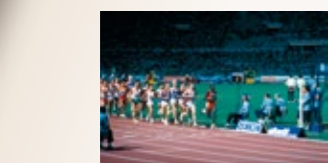


History of Value Creation

History of the Seiko Holdings Group

The spirit of our founder having been inherited over 140 years creates a new future for society.



1987
Official timer of the IAAF World Athletics Championships in Rome (ongoing)



1970
Installed the world's first radio-controlled clock system at the Osaka Expo



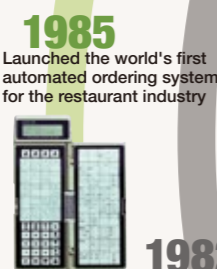
1964
Official timer of the Tokyo Olympic Games (later serving as official timer of five other Olympic Games)



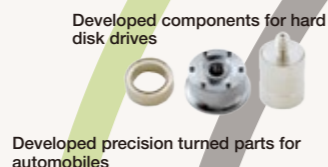
1932
Completed construction of current clock tower in Ginza



1894
First clock tower in Ginza



1985
Launched the world's first automated ordering system for the restaurant industry



Developed components for hard disk drives



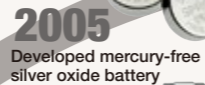
1999
Started CREPICO, Japan's first wireless credit card payment service



1999
Launched a high-precision standard time server



2000
Developed inkjet print head



2005
Developed mercury-free silver oxide battery



2012
Launched Seiko Astron, the world's first GPS solar watch



Kintaro Hattori, the founder

Company established **1881**



1983
Launched Pyramid Talk, the talking clock



1984
Launched the world's first computer watch



1988
Launched the world's first automatic power-generating quartz watch (later renamed as Kinetic)



1969
Launched Seiko Quartz Astron, the world's first quartz watch



1892
Started manufacturing wall clocks



1960
Launched Grand Seiko, the wristwatch achieved the world's highest standard in accuracy



1913
Launched the first wristwatch made in Japan, Laurel



2002
Started time stamp service



2012
Launched the RP-E10, the smallest and fastest POS printer in the industry



2013
Launched wireless router supporting LTE/3G



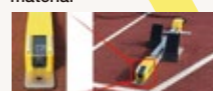
2016
Started LINK TO ordering link service for the food service industry



2014
Grand Seiko Hi-Beat 36000 GMT won "Petite Aiguille" watch prize at Grand Prix d'Horlogerie de Genève



2014
Launched the Space Link, the world's first satellite radio wave clock for home use



2019
Developed Seiko Block Cam new timing service material



2018
Seiko Prospex 1968 Diver's Re-creation won "Sports Watch" prize at Grand Prix d'Horlogerie de Genève



2017
Launched ultra compact/ultra lightweight mobile printer for business use



2019
Seiko Prospex LX line diver's won "Diver's Watch" prize at Grand Prix d'Horlogerie de Genève



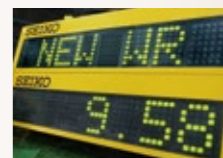
2020
Introduced the "T0 Constant-force Tourbillon," the concept creation with a world's first mechanism



©Tokyo Marathon Foundation

2007

Official timekeeper of the Tokyo Marathon (ongoing)



2009

IAAF World Championships in Athletics Berlin



2019

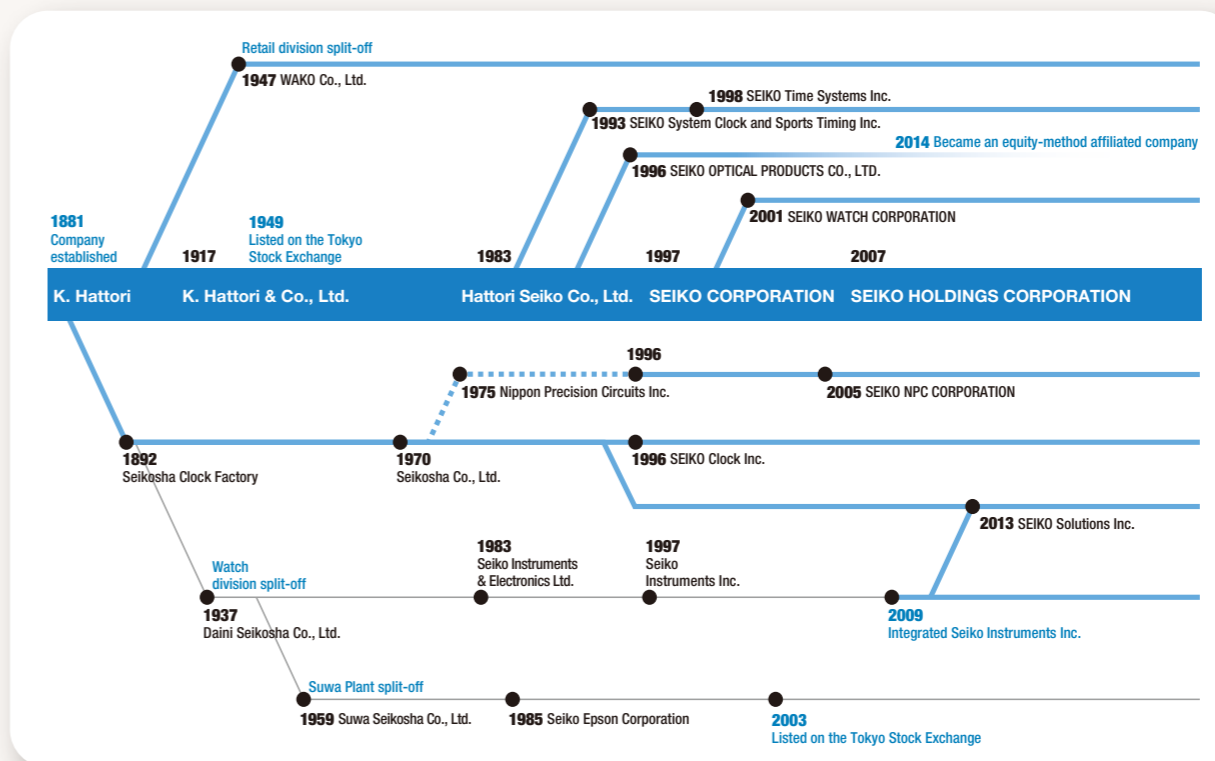
IAAF World Championships in Athletics Doha

Systems Solutions Business

Electronic Devices Business

Watches Business

Clocks/Wako/Time Systems Business



History of Value Creation

Three Strengths of the Seiko Holdings Group

We continue to create value by wielding three strengths born from technological ability and sensitivities accumulated over long years.

