	Total
(1) Investment securities				
Shares of subsidiaries and associates	11,704	-	-	11,704
(2) Current portion of long-term borrowings	-	23,032	-	23,032
(3) Long-term borrowings	-	33,803	-	33,803

(Notes) Valuation methods used for the measurement of market value and a description of inputs

- (1) Investment securities:

Listed shares are valued using quoted prices. Since listed shares are traded in active markets, their market value is classified as Level 1 market value.

- (2) Current portion of long-term borrowings and (3) Long-term borrowings:

The market value of long-term borrowings is calculated by taking into account the remaining term of the bonds and discounting the total amount of principal and interest by the assumed interest rate that would be applied when new borrowings are conducted. It is classified as Level 2 market value. The market value of long-term borrowings that are subject to exceptional accounting treatment for interest-rate swaps is calculated by taking into account the remaining term of the bonds and discounting the total amount of principal and interest, which is treated as one with the interest-rate swap in question, by a logically estimated interest rate that would be applied when similar borrowings are conducted.

- (4) Derivatives:

The market values of interest-rate swaps and forward exchange contracts are calculated using observable inputs such as interest rates and foreign exchange rates. They are classified as Level 2 market values.

Derivatives conducted through exceptional accounting treatment of interest-rate swaps are treated as being one with the long-term borrowings under the relevant hedge. As such, the market value of such transactions is presented as being included in the market value for the long-term borrowings concerned.

# 8. Notes to Leased Property

The Company and some of its consolidated subsidiaries own real property for lease and others in Tokyo and other regions. During the fiscal year ended March 2025, income or expenses from the leased property was 96 million yen (rent income was posted as non-operating income and expenses are posted as non-operating expenses).

The amount posted on the Consolidated Balance Sheet, major changes during the consolidated fiscal year under review, market value on the consolidated closing date, and the calculation method of such market value are as follows:

(Millions of yen)

Amounts posted on the Consolidated Balance Sheet			Market value on the consolidated closing date
Balance at the beginning of the consolidated fiscal year under review	Amount of increases/decreases during the consolidated fiscal year under review	Balance at the end of the consolidated fiscal year under review	
14,962	-602	14,359	17,932

- (Note 1) Amounts posted on the Consolidated Balance Sheet were the acquisition costs minus accumulated depreciation and accumulated impairment loss.
- (Note 2) Of the change during the consolidated fiscal year under review, the amount of increases mainly consists of the acquisition of real property for lease (105 million yen), while the amount of decreases mainly consists of the reclassification from real property for lease to real property for business use (593 million yen).
- (Note 3) Calculation method of market value  
Basically, the amount based on a real-estate appraisal report prepared by a real-estate appraiser.

9. Notes to Per-Share Information

Net assets per share	3,818.65 yen
Net income per share	326.18 yen
(Calculation basis) Profit attributable to owners of parent	13,316 million yen
Profit attributable to owners of parent, available to common shares	13,316 million yen
Average number of shares during the fiscal year under review	40,826 thousand shares

(Note) For the purpose of calculating the net income per share, the treasury shares remaining in trust posted as treasury shares in the “Shareholders' equity” section are included in the treasury shares deducted in the calculation of the average number of shares during the fiscal year under review. For the purpose of calculating the net assets per share, the treasury shares so remaining in trust are included in the treasury shares deducted from the total number of shares issued and outstanding at the end of the fiscal year under review.

For the purpose of calculating the net income per share, the average number of treasury shares, so deducted, during the fiscal year under review was 494 thousand shares, and for the purpose of calculating the net assets per share, the number of treasury shares, so deducted, as at the end of the fiscal year under review was 476 thousand shares.

10. Notes to Revenue Recognition

(1) Information regarding disaggregated revenue arising from contracts with customers

Information by type of goods or services

(Millions of yen)

	Reported segments			Others (Note 2)	Adjustment	Total
	Emotional Value Solutions Business	Devices Solutions Business	Systems Solutions Business			
Wholesale of watches (Note 1)	139,823	-	-	-	-	139,823
Retail of watches (Note 1)	36,168	-	-	-	-	36,168
Electronic devices (Quartz crystals, micro batteries, etc.)	-	26,061	-	-	-	26,061
Precision devices (Precision turned parts, etc.)	-	12,762	-	-	-	12,762
Printing devices	-	13,193	-	-	-	13,193
System-related (Including IT performance management)	-	-	29,991	-	-	29,991

