



Consolidated Financial Results for the Fiscal Year Ended MARCH 31, 2023 (Under Japanese GAAP)

May 9, 2023
Listing: Tokyo

Company name: SEIKO GROUP CORPORATION
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 Scheduled date of annual general meeting of shareholders: June 29, 2023
 Scheduled date to commence dividend payments: June 30, 2023
 Scheduled date to file annual securities report: June 29, 2023 (in Japanese)
 Preparation of supplementary material on financial results: Available
 Holding of financial results briefing: Scheduled (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	260,504	9.7	11,233	28.1	11,167	12.4	5,028	(21.6)
March 31, 2022	237,382	17.1	8,770	299.7	9,939	-	6,415	84.6

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥ 12,576 million [5.9%]
 For the fiscal year ended March 31, 2022: ¥ 11,870 million [9.4%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2023	121.86	121.86	4.0	3.3	4.3
March 31, 2022	155.56	155.56	5.5	3.1	3.7

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2023: ¥ 1,224 million
 For the fiscal year ended March 31, 2022: ¥ 898 million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	355,915	131,748	36.5	3,144.81
March 31, 2022	327,533	121,624	36.7	2,911.17

Reference: Equity As of March 31, 2023: ¥ 129,792 million
 As of March 31, 2022: ¥ 120,067 million

(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, 2023	9,261	(15,535)	10,564	36,209
March 31, 2022	20,358	(9,318)	(13,909)	30,738

2. Cash dividends

Fiscal year ended	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
March 31, 2022	-	25.00	-	25.00	50.00	2,067	32.1	1.8
March 31, 2023	-	37.50	-	37.50	75.00	3,100	61.5	2.5
March 31, 2024 (Forecast)	-	37.50	-	37.50	75.00		38.7	

3. Consolidated financial forecast for the fiscal year ending March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

Fiscal year ending	Net sales		Operating profit		Ordinary profit		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, 2024	268,000	2.9	12,000	6.8	12,000	7.5	8,000	59.1	193.84

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Not Applicable
 Newly included: Not applicable Excluded: Not applicable
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
 i) Changes in accounting policies due to revisions to accounting standards and other regulations : Applicable
 ii) Changes in accounting policies due to other reasons : Not applicable
 iii) Changes in accounting estimates : Not applicable
 iv) Restatement : 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 issued shares (common shares)
 i) Total number of issued shares at the end of the period (including treasury shares)
 As of March 31, 2023 41,404,261 shares / As of March 31, 2022 41,404,261 shares
 ii) Number of treasury shares at the end of the period
 As of March 31, 2023 132,337 shares / As of March 31, 2022 160,535 shares
 iii) Average number of shares outstanding during the period
 Fiscal year ended March 31, 2023 41,262,123 shares
 Fiscal year ended March 31, 2022 41,240,659 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] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2023	15,312	27.1	1,195	-	1,560	-	2,562	(21.3)
March 31, 2022	12,043	6.6	(288)	-	(473)	-	3,257	108.7

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	62.06	-
March 31, 2022	78.94	-

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	201,299	57,534	28.6	1,393.32
March 31, 2022	187,644	57,120	30.4	1,384.23

Reference: Equity As of March 31, 2023: ¥ 57,534 million
 As of March 31, 2022: ¥ 57,120 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters
 (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, 2024 (FY2023), 1. Business Results, for detail.

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1. Business Results

(1) Overview

In the world economy during the fiscal year ended March 31, 2023, many markets experienced a distinct slowdown due to inflationary concerns against the backdrop of factors such as rising prices primarily due to a concurrent global economic recovery since the previous fiscal year, as well as soaring international commodity prices due to the impact of the situation in Ukraine, and progress in monetary tightening in various countries. In China, although there were supply chain disruptions due to the lockdown under the government's "zero-COVID" policy, the policy was abolished during the fiscal year, and the economy has been on a recovery trend thereafter. Meanwhile, the Japanese economy is on a gradual recovery trend, due to a marked recovery in personal consumption as the impact of the novel coronavirus eased, as well as an expected return of demand from foreign tourists, despite a sense of stagnation caused by the global economic downturn and rising prices.

