



# CONSOLIDATED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED MARCH 31, 2021 [Japanese GAAP]



May 11, 2021

Company name: SEIKO HOLDINGS CORPORATION Stock Listing: Tokyo  
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 Ordinary general shareholders' meeting : June 29, 2021 Dividend payment date: June 30, 2021  
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 Investor meeting presentation: Scheduled (for institutional investors and analysts)

(Note) Amounts under one million yen have been rounded down.

## 1. Consolidated financial results for the fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(1) Consolidated financial results (% represents the change from the corresponding period of the previous fiscal year)

Fiscal year ended	Net sales		Operating profit		Ordinary profit (loss)		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	202,671	(15.3)	2,194	(64.2)	633	(91.0)	3,475	2.4
March 31, 2020	239,150	(3.3)	6,134	(34.7)	7,004	(38.6)	3,394	(63.3)

Note: Comprehensive income Fiscal year ended March 31, 2021: 10,855 million yen - %  
Fiscal year ended March 31, 2020: (3,007) million yen - %

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit to total assets	Operating profit margin
	Yen	Yen	%	%	%
March 31, 2021	84.30	84.30	3.2	0.2	1.1
March 31, 2020	82.36	82.33	3.2	2.3	2.6

(Reference) Income from investment in affiliates (equity method)

Fiscal year ended March 31, 2021: (1,826) million yen  
 Fiscal year ended March 31, 2020: 1,313 million yen

## (2) Consolidated financial position

Fiscal year ended	Total assets	Net assets	Equity capital ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2021	319,671	113,082	34.9	2,709.17
March 31, 2020	299,990	104,273	34.4	2,499.97

(Reference) Shareholder's equity As of March 31, 2021: 111,695 million yen  
As of March 31, 2020: 103,050 million yen

## (3) Consolidated cash flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2021	2,874	(7,838)	10,465	32,340
March 31, 2020	2,704	(10,688)	678	26,111

## 2. Dividends

Fiscal year	Dividends per share					Total dividends	Dividend payout ratio (Consolidated)	Dividend on net assets ratio (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
ended March 31, 2020	-	37.50	-	37.50	75.00	3,100	91.1	2.9
ended March 31, 2021	-	12.50	-	25.00	37.50	1,550	44.5	1.4
ending March 31, 2022 (Forecast)	-	25.00	-	25.00	50.00		51.5	

## 3. Consolidated financial forecast for the fiscal year ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(% represents the change from the previous fiscal year)

Fiscal year ending	Net sales		Operating profit		Ordinary profit (loss)		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
March 31, 2022	235,000	16.0	5,500	150.7	6,000	847.7	4,000	15.1	97.02

\*Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries resulting in changes in the scope of consolidation): Applicable

Newly consolidated: Not applicable Excluded: Applicable / Guangzhou Seiko Instruments Ltd.

(Note) Refer to Changes in significant subsidiaries during the period, (5) Notes to Consolidated Financial Statements, 3. Consolidated Financial Statements and Major Notes, for detail.

(2) Changes in accounting principles and estimates, and restatements

1) Changes in accounting policies in accordance with revisions of accounting standards : Applicable

2) Changes in accounting policies other than 1) : Not applicable

3) Changes in accounting estimates : Not applicable

4) Restatements : Not applicable

(Note) Refer to Changes in accounting policies, (5) Notes to Consolidated Financial Statements, 3. Consolidated Financial Statements and Major Notes, for detail.

(3) Number of shares issued (Common shares)

1) Number of shares issued at the end of period (including treasury shares):

As of March 31, 2021 41,404,261 shares / As of March 31, 2020 41,404,261 shares

2) Number of treasury shares at the end of period:

As of March 31, 2021 175,589 shares / As of March 31, 2020 183,673 shares

3) Average numbers of shares issued during the period for:

Fiscal year ended March 31, 2021 41,226,940 shares

Fiscal year ended March 31, 2020 41,228,114 shares

(Note) For the purpose of calculating the number of treasury shares at the end of period and the average numbers of shares issued during the period, treasury shares held in the Board Benefit Trust (BBT) are included in the treasury shares deducted in the calculation.

(Reference) Unconsolidated financial results for the fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(1) Unconsolidated financial results (% represents the change from the corresponding period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2021	11,301	(6.1)	436	(81.8)	809	(73.3)	1,560	(50.1)
March 31, 2020	12,031	6.5	2,401	18.6	3,027	12.5	3,124	(16.0)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended		
March 31, 2021	37.83	-
March 31, 2020	75.77	-

(2) Unconsolidated financial position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
March 31, 2021	192,853	55,495	28.8	1,345.36
March 31, 2020	176,961	50,681	28.6	1,228.89

(Reference) Shareholder's equity As of March 31, 2021: 55,495 million yen

As of March 31, 2020: 50,681 million yen

\*This report is out of scope of audit by certified public accountants or audit firms.