Solution

for everything from manufacturing to experience creation
Ability to propose designs that focus on user-friendliness

Technology

cultivated via watch manufacturing
Technological capability born from our spirit of "Craftsmanship, Miniaturization, Efficiency" creates further innovation

Brand

trusted by the world
Incomparable brand power obtained by continuously providing high-quality products and services



Technologies for assembling small items

Precision machining technologies that support high quality

Smaller, more eco-friendly manufacturing

Design technologies for precision mechanisms

Trust built up over a long history

Reliable quality that supports safety and security

Globally recognized, uniquely Japanese sense of beauty

A refined dignity

A pride in supporting challenges based on trust

Attitude of continuously taking on challenges

Hospitality and ability to propose products

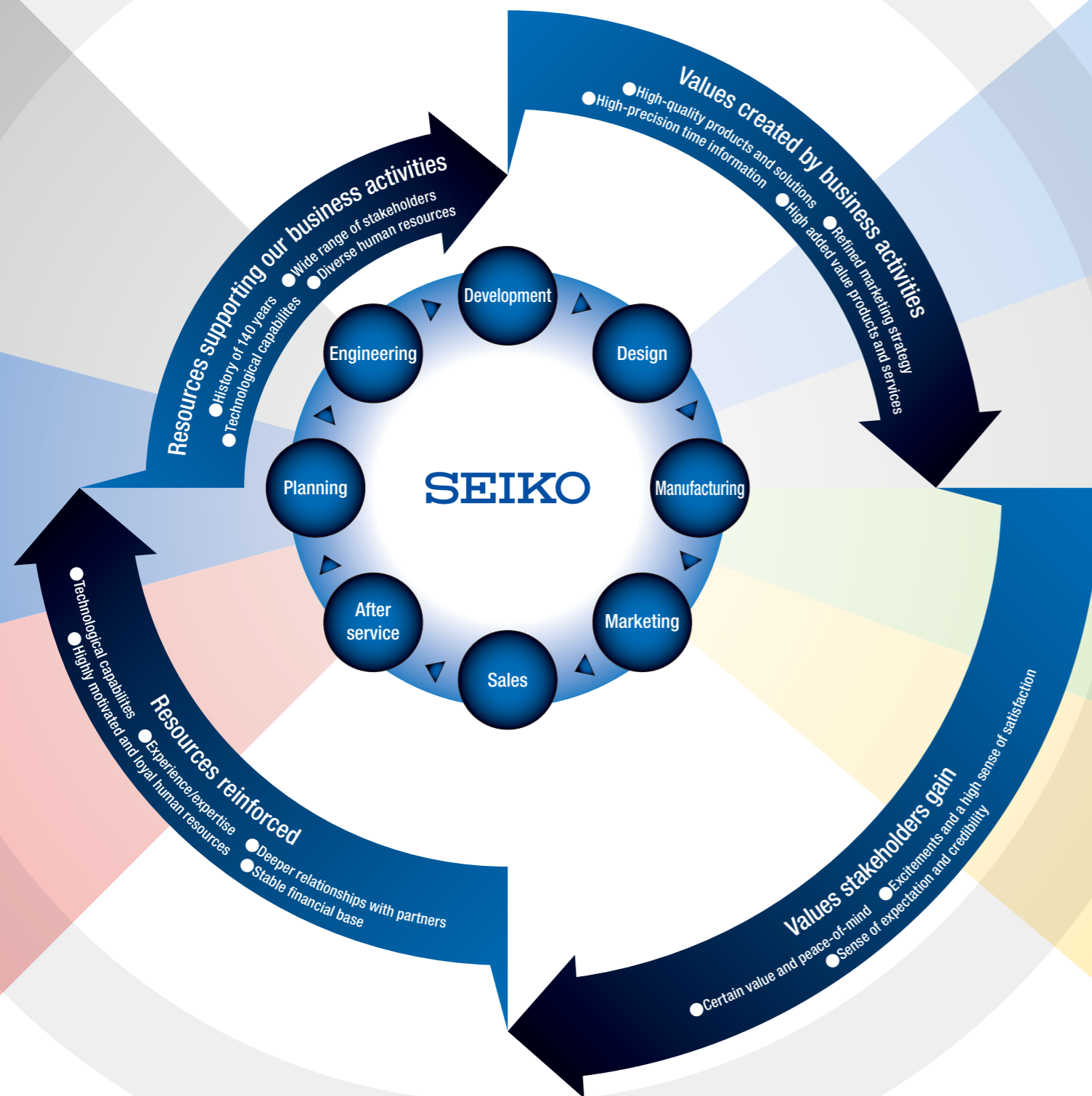
Total solutions that don't miss heart-moving moments

Advanced solutions with a combination of soft and hard factors

Precise and delicate repair services

Photo by Kei Fujiwara

We utilize outstanding technologies, brands, and solutions that have created traditions in order to provide our customers and society with new excitements and joy.



Value provided to customers and society

Connecting to the future with reliable quality

Visibility, robustness, and durability

Products with sensibility

Providing the joy of holding, wearing, and giving

Achieving high-density mounting

Compact, energy-efficient, and highly functional products

Digital transformation

Providing efficiency, convenience, safety and security, reduced costs, improved quality, and reduced environmental impact

Millisecond precision

Providing emotions via sports and music that connect people



Value Creation Process of the Seiko Holdings Group

1.Resources supporting our business activities

We carry out stable management, on the background of a trusting relationship with shareholders and financial institutions that hold shares in the Group over the long term. In 2021, we will **mark the 140th anniversary of our founding. Over this long history, our businesses** have grown to develop **manufacturing bases** in Japan and four other countries, as well as **large numbers of suppliers and partner factories**. We also operate business bases throughout Japan and **bases of sales subsidiaries** in 14 countries. Moreover, we have built **a global sales and after-sales service network** centered on the Watches Business, consisting of a large network of distributors. In addition, we develop various businesses in a number of our commercial properties, including **the Wako Main Building, a symbol of Ginza**, Japan's famed upscale shopping district. We employ **a global and diverse workforce** of over 12,000 people (as of the end of June 2020). They work in the business divisions, which cover planning, engineering, development, design, manufacturing, marketing, sales, and after-sales service, and engage in our various businesses (the Watches Business, Electronic Devices Business, Systems Solutions Business, and Others). They also work in the administrative divisions of general affairs, human resources, legal & intellectual property, accounting, IT, PR, IR, and planning & administration, which support the business divisions, as well as the branding division. This **team of talented human resources** also includes many contemporary masterful