(Millions of yen)

	FY2020 (a)	FY2021 (b)	FY2022 ①	Variance ① - (a)	Variance ① - (b)
Net sales	202,671	237,382	260,504	57,833	23,122
Operating profit %	2,194 1.1%	8,770 3.7%	11,233 4.3%	9,039 3.2pt	2,462 0.6pt
Ordinary profit %	633 0.3%	9,939 4.2%	11,167 4.3%	10,534 4.0pt	1,228 0.1pt
Profit attributable to owners of parent %	3,475 1.7%	6,415 2.7%	5,028 1.9%	1,553 0.2pt	(1,386) (0.8pt)
Exchange rate (v. JPY)					
USD	106.1	112.4	135.5	29.4	23.1
EUR	123.8	130.6	141.0	17.2	10.4

Amid these circumstances, the Company launched the five-year Eighth Mid-Term Management Plan, "Seiko Milestone 145 = SMILE145," which began in the fiscal year ended March 31, 2023, and proceeded with business development centered on the three newly defined strategic domains of "Emotional Value Solutions Business (EVS Business)," "Devices Solutions Business (DS Business)," and "Systems Solutions Business (SS Business)."

In the EVS Business, the Watches Business and WAKO Business for the Japanese market recovered significantly on the back of improved personal consumption. In the Watches Business for overseas markets, net sales also grew in many countries and regions. Although the DS Business continued to increase net sales by steadily capturing favorable demand in the first half of the fiscal year, market conditions deteriorated sharply from the third quarter onward, resulting in a sharp slowdown in net

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sales, especially for devices for consumer products. In the SS Business, net sales exceeded those of the previous fiscal year, thanks to successful efforts to diversify business and expand the stock business. As a result, for the fiscal year ended March 31, 2023, the Group reported consolidated net sales of 260.5 billion yen, a year-on-year increase of 9.7%.

On an overall consolidated basis, domestic net sales came to 132.6 billion yen (a year-on-year increase of 6.6%), and overseas net sales were 127.8 billion yen (a year-on-year increase of 13.2%). Overseas net sales comprised 49.1% of net sales overall.

Advertising and promotion expenses for the fiscal year ended March 31, 2023 increased by approximately 15% from the previous fiscal year. Although labor costs and other selling, general and administrative expenses also increased year on year, operating profit improved by 2.4 billion yen year on year to 11.2 billion yen (a year-on-year increase of 28.1%), as a result of an increase in net sales. Non-operating income and expenses were generally even, and ordinary profit increased by 1.2 billion yen year on year to 11.1 billion yen (a year-on-year increase of 12.4%). Profit attributable to owners of parent was 5.0 billion yen (a year-on-year decrease of 21.6%), as a result of posting 0.2 billion yen in gain on sale of non-current assets as extraordinary income, 1.7 billion yen in extraordinary losses mainly due to loss on sale of investment securities, and a 1.2 billion yen increase in income taxes - deferred from the previous fiscal year.

The average exchange rates for the current fiscal year were 135.5 yen to 1 US dollar and 141.0 yen to 1 euro.

Results by Segment

Results for each segment are as follows:

To realize the Group 10-year vision, the Company has established three strategic domains (the Emotional Value Solutions domain, the Devices Solutions domain, and the Systems Solutions domain) based on the solutions it provides, and formulated and implemented strategies for each domain under the Eighth Mid-Term Management Plan, "SMILE145." Accordingly, reported segments have been changed from "Watches Business," "Electronic Devices Business," and "Systems Solutions Business" to the three strategic domains, "Emotional Value Solutions Business," "Devices Solutions Business," and "Systems Solutions Business." The previous Watches Business and some of the businesses included in the previous Electronic Devices Business, together with the Time Creation Business and WAKO Business in the Time Creation, WAKO and other Businesses, make up the Emotional Value Solutions Business. The Devices Solutions Business consists of the businesses previously in the Electronic Devices Business, other than those that have been changed to the Emotional Value Solutions Business. There are no changes from the previous business in the Systems Solutions Business.

a. Emotional Value Solutions Business (EVS Business)

Net sales in the EVS Business came to 170.7 billion yen, a year-on-year increase of 19.9 billion

yen, or 13.2%.