\*Explanations about the appropriate use of financial forecasts and other important notes

(Cautionary statements with respect to financial forecast)

The financial forecasts which appear in this report have been prepared based solely on the information which was available to the Company as of the date on which the report was released and the Company does not in any way guarantee the achievement of the forecasts. Actual results may differ significantly from the forecasted figures due to a number of factors. For assumptions used in the financial forecasts and instructions to use the financial forecasts, refer to (4) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2022 (FY2021), 1. Business Results, for detail.

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## 1. Business Results

### (1) Overview

During the fiscal year ended March 31, 2021, while the world economy deteriorated significantly due to restrictions on economic activities as a result of the spread of the novel coronavirus, it has recovered gradually from June onward. Subsequently, in the U.S., while the economic recovery slowed temporarily due to the resurgence of infections in the third quarter of the fiscal year ended March 31, 2021, it picked up in the fourth quarter with the start of vaccinations. In Europe, the economic recovery has stagnated from the third quarter onward, mainly due to a resurgence of infections and the spread of mutant strains. In China, the trend toward economic recovery that began at the beginning of the fiscal year was maintained throughout the fiscal year, despite self-restraint from traveling in some areas in the fourth quarter. Other countries, such as Taiwan, with its favorable semiconductor exports, and Australia, with its strong housing market, also continued to experience an economic recovery. The Japanese economy also shrunk rapidly due to the closure of most of the commercial facilities such as department stores and retail stores following the government's declaration of a state of emergency in April. After the state of emergency was lifted, the economy gradually began to recover. Following the reimposition and extension of the declaration of a state of emergency in January of this year, the economy stagnated temporarily, particularly in terms of personal consumption. However, with the lifting of the declaration of a state of emergency, there have been signs that the economy is beginning to pick up.

(Millions of yen)

	FY2019	FY2020	Variance	Variance %
Net sales	239,150	202,671	(36,479)	(15.3)%
Operating profit	6,134	2,194	(3,940)	(64.2)%
%	2.6%	1.1%	-	-
Ordinary profit	7,004	633	(6,370)	(91.0)%
%	2.9%	0.3%	-	-
Profit attributable to owners of parent	3,394	3,475	80	2.4%
%	1.4%	1.7%	-	-
Exchange rate (v. JPY)				
USD	108.7	106.1	(2.6)	(2.4)%
EUR	120.8	123.8	3.0	2.5%

Amid these circumstances, the Company focused its efforts on addressing the coronavirus pandemic, while promoting the policies of the Seventh Mid-Term Management Plan, looking toward what the Seiko Holdings Group aims to be in FY2025. In the Watches Business, the Company developed and launched new high-end movements and new materials, restructured the organization, and invested in

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branding in order to accelerate the expansion of its overseas business. In the Systems Solutions Business, the Company made COSMO CO., LTD. a subsidiary as of April 1, 2020, in order to further diversify its business. In response to changes in the external environment, the Group as a whole has also worked to digitalize its business and create a variety of work styles.

As a result, although business results began to recover from the end of the first quarter of the fiscal year ended March 31, 2021, repeated restrictions on economic activities led to the Company reporting consolidated net sales of 202.6 billion yen, a year-on-year decrease of 36.4 billion yen, or 15.3%. On a per-segment basis, while net sales under the Watches Business and Electronic Devices Business declined year on year, sales under the Systems Solutions Business increased year on year as a result of successful efforts to diversify business and expand the stock business. On an overall consolidated basis, domestic net sales came to 113.1 billion yen (a year-on-year decrease of 17.7%), and overseas net sales were 89.5 billion yen (a year-on-year decrease of 11.9%). Overseas net sales comprised 44.2% of net sales overall.

In line with changes in the external environment, advertising and promotion expenses were reduced by approximately 20% compared with the previous fiscal year. Other operating expenses also decreased mainly due to reductions resulting from lower net sales and a transfer of fixed costs during closures, which occurred mainly in the first quarter of the fiscal year ended March 31, 2021, to extraordinary losses. For the fiscal year ended March 31, 2021, the Company reported operating profit of 2.1 billion yen (a year-on-year decrease of 64.2%), as operating profit improved steadily each quarter from an operating loss of 2.1 billion yen in the first quarter. With regard to non-operating income and expenses, ordinary profit decreased by 6.3 billion yen year on year to 0.6 billion yen (a year-on-year decrease of 91.0%), primarily as a result of a deterioration in share of profit of entities accounted for using equity method due to the transfer of shares of a semiconductor company that was an affiliated company accounted for using equity method, as well as a deterioration in the business results of an affiliated company accounted for using equity method. A gain on transfer of shares of the semiconductor company of 7.6 billion yen, a gain on sales of non-current assets of 1.0 billion yen, and subsidy income of 0.6 billion yen were posted as extraordinary income. A loss of 3.6 billion yen relating to the novel coronavirus was posted as extraordinary losses. As a result, profit attributable to owners of parent minus income taxes and profit attributable to non-controlling interests were 3.4 billion yen (a year-on-year increase of 2.4%).