craftsmen and recipients of the Medal with Yellow Ribbon. Our organizations, networks, and human resources with such a long history have created **intellectual property**, including patent, trademark, and design rights, as well as **technological capabilities and sensitivities that have led the times**, and vast experience and know-how. These have supported our businesses and are also important strengths for leaping forward. The image of the Group and of the Group's products that have been cultivated during this time and the feelings and expectations toward that image by people inside and outside the Group truly embody **the Seiko brand**. It can be said that they also embody the Group's businesses. This creates strong ties between the Group and its **many users, business partners, and employees**. In addition, businesses operated by affiliates accounted for by the equity method have been developing for many years, leveraging this same multitude of strengths, together with their **business partners** who are shareholders.

4.Resources reinforced

Our business activities have created the following: **Seiko fans** who like the Group's management policy and concept, its products, and other Seiko-like qualities; the **Seiko brand image** developed by branding activities that increase the number of Seiko fans; **new technologies** epitomized by advanced development of production technologies, **manufacturing facilities** with even greater productivity to be invested in, and the acquisition of new patents; the network of enhanced production, sales, and after-sales service by the Group that has engineering and development, technological, design, marketing, sales, and other capabilities with our suppliers and partner factories as well as distributors and retail stores, and their closer relationships; **employees** with increased motivation and loyalty with improved performance; the stronger **trusting relationship** and **ties** between our employees and the Group; and **the relationship of further growth** together with various industries and communities. In addition, **the further improved value of the Seiko brand**, which is born of all of these things, creates **continued stability** and **growth expansion** for the Group over the long term. **The increased reliability from stable profitability and improved brand value** will further make our financial capital more sustainable.

3.Values stakeholders gain

The Group undertakes all manner of initiatives aimed at **sharing diverse emotions** with **Seiko fans around the world**, through the Group's **wide range of Seiko-like products, quality and service**, or other business activities. We carry out our business activities with the aim of giving our customers and users **the excellent function, quality, and technology** (precision, high strength, texture, durability, water resistance, long-term after-sales service, etc.) of our products and services, as well as **a higher sense of satisfaction** in them (through history, design, latest state of technology, dignity, lifestyle, trust, luxury, etc.) that is Seiko-like or Wako-like unparalleled feeling. We also conduct business activities for our BtoB customers to provide them with **the safety and security** of the Group's products and help them **further improve their value creation**. Meanwhile, our business partners, including suppliers and partner factories as well as distributors and retail stores, can gain the same

sense of pride and **satisfaction** as the Group by handling Seiko-like products (having high quality, high performance, luxury, the latest features, global appeal, etc.). We also conduct activities with them so they can **expect improvements** in quality and in technical levels as well as stable growth. In addition, we create an environment where our employees can relish **the joy** and **sense of satisfaction** of being involved with Seiko-like businesses and products, feel **pride** in conducting Seiko-like operations, and **achieve personal growth** in their work **with future prospects**. We work continually to give our shareholders, investors, financial institutions, and business partners **a sense of satisfaction, expectation, and pride** for walking together with Seiko. Finally, we advance a wide range of activities at our various bases worldwide aimed at eliciting **a sense of pride** and **joy** at the presence of Seiko in their local communities and societies.

2.Values created by business activities

The Group's corporate philosophy is **"A Company that is Trusted by Society."** The founder's business attitude of **"Always being one step ahead of the rest"** has supported Seiko's innovation and advancement. In addition, we conduct our business activities under the Group slogan of **"SEIKO Moving ahead. Touching hearts,"** with the hope that we can walk together with all of our stakeholders, creating, enjoying, and resonating a new era full of hope with **excitement and joy**. We have set out **a long-term vision** for the future and **"what we aim to be"** for concretely shaping the vision. Under these management policies, the Group develops the Watches Business, Electronic Devices Business, Systems Solutions Business, and Others. The Watches Business is the Group's core business. It is **one of the few manufacture d'horlogerie (full-scale manufacturers) in the world that consistently engages in everything from planning and development, design, engineering, and manufacturing in-house**. In addition to conducting sales in about 140 countries worldwide, including Japan, the Watches Business also creates **a worldwide guarantee system** that provides after-sales service worldwide, no matter where our products were purchased. Completed watch business ranges from Credor, including FUGAKU, worth 50 million yen, as well as **Global Brands** centered on Grand Seiko and Seiko Prospex, to other domestic and international models. Moreover, in addition to developing **mechanical movements** equipped with **new or complicated mechanisms** requiring **advanced engineering** and manufacturing technology, we also operate an external sales business for movements. Through the sale of these Seiko-like products, the completed products business offers products that pursue **design** and function, such as **visibility, robustness, and durability**, in addition to delivering the function of high-precision time display. In the high-end/luxury field, the business offers **emotional value** and **the value of self-expression** that is not limited to functionality, by rendering **the joy of holding, wearing, and giving** products, which are added technological advancement, status, and dignity. In addition, by offering **after-sales service** with advanced repair technology and the latest facilities, we enable our customers to continue **enjoying** their favorite products **for a long time** and contribute to **the effective utilization of resources through long-term use**. **Providing a marketing policy for worldwide distributors** also plays an important role in the growth of the business and brand. By handling other companies' products, the retail business is able to gather **a wide range of information** directly from our users and deliver greater satisfaction to them. The Electronic Devices Business bases on **precision machining technologies** that have evolved based on Seiko's watch manufacturing technologies. This business offers devices and completed products, including crystal oscillators, rechargeable micro batteries and other micro-energy products, high-performance metals, precision processed metal parts, and printer-related products, based on core technologies that build on a technological philosophy of **"Craftsmanship, Miniaturization, Efficiency."** Through this, the business helps our customers achieve **high-density assemblies, contributing to miniaturization, lower power consumption, and greater functionality**. At the same time, it realizes **a stable supply to our customers** by thoroughly planning investments in production facilities in Japan and overseas.

