

Transition of the Seiko Group

Birth, near-death, and rebirth

Since the founding of K. Hattori, we have been steadily developing the business of selling and repairing watches and clocks, as well as their manufacture. The Great Kanto Earthquake of 1923, a disaster of unprecedented scale in Japan, wiped out most of what we had built up since starting the business. However, we did not stop moving forward. We made the bold decision to replace over 1,000 watches that customers had entrusted to our shop for repair with new watches of equal quality, and we promptly rehired employees who had been laid off following the earthquake. The Wako Main Building was completed in 1932, becoming a symbol of the rebirth of the Seiko business, and today it is still much loved by Ginza residents and visitors alike. It was during these first 50 years of Seiko's existence that we earned the trust of its customers and other stakeholders.



Pocket watches destroyed by fire caused by the Great Kanto Earthquake

Growing beyond Seiko's origins and taking its first steps on the world stage

As the Japanese economy rose from the ashes of the Second World War, we developed the world's first electronic timing system and served as the Official Timer of the Tokyo and Sapporo Olympic Games, which garnered praise as the first Olympics without any timing errors. Furthermore, with our mechanical watches winning top prizes in the Observatory Competition in Switzerland and by creating the quartz watch revolution, we were able to establish an unrivaled reputation for precision, accuracy, and reliability for the Seiko brand throughout the global market. These 50 years marked a great leap forward as we also began to diversify beyond watches into other areas.



Observatory Competition in Switzerland

Dawning of the new era and transformation

We experienced sharp currency fluctuations following the Plaza Accord, the collapse of Japan's economic bubble, the global financial crisis of 2008-9, the worldwide pandemic, and several other challenges. With natural disasters, extreme weather, and other effects of climate change, plus the growing threat of new viral outbreaks, we have entered an era in which countries around the world must work together to tackle global issues. Until this day, each business of the Group, which had originated from watches, had generated its unique value. However, we will aim to create new value toward solving social issues through Group synergy going forward.

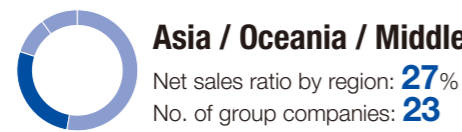
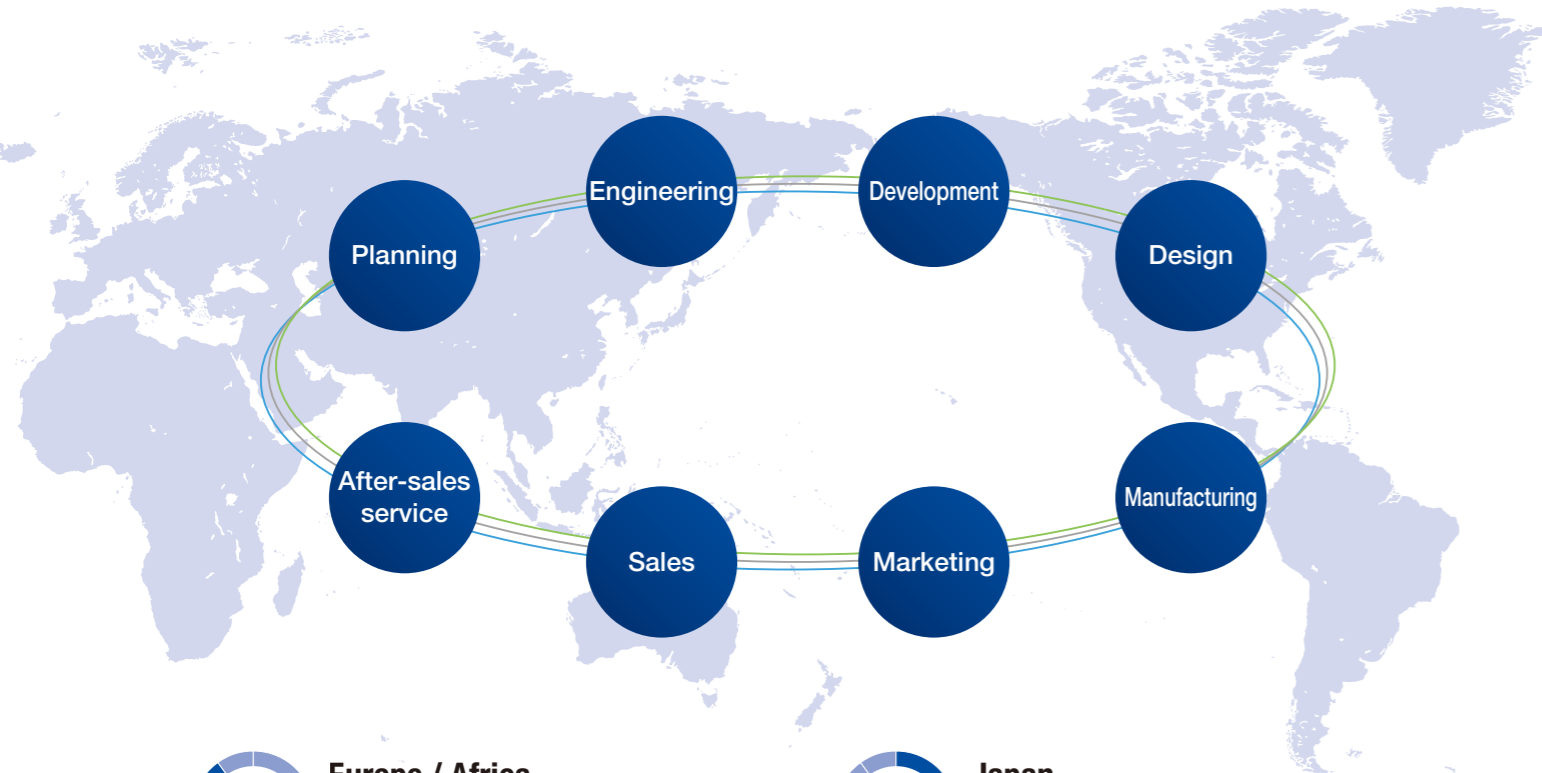