The average exchange rates for the current fiscal year were 106.1 yen to 1 US dollar and 123.8 yen to 1 euro.

## Results by Segment

Results for each segment are as follows:

### a. Watches Business

Net sales under the Watches Business came to 105.0 billion yen, a year-on-year decrease of 30.4

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billion yen, or 22.5%.

Net sales of completed watches in Japan fell substantially for two months in April and May, mainly due to the closure of retail stores and commercial facilities following the government's declaration of a state of emergency. From June onward, when the state of emergency was lifted, net sales gradually recovered thanks to favorable sales of commemorative models of Grand Seiko, which commemorates the 60th Anniversary of the brand, and of Seiko Prospex, which commemorates the 55th Anniversary of Seiko's diver's watch, as well as models equipped with new calibers. From November onward, the impact of a third wave of the novel coronavirus infection brought the recovery to a temporary standstill. However, after the second declaration of a state of emergency was lifted, recovery began again. Net sales of Grand Seiko and Seiko Prospex in March exceeded not only those of the same month of the previous fiscal year, which were affected by the pandemic, but also those of the same month two years prior. On a distribution channel basis, while sales of stores at mass retailers suffered throughout the fiscal year, e-commerce performed steadily.

Net sales of completed watches overseas have also recovered in many countries and regions since July, when lockdowns were lifted in many areas. In the three months of the third quarter of the fiscal year ended March 31, 2021, net sales increased year on year in all regions. In terms of individual brands, sales of Grand Seiko and Seiko Prospex grew steadily around the world. In the U.S., net sales recovered steadily, driven by Grand Seiko, partly as a result of the expansion of mid- to high-end stores and a strengthening of online sales promotions. In Europe, the second wave of the novel coronavirus infection as well as outbreak of mutant variants of the virus resulted in additional lockdowns from around November, which led to stagnant sales in the fourth quarter. However, in many countries, including the U.K., Germany, the Netherlands, France, and Italy, net sales of Global Brands for the current fiscal year grew year on year. In China, net sales for the current fiscal year were significantly higher year on year due to favorable performance in e-commerce and increased sales of Grand Seiko in physical stores, including Grand Seiko Boutiques. In Thailand and Australia, net sales of Grand Seiko and Seiko Prospex for the current fiscal year grew and increased year on year, mainly due to the enhancement of digital measures. In Taiwan, where a Grand Seiko Boutique opened in Taipei in September, the new Boutique has driven sales of Grand Seiko from September onward, with second-half net sales in Taiwan higher year on year.

The watch movements business saw net sales fall significantly due to partial restrictions of overseas manufacturing activities based on government requests to prevent the spread of the novel coronavirus in the first quarter of the fiscal year ended March 31, 2021. While sales recovered from the second quarter onward, the recovery was insufficient to offset the decline in the first quarter.

Operating profit decreased by 4.5 billion yen year on year, resulting in operating profit of 5.6 billion yen (a year-on-year decrease of 44.9%). The decline was despite expenses falling year on year due to such factors as a review on investments in line with the external environment and a curtailment of expenses following lower net sales.

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## **b. Electronic Devices Business**

Net sales under the Electronic Devices Business came to 50.2 billion yen, a year-on-year decrease of 3.0%. Operating profit was 1.3 billion yen, a year-on-year increase of 112.2%. In addition to precision turned parts for high-capacity servers and automobiles, sales were strong in high-performance metals for semiconductor production equipment, batteries for medical equipment, and quartz crystals. In the printer-related business in the first half of the fiscal year, the business was sluggish for the retail market due to the effects of the novel coronavirus. However, sales of industrial inkjet print heads recovered from October onward thanks to expanded sales of water-based inkjet print heads, which were launched last year. Net sales for the three months of the fourth quarter of the fiscal year ended March 31, 2021 were the highest quarterly net sales in the last three years.

## **c. Systems Solutions Business**

Net sales under the Systems Solutions Business came to 34.1 billion yen, a year-on-year increase of 1.2 billion yen, or 3.9%. Operating profit was 3.5 billion yen, a year-on-year increase of 0.5 billion yen, or 17.5%. Demand for mobile products, as well as support systems and services for the food service industry declined due to the coronavirus pandemic. However, amid growing demand for digitalization, the Company achieved growth in both revenue and profits thanks to an expansion of new business utilizing AI and IoT, as well as growth in business such as network products and performance management services that support digitalization, in addition to contributions from the development of IoT equipment by COSMO CO., LTD., which was made into a subsidiary in April 2020.