Net sales of completed watches in Japan grew significantly year on year, especially for Grand Seiko and Seiko Prospex, due to a recovery in personal consumption. Overseas, net sales in the U.S. also rose significantly, driven by Global Brands such as Grand Seiko, and in Europe, net sales in the U.K., France, Germany, and other countries grew significantly due to favorable performance of Grand Seiko in general. Meanwhile, in China, net sales decreased due to the impact of the lockdown and sluggish personal consumption that followed.

In the watch movements business, net sales increased partly due to the depreciation of the yen.

Net sales in the WAKO Business grew significantly year on year with the recovery of the Japanese market for high-end products. However, net sales of clocks for the Japanese market and system clocks were sluggish.

Operating profit increased by 3.2 billion yen year on year, resulting in operating profit of 11.5 billion yen (a year-on-year increase of 39.6%) due to the increase in net sales and the depreciation of the yen.

b. Devices Solutions Business (DS Business)

Net sales in the DS Business came to 64.5 billion yen, a year-on-year increase of 5.7%. Operating profit was 5.0 billion yen, a year-on-year decrease of 10.3%.

From the third quarter onward, although a slowdown trend became apparent in orders for devices for use in consumer and general-purpose products, favorable performance continued for micro batteries for medical equipment, high-performance metals for semiconductor production equipment, and other products. However, operating profit remained lower while net sales grew due to production adjustments and soaring energy costs.

c. Systems Solutions Business (SS Business)

Net sales in the SS Business came to 36.6 billion yen, a year-on-year increase of 2.2 billion yen, or 6.4%. Operating profit was 4.3 billion yen, a year-on-year increase of 0.4 billion yen, or 10.7%.

In some industries, such as food service, a trend toward recovery from the coronavirus pandemic was observed. In addition, businesses supporting digital infrastructure, such as performance management and security-related business and other businesses, performed steadily throughout the year, and system-related and payment-related businesses also grew, resulting in continued year-on-year growth in both net sales and operating profit for 28 consecutive quarters.

(2) Financial Condition

-Assets-

Total assets at the close of the fiscal year ended March 31, 2023 amounted to 355.9 billion yen, an increase of 28.3 billion yen from the close of the previous fiscal year, including the effect of exchange rates. Total current assets came to 173.4 billion yen, an increase of 18.6 billion yen from the close of

the previous fiscal year. This was due to increases of 5.5 billion yen in cash and deposits and 10.7 billion yen in inventories. Total non-current assets came to 182.5 billion yen, increases of 9.7 billion yen from the close of the previous fiscal year. This was due to increases of 6.0 billion yen in total property, plant and equipment, 0.6 billion yen in total intangible assets, and 3.0 billion yen in total investments and other assets.

-Liabilities-

For liabilities, total borrowings came to 132.2 billion yen, due to increases of 8.8 billion yen in short-term borrowings and 7.1 billion yen in long-term borrowings. In addition, notes and accounts payable - trade decreased by 2.2 billion yen. As a result, total liabilities amounted to 224.1 billion yen, an increase of 18.2 billion yen from the close of the previous fiscal year, including the effect of exchange rates.

-Net assets-

With regard to net assets, total net assets increased by 10.1 billion yen over the close of the previous fiscal year to become 131.7 billion yen, mainly owing to increases of 2.4 billion yen in shareholders' equity and 5.5 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, 2023 came to 36.2 billion yen, an increase of 5.4 billion yen relative to the end of the previous fiscal year. Free cash flow, the sum of cash flows from operating and investing activities, amounted to -6.2 billion yen. This is primarily due to the following factors:

-Cash flows from operating activities

Net cash provided by operating activities came to positive 9.2 billion yen (compared to a positive cash flow of 20.3 billion yen for the previous fiscal year). This was the result of the Company posting 9.6 billion yen in income before income taxes, factoring in depreciation amounting to 12.3 billion yen, as well as adjustments such as a 8.2 billion yen increase in inventories (posted as a decrease), a 3.3 billion yen decrease in trade payables (posted as a decrease), and others.

-Cash flows from investing activities

Net cash used in investing activities came to negative 15.5 billion yen (compared to a negative cash flow of 9.3 billion yen for the previous fiscal year) due to cash outflows consisting mainly of 12.1 billion yen in purchase of property, plant and equipment (posted as a decrease) and 1.4 billion yen in purchase of shares of subsidiaries resulting in change in scope of consolidation (posted as a decrease).