The Systems Solutions Business offers data services (payment and order entry terminals, etc.), information network systems (legacy communication equipment, etc.), wireless communication equipment, computer performance management software, and other products and services to various customers such as diverse companies and public offices. Through these offerings, the business helps our customers to realize **work efficiency, improved convenience, improved safety and security, reduced costs, improved quality, and reduced environmental impact**. As Others, the Clocks Business delivers **accurate time information** and a wide range of functions that meets our users' needs by offering a broad product lineup centered on Seiko. The Wako Business offers **select products** from Japan and around the world with **superlative hospitality** in the unmatched space of a store that is **a symbol of Ginza**. The Time Systems Business sells Seiko system clocks and timing equipment that satisfy our customers and users of these products through engineering and technological capabilities, as well as rendering higher **entertainment value** at sporting venues. In addition, we aim at **improving the value of the Seiko brand** and broadening its penetration that support these business activities. To do so, we continue to work on **branding activities that share emotions** with a broad range of people, through not only the flagship products of our brand, but also **sports and music**, which are deeply involved with time. By further refining **"Craftsmanship, Miniaturization, Efficiency"** centered on the manufacturing division, we develop efficient, low-cost **high precision production and processing technologies** and conduct **research and development of new technologies** that further improve customer satisfaction to strive to further advance Seiko's technologies. The human resources division leads our efforts to develop **Seiko-like human resources** through a wide range of training and seminars throughout the Group, as well as train **professional human resources** and **the next generation of executives** who can succeed in the global market. The division also makes efforts to secure human resources, including new hires, by using various opportunities to **vitalize the organization** and **prepare the working environment**. In order to **strengthen corporate governance** throughout the Group, we work to develop our internal control system and systems for corporate ethics and compliance with laws and regulations and conduct thorough risk management. We strive to **improve Seiko-like corporate communication** mainly targeting shareholders, investors, and financial institutions. We work to **expand our watch fan base** by conducting **PR and social contribution activities**, including factory visits and museum exhibits, as well as assembly demonstrations at a wide range of venues including those targeting children. We contribute to **local revitalization and the development of the watch industry**, including launching the "Iwate Watch Meister" certification system, Iwate Prefecture's first technical evaluation system, jointly with the prefecture. We have continued concerts to support disaster areas in Eastern Japan and local welfare activities by overseas subsidiaries aimed at **co-existence with local communities and society**. We also designate biodiversity conservation areas at certain production bases and plant trees at the Seiko Instruments Forest based on a "Corporate Forest Agreement" with Chiba Prefecture. By doing so, we strive for **environmental conservation**. Through these diverse Seiko-like business activities, we will **further enhance the value of the Seiko brand**, increase its recognition more broadly, and **grow together with our many stakeholders**. These activities truly embody the business activities of the Group.



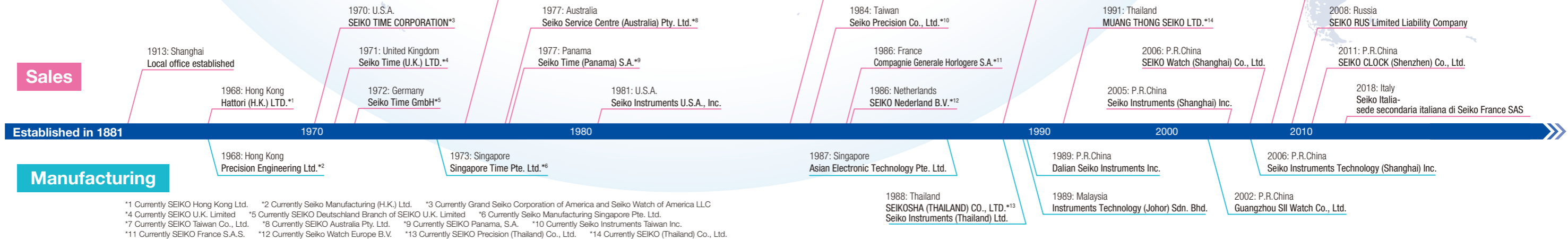
History of Value Creation

Global Expansion (as of September 30, 2020. Net sales ratios by region are results of FY2019)

A global brand established over the world



History of Global Expansion



*1 Currently SEIKO Hong Kong Ltd. *2 Currently Seiko Manufacturing (H.K.) Ltd. *3 Currently Grand Seiko Corporation of America and Seiko Watch of America LLC
 *4 Currently SEIKO U.K. Limited *5 Currently SEIKO Deutschland Branch of SEIKO U.K. Limited *6 Currently Seiko Manufacturing Singapore Pte. Ltd.
 *7 Currently SEIKO Taiwan Co., Ltd. *8 Currently SEIKO Australia Pty. Ltd. *9 Currently SEIKO Panama, S.A. *10 Currently Seiko Instruments Taiwan Inc.
 *11 Currently SEIKO France S.A.S. *12 Currently Seiko Watch Europe B.V. *13 Currently SEIKO Precision (Thailand) Co., Ltd. *14 Currently SEIKO (Thailand) Co., Ltd.

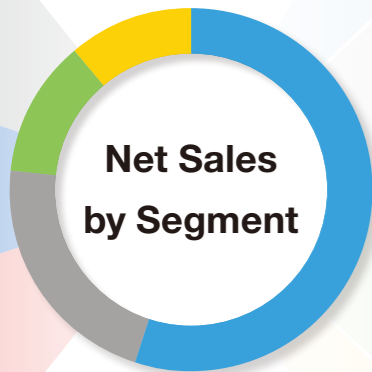
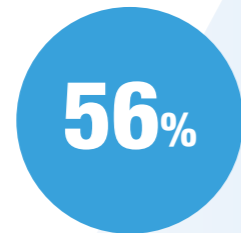
Consolidated performance

(fiscal year 2019)

Net Sales **239.1** billion yen

Operating Profit **6.1** billion yen

Operating Profit ratio **2.6** %



Main Operating Companies

Description of Business

Main Products and Services

Net Sales/Operating Profit

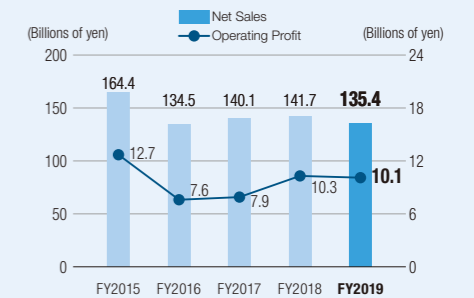
Watches Business



SEIKO WATCH CORPORATION

The core business of the Seiko Holdings Group. Centered on Global Brands such as Grand Seiko, we have remained one of the few manufacture d'horlogerie (full-scale manufacturers) in the world that consistently engages in parts production, assembly, and adjustment, and we sell watches manufactured by Group companies in Japan and overseas to places all over the world. We also operate watch retailers in Japan and sell watch movements (components) globally.