## **d. Others**

Net sales under Others amounted to 24.8 billion yen, a year-on-year decrease of 4.6 billion yen, or 15.9%. Operating losses were 40 million yen (compared to operating profit of 0.3 billion yen in the previous fiscal year). Net sales for the first quarter of the fiscal year ended March 31, 2021 fell significantly in the Wako Business, which closed its stores for about two months following the government's declaration of a state of emergency in Japan due to the spread of the novel coronavirus, as well as in the Clocks Business, with many of its distribution channels, such as department stores and mass retailers, having been shut down. Although the businesses began to recover since June, net sales were still down year on year due to the declaration of a state of emergency again, in the fourth quarter.

## **(2) Financial Condition**

### **-Assets-**

Total assets at the close of the fiscal year ended March 31, 2021 amounted to 319.6 billion yen, an increase of 19.6 billion yen from the close of the previous fiscal year. Total current assets came to 150.0 billion yen, an increase of 11.9 billion yen from the close of the previous fiscal year. This was

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due to increases of 6.4 billion yen in cash and deposits, 2.7 billion yen in notes and accounts receivable - trade, 1.7 billion yen in work in process, and 1.5 billion yen in raw materials and supplies. Total non-current assets came to 169.6 billion yen, an increase of 7.7 billion yen from the close of the previous fiscal year. This was mainly due to an increase of 9.1 billion yen in total property, plant and equipment and a decrease of 1.1 billion yen in investments and other assets.

## **-Liabilities-**

For liabilities, total borrowings came to 125.1 billion yen, due to increases of 13.4 billion yen in short-term borrowings, 0.4 billion yen in current portion of long-term borrowings, and 1.6 billion yen in long-term borrowings. In addition, notes and accounts payable - trade decreased by 2.5 billion yen, and accounts payable - other decreased by 2.4 billion yen. As a result, total liabilities amounted to 206.5 billion yen, an increase of 10.8 billion yen from the close of the previous fiscal year.

## **-Net assets-**

With regard to net assets, total net assets increased by 8.8 billion yen over the close of the previous fiscal year to become 113.0 billion yen, owing to the posting of 3.4 billion yen in profit attributable to owners of parent, as well as increases of 4.9 billion yen in valuation difference on available-for-sale securities and 1.8 billion yen in foreign currency translation adjustment.

## **(3) Overview of Cash Flows**

The balance of cash and cash equivalents at the end of the fiscal year ended March 31, 2021 came to 32.3 billion yen, an increase of 6.2 billion yen relative to the end of the previous fiscal year. This is primarily due to the following factors:

### **-Cash flows from operating activities**

Net cash provided by operating activities came to positive 2.8 billion yen (compared to a positive cash flow of 2.7 billion yen for the previous fiscal year), an increase of 0.1 billion yen year on year. This was the result of the Company posting 6.4 billion yen in income before income taxes, factoring in depreciation amounting to 10.6 billion yen, as well as a 3.8 billion-yen increase (decrease) in trade payables (posted as a decrease), a 1.5 billion-yen decrease (increase) in inventories (posted as an increase), and adjusted a 7.6 billion-yen posted in loss (gain) on sales of investment securities (posted as a decrease) and others.

### **-Cash flows from investing activities**

Net cash used in investing activities came to negative 7.8 billion yen (compared to a negative cash flow of 10.6 billion yen for the previous fiscal year) due to cash outflows consisting mainly of 17.7 billion yen in purchase of property, plant and equipment (posted as a decrease) and 1.3 billion yen in



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purchase of shares of subsidiaries resulting in change in scope of consolidation (posted as a decrease), and cash inflows consisting mainly of 10.6 billion yen in proceeds from sales of investment securities.

## -Cash flows from financing activities

Net cash provided by financing activities came to positive 10.4 billion yen (compared to a positive cash flow of 0.6 billion yen for the previous fiscal year) due mainly to repayments and borrowings of long- and short-term borrowings that combined for a net amount of 14.5 billion yen, as well as 1.7 billion yen in repayments of finance lease obligations (posted as a decrease) and 2.0 billion yen in cash dividends paid (posted as a decrease).

## (4) Financial Forecast for the Fiscal Year Ending March 31, 2022 (FY2021)

The fiscal year ending March 31, 2022 is the final year of the Seventh Mid-Term Management Plan. While vaccinations are being carried out in Japan and abroad, the spread of mutant strains and other factors indicate that there is still no end in sight to the spread of the novel coronavirus. Under such circumstances, the risks that may affect the Company's consolidated financial forecast include the impact on personal consumption arising from the spread of the infection, interruptions of sales and manufacturing activities, and stagnation of logistics and procurement functions, as well as risks such as exchange rate fluctuations, soaring material prices, and political risks in other countries. In light of these factors, the Company will further accelerate the strategies set forth in the Seventh Mid-Term Management Plan, including the Global Brand strategy for the Watches Business, which is showing steady results. In addition, the Company will further strengthen its Digital Transformation (DX) and ESG initiatives, in order to respond to new needs arising from changes in the external environment and to solve social issues.

The consolidated financial forecast for the fiscal year ending March 31, 2022 is as follows. Note that the exchange rates for the financial forecast are as follows: 1 US dollar = 105.0 yen; 1 euro = 125.0 yen.

