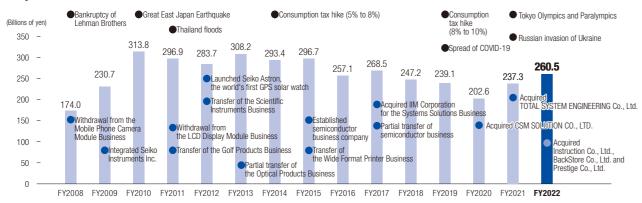
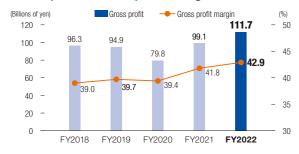
# Financial Review

#### 15 year net sales transition



#### Gross profit / Gross profit margin



#### Operating profit / Operating profit margin



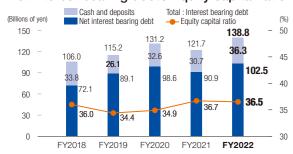
#### Ordinary profit



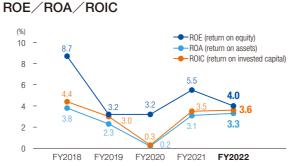
#### Profit attributable to owners of parent



#### Net interest bearing debt / Equity capital ratio



- \* Net interest bearing debt = interest bearing debt cash and deposits
- \* Interest bearing debt = borrowings + lease obligations
  The Company has applied IFRS 16 "Leases" at consolidated subsidiaries
- The Company has applied IFRS 16 "Leases" at consolidated subsidiariouverseas, excluding those in the U.S., from Q1, FY2019.
- \* Equity capital ratio = equity capital / total assets x 100
  The Company has applied ""Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) from the beginning of FY2018, and the indexes for FY2017 are presented after reclassification.



- \* ROE = profit attributable to owners of parent / ((equity capital at beginning
- of fiscal year + equity capital at end of fiscal year) / 2) x 100
  \* ROA = ordinary profit / ((total assets at beginning of fiscal year + total assets at end of fiscal year) / 2) x 100
- \* ROIC = (ordinary income after income taxes + interest expense) / (interest bearing debt + net assets) x 100

# Non-Financial Review

#### Environment

	FY2018	FY2019	FY2020	FY2021	FY2022
CO <sub>2</sub> emissions *1,*2 (t-CO <sub>2</sub> )					
SCOPE1 + SCOPE2	116,244	113,607	109,296	102,634	96,589
SCOPE1	6,662	6,834	6,898	8,279	8,154
SCOPE2	109,582	106,773	102,398	94,356	88,434
SCOPE3*3	_	_	383,027	532,764	572,367
Energy consumption *1 (MWh)	249,588	247,410	241,320	253,295	243,573
Electricity usage *1 (MWh)	218,497	215,515	209,422	217,018	213,020
Renewable energy consumption *4	_	_	_	15,948	32,624
Renewable energy ratio	_	_	-	7.3%	15.3%
Industrial waste emissions *5 (t)	6,080	5,124	5,232	5,686	5,664
Water consumption *5 (1,000 m³)	904	870	814	791	761

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

\*2 The following CO<sub>2</sub> emission coefficients are used:

In Japan, we use emissions factors as determined by the emissions output for each separate electric power utility, as specified in the Act on Promotion of Global Warming Countermeasures.

Overseas, the International Energy Agency (IEA) emission factors for each country are the standard reference.

Fuel: Both in Japan and overseas, emissions are measured as the calorific value by type of fuel and emission factors for fuel use as specified in the Act on Promotion of Global Warming Countermeasures.

Chilled/heated water: Emission factors provided by suppliers are used.

\*3 The scope of the statistics for FY2020 covers the main 6 businesses of SEIKO WATCH CORPORATION and Seiko Instruments Inc.

\*4 Including purchases by certificate

\*5 Scope of calculation: Seiko Group Corporation and 22 operating companies in Japan and overseas

#### Social

	FY2018	FY2019	FY2020	FY2021	FY2022
Number of employees*1 (people) Total	12,020	11,947	12,092	11,984	11,843
Emotional Value Solutions	8,140	7,917	7,267	7,063	6,969
Devices Solutions	2,991	2,810	3,405	3,484	3,535
Systems Solutions	713	746	1,027	1,045	1,138
Others	35	35	37	31	30
Corporate *2	141	439	356	361	171
Ratio of male and female regular employees*3 (%)					
Male	71.6	71.3	71.1	71.0	70.4
Female	28.4	28.7	28.9	29.0	29.6
Ratio of women in managerial positions *3 (%)	12.4	13.4	13.7	13.2	13.3
Average years of employee service *4 (years)	18.4	17.9	19.8	20.0	19.5
Ratio of employees with disabilities *5 (%)	2.4	2.3	2.7	2.3	2.4

\*1 Reported segments have been changed from FY2022. Accordingly, the number of employees from FY2019 through FY2021 has been reclassified to reflect the new disclosure segments.