Launch of new Team Seiko

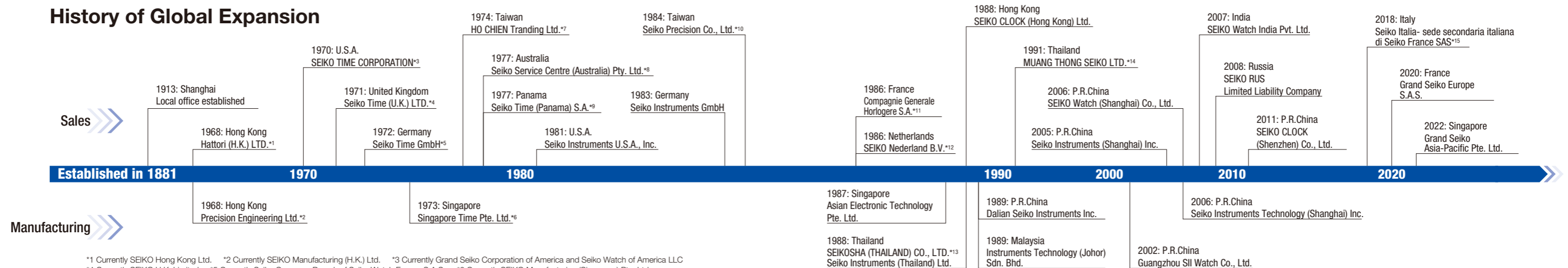


Global Expansion

Seiko's network spans the world and leads the way to global expansion. It has been 110 years since we first expanded overseas. We are demonstrating diversity in a wide range of areas, from upstream to downstream businesses.



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 Germany, Branch of Seiko Watch Europe S.A.S. *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 Watch Europe S.A.S. *12 Currently Seiko Benelux, Branch of Seiko Watch Europe S.A.S. *13 Currently SEIKO Precision (Thailand) Co., Ltd.
*14 Currently SEIKO (Thailand) Co., Ltd. *15 Currently Seiko Italy, Branch of Seiko Watch Europe S.A.S.

* As of October 1, 2022. Net sales ratios by region are results of FY2021

Social Value Created by the Seiko Group

Living up to the trust we have earned by continuously providing high quality products and services

Ranking in the Business Person Category for “high quality products and services” in brand image survey

No. 1

In Nikkei Research's “Brand's Strategy Survey 2021,” Seiko was ranked as the No. 1 company in terms of “high quality products and services” in the Business Person Category.