IoT-related	-	-	11,711	-	-	11,711
Settlement-related	-	-	6,165	-	-	6,165
Other	28,248	10,148	-	1,169	467	40,034
Transactions with other segments	-2,993	-4,749	-2,632	-792	-	-11,167
Revenue arising from contracts with customers	201,247	57,416	45,235	377	467	304,744
Revenues from external customers	201,247	57,416	45,235	377	467	304,744

Information by region

(Millions of yen)

	Reported segments			Others (Note 2)	Adjustment	Total
	Emotional Value Solutions Business	Devices Solutions Business	Systems Solutions Business			
Japan	103,300	17,542	44,957	377	60	166,239
The Americas	26,778	9,280	186	-	15	36,260
Europe	25,302	6,809	25	-	369	32,507
Asia and others	45,866	23,783	65	-	21	69,736
Revenue arising from contracts with customers	201,247	57,416	45,235	377	467	304,744
Revenues from external customers	201,247	57,416	45,235	377	467	304,744

(Note 1) The wholesale of watches is classified as manufacturing, sales, and repair services for the Company's own products. The retail of watches is classified as retail services including other companies' products.

(Note 2) Although portions of rental revenues from real estate are included, they are included in "Revenue arising from contracts with customers" due to its low financial significance.

(2) Useful information in understanding revenue

Useful information in understanding revenue is as described in "Notes to Important Matters that are the Basis for Preparation of Consolidated Financial Statements, (6) Accounting standards for significant income and expenses".

(3) Information in understanding the amounts of revenues in the fiscal year under review and the following fiscal years

(i) Balance, etc. of contract assets and contract liabilities

(Millions of yen)

	Fiscal year under review	
	Balance at the beginning of the fiscal year	Balance at the end of the fiscal year
Receivables from contracts with customers	44,615	39,947
Contract assets	880	1,426
Contract liabilities	8,760	9,769

Of the amount of revenue recognized in the fiscal year under review, the amount included in the balance of contract liabilities at the beginning of the fiscal year was 6,888 million yen.

(ii) Transaction prices allocated to remaining performance obligations

The Company has applied the practical expedient to notes on transaction prices allocated to remaining performance obligations. Contracts with an initially expected term of one year or less are not included in the notes. The performance obligations primarily relate to the Systems Solutions Business. The total transaction prices allocated to remaining performance obligations and the period in which the Company expects to recognize the amounts as revenue are as follows.

(Millions of yen)

	Fiscal year under review
One year or less	1,338
Over one year, two years or less	1,004
Over two years, three years or less	708
Over three years	718
Total	3,770

11. Presentation of Amounts

In the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statements of Changes in Equity, and Notes to Consolidated Financial Statements, any amount less than one million yen is discarded.

[Translation]

**Non-Consolidated Statements of Changes in Equity**  
(From April 1, 2024 to March 31, 2025)

Millions of yen

	Shareholders' equity								
	Share capital	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings	Total retained earnings		
						Retained earnings brought forward			
Balance at beginning of period	10,000	2,378	4,246	6,625	121	22,857	22,979	-1,558	38,046
Changes during period									
Dividends of surplus						-3,617	-3,617		-3,617
Profit						4,500	4,500		4,500
Purchase of treasury shares								-2	-2
Disposal of treasury stock by ownership plan trust								205	205
Net changes of items other than shareholders' equity									
Total changes during period	—	—	—	—	—	883	883	202	1,086
Balance at end of period	10,000	2,378	4,246	6,625	121	23,740	23,862	-1,355	39,132

Millions of yen

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of period	16,832	8,190	25,022	63,068
Changes during period				
Dividends of surplus				-3,617
Profit				4,500
Purchase of treasury shares				-2
Disposal of treasury stock by ownership plan trust				205
Net changes of items other than shareholders' equity	-3,553	-106	-3,660	-3,660
Total changes during period	-3,553	-106	-3,660	-2,574
Balance at end of period	13,278	8,083	21,362	60,494

[Translation]

**Notes to Non-Consolidated Financial Statements**

1. Notes to Significant Accounting Policies

(1) Standards and methods for evaluating securities

- (i) Shares in subsidiaries and affiliates:  
Stated at cost using the moving-average method
- (ii) Available-for-sale securities:  
Securities other than shares, etc. that do not have a market price:  
Market value method  
  