### ■Forecast for the consolidated business results for FY2021

(Billions of yen)	FY2021 (forecast)	Year-on-year change (%)
Net sales	235.0	16.0
Operating profit	5.5	150.7
Ordinary profit	6.0	847.7
Profit attributable to owners of parent	4.0	15.1
Earnings per share	97.02 yen	

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## ■Forecasted results by segment for FY2021

(Billions of yen)	Net Sales FY2021 (forecast)	Operating Profit FY2021 (forecast)
Watches Business	126.0	7.0
Electronic Devices Business	56.0	3.0
Systems Solutions Business	36.0	4.0
Total for reported segments	218.0	14.0
Others	30.0	0.5
Consolidated total	235.0	5.5

Note: Consolidated total represents figures after consolidation adjustment such as the elimination of inter-segment sales.

*The forecasted results which appear in this report have been prepared based solely on the information which was available to us as of the date on which the report was released. As a result, actual results may differ from the forecasted figures due to a number of factors, such as changes in the business environment in the future.*

## 2. Basic Policy on Adoption of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP in order to ensure comparability with peer companies in Japan and in consideration of the burden of establishing a system to prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

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## 3. Consolidated Financial Statements and Major Notes

### (1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2020	As of March 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	26,112	32,611
Notes and accounts receivable - trade	34,397	37,185
Merchandise and finished goods	42,964	42,365
Work in process	12,161	13,878
Raw materials and supplies	10,608	12,180
Accounts receivable - other	5,406	4,932
Other	7,790	8,306
Allowance for doubtful accounts	(1,317)	(1,421)
Total current assets	138,123	150,039
Non-current assets		
Property, plant and equipment		
Buildings and structures	72,189	74,459
Machinery, equipment and vehicles	78,307	79,098
Tools, furniture and fixtures	32,278	34,183
Other	7,183	8,831
Accumulated depreciation	(146,873)	(150,227)
Land	48,522	54,409
Construction in progress	2,434	2,422
Total property, plant and equipment	94,044	103,177
Intangible assets		
Goodwill	7,430	7,336
Other	8,572	8,493
Total intangible assets	16,003	15,830
Investments and other assets		
Investment securities	38,759	41,463
Retirement benefit asset	-	391
Deferred tax assets	4,441	2,273
Other	8,734	6,605
Allowance for doubtful accounts	(115)	(109)
Total investments and other assets	51,820	50,625
Total non-current assets	161,867	169,632
Total assets	299,990	319,671

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(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	21,869	19,310
Electronically recorded obligations - operating	6,495	6,048
Short-term borrowings	59,140	72,611
Current portion of bonds payable	-	350
Current portion of long-term borrowings	16,843	17,315
Accounts payable – other	11,739	9,266
Income taxes payable	1,282	1,478
Provision for bonuses	3,477	3,634
Provision for goods warranties	462	367
Provision for loss on lease contracts	348	348
Other provisions	555	414
Asset retirement obligations	13	6
Other	13,929	14,528
<b>Total current liabilities</b>	<b>136,158</b>	<b>145,679</b>
<b>Non-current liabilities</b>		
Bonds payable	-	450
Long-term borrowings	33,637	35,263
Lease obligations	4,288	4,499
Deferred tax liabilities	1,929	3,346
Deferred tax liabilities for land revaluation	3,614	3,614
Provision for loss on lease contracts	1,134	785
Provision for stock benefits	133	161
Provision for gift certificate exchange losses	148	152
Provision for long-term goods warranties	84	86
Provision for retirement benefits for directors (and other officers)	35	35
Provision for loss on business withdrawal	10	-
Provision for environmental measures	1	-
Other provisions	7	21
Retirement benefit liability	10,453	9,402
Asset retirement obligations	908	729
Other	3,171	2,361
<b>Total non-current liabilities</b>	<b>59,558</b>	<b>60,909</b>
<b>Total liabilities</b>	<b>195,717</b>	<b>206,589</b>

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(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,245	7,245
Retained earnings	74,418	75,909
Treasury shares	(328)	(315)
Total shareholders' equity	91,335	92,839
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,486	10,431
Deferred gains or losses on hedges	11	(133)
Revaluation reserve for land	8,190	8,190
Foreign currency translation adjustment	(804)	1,055
Remeasurements of defined benefit plans	(1,169)	(687)
Total accumulated other comprehensive income	11,714	18,856
Non-controlling interests	1,223	1,387
Total net assets	104,273	113,082
Total liabilities and net assets	299,990	319,671

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## (2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

### a. Consolidated Statements of Income

(Millions of yen)