Major quality issues in oscillators

0 / approx. 10,000,000,000 pcs.

SEIKO NPC CORPORATION has developed a strict inspection system, which it uses in its oscillator manufacturing processes. Thanks to this, there have been zero major quality issues in the roughly 10 billion oscillators it has shipped to market.

Capturing every moment of excitement, providing moving moments that will live on in memory

Number of times chosen as the official timer of the World Athletics Championships

17th consecutive time

Seiko has been the official timer of the World Athletics Championships for 17 consecutive times, from 1985 to the 2022 Oregon Championships. Seiko has also been selected to serve as the official timer of the World Athletics Championships during the four events to be held from now to 2029.

The clock tower, a symbol of Ginza

90th anniversary

The construction of the clock tower, a symbol of recovery from the Great Kanto Earthquake, was completed in 1932, and marks its 90th anniversary in 2022. It is a beloved Ginza landmark, providing the accurate time to people in the Ginza area.

Ultra-high-precision processing technologies

Using innovative, ultra-high-precision processing technologies developed through our long years of watch manufacturing, we have realized high quality in various fields and establish trust.



Time stamp service

Our time stamp service has the No. 1 share in the domestic market with over 300 million stamps issued in Japan. It has been supporting digitalization in a wide range of fields, such as digital contracts and eliminating the use of personal seals, while ensuring the reliability of electronic data.



Grand Seiko Kodo

This is a peerless watch with a unique movement and pleasing sound that stir the senses, produced by the complex mechanism developed through Seiko's constant pursuit of accuracy.



After-sales service

Using our superb techniques and state-of-the-art facilities, we painstakingly restore unique watches with which customers have shared their precious lives, and stir the same swell of emotions customers felt when they first purchased their watches.

Continuously taking on the challenge of being one step ahead of the rest and creating new solutions through our innovative technologies, products, and services

Number of products registered as “Essential Historical Materials for Science and Technology (future technology heritage)”

6 products

The National Museum of Nature and Science, Independent Administrative Agency has established a system for registering inventions and pioneering devices, which are especially significant for passing technologies onto future generations. These inventions and devices are registered as actual articles that demonstrate the history of science and technology. Of the 343 articles registered under this system, six are Seiko products.

Nanosecond-level high-precision time synchronization time server

1 / 1,000,000,000 sec.

With the advances in data transfer from 3G to 4G to 5G, accurate time synchronization has become increasingly important. Seiko's high-precision time synchronization time servers deliver extremely accurate signals to devices on a network. The resulting nanosecond-level time synchronization enables the operation of safe and secure social infrastructure.



Printheads supporting water-based ink

To meet overseas oil-based ink regulations in countries with a strong focus on the environmental friendliness of ink, we support water-based ink with a reduced environmental impact. We are one of the few manufacturers in Japan to support this type of ink.



Caliber 9SA5

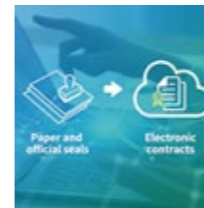
The Caliber 9SA5 is our finest mechanical movement. It is a 10-beat caliber with an 80-hour power reserve, yet offers both a high degree of comfort and high-quality emotional value.



Next-generation performance management tool, ES/1 Shely

An integrated tool provides an overview of increasingly complex systems and can be used for all areas of IT performance management, from identifying service degradation to analyzing problems.

Offices



Resolving issues in teleworking

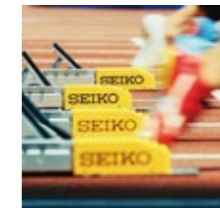
Electronic contract solutions enable remote contracts without the use of personal seals or stamps. Free from physical constraints, you can establish contracts without issue, even under telework conditions.



Contributing to data centers

Data centers support the foundations of our information society. Seiko uses its precision processing technologies to supply the high accuracy, high durability hard disk drive components that are essential in data centers.

Stadiums / Parks



Realizing 1/1,000 of a second timing devices

Serving as official timer of numerous sporting competitions, Seiko brings together various technologies to achieve fair and accurate timing, measurement, and results display with high-precision equipment and competition systems.