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

\*3 The ratio for April 1 in the following fiscal year is displayed as the ratio as of the end of that fiscal year. Scope of calculation: Seiko Group Corporation and 18 operating companies in Japan

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

\*5 The ratio of employees with disabilities for June 1 in the following fiscal year is displayed as the ratio as of the end of that fiscal year. Scope of calculation: Seiko Group Corporation and 8 companies certified as group companies including special subsidiaries

#### Governance (as of June 29, 2023)



Ratio of Attendance at Board of Directors	FY2018	FY2019	FY2020	FY2021	FY2022
Average attendance rates of all Directors	97.9%	97.9%	100.0%	100.0%	100.0%
Average attendance rates of all Corporate Auditors	96.9%	98.5%	100.0%	98.5%	100.0%
Attendance rates of Outside Officers	95.4%	93.8%	100.0%	98.5%	100.0%
Average attendance rates of all Officers	97.6%	98.1%	100.0%	99.5%	100.0%

# Ten-Year Financial Table

	EV0010	EV0014	EV001 <i>E</i>	EV0016	EV0017	EV0010	EV0010	FV0000		(Millions of ye
Consolidated Ctatament of Income	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Consolidated Statement of Income										
Net sales (by segment)*1	170 170	100 505	105 141	161 706	168.049	169.833	160 444	107 005	150 000	170 70
Emotional Value Solutions Watches*2	179,470	188,525	195,141	161,796	,	,	163,444	127,835	150,890	170,79
Others · Adjustments	150,739 28,730	159,075 29,450	164,453 30,687	134,592 27,204	140,156 27,892	141,788 28,044	135,475 27,969	105,054 22,781	125,744 25,146	144,220 26,57
Devices Solutions*4	86,299	88,684	87,351	78,662	76,632	50,133	46,962	47,536	61,060	64,530
										-
Systems Solutions	22,868	21,142	19,455	20,287	27,411	30,809	32,839	34,114	34,413	36,626
Others*5	26,329	1,264	1,235	961	1,047	1,218	1,222	1,274	1,052	1,109
Adjustments	(6,681)	(6,144)	(6,478)	(4,591)	(4,610)	(4,701)	(5,319)	(8,090)	(10,035)	(12,557
Consolidated total  Gross profit	308,286	293,472	296,705	257,115	268,529	247,293	239,150	202,671		260,504 111,798
•	103,540 33.6%	104,266 35.5%	108,540 36.6%	96,292 37.5%	102,297 38.1%	96,338 39.0%	94,928 39.7%	79,866 39.4%	99,178 41.8%	42.99
Gross profit to sales ratio (%) Selling, general and administrative expenses	89,526	92,599	95,233	88,804		86,943	88,794	77,672	90,408	100,56
Operating profit (by segment)*1	89,326	92,599	95,233	88,804	91,461	80,943	88,794	11,012	90,408	100,56
Emotional Value Solutions	11,002	11,746	12,934	7,185	8,166	11,086	10,138	5,206	8,295	11,57
Watches*2	12,253	12,334	12,722	7,105	7,902	10,391	10,158	5,600	7,638	11,12
	(1,251)	(587)	211	(429)	264	695		(393)	656	45
Others · Adjustments Devices Solutions*4	2,330	,	3,382	4,291	5,917	1,129	(19) 668	1,365	5,638	5,05
	349	2,741 327								-
Systems Solutions Others* <sup>5</sup>	944	249	364 160	1,283 159	1,605 229	2,401 229	3,010 264	3,538 284	3,946 216	4,36
	(611)	(3,398)	(3,532)	(5,432)	(5,082)	(5,452)		(8,200)	(9,326)	
Adjustments Consolidated total	. ,						(7,947)			(9,94
Consolidated total	14,014 4.5%	11,667	13,307	7,487	10,836	9,394	6,134	2,194	8,770 3.7%	11,23
Operating profit to sales ratio (%)		4.0%	4.5%	2.9%	4.0%	3.8%	2.6%	1.1%		4.3
Ordinary profit	10,165	12,373	11,879	6,671	10,911	11,410	7,004	633	9,939	11,16
Ordinary profit to sales ratio (%)	3.3%	4.2%	4.0%	2.6%	4.1%	4.6%	2.9%	0.3%	4.2%	4.3
Profit attributable to owners of parent	7,422	21,778	12,142	5,392	11,541	9,249	3,394	3,475	6,415	5,02