Completed watches
Watch movements



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Electronic Devices Business



Seiko Instruments Inc.



SEIKO NPC CORPORATION

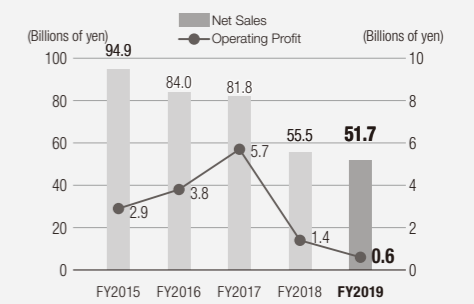
We manufacture and sell mechatronics devices and printer devices born from our history of watch development and manufacturing. We offer a number of products, including compact batteries that feature low power consumption, crystal oscillators, integrated circuits for crystal oscillators, precision turned parts with sub-micron precision, industrial inkjet print heads, and thermal printers. We support advances in society and industry through precision processing and assembly in a wide range of fields, including medicine, information systems, and automobiles.

Mechatronics Devices

- Micro batteries/chip capacitors
- Crystal oscillators
- Integrated circuits for crystal oscillators
- Integrated circuits for sensors
- High-performance metal products
- Rare earth magnets
- Hard disk drive components
- Automobile parts
- Other precision turned parts

Printer Devices

- Inkjet print heads
- Thermal printer mechanisms
- POS printers ● Mobile printers



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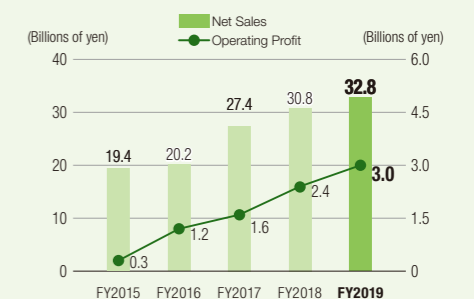
Systems Solutions Business



SEIKO Solutions Inc.

We offer multi-faceted solutions that support the age of IoT, including digital contracts and ordering, payment solutions, IT system performance management, financial EDI, and contracted development and its support of hardware and software. We respond to increasingly complex customer needs by providing one-stop optimal systems solutions ranging from consultations to building, operating and managing systems. Thereby we support transformation of customers' business models.

- IT system performance management / software
- Network equipment / services
- IoT embedded device
- Monitoring / control system
- Financial / distribution software
- Payment products / services
- System for restaurant industry
- Time Stamps / e-Signature
- IT products / service for consumer



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Others



SEIKO Clock Inc.



WAKO Co., Ltd.



SEIKO Time Systems Inc.

As Others, the Clocks Business that provides everything from planning and production to after-sales services, the Wako Business that handles the Wako upscale specialty store that is a landmark in Ginza and provides high-quality services and products, the Time Systems Business that handles sports timing devices and system clocks used at public facilities and sports stadiums.

Clocks

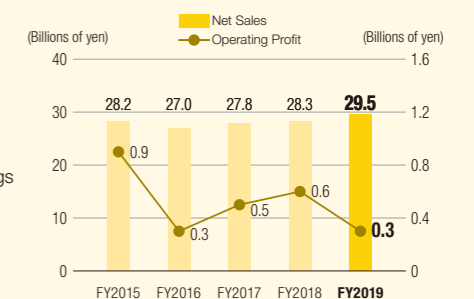
- Luxury mechanical clocks ● Wall clocks
- Table clocks ● Alarm clocks

Wako

- Watches ● Clocks ● Jewelry
- Men's and women's products ● Handbags
- Interior decoration products ● Food, etc.

Time Systems

- Systems clocks ● Sports timing devices
- Digital signage ● Large display boards
- Baseball field scoreboards

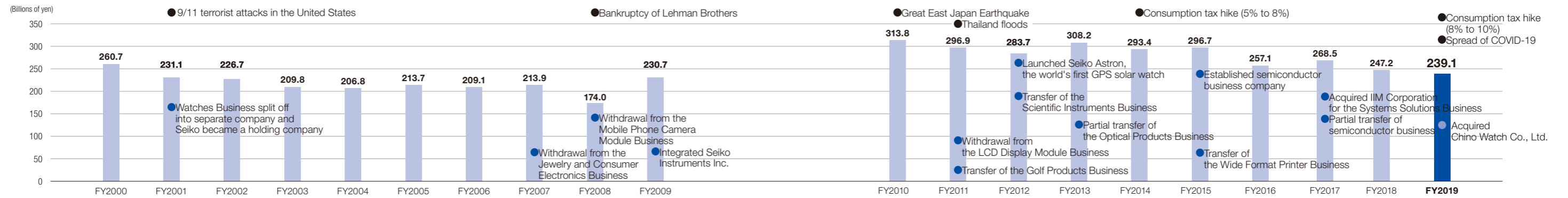


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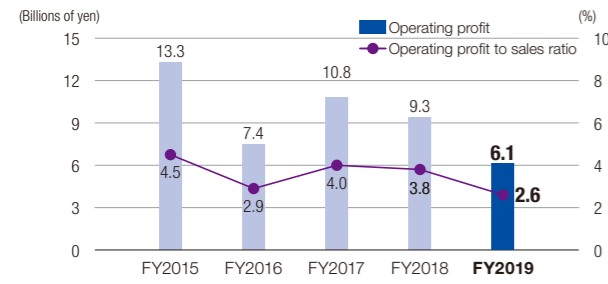
History of Value Creation

Financial/Non-Financial Review (as of March 31, 2020)

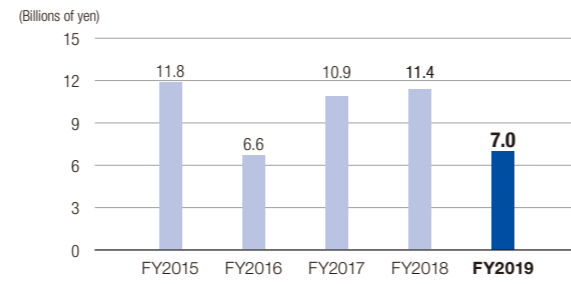
20 year net sales transition



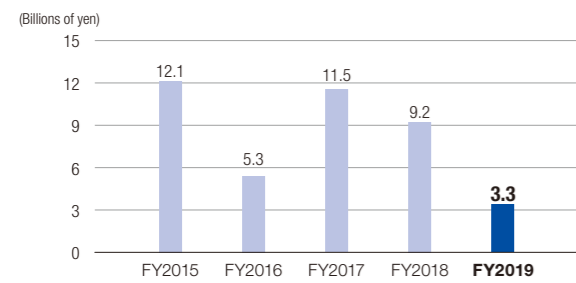
Operating profit/operating profit to sales ratio