Supporting child safety

These are smartphones designed for kids with child-protection functions so that children can use them in safety and peace of mind and a sturdy body that can withstand impacts and being dropped.

Factories



Supporting semiconductor production equipment

We leverage the durability and corrosion resistance properties of high-performance metals in the components we supply for use in harsh operating environments, such as semiconductor production equipment.



Contributing to environmental visualization

Wireless sensor networks make it easy to wirelessly measure power consumption, temperature, humidity, CO₂ levels, light levels, etc. within buildings and to control building equipment. We help conserve energy by assisting with environmental visualization.

Daily life



Used in appliances such as air conditioners and microwave ovens

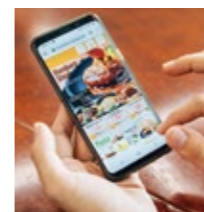
Infrared sensor modules used in temperature-related products are components that are indispensable to a comfortable life, providing such functions as detecting heating in microwave ovens and controlling air conditioner temperature.



Essential devices for mobile payment

Compact thermal printers are used for such things as home-delivery services and mobile payments. Now that stay-at-home demand has increased and cashless payment has become commonplace, these devices are indispensable to improvement of convenience and store management.

Retail stores / Restaurants



New ordering method for the digital age

Mobile ordering systems turn the user's own smartphone into the store's menu and eliminate the need to wait in line, providing a stress-free experience with easy-to-use remote ordering and online payment.



Used in security cameras, etc.

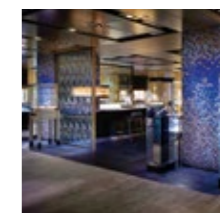
Micro batteries are used as backup power supply for the memory and clock functions of various electronic devices, such as security cameras and dashcams.

Cities



A driving force behind a variety of information displays

Our digital signage is used in over 100 locations around Japan, including government offices, businesses, schools, hospitals, and commercial facilities. We provide the type of content that only a manufacturer of timepieces can provide, including time display, conference room reservation and guidance display, and world clock display.



A space with refined sophistication and hospitality

WAKO Co., Ltd. steadfastly maintains the spirit of hospitality it has developed through its long history and traditions. It provides customers with excitement and moving experiences through its superb quality products and its sincere services, which are always attentive to customers' feeling.

CEO Message



We will conduct stakeholder engagement aimed at achieving sustainable growth as a solutions company.

Shinji Hattori

Chairman, Group CEO, and Group CCO

Working toward our new Mid-Term Management Plan

Fiscal year 2021 was the final year of the Seiko Group's Mid-Term Management Plan and also the 140th anniversary of the Group's founding. Our business environment is changing rapidly as the results of climate change become more pronounced and resource scarcity more severe. Therefore, companies are being called on to play an ever-growing role in helping to solve social issues. Within this context, we looked back at the 140 years of our history to re-examine why Seiko exists, and through that process we created the Group's Statement of Purpose. Using this Statement as a compass, we have defined the Group's 10-year Vision that points to what we want to achieve as a company over the next decade.

The Seiko Group's business has expanded from building mechanical watches based on fundamental technologies that haven't changed much since the 18th century to a broad range of fields, such as IT systems that support the latest digital technologies. We have taken a close look at these diverse businesses and the corporate culture we have nurtured over the past 141 years to identify the elements we must preserve in the future and those we must newly create as we approach our 145th anniversary. We have developed strategies for achieving both of these goals and, in May 2022, we announced our new Mid-Term Management Plan, "SMILE145 (Seiko Milestone 145)."

Returning to being a solutions company

An important message of SMILE145 is that we will become a "solutions company." We will contribute to solving environmental problems, which are shared by all of humankind, and help people to live better lives with more diverse values. We will work to achieve sustainability together with our society. That is the kind of solutions company our Group aims to be.

Contributing to solving social issues is a critical part of the Seiko Group's DNA, which has been handed down for over 140 years. In the late 1800s, when Japan changed from keeping time using hour divisions that varied throughout the year to clearly defined hour divisions, our founder, Kintaro Hattori, believed that being able to know the exact time was an important social issue. No watches or clocks were being made in Japan at the time, so Hattori began by opening a watch and clock repair shop. To provide an even greater number of people with the ability to determine the exact time, he also began manufacturing watches and clocks, transforming a nascent business that was entirely dependent on imports into a strong Japan-based manufacturing industry.