Shares, etc. that do not have a market price:  
Mainly stated at cost using the moving-average method
- (iii) Investment Limited Partnership:  
Stated on a net basis equivalent to equity interests, based on the most recent financial statements available according to the financial reporting date stipulated in the partnership agreement

(2) Standards and methods for evaluating derivatives

- (i) Derivatives:  
Market value method

(3) Depreciation methods for non-current assets

- (i) Property, plant and equipment (excluding leased assets):  
The straight-line method is used for buildings (excluding equipment attached to buildings), and equipment attached to buildings, and structures acquired on or after April 1, 2016, and the declining-balance method for other property, plant and equipment. For a useful life, the estimated economic life is used, which reflects the usable period, actual period of use, and other factors for each asset.
- (ii) Intangible assets (excluding leased assets)  
The straight-line method is used. As for software for in-house use, the straight-line method is used with a usable period of 5 years.
- (iii) Leased assets  
Lease assets relating to finance lease with transfer of ownership:  
The same depreciation method as applied to the property, etc. owned by the Company is used.

(4) Accounting standards for significant allowances and provisions

- (i) Allowance for doubtful accounts:  
In order to prepare for possible losses on uncollectible receivables held, estimated uncollectible amounts are posted: for general receivables, according to the historical percentage of uncollectibles, and for doubtful receivables, considering the probability of collection.

- (ii) Allowance for investment loss of subsidiaries and associates:  
In order to prepare for possible losses on investments to subsidiaries and associates, an amount deemed necessary is provided after considering the financial position of each company and based on a respective review. The allowance for investment loss of subsidiaries and associates of 4 million yen is directly reduced from the amount of shares of subsidiaries and associates.
- (iii) Provision for bonuses:  
In order to prepare for payment of bonuses to employees, a provision is made based on the estimated bonus payments, which are attributable to the fiscal year under review.
- (iv) Provision for stock benefits:  
The Company has posted an estimated amount, as of the end of the fiscal year under review, for the obligation to deliver shares, as a provision for the delivery of its shares to the Executive Directors of the Company and its subsidiaries, in accordance with the Rules for Delivery of Shares to Officers.

(5) Accounting standards for income and expenses

The Company's revenues consist of dividend from subsidiaries and associates, management fee income, and royalty income. Among these, management fee income represents the Company's obligations to perform services related to consolidated management and management of each associate based on contracts with each associate. Royalty income represents the Company's obligations to license the use of trademarks based on contracts with associates.

The performance obligations for such management fee income and royalty income are recognized as revenue according to the contract period.

(6) Hedge accounting method

- (i) Hedge accounting method  
Deferred hedge accounting is employed. However, with regard to forward exchange contracts and the like that meet the requirements for deferral hedge accounting ("*furiate-shori*"), deferral hedge accounting is employed; with regard to interest-rate swaps that meet the requirements for exceptional accounting ("*tokurei-shori*"), exceptional accounting is employed.
- (ii) Means of hedging and hedged items:  
Forward exchange contracts and foreign currency deposits to hedge foreign exchange-rate fluctuation risks regarding foreign currency-denominated trade payables and receivables and the like; and interest-rate swaps to avoid fluctuation risks regarding borrowings on floating interest rate.
- (iii) Hedging policy  
Forward exchange contracts, foreign currency deposits and interest-rate swaps are hedged to avoid exchange- and interest-rate fluctuation risks present in hedged items in accordance with the Company's internal rules, and no speculative transactions are conducted.
- (iv) Assessment of hedge effectiveness  
Hedge effectiveness is assessed by analysis of the percentage between the accumulated cash flow changes of hedged items and the accumulated cash flow changes by means of hedging. However, the assessment of hedge effectiveness is omitted if the material conditions of the means of hedging and the hedged items are the same.



(7) Application of group tax sharing system

Group tax sharing system is applied.

2. Notes to Changes in Accounting Policies

Application of Accounting Standard for Current Income Taxes

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

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022. The change in accounting policies had no impact on the financial statements for the fiscal year under review.

3. Notes to Accounting Estimates

Evaluation of deferred tax assets

(1) Amount posted in the financial statements for the fiscal year under review

Deferred tax liabilities	6,074 million yen
--------------------------	-------------------

As stated in “5. Notes to Tax Effect Accounting” of the Notes to Non-Consolidated Financial Statements, deferred tax assets of 80 million yen and deferred tax liabilities of 6,154 million yen are presented after offsetting.