Profit attributable to owners of parent to sales ratio (%)	2.4%	7.4%	4.1%	2.1%	4.3%	3.7%	1.4%	1.7%	2.7%	1.9
Advertising and sales promotion expenses	13,343	16,624	18,366	15,882	16,393	16,905	18,845	14,929	15,985	18,34
Salaries and wages	36,139	36,060	37,200	34,819	34,639	32,454	32,163	28,827	32,970	36,89
Provision for bonuses	2,007	2,202	2,074	1,867	1,986	1,879	1,913	2,023	2,365	2,82
Retirement benefit expenses	1,034	1,928	1,610	770	1,383	1,470	1,371	1,224	1,294	1,14
Research and development expenses*6	3,851	4,112	4,023	3,901	4,669	4,190	4,607	4,095	4,106	3,98
Consolidated Balance Sheet										
Cash and deposits	43,002	41,292	39,131	35,355	34,229	33,844	26,112	32,611	30,740	36,32
Inventories	57,022	62,910	65,196	66,177	57,011	58,305	65,734	68,424	73,048	83,77
Interest bearing debt*7	200,881	137,250	127,560	136,586	113,387	106,022	115,261	131,242	121,728	138,86
Net assets	64,766	92,589	102,692	107,161	105,170	110,415	104,273	113,082	121,624	131,74
Total assets	366,753	333,701	329,115	328,857	305,297	303,036	299,990	319,671	327,533	355,91
Consolidated Statement of Cash Flows	222,122		,	0=0,000					,	,-
Net cash provided (used in) operating activities	15,598	16,562	15,096	4,209	27,885	17,508	2,704	2,874	20,358	9,26
Net cash provided (used in) investing activities	(10,917)	46,254	(8,334)	(13,200)	(17,430)	(7,093)	(10,688)	(7,838)	(9,318)	(15,53
Net cash provided (used in) financing activities	(3,517)	(66,816)	(6,645)	5,713	(11,759)	(10,670)	678	10,465	(13,909)	10,56
Free cash flow	4,681	62,816	6,762	(8,991)	10,455	10,414	(7,983)	(4,963)	11,040	(6,27
Depreciation	12,242	10,892	10,325	10,959	10,433	8,980	10,315	10,690	10,879	12,35
Purchase of property, plant and equipment	(11,006)	(9,350)	(13,054)	(12,138)	(6,954)	(6,341)	(8,852)	(17,735)	(8,797)	
	(11,000)	(9,330)	(13,034)	(12,130)	(0,954)	(0,341)	(0,032)	(17,700)	(0,797)	(12,18
Management Indices	100.000	454.005	450.004	100.005	105 100	107.000	101 005	00.504	110.070	407.00
Overseas net sales	160,206	154,025	150,864	122,285	125,499	107,296	101,635	89,561	112,978	127,89
Overseas net sales ratio (%)	52.0%	52.5%	50.8%	47.6%	46.7%	43.4%	42.5%	44.2%	47.6%	49.1
ROE (return on equity) (%)	14.6%	28.4%	13.1%	5.6%	11.4%	8.7%	3.2%	3.2%	5.5%	4.0
ROA (return on assets) (%)	2.8%	3.5%	3.6%	2.0%	3.4%	3.8%	2.3%	0.2%	3.1%	3.3
ROIC (return on invested capital) (%)	3.3%	4.5%	4.5%	2.6%	4.1%	4.4%	3.0%	0.3%	3.5%	3.6
PER (price earnings ratio) (times)	11.4	5.8	7.6	17.4	9.2	11.7	21.2	22.3	14.7	23
PBR (price book-value ratio) (times)	1.4	1.4	1.0	1.0	1.0	1.0	0.7	0.7	0.8	0
Equity capital	62,871	90,410	94,521	98,119	104,010	109,221	103,050	111,695	120,067	129,7
Equity capital ratio (%)	17.1%	27.1%	28.7%	29.8%	34.1%	36.0%	34.4%	34.9%	36.7%	36.5
Net interest bearing debt	157,879	95,957	88,428	101,230	79,158	72,178	89,148	98,631	90,988	102,5
Net D/E ratio (times)	2.4	1.0	0.8	0.9	0.7	0.6	0.8	0.8	0.7	(
Basic earnings per share (yen)	179.58	526.95	293.81	130.71	280.01	224.42	82.36	84.30	155.56	121.
Net assets per share (yen)	1,521.18	2,187.60	2,287.18	2,380.50	2,523.54	2,649.99	2,499.97	2,709.17	2,911.17	3,144.
Dividend per share (yen)	25.00	50.00	62.50	75.00	75.00	75.00	75.00	37.50	50.00	75.0
Dividend payout ratio (%)	13.9%	9.5%	21.3%	57.4%	26.8%	33.4%	91.1%	44.5%	32.1%	61.5
xchange rate (fiscal year average) (JPY)										
USD	100.2	109.9	120.1	108.4	110.8	110.9	108.7	106.1	112.4	135