	FY2019	FY2020
Net sales	239,150	202,671
Cost of sales	144,221	122,804
Gross profit	94,928	79,866
Selling, general and administrative expenses	88,794	77,672
Operating profit	6,134	2,194
Non-operating income		
Interest income	171	55
Dividend income	763	771
Share of profit of entities accounted for using equity method	1,313	-
House rent and other rental revenues	340	350
Royalty income	367	324
Foreign exchange gains	-	278
Other	628	534
Total non-operating income	3,585	2,315
Non-operating expenses		
Interest expenses	982	899
Foreign exchange losses	291	-
Share of loss of entities accounted for using equity method	-	1,826
Other	1,441	1,149
Total non-operating expenses	2,715	3,876
Ordinary profit	7,004	633
Extraordinary income		
Gain on sale of investment securities	-	7,603
Gain on sale of non-current assets	346	1,043
Subsidy income	-	618
Gain on liquidation of subsidiaries and associates	-	140
Total extraordinary income	346	9,406
Extraordinary losses		
Loss on the spread of infectious disease	305	3,614
Business restructuring expenses	264	-
Impairment losses	240	-
Loss on retirement of non-current assets	179	-
Retirement benefit expenses	158	-
Total extraordinary losses	1,148	3,614
Profit before income taxes	6,201	6,424

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Income taxes - current	1,745	1,682
Income taxes - deferred	974	1,088
Total income taxes	2,719	2,771
Profit	3,481	3,653
Profit attributable to non-controlling interests	86	177
Profit attributable to owners of parent	3,394	3,475

## b. Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2019	FY2020
Profit	3,481	3,653
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,095)	5,245
Deferred gains or losses on hedges	113	(144)
Foreign currency translation adjustment	(1,335)	1,878
Remeasurements of defined benefit plans, net of tax	(281)	553
Share of other comprehensive income of entities accounted for using equity method	(890)	(330)
Total other comprehensive income	(6,489)	7,202
Comprehensive income	(3,007)	10,855
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,077)	10,617
Comprehensive income attributable to non-controlling interests	69	238

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## (3) Consolidated Statements of Changes in Equity

Previous fiscal year (From April 1, 2019 to March 31, 2020)

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	74,124	(335)	91,034
Changes during period					
Dividends of surplus			(3,100)		(3,100)
Profit attributable to owners of parent			3,394		3,394
Purchase of treasury shares				(1)	(1)
Disposal of treasury stock by ownership plan trust				8	8
Other				0	0
Net changes in items other than shareholders' equity					
Total changes during period	-	-	293	7	301
Balance at end of period	10,000	7,245	74,418	(328)	91,335

	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	10,099	(104)	8,190	878	(876)	18,186	1,194	110,415
Changes during period								
Dividends of surplus								(3,100)
Profit attributable to owners of parent								3,394
Purchase of treasury shares								(1)
Disposal of treasury stock by ownership plan trust								8
Other								0
Net changes in items other than shareholders' equity	(4,612)	115	-	(1,682)	(293)	(6,472)	28	(6,443)
Total changes during period	(4,612)	115	-	(1,682)	(293)	(6,472)	28	(6,142)
Balance at end of period	5,486	11	8,190	(804)	(1,169)	11,714	1,223	104,273



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Current fiscal year (From April 1, 2020 to March 31, 2021)

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	74,418	(328)	91,335
Cumulative effects of changes in accounting policies			82		82
Restated balance	10,000	7,245	74,501	(328)	91,418
Changes during period					
Dividends of surplus			(2,067)		(2,067)
Profit attributable to owners of parent			3,475		3,475
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		0	0
Disposal of treasury stock by ownership plan trust				13	13
Other				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	1,408	12	1,420
Balance at end of period	10,000	7,245	75,909	(315)	92,839

	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	5,486	11	8,190	(804)	(1,169)	11,714	1,223	104,273
Cumulative effects of changes in accounting policies								82
Restated balance	5,486	11	8,190	(804)	(1,169)	11,714	1,223	104,356
Changes during period								
Dividends of surplus								(2,067)
Profit attributable to owners of parent								3,475
Purchase of treasury shares								(0)
Disposal of treasury shares								0
Disposal of treasury stock by ownership plan trust								13
Other								(0)
Net changes in items other than shareholders' equity	4,944	(144)	-	1,859	482	7,141	163	7,305
Total changes during period	4,944	(144)	-	1,859	482	7,141	163	8,726
Balance at end of period	10,431	(133)	8,190	1,055	(687)	18,856	1,387	113,082

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## (4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2019	FY2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,201	6,424
Depreciation	10,315	10,690
Increase (decrease) in allowance for doubtful accounts	134	65
Increase (decrease) in retirement benefit liability	149	(1,152)
Interest and dividend income	(935)	(827)
Interest expenses	982	899
Foreign exchange losses (gains)	75	74
Share of loss (profit) of entities accounted for using equity method	(1,313)	1,826
Impairment losses	240	-
Loss (gain) on sale of investment securities	-	(7,603)
Loss (gain) on sale of non-current assets	(346)	(1,043)
Loss on retirement of non-current assets	245	192
Decrease (increase) in trade receivables	2,388	(911)
Decrease (increase) in inventories	(7,446)	(1,552)
Increase (decrease) in trade payables	(4,358)	(3,889)
Other, net	(2,643)	1,118
Subtotal	3,689	4,311
Interest and dividends received	935	827
Dividends received from entities accounted for using equity method	1,456	127
Interest paid	(990)	(898)
Extra retirement payments	(666)	(1)
Income taxes paid	(1,720)	(1,492)
Net cash provided by (used in) operating activities	2,704	2,874