-Cash flows from financing activities

Net cash provided by financing activities came to positive 10.5 billion yen (compared to a negative cash flow of 13.9 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 15.2 billion yen (posted as an increase), as well as 1.8 billion yen in repayments of lease liabilities (posted as a decrease) and 2.5 billion yen in dividends paid (posted as a decrease).

(4) Consolidated Financial Forecast for the Fiscal Year Ending March 31, 2024 (FY2023)

Although it is difficult to forecast when the device market will recover during the fiscal year ending March 31, 2024, personal consumption, primarily of high-end products, is growing steadily, and demand from foreign tourists is expected to recover in Japan. Accordingly, the financial forecasts for the fiscal year ending March 31, 2024 are as follows.

Note that the exchange rates for the financial forecast are as follows: 1 US dollar = 135.0 yen; 1 euro = 140.0 yen.

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■Forecast for the consolidated business results for FY2023

(Billions of yen)	FY2023 (forecast)	Year-on-year change (%)
Net sales	268.0	2.9
Operating profit	12.0	6.8
Ordinary profit	12.0	7.5
Profit attributable to owners of parent	80.0	59.1
Earnings per share	193.84 yen	

■Forecasted results by segment for FY2023

(Billions of yen)	Net Sales FY2023 (forecast)	Operating Profit FY2023 (forecast)
Emotional Value Solutions Business	175.0	13.0
Devices Solutions Business	65.0	4.8
Systems Solutions Business	39.0	4.8
Total for reported segments	279.0	22.6
Others	1.0	0.1
Consolidated total	268.0	12.0

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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	30,740	36,324
Notes receivable - trade	2,730	3,062
Accounts receivable - trade	35,694	35,187
Contract assets	343	397
Merchandise and finished goods	42,847	49,750
Work in process	16,376	18,117
Raw materials and supplies	13,823	15,908
Accounts receivable - other	4,437	6,577
Other	9,102	9,381
Allowance for doubtful accounts	(1,310)	(1,297)
Total current assets	154,786	173,410
Non-current assets		
Property, plant and equipment		
Buildings and structures	77,046	79,280
Machinery, equipment and vehicles	82,590	86,117
Tools, furniture and fixtures	35,782	39,233
Other	9,909	12,699
Accumulated depreciation	(156,227)	(163,232)
Land	54,056	54,182
Construction in progress	1,942	2,867
Total property, plant and equipment	105,100	111,149
Intangible assets		
Goodwill	6,453	6,901
Other	8,391	8,620
Total intangible assets	14,844	15,522
Investments and other assets		
Investment securities	43,536	45,490
Retirement benefit asset	773	1,820
Deferred tax assets	2,200	1,923
Other	6,397	6,752
Allowance for doubtful accounts	(106)	(153)
Total investments and other assets	52,802	55,833
Total non-current assets	172,747	182,505
Total assets	327,533	355,915

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(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,027	18,790
Electronically recorded obligations - operating	7,138	6,212
Short-term borrowings	63,709	72,598
Current portion of bonds payable	150	300
Current portion of long-term borrowings	23,719	22,117
Accounts payable - other	11,359	11,344
Income taxes payable	1,546	1,793
Contract liabilities	6,574	7,916
Provision for bonuses	4,174	4,879
Provision for goods warranties	409	488
Provision for loss on lease contracts	348	348
Provision for business restructuring	136	247
Other provisions	245	367
Asset retirement obligations	-	9
Other	13,873	14,743
Total current liabilities	154,413	162,157
Non-current liabilities		
Bonds payable	300	-
Long-term borrowings	28,752	37,525
Lease liabilities	4,096	5,667
Deferred tax liabilities	3,069	4,285
Deferred tax liabilities for land revaluation	3,614	3,614
Provision for stock benefits	232	538
Provision for long-term goods warranties	90	88
Provision for loss on lease contracts	436	87
Provision for retirement benefits for directors (and other officers)	19	4
Other provisions	29	23
Retirement benefit liability	7,617	6,894
Asset retirement obligations	1,070	1,079
Other	2,166	2,199
Total non-current liabilities	51,494	62,009
Total liabilities	205,908	224,166