#### Overview

The Watches Business in the Emotional Value Solutions (EVS) Business performed favorably after FY2013, mainly in the Japanese market. However, from FY2016, the operating profit in the Watches Business slumped due to changes in market conditions, including shifts in theretofore booming consumption by foreign tourists in Japan and global stagnation in the market for affordable watches. In addition, consolidated operating profit in the Devices Solutions (DS) Business also decreased as a result of the pursuit of selection and concentration. In response, in the Watch Business we started a new global brand strategy, focusing on brands with a story, aiming for expansion both in Japan and overseas. Since the fourth quarter of FY2019, all our businesses were significantly impacted by the COVID-19 pandemic. However, the EVS Business saw an improvement in operating profit due to the easing impact of the infection and a recovery in consumer spending both in Japan and overseas from FY2021. In the DS Business, although operating profit was growing due to progress in product portfolio transition to growing markets such as Society5.0 and a sudden increase in demand following the COVID-19 pandemic, a slowdown trend has been observed mainly in consumer devices from the third guarter of FY2022. The System Solutions Business has achieved increases in both revenue and profits for seven consecutive years thanks to efforts to diversify and expand the stock business. Interest bearing debt on invested capital was reduced by approximately 95.0 billion yen over the five years from FY2013 due to the sale of idle real estate and investment securities, liquidation of operating company office buildings, and the transfer of semiconductor business in FY2017. However, it has been increasing again due to the impact of COVID-19 from FY2019.

The consolidated ROIC for the past ten years had improved until FY2015 due to improved earnings and a reduction in interest bearing debt, but deteriorated temporarily due to the decline in profits in FY2016. Since FY2017, although business had begun to improve due to recovery in profits and a reduction of interest bearing debt following a business transfer, it significantly declined again due to the impact of COVID-19. "SMILE145" aims to improve profitability while also focusing on enhancing capital efficiency. Although the Group has significant variations in capital efficiency depending on the nature of each business, but taking into account the characteristics of the businesses, we will make balanced growth investments across the Group and aim to achieve our KPI of over 6.5% to realize what we aim to be in 2026.



- \*1 Due to the change in the reporting segments from FY2022, the results for FY2021 and earlier have been reclassified to reflect the new segments
  Figures after reclassification prior to FY2020 are unaudited reference values
- The previous Watches Business Including some of the businesses included in the previous Electronic Devices Business, the Time Creation
- Business and WAKO Business previously not included in reported segments, and adjustments in the Emotional Value Solutions Business
- The businesses previously in the Electronic Devices Business, other than those that have been changed to the Emotional Value Solutions Business
  Including the Optical Products Business until FY2013 (from FY2014, an equity method affiliated company)
- Total of research and development expenses included in general and administrative expenses and manufacturing cost Interest bearing debt = borrowings + lease obligations

  The Company has applied IFRS 16 "Leases" at consolidated subsidiaries overseas, excluding those in the U.S., from 0.1, P.0010.
- ROE = profit attributable to owners of parent / ((equity capital at beginning of fiscal year + equity capital at end of
- fiscal year) / 2) x 100 ROA = ordinary profit / ((total assets at beginning of fiscal year + total assets at end of fiscal year) / 2) x 100
- \*10 ROIC = (ordinary income after income taxes + interest expense) / (interest bearing debt + net assets) x 100
- \*11 PER = stock price / basic earnings per share \*12 PBR = stock price / net assets per share
- \*13 Equity capital ratio = equity capital / total assets x 100
  The Company has applied ""Partial Amendments to Accounting Standard for Tax Effect Accounting"" (ASBJ) Statement No.28, February 16, 2018) from the beginning of FY2018, and the indexes for FY2017 are presented
- after reclassification.

  \*14 Net interest bearing debt = interest bearing debt cash and deposits
- 115 Net D/E ratio = net interest bearing debt / net assets
   116 The Company conducted a share consolidation of every five shares of its common stock into one share as of October 1, 2017. The value on the left reflect the share consolidation.
- \*17 Profit attributable to owners of parent pertaining to common stock / average number of shares of common stock outstanding during the period

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

# Financial Statement

## Cosolidated Balance Sheets

					(Millions of yen
	FY2018	FY2019	FY2020	FY2021	FY2022
Assets					
Current assets					
Cash and deposits	33,844	26,112	32,611	30,740	36,324
Notes and accounts receivable-trade	37,456	34,397	37,185	_	_
Notes receivable-trade	-	_	_	2,730	3,062
Accounts receivable-trade	_	_	_	35,694	35,187
Contract assets	-	_	_	343	397
Merchandise and finished goods	38,119	42,964	42,365	42,847	49,750
Work in process	11,448	12,161	13,878	16,376	18,117
Raw materials and supplies	8,737	10,608	12,180	13,823	15,908
Accounts receivable-other	3,116	5,406	4,932	4,437	6,577
Other	7,419	7,790	8,306	9,102	9,381
Allowance for doubtful accounts	(1,153)	(1,317)	(1,421)	(1,310)	(1,297)
Total current assets	138,989	138,123	150,039	154,786	173,410
Non-current assets					
Property, plant and equipment					
Buildings and structures	71,913	72,189	74,459	77,046	79,280
Machinery, equipment and vehicles	81,388	78,307	79,098	82,590	86,117
Tools, furniture and fixtures	31,772	32,278	34,183	35,782	39,233
Other	1,820	7,183	8,831	9,909	12,699
Accumulated depreciation	(148,177)	(146,873)	(150,227)	(156,227)	(163,232)
Land	48,998	48,522	54,409	54,056	54,182
Construction in progress	924	2,434	2,422	1,942	2,867
Total property, plant and equipment	88,640	94,044	103,177	105,100	111,149
Intangible assets					
Goodwill	8,289	7,430	7,336	6,453	6,901
Other	8,957	8,572	8,493	8,391	8,620
Total intangible assets	17,247	16,003	15,830	14,844	15,522
Investments and other assets	_				
Investment securities	45,913	38,759	41,463	43,536	45,490
Retirement benefit asset	_	_	391	773	1,820
Deferred tax assets	4,243	4,441	2,273	2,200	1,923
Other	8,165	8,734	6,605	6,397	6,752
Allowance for doubtful accounts	(163)	(115)	(109)	(106)	(153)
Total Investments and other assets	58,159	51,820	50,625	52,802	55,833
Total non-current assets	164,047	161,867	169,632	172,747	182,505
Total assets	303,036	299,990	319,671	327,533	355,915