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(Millions of yen)

	FY2019	FY2020
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(8,852)	(17,735)
Proceeds from sale of property, plant and equipment	546	1,864
Purchase of investment securities	(0)	(200)
Proceeds from sale of investment securities	2	10,624
Loan advances	(477)	(806)
Proceeds from collection of loans receivable	1,229	790
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(219)	(1,365)
Other, net	(2,916)	(1,008)
Net cash provided by (used in) investing activities	(10,688)	(7,838)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	893,019	1,451,815
Repayments of short-term borrowings	(883,432)	(1,438,848)
Proceeds from long-term borrowings	16,800	20,800
Repayments of long-term borrowings	(21,124)	(19,172)
Repayments of lease obligations	(1,463)	(1,798)
Dividends paid	(3,100)	(2,067)
Other, net	(20)	(265)
Net cash provided by (used in) financing activities	678	10,465
Effect of exchange rate change on cash and cash equivalents	(427)	727
Net increase (decrease) in cash and cash equivalents	(7,732)	6,228
Cash and cash equivalents at beginning of period	33,843	26,111
Cash and cash equivalents at end of period	26,111	32,340

## **(5) Notes to Consolidated Financial Statements**

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

Not applicable.

### **(Changes in significant subsidiaries during the period)**

The liquidation of Guangzhou Seiko Instruments Ltd. was completed in the fourth quarter of the fiscal year ended March 31, 2021.

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

The Company adopted ASU No.2016-02 “Leases” at some consolidated subsidiaries in the U.S., from the first quarter of the fiscal year ended March 31, 2021. Accordingly, the Company recognizes right-of-use assets and lease obligations with regard to all leases, in principle, for lessees’ lease transactions.

When applying ASU No.2016-02, the Company has adopted a method of recognizing the cumulative effect of application of this standard on the application start date, which is allowed as a transitional measure.

The standard’s application resulted in increases of 781 million yen in property, plant and equipment, 258 million yen in current liabilities, and 576 million yen in non-current liabilities, respectively, in the balance sheets for the fiscal year ended March 31, 2021. The impact of this standard on retained earnings at the beginning of the fiscal year, gains or losses and segment information for the fiscal year ended March 31, 2021 is immaterial. The impact is solely on the Watches Business.

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## (Segment Information)

### 1. Outline of the reported segments

The Company's reported segments are business units of the Company for which discrete financial information is available and for which the Board of Directors regularly conducts a review for the purpose of making decisions about management resources to be allocated to the segments and assessing the segment's performance.

As a holding company, the Company has a business structure for consolidating and managing each operating subsidiary, which is responsible for comprehensively developing domestic and global strategies as well as engaging in business activities for the merchandise, finished goods and associated services.

In view of this, the Company is comprised of segments centered around a core company of each business classified by merchandise and finished goods. Three reported segments are specified; namely the Watches Business, Electronic Devices Business and Systems Solutions Business.

The main merchandise and finished goods belonging to each reported segment are as follows:

Reported Segment	Main merchandise and finished goods
Watches Business	Watches and watch movements
Electronic Devices Business	Crystal oscillators, micro batteries and materials, printers, and precision components
Systems Solutions Business	Wireless communication equipment, information network systems, data services, and computer performance management software
Others	Clocks / High-end jewelry, apparel and fashion accessories / System clocks / etc.

### 2. Explanation of measurements of sales, profit (loss), asset, liability, and other items for each reported segment

The accounting method for the reported segments is the same as basis of preparation for the consolidated financial statements. Intersegment transactions are primarily based on market prices.

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## 3. Amount of sales, profit (loss), asset, liability, and other items for each reported segment

For the fiscal year ended March 31, 2020

(Millions of yen)

	Reported segments				Others	Grand total	Adjustment	Figures in consolidated statements of income
	Watches Business	Electronic Devices Business	Systems Solutions Business	Total				
Sales								
Revenues from external customers	133,759	47,986	31,230	212,976	26,173	239,150	-	239,150
Transactions with other segments	1,716	3,763	1,609	7,088	3,408	10,496	(10,496)	-
Net sales	135,475	51,749	32,839	220,064	29,582	249,647	(10,496)	239,150
Segment profit	10,158	614	3,010	13,783	326	14,109	(7,975)	6,134
Segment asset	100,159	65,025	21,591	186,777	37,779	224,557	75,433	299,990