(2) Information useful for understanding the content of accounting estimates

Deferred tax assets are posted if they are judged to be recoverable by making reasonable estimates of when future taxable income will occur and its amount based on business plans, etc. Such estimates may be affected by changes in uncertain economic conditions, etc. in the future. If the actual timing of when the taxable income occurs and its amount differ from the estimates, it may significantly affect the amount of deferred tax assets in the financial statements for the following fiscal year.

As stated in “1. Notes to Significant Accounting Policies (7)”, the Company has applied the group tax sharing system. Accordingly, estimates for the income tax portion have been made for the entire tax sharing group.

4. Notes to Non-Consolidated Balance Sheet, Statements of Income, and Statements of Changes in Equity

(1) Accumulated depreciation of Property, plant and equipment 11,005 million yen

(2) Monetary claims, monetary debts and transactions with subsidiaries and associates

(i)	Short-term receivables	57,292 million yen
(ii)	Short-term payables	13,461 million yen
(iii)	Long-term receivables	7,038 million yen
(iv)	Long-term payables	1,514 million yen
(v)	Operating revenue	15,832 million yen
(vi)	Operating expenses	5,259 million yen
(vii)	Transactions other than operating transactions	6,178 million yen

(3) Revaluation of land for business use

Land for business use was revaluated pursuant to the “Act on Revaluation of Land” (Act No. 34 promulgated on March 31, 1998), and valuation differences which correspond to taxes are posted as “Deferred tax liabilities for land revaluation” of “Liabilities” and the balance thereof is posted as “Revaluation reserve for land” of “Net assets”.

(i) Method of revaluation:

Land for business use was evaluated based on the main-street land price set forth in Article 2, item 4 of the “Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119 promulgated on March 31, 1998)”, and that land without a main-street land price was evaluated based on the assessed value of fixed assets as set forth in item 3 thereof, with reasonable adjustment.

(ii) Date of revaluation: March 31, 2001

(4) Notes to lending stock

Out of shares of subsidiaries and associates, 46 million yen is for lending stock.

(5) Loan commitment agreement

The Company has concluded loan commitment agreements with two banks in order to carry out efficient funding of working capital. The balance of unused line of credit, etc. under the loan commitment agreements at the end of the fiscal year under review is as follows.

Total amount of loan commitment	28,500 million yen
<u>Borrowing balance</u>	<u>11,900 million yen</u>
Balance	16,600 million yen

(6) Notes to Statements of Changes in Equity

Type and number of treasury shares at the end of the fiscal year under review

Common shares 538,368 shares

The number of shares above includes 476,000 shares of the Company held in the Board Benefit Trust (BBT) as a result of the introduction of the BBT plan.

5. Notes to Tax Effect Accounting

(1) Breakdown by major reason for incurring deferred tax assets and deferred tax liabilities

Deferred tax assets	
Provision for bonuses	67 million yen
Allowance for doubtful accounts	1,951 million yen
Loss on valuation of shares in subsidiaries	5,565 million yen
Allowance for investment loss of subsidiaries and associates	1 million yen
Impaired loss on non-current assets	734 million yen
Assets for adjustment of profit and loss due to transfer	1,217 million yen
Loss carried forward	3,241 million yen
Other	140 million yen
Deferred tax assets - subtotal	12,919 million yen
Valuation-related reserves concerning loss carried forward	-3,241 million yen
Valuation-related reserves concerning the sum of deductible temporary differences	-9,598 million yen
Valuation-related reserves-subtotal	-12,839 million yen
Deferred tax assets - total	80 million yen
Deferred tax liabilities	
Assets for adjustment of profit and loss due to transfer	21 million yen
Valuation difference on available-for-sale securities	6,111 million yen
Other	21 million yen
Deferred tax liabilities - total	6,154 million yen
Net deferred tax assets (liabilities)	-6,074 million yen

Other than the above items, “deferred tax liabilities” concerning “revaluation reserve for land” was 3,720 million yen.

(2) Revision of the amounts of deferred tax assets and deferred tax liabilities due to changes in income tax rates

In accordance with the enactment of the “Act on Partial Revision of the Income Tax Act, etc.” (Act No. 13 of 2025) on March 31, 2025, the effective statutory tax rate for calculating deferred tax assets and deferred tax liabilities (limited to those to be settled on or after 1 April 2026) for the fiscal year under review has been revised to 31.52%, from 30.62% for the previous fiscal year.