-	FY2018	FY2019	FY2020	FY2021	(Millions of yer
Liabilities	1 12010	1 12010	1 12020	1 12021	1 12022
Current liabilities					
Notes and accounts payable-trade	26.449	21.869	19,310	21.027	18,790
Electronically recorded obligations - operating	6,438	6,495	6,048	7,138	6,212
Short-term borrowings	49,610	59,140	72,611	63,709	72,598
Current portion of bonds payable	-	-	350	150	300
Current portion of long-term borrowings	19,698	16.843	17,315	23,719	22,117
Accounts payable-other	12,402	11,739	9,266	11,359	11,344
Income taxes payable	1,281	1,282	1,478	1,546	1,793
Contract liabilities	_	, <u> </u>	, <u> </u>	6,574	7,916
Provision for bonuses	3,644	3,477	3,634	4,174	4,879
Provision for goods warranties	440	462	367	409	488
Provision for loss on lease contracts	348	348	348	348	348
Provision for business restructuring	_	_	_	136	247
Other provisions	444	555	414	245	367
Asset retirement obligations	_	13	6	_	9
Other	12,213	13,929	14,528	13,873	14,743
Total current liabilities	132,972	136,158	145,679	154,413	162,157
Non-current liabilities					
Bonds payable	_	_	450	300	_
Long-term borrowings	35,106	33,637	35,263	28,752	37,525
Lease liabilities	1,246	4,288	4,499	4,096	5,667
Deferred tax liabilities	2,451	1,929	3,346	3,069	4,285
Deferred tax liabilities for land revaluation	3,614	3,614	3,614	3,614	3,614
Provision for stock benefits	89	133	161	232	538
Provision for long-term goods warranties	82	84	86	90	88
Provision for loss on lease contracts	1,483	1,134	785	436	87
Provision for retirement benefits for directors (and other officers)	36	35	35	19	4
Provision for gift certificate exchange losses	155	148	152	_	_
Provision for loss on business withdrawal	32	10	_	_	_
Provision for environmental measures	349	1	_	-	_
Other provisions	8	7	21	29	23
Retirement benefit liability	10,602	10,453	9,402	7,617	6,894
Asset retirement obligations	888	908	729	1,070	1,079
Other	3,501	3,171	2,361	2,166	2,199
Total non-current liabilities	59,647	59,558	60,909	51,494	62,009
Total liabilities	192,620	195,717	206,589	205,908	224,166
Net Assets					
Shareholders' equity					
Share capital	10,000	10,000	10,000	10,000	10,000
Capital surplus	7,245	7,245	7,245	7,245	7,245
Retained earnings	74,124	74,418	75,909	79,075	81,520
Treasury shares	(335)	(328)	(315)	(292)	(248)
Total shareholders' equity	91,034	91,335	92,839	96,028	98,517
Accumulated other comprehensive income		,	,	,	•
Valuation difference on available-for-sale securities	10,099	5,486	10,431	10,942	11,464
Deferred gains or losses on hedges	(104)	11	(133)	(331)	(9)
Revaluation reserve for land	8,190	8,190	8,190	8,190	8,190
Foreign currency translation adjustment	878	(804)	1,055	5,116	10,638
Remeasurements of defined benefit plans	(876)	(1,169)	(687)	120	992
Total accumulated other comprehensive income	18,186	11,714	18,856	24,038	31,275
Non-controlling interests	1,194	1,223	1,387	1,557	1,956
Total net assets	110,415	104,273	113,082	121,624	131,748

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### Consolidated Statements of Income