- Notes:
- The "Others" category denotes business segments not included among reported segments, such as the Clocks Business.
  - Adjustments are as follows:
    - Adjustments to segment income in the amount of -7,975 million yen include -566 million yen in the amortization of goodwill, 276 million yen that mainly consists of the elimination of inter-segment transactions, and -7,685 million yen in company-wide expenses not appropriated to each reported segment. Company-wide expenses primarily consist of expenses incurred at headquarters, unallocated to reported segments.
    - Adjustments to segment assets in the amount of 75,433 million yen include -64,537 million yen in the elimination of inter-segment liabilities, 176,713 million yen in company-wide assets not appropriated to each reported segment, and -36,742 million yen that mainly consists of the elimination of investments and equity. Company-wide assets primarily consist of surplus funds and long-term investment funds (investment securities) at headquarters, unallocated to reported segments.
  - Segment profit has been adjusted for alongside operating profit on the consolidated statements of income.

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**For the fiscal year ended March 31, 2021**

(Millions of yen)

	Reported segments				Others	Grand total	Adjustment	Figures in consolidated statements of income
	Watches Business	Electronic Devices Business	Systems Solutions Business	Total				
Sales								
Revenues from external customers	103,136	45,075	32,486	180,698	21,972	202,671	-	202,671
Transactions with other segments	1,918	5,141	1,628	8,688	2,909	11,598	(11,598)	-
Net sales	105,054	50,217	34,114	189,386	24,882	214,269	(11,598)	202,671
Segment profit (loss)	5,600	1,302	3,538	10,441	(40)	10,401	(8,207)	2,194
Segment asset	108,863	73,697	23,912	206,474	38,134	244,608	75,062	319,671

- Notes:
- The "Others" category denotes operating segments not included among reported segments, such as the Clocks Business.
  - Adjustments are as follows:
    - Adjustments to segment profit (loss) in the amount of -8,207 million yen include -566 million yen in the amortization of goodwill, 303 million yen that mainly consists of the elimination of transactions with other segments, and -7,944 million yen in company-wide expenses not appropriated to each operating segment. Company-wide expenses primarily consist of expenses incurred at headquarters, unallocated to operating segments.
    - Adjustments to segment assets in the amount of 75,062 million yen include -85,914 million yen in the elimination of inter-segment liabilities, 211,958 million yen in company-wide assets not appropriated to each reported segment, and -50,980 million yen that mainly consists of the elimination of investments and equity. Company-wide assets consist of surplus funds and long-term investment funds (investment securities) at headquarters, etc.
  - Segment profit (loss) has been adjusted for alongside operating profit on the consolidated statements of income.

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## (Per share information)

(Yen)

	Current fiscal year (from April 1, 2020 to March 31, 2021)
Net assets per share	2,709.17
Basic earnings per share	84.30
Diluted earnings per share	84.30

(Notes) 1. For the purpose of calculating the basic earnings per share and diluted earnings 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 (96 thousand shares for the current fiscal year).

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 (94 thousand shares for the current fiscal year).

2. Calculation basis of net assets per share is as follows:

(Millions of yen)

	Current fiscal year (as of March 31, 2021)
Total net assets	113,082
Amounts deducted from total net assets	1,387
<i>Of which, non-controlling interests</i>	<i>1,387</i>
Net assets at the end of the fiscal year related to common shares	111,695
The number of common shares at the end of the fiscal year used to calculate net assets per share (Thousands of shares)	41,228



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3. Calculation basis of basic earnings per share and diluted earnings per share is as follows:

(Millions of yen)

	Current fiscal year (from April 1, 2020 to March 31, 2021)
Basic earnings per share:	
Profit attributable to owners of parent	3,475
Profit attributable to owners of parent pertaining to common stock	3,475
Average number of shares of common stock outstanding during the period (Thousands of shares)	41,226
Diluted earnings per share:	
Adjustments to profit attributable to owners of parent	(0)
<i>Of which, adjustments by potential shares of affiliates accounted for by the equity method</i>	<i>(0)</i>
The increased number of common shares (Thousands of shares)	-
Overview of potential shares that are not included in the calculation of diluted earnings per share due to absence of dilutive effects	-

**(Significant subsequent events)**

Current fiscal year (from April 1, 2020 to March 31, 2021)

Not applicable.

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## 4. Changes in Directors and Officers

### (1) Change in Representative Director

A change in Representative Director is scheduled to be officially decided upon obtaining approval of an Ordinary General Meeting of Shareholders to be held on June 29, 2021, and a subsequent Board of Directors meeting to be held on the same day.

<u>New title</u>	<u>Name</u>	<u>Current title</u>
Vice Chairman	Yoshinobu Nakamura	President
President	Shuji Takahashi	Director

### (2) Change in other Directors

#### 1) New candidate for Director

<u>Title</u>	<u>Name</u>	
Director	Jun Sekine	(Currently President of Seiko Solutions Inc.)

#### 2) Retiring Director

<u>Title</u>	<u>Name</u>
Senior Executive Director	Akihiro Okuma

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