As a result, the amount of deferred tax liabilities (after offsetting deferred tax assets) increased by 175 million yen, income taxes – deferred and valuation difference on available-for sale securities for the fiscal year under review decreased by 1 million yen and 174 million yen, respectively. In addition, deferred tax liabilities for land revaluation increased by 106 million yen, and revaluation reserve for land decreased by the same amount.

6. Notes to Transactions with Related Parties

(1) Parent company and major corporate shareholders

Attributes	Name of company	Ratio of voting rights held (%)	Relationship with related party	Content of transaction	Transaction amount (million yen)	Item	Term-end balance (million yen)
Major shareholder (company, etc.)	Sanko Kigyo K.K.	(Direct) 10.8 (Closer parties or agreed parties) 7.0	Property lease-in, etc.	Property lease-in	672	Accounts payable - other	-

(2) Subsidiaries and associates, etc.

Attributes	Name of company	Ratio of holding of voting rights, etc. (%)	Relationship with related party	Content of transaction	Transaction amount (million yen)	Item	Term-end balance (million yen)
Subsidiary	SEIKO WATCH CORPORATION	(direct) 100.0	Interlocking directorate	Royalty income	2,796	Accounts receivable - other	1,429
				Management fee income	1,760	Accounts receivable - other	176
	WAKO Co., Ltd.	(direct) 100.0	Interlocking directorate	Property lease-out	948	Accrued income	164
	SEIKO Solutions Inc.	(direct) 100.0	Interlocking directorate	Property lease-out	366	Accrued income	13
	Shirakawa Estate Co., Ltd.	(direct) 100.0	Interlocking directorate	Property lease-in	201	Accounts payable - other	18
	Seiko Instruments Inc.	(direct) 100.0	Interlocking directorate	Property lease-in	127	Accounts payable - other	-
	SEIKO Time Creation Inc.	(direct) 100.0	Interlocking directorate	Burden charge based on the agreement	2,190	Accounts receivable - other	2,190

(Notes) Transaction terms and policies to determine them

- 1) The terms for property lease-in are determined based on the same standards as for general transaction terms after considering market price. In the Statements of Income, the property rents payable is offset with property rents receivable.
- 2) Royalty income is determined based on the same standards as for general transaction terms.
- 3) Management fee income is determined by mutual consultation between the Company and a directly consolidated subsidiary, taking into consideration the nature of its business.
- 4) Regarding property rents receivable, those of owned property leased out for business use are determined linked to relevant income, and those leased out as office or the like are determined based on a professional valuation. In the Statements of Income, property rents receivable is offset with property rents payable.
- 5) Regarding burden charge based on the agreement, the amount is determined by reasonably calculating the amount to be borne by SEIKO Time Creation Inc. as a

result of restructuring of the Clocks Business, from among provision of allowance for doubtful accounts for a subsidiary of SEIKO Time Creation Inc. recognized by the Company. In the Non-Consolidated Statements of Income, the burden charge based on the agreement is included in extraordinary income as “Reversal of allowance for doubtful accounts for subsidiaries and affiliates” in the amount of 48 million yen.

7. Notes to Per-Share Information

Net assets per share	1,480.31 yen
Net income per share	110.18 yen
(Calculation basis) Profit	4,500 million yen
Profit available to common shares	4,500 million yen
Average number of shares during the fiscal year under review	40,847 thousand shares

(Note) For the purpose of calculating the net income per share, the treasury shares remaining in trust posted as treasury shares in the “Shareholders' equity” section are included in the treasury shares deducted in the calculation of the average number of shares during the fiscal year under review. For the purpose of calculating the net assets per share, the treasury shares so remaining in trust are included in the treasury shares deducted from the total number of shares issued and outstanding at the end of the fiscal year under review.

For the purpose of calculating the net income per share, the average number of treasury shares, so deducted, during the fiscal year under review was 494 thousand shares, and for the purpose of calculating the net assets per share, the number of treasury shares, so deducted, as at the end of the fiscal year under review was 476 thousand shares.

8. Notes to Companies subject to Restriction on Consolidated Dividend

The Company will become a company subject to restriction on consolidated dividend from when the last day of the fiscal year under review is the last day of the last fiscal year.

9. Presentation of Amounts

In the Non-Consolidated Balance Sheet, Non-Consolidated Statements of Income, Non-Consolidated Statements of Changes in Equity, and Notes to Non-Consolidated Financial Statements, any amount less than one million yen is discarded.