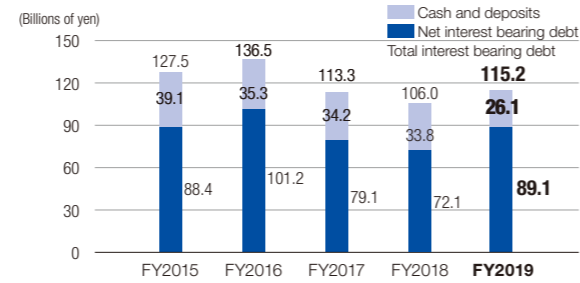
Ordinary profit



Profit attributable to owners of parent

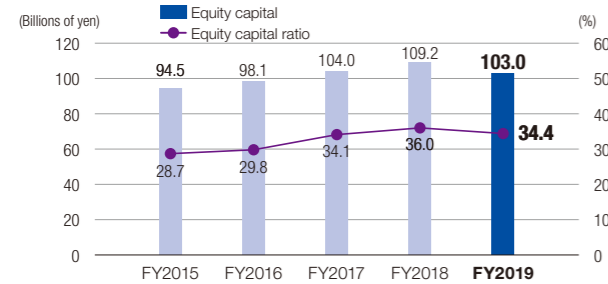


Net interest bearing debt



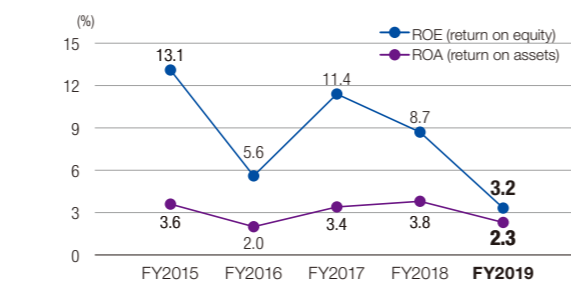
*Net interest bearing debt = interest bearing debt - cash and deposits

Equity capital/Equity capital ratio



*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) applied from the beginning of FY2018, and the indexes for FY2017 are presented after reclassification

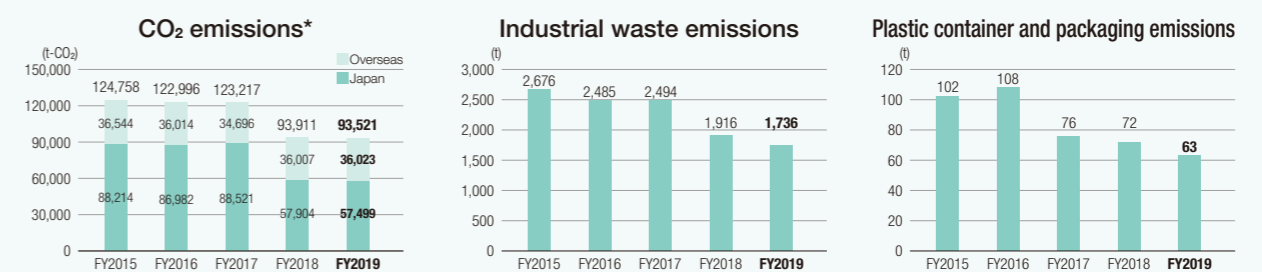
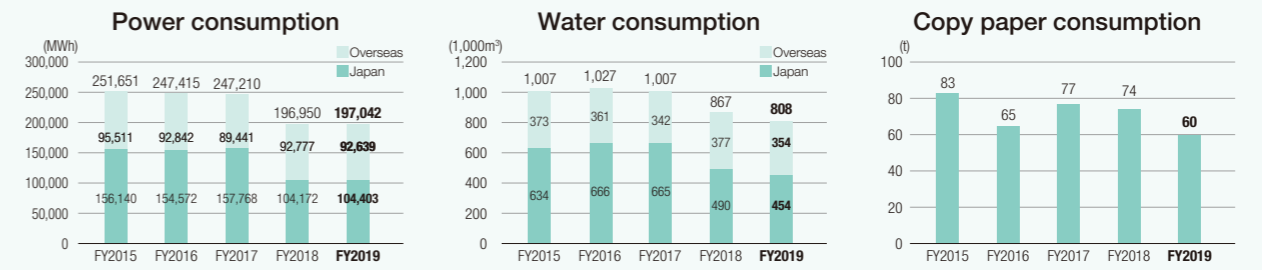
ROE / ROA



*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

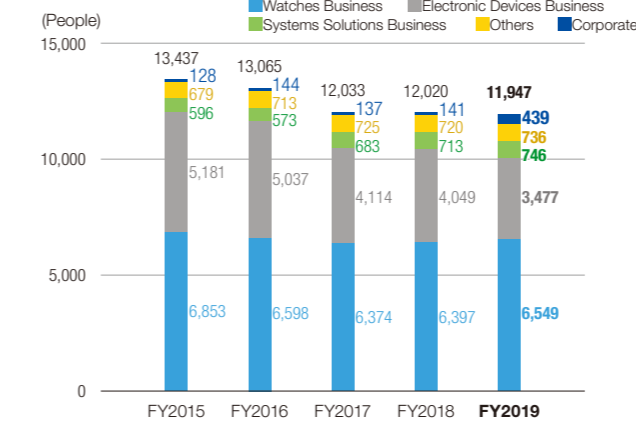
Environmental Data

Scope of calculation: Seiko Holdings Corporation and 20 operating companies in Japan and overseas
Semiconductor operating companies excluded from scope of calculation from FY2018 due to being excluded from the scope of consolidation in January 2018



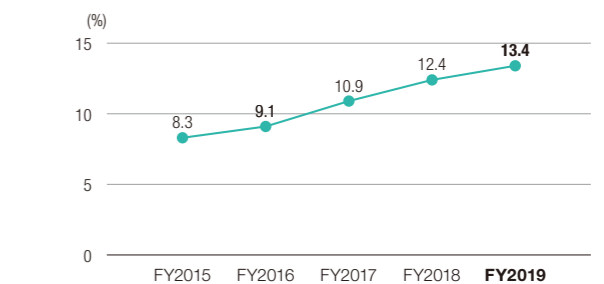
* Domestic CO2 emissions preceding FY2018 were also retroactively recalculated due to a revision to CO2 emission coefficients. The following emission coefficients are used:
Electric power: Emission coefficient by electric power company based on the Act on Promotion of Global Warming Countermeasures
Fuel: Unit calorific value and emission coefficient by fuel type based on the Act on Promotion of Global Warming Countermeasures

Number of employees



*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.