					(Millions of yen)
_	FY2018	FY2019	FY2020	FY2021	FY2022
Net sales	247,293	239,150	202,671	237,382	260,504
Cost of sales	150,955	144,221	122,804	138,203	148,706
Gross profit	96,338	94,928	79,866	99,178	111,798
Advertising and promotion expenses	16,905	18,845	14,929	15,985	18,348
Provision of allowance for doubtful accounts	71	210	90	50	(3)
Personel expenses	32,454	32,163	28,827	32,970	36,890
Provision for bonuses	1,879	1,913	2,023	2,365	2,820
Retirement benefit expenses	1,470	1,371	1,224	1,294	1,149
Other selling, general and administrative expenses	34,161	34,289	30,576	37,741	41,360
Total selling, general and administrative expenses	86,943	88,794	77,672	90,408	100,564
Operating profit	9,394	6,134	2,194	8,770	11,233
Non-operating income					
Interest income	188	171	55	67	199
Dividend income	774	763	771	774	771
Share of profit of entities accounted for using equity method	1,941	1,313	_	898	1,224
Foreign exchange gains	_	_	278	699	_
Royalty income	_	367	324	420	_
House rent and other rental revenues	_	340	350	_	_
Other	1,889	628	534	696	858
Total non-operating income	4,794	3,585	2,315	3,557	3,053
Non-operating expenses					
Interest expenses	985	982	899	896	1,139
Foreign exchange losses	79	291	_	-	-
Share of loss of entities accounted for using equity method	_	_	1,826	_	_
Other	1,712	1,441	1,149	1,492	1,980
Total non-operating expenses	2,777	2,715	3,876	2,388	3,119
Ordinary profit	11,410	7,004	633	9,939	11,167
Extraordinary income					
Gain on sale of non-current assets	257	346	1,043	-	228
Subsidy income	_	_	618	133	_
Gain on sale of investment securities	_	_	7,603	-	_
Gain on liquidation of subsidiaries and associates	_	_	140	_	_
Gain on sale of membership	106	_	_	_	_
Total extraordinary income	363	346	9,406	133	228
Extraordinary losses					
Business restructuring expenses	_	264	_	221	968
Loss on sale of investment securities	_	_	_	-	548
Loss on cancellation of agency agreement	_	_	_	-	147
Loss on the spread of infection disease	_	305	3,614	974	90
Impairment losses	_	240	_	_	_
Loss on retirement of non-current assets	_	179	_	-	_
Retirement benefit expenses		158	_	_	_
Total extraordinary losses		1,148	3,614	1,196	1,753
Profit before income taxes	11,774	6,201	6,424	8,876	9,642
Income taxes - current	2,409	1,745	1,682	2,138	2,995
Income taxes - deferred	35	974	1,088	125	1,350
Total income taxes	2,445	2,719	2,771	2,264	4,346
Profit	9,329	3,481	3,653	6,611	5,295
Profit attributable to non-controlling interests	79	86	177	196	267
Profit attributable to owners of parent	9,249	3,394	3,475	6,415	5,028

### Cosolidated Statements of Cash Flows

	FY2018	FY2019	FY2020	FY2021	FY2022
Cash flows from operating activities					
Profit before income taxes	11,774	6,201	6,424	8,876	9,642
Depreciation	8,980	10,315	10,690	10,879	12,359
Increase (decrease) in allowance for doubtful accounts	(76)	134	65	(167)	(14)
Increase (decrease) in retirement benefit liability	(275)	149	(1,152)	(1,796)	(865)
Interest and dividend income	(962)	(935)	(827)	(842)	(970)
Interest expenses	985	982	899	896	1,139
Foreign exchange losses (gains)	(94)	75	74	(485)	18
Share of loss (profit) of entities accounted for using equity method	(1,941)	(1,313)	1,826	(898)	(1,224)
Impairment loss	_	240	_	_	_
Loss (gain) on sale of investment securities	_	_	(7,603)	_	548
Loss (gain) on sale of non-current assets	(257)	(346)	(1,043)	_	(228)
Loss on retirement of non-current assets	92	245	192	304	270
Decrease (increase) in trade receivables	1,132	2,388	(911)	1,496	688
Decrease (increase) in inventories	(976)	(7,446)	(1,552)	(2,048)	(8,235)
Increase (decrease) in trade payables	(518)	(4,358)	(3,889)	176	(3,399)
Other, net	1,926	(2,643)	1.118	6,060	2,296
Subtotal	19,788	3,689	4,311	22,452	12,025
Interest and dividends received	963	935	827	842	971
Dividends received from entities accounted for using equity method	327	1.456	127	176	232
Interest paid	(988)	(990)	(898)	(897)	(1,133)
Extra retirement payments	(170)	(666)	(1)	(001)	(1,100
Income taxes paid	(2,412)	(1,720)	(1,492)	(2,215)	(2,834
Net cash provided by (used in) operating activities	17,508	2,704	2,874	20,358	9,261
Cash flows from investing activities	11,000	2,101	2,011	20,000	0,201
Purchase of property, plant and equipment	(6,341)	(8,852)	(17,735)	(8,797)	(12,182
Proceeds from sale of property, plant and equipment	1,061	546	1,864	642	269
Purchase of investment securities	(0)	(0)	(200)	(34)	(0
Proceeds from sale of investment securities	33	2	10,624	301	513
Loan advances	(522)	(477)	(806)	(487)	(1,013
Proceeds from collection of loans receivable	508	1,229	790	693	733
Purchase of shares of subsidiaries resulting in change in scope of consolidation	_	(219)	(1,365)	_	(1,428)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	-	-	218	-
Other, net	(1,831)	(2,916)	(1,008)	(1,854)	(2,427)
Net cash provided by (used in) investing activities	(7,093)	(10,688)	(7,838)	(9,318)	(15,535
Cash flows from financing activities					
Proceeds from short-term borrowings	910,847	893,019	1,451,815	1,267,894	1,408,747
Repayments of short-term borrowings	(911,281)	(883,432)	(1,438,848)	(1,277,121)	(1,400,675)
Proceeds from long-term borrowings	16,300	16,800	20,800	18,600	32,800
Repayments of long-term borrowings	(23,058)	(21,124)	(19,172)	(19,045)	(25,629)
Repayments of lease liabilities	(371)	(1,463)	(1,798)	(1,716)	(1,895)
Dividends paid	(3,100)	(3,100)	(2,067)	(2,067)	(2,583)
Other, net	(5)	(20)	(265)	(453)	(198)
Net cash provided by (used in) financing activities	(10,670)	678	10,465	(13,909)	10,564
Effect of exchange rate change on cash and cash equivalents	229	(427)	727	1,267	1,180
Net increase (decrease) in cash and cash equivalents	(26)	(7,732)	6,228	(1,601)	5,470
Cash and cash equivalents at beginning of period	33,911	33,843	26,111	32,340	30,738
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(41)	_	_	_	_
Cash and cash equivalents at end of period	33,843	26,111	32,340	30,738	36,209