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(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Net assets		
Shareholders' equity		
Share capital	10,000	10,000
Capital surplus	7,245	7,245
Retained earnings	79,075	81,520
Treasury shares	(292)	(248)
Total shareholders' equity	96,028	98,517
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,942	11,464
Deferred gains or losses on hedges	(331)	(9)
Revaluation reserve for land	8,190	8,190
Foreign currency translation adjustment	5,116	10,638
Remeasurements of defined benefit plans	120	992
Total accumulated other comprehensive income	24,038	31,275
Non-controlling interests	1,557	1,956
Total net assets	121,624	131,748
Total liabilities and net assets	327,533	355,915

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(2) Consolidated Statements of Income and Comprehensive Income

a. Consolidated Statements of Income

(Millions of yen)

	FY2021	FY2022
Net sales	237,382	260,504
Cost of sales	138,203	148,706
Gross profit	99,178	111,798
Selling, general and administrative expenses	90,408	100,564
Operating profit	8,770	11,233
Non-operating income		
Interest income	67	199
Dividend income	774	771
Share of profit of entities accounted for using equity method	898	1,224
Other	1,817	858
Total non-operating income	3,557	3,053
Non-operating expenses		
Interest expenses	896	1,139
Other	1,492	1,980
Total non-operating expenses	2,388	3,119
Ordinary profit	9,939	11,167
Extraordinary income		
Gain on sale of non-current assets	-	228
Subsidy income	133	-
Total extraordinary income	133	228
Extraordinary losses		
Business restructuring expenses	221	968
Loss on sale of investment securities	-	548
Loss on cancellation of agency agreement	-	147
Loss on the spread of infectious disease	974	90
Total extraordinary losses	1,196	1,753
Profit before income taxes	8,876	9,642
Income taxes - current	2,138	2,995
Income taxes - deferred	125	1,350
Total income taxes	2,264	4,346
Profit	6,611	5,295
Profit attributable to non-controlling interests	196	267
Profit attributable to owners of parent	6,415	5,028

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b. Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2021	FY2022
Profit	6,611	5,295
Other comprehensive income		
Valuation difference on available-for-sale securities	296	403
Deferred gains or losses on hedges	(198)	321
Foreign currency translation adjustment	3,308	4,048
Remeasurements of defined benefit plans, net of tax	680	1,020
Share of other comprehensive income of entities accounted for using equity method	1,171	1,487
Total other comprehensive income	5,258	7,280
Comprehensive income	11,870	12,576
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,597	12,264
Comprehensive income attributable to non- controlling interests	272	311

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(3) Consolidated Statements of Changes in Equity

Previous fiscal year (From April 1, 2021 to March 31, 2022)

(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	75,909	(315)	92,839
Cumulative effects of changes in accounting policies			(1,182)		(1,182)
Restated balance	10,000	7,245	74,727	(315)	91,657
Changes during period					
Dividends of surplus			(2,067)		(2,067)
Profit attributable to owners of parent			6,415		6,415
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		0	0
Disposal of treasury stock by ownership plan trust				24	24
Other				0	0
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	4,348	23	4,371
Balance at end of period	10,000	7,245	79,075	(292)	96,028

	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	10,431	(133)	8,190	1,055	(687)	18,856	1,387	113,082
Cumulative effects of changes in accounting policies								(1,182)
Restated balance	10,431	(133)	8,190	1,055	(687)	18,856	1,387	111,900
Changes during period								
Dividends of surplus								(2,067)
Profit attributable to owners of parent								6,415
Purchase of treasury shares								(1)
Disposal of treasury shares								0
Disposal of treasury stock by ownership plan trust								24
Other								0
Net changes in items other than shareholders' equity	511	(198)	-	4,061	807	5,182	170	5,352
Total changes during period	511	(198)	-	4,061	807	5,182	170	9,723
Balance at end of period	10,942	(331)	8,190	5,116	120	24,038	1,557	121,624

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Current fiscal year (From April 1, 2022 to March 31, 2023)

(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	79,075	(292)	96,028
Changes during period					
Dividends of surplus			(2,583)		(2,583)
Profit attributable to owners of parent			5,028		5,028
Purchase of treasury shares				(0)	(0)
Disposal of treasury stock by ownership plan trust				44	44
Other				(0)	(0)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,444	44	2,488
Balance at end of period	10,000	7,245	81,520	(248)	98,517