Ratio of women in managerial positions



*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 Holdings Corporation and 14 operating companies in Japan

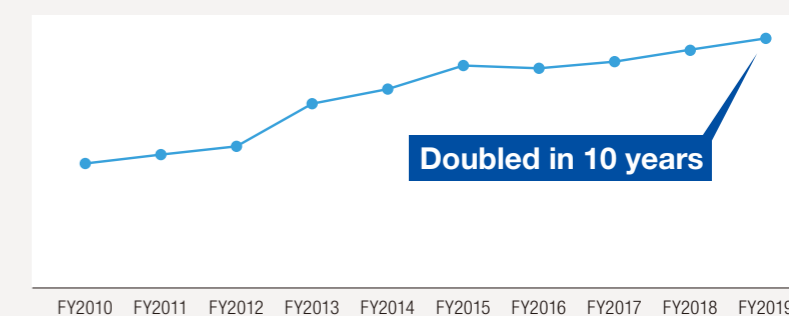
Ten-Year Financial/Non-Financial Table

	(Millions of yen)									
<Financial>	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Consolidated Statement of Income										
Net sales (by segment)										
Watches	106,965	112,452	121,022	150,739	159,075	164,453	134,592	140,156	141,788	135,475
Electronic Devices* ¹	167,454	147,165	125,267	93,038	96,137	94,900	84,077	81,852	55,548	51,749
Systems Solutions* ²	—	—	—	22,868	21,142	19,455	20,287	27,411	30,809	32,839
Others* ³	48,291	46,706	45,928	51,307	26,450	28,218	27,043	27,852	28,363	29,582
Adjustments	(8,831)	(9,386)	(8,427)	(9,668)	(9,332)	(10,323)	(8,885)	(8,743)	(9,215)	(10,496)
Consolidated total	313,881	296,937	283,790	308,286	293,472	296,705	257,115	268,529	247,293	239,150
Gross profit	96,638	90,195	87,053	103,540	104,266	108,540	96,292	102,297	96,338	94,928
Gross profit to sales ratio (%)	30.8%	30.4%	30.7%	33.6%	35.5%	36.6%	37.5%	38.1%	39.0%	39.7%
Selling, general and administrative expenses	84,981	83,462	81,530	89,526	92,599	95,233	88,804	91,461	86,943	88,794
Operating profit (by segment)										
Watches	7,965	7,380	7,874	12,253	12,334	12,722	7,615	7,902	10,391	10,158
Electronic Devices* ¹	6,204	1,301	(1,513)	1,351	1,865	2,917	3,809	5,793	1,414	614
Systems Solutions* ²	—	—	—	349	327	364	1,283	1,605	2,401	3,010
Others* ³	(1,235)	(563)	(32)	761	633	907	304	551	697	326
Adjustments	(1,278)	(1,385)	(805)	(702)	(3,493)	(3,603)	(5,525)	(5,015)	(5,511)	(7,975)
Consolidated total	11,656	6,733	5,523	14,014	11,667	13,307	7,487	10,836	9,394	6,134
Operating profit to sales ratio (%)	3.7%	2.3%	1.9%	4.5%	4.0%	4.5%	2.9%	4.0%	3.8%	2.6%
Ordinary profit	6,585	1,280	3,243	10,165	12,373	11,879	6,671	10,911	11,410	7,004
Ordinary profit to sales ratio (%)	2.1%	0.4%	1.1%	3.3%	4.2%	4.0%	2.6%	4.1%	4.6%	2.9%
Profit attributable to owners of parent	2,181	(11,014)	5,527	7,422	21,778	12,142	5,392	11,541	9,249	3,394
Profit attributable to owners of parent to sales ratio (%)	0.7%	(3.7%)	1.9%	2.4%	7.4%	4.1%	2.1%	4.3%	3.7%	1.4%
Advertising and sales promotion expenses	7,079	7,962	9,476	13,343	16,624	18,366	15,882	16,393	16,905	18,845
Salaries and wages	35,205	34,165	32,693	36,139	36,060	37,200	34,819	34,639	32,454	32,163
Provision for bonuses	949	901	1,113	2,007	2,202	2,074	1,867	1,986	1,879	1,913
Retirement benefit expenses	1,687	2,518	2,016	1,034	1,928	1,610	770	1,383	1,470	1,371
Research and development expenses* ⁴	5,497	5,294	5,046	3,851	4,112	4,023	3,901	4,669	4,190	4,607
Consolidated Balance Sheet										
Cash and deposits	51,958	51,765	42,830	43,002	41,292	39,131	35,355	34,229	33,844	26,112
Inventories	60,974	59,370	60,638	57,022	62,910	65,196	66,177	57,011	58,305	65,734
Interest bearing debt* ⁵	240,573	241,443	203,454	200,881	137,250	127,560	136,586	113,387	106,022	115,261
Net assets	46,270	31,965	40,801	64,766	92,589	102,692	107,161	105,170	110,415	104,273
Total assets	400,457	386,128	355,308	366,753	333,701	329,115	328,857	305,297	303,036	299,990
Consolidated Statement of Cash Flows										
Net cash provided (used in) operating activities	20,498	11,119	21,450	15,598	16,562	15,096	4,209	27,885	17,508	2,704
Net cash provided (used in) investing activities	(8,696)	(11,215)	(2,027)	(10,917)	46,254	(8,334)	(13,200)	(17,430)	(7,093)	(10,688)
Net cash provided (used in) financing activities	(14,394)	362	(29,274)	(3,517)	(66,816)	(6,645)	5,713	(11,759)	(10,670)	678
Free cash flow	11,802	(96)	19,423	4,681	62,816	6,762	(8,991)	10,455	10,414	(7,983)
Depreciation	16,845	15,078	12,886	12,242	10,892	10,325	10,959	10,128	8,980	10,315
Purchase of property, plant and equipment	(13,349)	(12,732)	(19,790)	(11,006)	(9,350)	(13,054)	(12,138)	(6,954)	(6,341)	(8,852)
Management Indices										
Overseas net sales	164,435	146,338	138,420	160,206	154,025	150,864	122,285	125,499	107,296	101,635
Overseas net sales ratio (%)	52.4%	49.3%	48.8%	52.0%	52.5%	50.8%	47.6%	46.7%	43.4%	42.5%
ROE (return on equity) (%) ⁶	6.0%	(36.0%)	17.5%	14.6%	28.4%	13.1%	5.6%	11.4%	8.7%	3.2%
ROA (return on assets) (%) ⁷	1.6%	0.3%	0.9%	2.8%	3.5%	3.6%	2.0%	3.4%	3.8%	2.3%
PER (price earnings ratio) (times) ⁸	22.9	(3.3)	14.3	11.4	5.8	7.6	17.4	9.2	11.7	21.2
Equity capital	37,189	24,079	39,013	62,871	90,410	94,521	98,119	104,010	109,221	103,050
Equity capital ratio (%) ⁹	9.3%	6.2%	11.0%	17.1%	27.1%	28.7%	29.8%	34.1%	36.0%	34.4%
Net interest bearing debt* ¹⁰	188,614	189,678	160,623	157,879	95,957	88,428	101,230	79,158	72,178	89,148
Net D/E ratio (times) ¹¹	4.1	5.9	3.9	2.4	1.0	0.8	0.9	0.7	0.6	0.8
Basic earnings per share (yen) ^{12*13}	62.17	(301.26)	147.07	179.58	526.95	293.81	130.71	280.01	224.42	82.36
Net assets per share (yen) ^{12*14}	1,019.87	658.26	943.82	1,521.18	2,187.60	2,287.18	2,380.50	2,523.54	2,649.99	2,499.97
Dividend per share (yen) ¹²	10.00	0.00	12.50	25.00	50.00	62.50	75.00	75.00	75.00	75.00
Dividend payout ratio (%)	16.1%	—	8.5%	13.9%	9.5%	21.3%	57.4%	26.8%	33.4%	91.1%
Exchange rate (fiscal year average) (JPY)										
USD	85.7	79.1	83.1	100.2	109.9	120.1	108.4	110.8	110.9	108.7
EUR	113.2	109.0	107.1	134.3	138.7	132.6	118.8	129.7	128.4	120.8
<Non-financial>										
Number of employees (people)	18,442	15,968	14,712	13,439	13,565	13,437	13,065	12,033	12,020	11,947
Ratio of women in managerial positions (%) ¹⁵	—	—	5.3%	6.3%	7.1%	8.3%	9.1%	10.9%	12.4%	13.4%
CO ₂ emissions (t-CO ₂) ^{16*17}	—	—	—	126,653	130,393	124,758	122,996	123,217	93,911	93,521