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# Segment Information

			(Millions of yer
		From April 1, 2021 To March 31, 2022	From April 1, 2022 To March 31, 2023
	Revenues from external customers	147,849	167,742
	Transactions with other segments	3,041	3,053
Emotional	Total	150,890	170,795
Value	Segment profits	8,295	11,575
Solutions	Segment assets	128,009	143,181
Business *1	Depreciation and amortization expense	5,305	6,330
Business	Amortization of goodwill	0	
	Investment amounts to equity method companies	41	17
	Increase amounts of fixed assets and intangible assets	4,814	6,348
	Revenues from external customers Transactions with other segments	56,653 4,407	58,428 6,101
	Total	61,060	64,530
Devices	Segment profits	5.638	5,059
Solutions	Segment assets	76,374	82,714
Business *1	Depreciation and amortization expense	3,169	3,738
Business	Amortization of goodwill	0,100	0,700
	Investment amounts to equity method companies	1,435	1,416
	Increase amounts of fixed assets and intangible assets	4,683	5,819
	Revenues from external customers	32,511	33,554
	Transactions with other segments	1,901	3,071
	Total	34,413	36,626
Systems	Segment profits	3,946	4,367
Solutions	Segment assets	24,799	29,747
Business	Depreciation and amortization expense	1,092	1,090
	Amortization of goodwill	394	631
	Investment amounts to equity method companies		_
	Increase amounts of fixed assets and intangible assets	780	1,064
	Revenues from external customers	367	367
	Transactions with other segments	685	741
	Total	1,052	1,109
	Segment profits	216	171
Others *1	Segment assets	24,140	23,605
	Depreciation and amortization expense	85	90
	Amortization of goodwill	_	_
	Investment amounts to equity method companies	5,958	5,504
	Increase amounts of fixed assets and intangible assets	100	84
	Device of frame automatic contains		444
	Revenues from external customers Transactions with other segments	(10,035)	411 (12,968)
	Total	(10,035)	(12,557)
	Segment profits	(9,326)	(9,940)
Adjustments *1 *2	Segment assets	74,208	76,667
Adjustification	Depreciation and amortization expense	1,225	1,109
	Amortization of goodwill	566	566
	Investment amounts to equity method companies	11,372	14,348
	Increase amounts of fixed assets and intangible assets	475	705
	Revenues from external customers	237,382	260,504
	Transactions with other segments		-
	Total	237,382	260,504
Consolidated	Segment profits	8,770	11,233
Total	Segment assets	327,533	355,915
	Depreciation and amortization expense	10,879	12,359
	Amortization of goodwill Investment amounts to equity method companies	962	1,198
	invesiment amounts to equity method companies	18,808	21,287

Increase amounts of fixed assets and intangible assets

(1) Adjustment to revenues from external customers is royalty income at headquarters, unallocated to operating segments.

(2) Adjustments to segment profits include the following. Company-wide expenses primarily consist of expenses incurred at headquarters, unallocated to reported segments.

	From April 1, 2021 To March 31, 2022	From April 1, 2022 To March 31, 2023
Amortization of goodwill	(566) million yen	(566) million yen
Elimination of inter-segment transactions, etc	32 million yen	(522) million yen
Company-wide expenses not appropriated to each reported segment	(8,792) million yen	(8,851) million yen

<sup>(3)</sup> Adjustments to segment assets include the following.