	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	10,942	(331)	8,190	5,116	120	24,038	1,557	121,624
Changes during period								
Dividends of surplus								(2,583)
Profit attributable to owners of parent								5,028
Purchase of treasury shares								(0)
Disposal of treasury stock by ownership plan trust								44
Other								(0)
Net changes in items other than shareholders' equity	521	321	-	5,521	871	7,236	398	7,635
Total changes during period	521	321	-	5,521	871	7,236	398	10,124
Balance at end of period	11,464	(9)	8,190	10,638	992	31,275	1,956	131,748

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(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2021	FY2022
Cash flows from operating activities		
Profit before income taxes	8,876	9,642
Depreciation	10,879	12,359
Increase (decrease) in allowance for doubtful accounts	(167)	(14)
Increase (decrease) in retirement benefit liability	(1,796)	(865)
Interest and dividend income	(842)	(970)
Interest expenses	896	1,139
Foreign exchange losses (gains)	(485)	18
Share of loss (profit) of entities accounted for using equity method	(898)	(1,224)
Loss (gain) on sale of investment securities	-	548
Loss (gain) on sale of non-current assets	-	(228)
Loss on retirement of non-current assets	304	270
Decrease (increase) in trade receivables	1,496	688
Decrease (increase) in inventories	(2,048)	(8,235)
Increase (decrease) in trade payables	176	(3,399)
Other, net	6,060	2,296
Subtotal	22,452	12,025
Interest and dividends received	842	971
Dividends received from entities accounted for using equity method	176	232
Interest paid	(897)	(1,133)
Income taxes paid	(2,215)	(2,834)
Net cash provided by (used in) operating activities	20,358	9,261

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(Millions of yen)

	FY2021	FY2022
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,797)	(12,182)
Proceeds from sale of property, plant and equipment	642	269
Purchase of investment securities	(34)	(0)
Proceeds from sale of investment securities	301	513
Loan advances	(487)	(1,013)
Proceeds from collection of loans receivable	693	733
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,428)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	218	-
Other, net	(1,854)	(2,427)
Net cash provided by (used in) investing activities	(9,318)	(15,535)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,267,894	1,408,747
Repayments of short-term borrowings	(1,277,121)	(1,400,675)
Proceeds from long-term borrowings	18,600	32,800
Repayments of long-term borrowings	(19,045)	(25,629)
Repayments of lease liabilities	(1,716)	(1,895)
Dividends paid	(2,067)	(2,583)
Other, net	(453)	(198)
Net cash provided by (used in) financing activities	(13,909)	10,564
Effect of exchange rate change on cash and cash equivalents	1,267	1,180
Net increase (decrease) in cash and cash equivalents	(1,601)	5,470
Cash and cash equivalents at beginning of period	32,340	30,738
Cash and cash equivalents at end of period	30,738	36,209

(5) Notes to Consolidated Financial Statements

(Going concern assumption)

Not applicable.

(Changes in accounting policies)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021), effective from the beginning of the fiscal year ended March 31, 2023. In accordance with the transitional treatment provided for in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement, the Company will apply the new accounting policy prescribed by the Implementation Guidance on Accounting Standard for Fair Value Measurement into the future. However, this application has no impact on the consolidated financial statements.

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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.

To realize the Group 10-year vision, the Company has established three strategic domains (the Emotional Value Solutions domain, the Devices Solutions domain, and the Systems Solutions domain) based on the solutions it provides, and formulated and implemented strategies for each domain under the Eighth Mid-Term Management Plan, "SMILE145."

Accordingly, reported segments have been changed from "Watches Business," "Electronic Devices Business," and "Systems Solutions Business" to the three strategic domains, "Emotional Value Solutions Business," "Devices Solutions Business," and "Systems Solutions Business."

The previous Watches Business and some of the businesses included in the previous Electronic Devices Business, together with the Time Creation Business and WAKO Business in the Time Creation, WAKO and other Businesses, make up the Emotional Value Solutions Business. The Devices Solutions Business consists of the businesses previously in the Electronic Devices Business, other than those that have been changed to the Emotional Value Solutions Business. There are no changes from the previous business in the Systems Solutions Business.