Summary

FY2011 and FY2012 saw lower net sales due to the Great East Japan Earthquake and flooding in Thailand in 2011. The Watches Business performed favorably after FY2013, mainly in the Japanese market, but from FY2016, net sales temporarily slumped due to changes in market conditions, including shifts in theretofore booming consumption by foreign tourists in Japan and global stagnation in the market for affordable watches. Additionally, selection and concentration led by the Electronic Devices Business resulted in falling net sales by the business and others compared with FY2010. However, net sales by the Watches Business began to grow from FY2016 through an acceleration of a shift to mid-high priced watches. The Systems Solutions Business grew net sales by more than 60% over the four years since FY2016. Meanwhile, with regard to selling, general and administrative expenses, branding investment and other advertising expenses increased. However, restructuring and improvement in unprofitable businesses increased consolidated operating profit starting in FY2017, excluding the impact of removing the semiconductor business from the scope of consolidation. However, the worldwide spread of COVID-19 in the fourth quarter of FY2019 led to restrictions of business activities, significantly impacting each of the Seiko Holdings Group's businesses and resulting in flat performance. Even amid these circumstances, the gross profit ratio improved for the eighth straight year. In addition to the selection and concentration we have carried out to date, the improvements to profitability by the Systems Solutions Business and the Global Brand strategy by the Watches Business have steadily yielded results. In the Watches Business, the average unit price of the completed watches business in Japan has doubled over the past 10 years.

Average Unit Price: Completed Watches Business in Japan



- *1 Name changed to the Electronic Devices Business from FY2013
*2 Separate segment from FY2013 (included in the Electronic Devices Business until FY2012)
*3 Included the Optical Products Business until FY2013 (from FY2014, an equity method affiliated company)
*4 Total of research and development expenses include in general and administrative expenses and manufacturing cost
*5 Interest bearing debt = loans payable + lease obligations
The Company has applied IFRS 16 "Leases" at consolidated subsidiaries overseas, excluding those in the U.S., from Q1, FY2019
*6 ROE = profit attributable to owners of parent / ((equity capital at beginning of fiscal year + equity capital at end of fiscal year) / 2) x 100
*7 ROA = ordinary profit / ((total assets at beginning of fiscal year + total assets at end of fiscal year) / 2) x 100
*8 PER = stock price / basic earnings per share
*9 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) applied from the beginning of FY2018, and the indexes for FY2017 are presented after reclassification
*10 Net interest bearing debt = interest bearing debt - cash and deposits
*11 Net D/E ratio = net interest bearing debt / net assets
*12 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
*13 Profit attributable to owners of parent pertaining to common stock / average number of shares of common stock outstanding during the period
*14 Net assets at end of fiscal year related to common stock / number of common stock at end of fiscal year
*15 The ratio started to be managed April, 1, 2013
The ratio for April 1, 2013, is shown as the ratio for FY2012 (Likewise, in subsequent reporting periods, 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 Holdings Corporation and 14 operating companies in Japan
*16 Scope of calculation: Seiko Holdings Corporation and 20 operating companies in Japan and overseas semiconductor business company excluded from scope of calculation from FY2018 due to being excluded from the scope of consolidation in January 2018
*17 Domestic CO₂ emissions preceding FY2018 were also retroactively recalculated due to a revision to CO₂ emission coefficients.
The following emission coefficients are used:
Electric power: Emission coefficient by electric power company based on the Act on Promotion of Global Warming Countermeasures
Fuel: Unit calorific value and emission coefficient by fuel type based on the Act on Promotion of Global Warming Countermeasures