Company-wide assets primarily consist of surplus funds and long-term investment funds (investment securities) at the parent company (holding company). om April 1 2021 To March 21 2022 From April 1 2022 To March 21 202

	From April 1, 2021 to March 31, 2022	From April 1, 2022 10 March 31, 2023
ation of inter-segment liabilities.	(71,786) million yen	(81,055) million yen
any-wide assets not appropriated to each reported segment	212,462 million yen	212,305 million yen
ation of invocament and equity, etc.	(CC AC7) million you	(E4 E00) million you

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

10,855

14,022

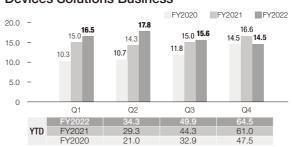
# By Quarter (by Segment)

#### Net Sales (Billions of yen)

#### **Emotional Value Solutions Business**



#### **Devices Solutions Business**



#### **Systems Solutions Business**



#### Others



#### Consolidated Total

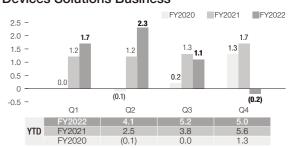


### Operating Profit (Billions of yen)

#### **Emotional Value Solutions Business**



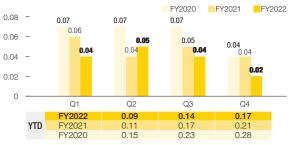
#### **Devices Solutions Business**



#### **Systems Solutions Business**



#### Others



#### Consolidated Total



<sup>\*</sup> Due to the change in the reporting segments from FY2022, the results for FY2021 and earlier have been reclassified to reflect the new segments. Figures after reclassification prior to FY2020 are unaudited reference values.

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<sup>\*1.</sup> Reported segments have been changed from the fiscal year ending March 31, 2023. Accordingly, the above figures for the fiscal years ended March 31, 2022 have been reclassified to reflect the new disclosure segments.

<sup>\*2.</sup> Adjustments are as follows:

# Overview of Company / Information about Shares

#### Company Overview (as of March 31, 2023)

Company Name	SEIKO GROUP CORPORATION
Year of Establishment	1881
Capital	10 billion yen
Number of Employees	171 11,843 (consolidated)

Operating Revenue	15.3 billion yen
Consolidated Net Sales	260.5 billion yen
Head Office Address	26-1, Ginza 1-chome, Chuo-ku, Tokyo Tel: +81-3-3563-2111

#### Consolidated Subsidiaries (as of April 1, 2023)

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

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

<sup>\*</sup> Seiko Instruments U.S.A., Inc. is also in the business of "Emotional Value Solutions."

#### Affiliates accounted for by the equity method (as of April 1, 2023)

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

#### Information about Shares (as of March 31, 2023)

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

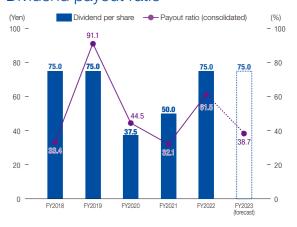
### **Dividend Policy**

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

#### Status of Major Shareholders (as of March 31, 2023)

Name	Number of shares (x 1,000)	Ratio
Sanko Kigyo K.K.	4,436	10.7%
The Master Trust Bank of Japan, Ltd. (Trust Account	4,302	10.4%
Etsuko Hattori	3,613	8.7%
Custody Bank of Japan, Ltd. (Trust Account)	2,480	6.0%
Shinji Hattori	2,279	5.5%
The Dai-ichi Life Insurance Company, Limited	1,800	4.4%
Hideo Hattori	1,622	3.9%
SHIMIZU CORPORATION	744	1.8%
FUJI BUILDING Co., Ltd.	671	1.6%
Hirohisa Hattori	595	1.4%

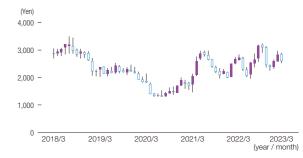
#### Dividend payout ratio



#### Distribution of Shares (as of March 31, 2023)



#### **Share Price Transition**



#### **Editorial Policy**

In Value Report for this year, which marks the second year of the 8th Mid-Term Management Plan "SMILE145" that started from fiscal year 2022, we aimed to clearly introduce the achievement and challenges of the first year of SMILE145 and our future policy based on these achievements, seeking to help our stakeholders understand our further challenges and processes toward becoming a solutions company. We hope this report will help you deepen your understanding of the Group's sustainable value creation and initiates dialogue with everyone.

#### Scope of Reporting

Seiko Group including Seiko Group Corporation, its subsidiaries,

#### **Target Period**

April 1, 2022 to March 31, 2023 (including some activities from April 2023)

#### Reference

"International Integrated Reporting Framework": IFRS Foundation

"Guidance for Integrated Corporate Disclosure and Company Investor Dialogue for Collaborative Value Creation":

the Ministry of Economy, Trade and Industry

"Recommendations of the Task Force on Climate-related Financial Disclosures (Final Report)": TCFD

#### Forward-Looking Statements

Forecasts of future earnings performance in this report are based on information currently available to the Company and certain reasonable assumptions. Actual results may differ materially from these forecasts due to a range of factors. Information regarding financial information and corporate governance not included in this report can be found on our





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