The segment information for the previous fiscal year in "3. Amount of sales, profit (loss), and asset for each reported segment" has been prepared based on the classification after the change.

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

Reported Segment	Main merchandise and finished goods
Emotional Value Solutions Business	Watches / Watch movements / Clocks / High-end jewelry, apparel, and fashion accessories / System clocks
Devices Solutions Business	Micro batteries and materials / Crystal oscillators / Precision components / Printers / Quartz oscillator ICs
Systems Solutions Business	Digital trust solutions / Network solutions / IT management solutions / IoT solutions / Wireless network solutions / Customer experience (CX) solutions / Cashless solutions
Others	Shared services / Real estate leasing / Others

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), and asset for each reported segment

For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reported segments				Others (Note 1)	Grand total	Adjustment (Note 2)	Figures in consolidated statements of income (Note 3)
	Emotional Value Solutions Business	Devices Solutions Business	Systems Solutions Business	Total				
Sales								
Revenues from external customers	147,849	56,653	32,511	237,014	367	237,382	-	237,382
Transactions with other segments	3,041	4,407	1,901	9,350	685	10,035	(10,035)	-
Net sales	150,890	61,060	34,413	246,364	1,052	247,417	(10,035)	237,382
Segment profit	8,295	5,638	3,946	17,880	216	18,097	(9,326)	8,770
Segment asset	128,009	76,374	24,799	229,184	24,140	253,324	74,208	327,533

- Notes:
- The "Others" category denotes operating segments not included among reported segments, such as the Shared Services Business.
 - Adjustments are as follows:
 - Adjustments to segment profit in the amount of -9,326 million yen include -566 million yen in the amortization of goodwill, 32 million yen that mainly consists of the elimination of transactions with other segments, and -8,792 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 74,208 million yen include -71,786 million yen in the elimination of inter-segment liabilities, 212,462 million yen in company-wide assets not appropriated to each reported segment, and -66,467 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 has been adjusted for alongside operating profit on the consolidated statements of income.

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For the fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reported segments				Others (Note 1)	Grand total	Adjustment (Note 2)	Figures in consolidated statements of income (Note 3)
	Emotional Value Solutions Business	Devices Solutions Business	Systems Solutions Business	Total				
Sales								
Revenues from external customers	167,742	58,428	33,554	259,726	367	260,093	411	260,504
Transactions with other segments	3,053	6,101	3,071	12,226	741	12,968	(12,968)	-
Net sales	170,795	64,530	36,626	271,952	1,109	273,061	(12,557)	260,504
Segment profit	11,575	5,059	4,367	21,002	171	21,173	(9,940)	11,233
Segment asset	143,181	82,714	29,747	255,642	23,605	279,248	76,667	355,915

- Notes:
1. The "Others" category denotes operating segments not included among reported segments, such as the Shared Services Business.
 2. Adjustments are as follows:
 - (1) Adjustment to revenues from external customers in the amount of 411 million yen is royalty income at headquarters, unallocated to operating segments.
 - (2) Adjustments to segment profit in the amount of -9,940 million yen include -566 million yen in the amortization of goodwill, 522 million yen that mainly consists of the elimination of transactions with other segments, and -8,851 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.
 - (3) Adjustments to segment assets in the amount of 76,667 million yen include -81,055 million yen in the elimination of inter-segment liabilities, 212,305 million yen in company-wide assets not appropriated to each reported segment, and -54,582 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.
 3. Segment profit 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, 2022 to March 31, 2023)
Net assets per share	3,144.81
Basic earnings per share	121.86
Diluted earnings per share	121.86

(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 (60 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 (50 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, 2023)
Total net assets	131,748
Amounts deducted from total net assets	1,956
<i>Of which, non-controlling interests</i>	<i>1,956</i>
Net assets at the end of the fiscal year related to common shares	129,792
The number of common shares at the end of the fiscal year used to calculate net assets per share (Thousands of shares)	41,271

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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, 2022 to March 31, 2023)
Basic earnings per share:	
Profit attributable to owners of parent	5,028
Profit attributable to owners of parent pertaining to common stock	5,028
Average number of shares of common stock outstanding during the period (Thousands of shares)	41,262
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, 2022 to March 31, 2023)

Not applicable.