Of course, we cannot look at our current situation with rose-colored glasses. Our economic environment has been affected tremendously by the pandemic as well as by geopolitical factors, and the business environment is changing at dizzying speeds, making the future outlook even less clear. With SMILE145, we will go back to the basics to create an even brighter future and to continue to grow together with society.

Group Purpose

As a company trusted by society, we will constantly pursue innovation, inspiring people everywhere, and creating a future full of smiles.

8th Mid-Term Management Plan "SMILE145"
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Kintaro Hattori, the Founder

Spirit of the Founder

Always one step ahead of the rest
Don't hurry, don't stop

Stakeholder engagement and management resources

There are many management resources that contribute to the growth of our Group. These include the Seiko brand and Seiko House Ginza (the former Wako Main Building, which is a symbol of Ginza, one of Japan's most famous commercial districts). They also include things we have developed over our long history: our experience and know-how; our intellectual property, such as our patents, trademarks, and designs; the technological capabilities and designs that have often been ahead of their time; and the sensibilities and expressions that are involved in so many aspects of our business. Furthermore, our Group's business is supported by our many manufacturing bases and sales sites, both in Japan and overseas, numerous suppliers, partner factories, and our global network of sales and after-sales service. We are able to conduct stable management thanks to a trusting relationship with our business partners, shareholders, and financial institutions. Of course, our customers and our diverse and international employees, numbering roughly 12,000 at present, are also valuable stakeholders and management resources.

After the Great Kanto Earthquake struck in 1923, Kintaro Hattori surveyed the hundreds of watches that customers had entrusted to his shop which were destroyed by the earthquake and fire. He replaced all of them, at no charge to his customers, with new watches of equal quality. He also promptly rehired employees who had been laid off when his factory burned down. He always placed the highest priority on taking care of stakeholders and working together with them to solve important issues.

At the heart of our Group lies stakeholder engagement, which places great importance on working with our stakeholders to address business and social issues, as well as achieving sustainable growth. Going back to the basics of being a solutions company will help to reinforce our traditional stakeholder focus.

From “bundling” to “connecting”

Seiko Group Corporation

In October 2022, we changed our company name from Seiko Holdings Corporation to Seiko Group Corporation. Ever since adopting our holding company format in 2001, Seiko Holdings' approach was one of “bundling” the Group's various operating companies. However, in our current era of diversifying value and dramatic change, if we aim to respond rapidly and flexibly to changing situations and create new value, each of our companies must “connect” with others in the Group. We changed our company name again in order to accelerate this shift in mindset among Group employees and to help stakeholders better grasp how we are transforming our business.

Three Domain Strategies

At the heart of this system of “connecting” is our domain strategy. In April 2022, we reorganized the Seiko Group's business from its former structure, divided up by products and services, into one with three strategic domains, classified by the value they provide.



Seiko House Ginza
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Announcement on the return of repair items destroyed in the earthquake



Seiko Group kickoff event

Emotional Value Solutions Domain

The first domain is the Emotional Value Solutions (EVS) Domain. In this domain, we pursue emotional value, provide customers with services that they will long cherish, and supply products that are aligned with our customers' lives, products that they will pass on to future generations. Through such activities, we will steadily increase our corporate value. In June 2022, we launched Seiko House Ginza, a place in which operating companies within this domain can coordinate with each other to communicate the value we create. The fifth, sixth, and seventh floors of the building present information about the Seiko brand and our activities connected with the United Nations' SDGs. Soon, we will open “Atelier Ginza” on the 7th floor, a place from which we will share our philosophy of manufacturing and dedication to mastering Japanese craftsmanship. The building's rooftop features a wooden deck made of Earth-friendly materials, a place where visitors can relax and enjoy the spirit of Ginza, accompanied by the sounds of the clock tower bell. It will be widely used as a space to provide customers with special, emotional experiences. The Wako store, from the B1 level to the fourth floor, will continue to operate as usual. We will further refine the hospitality that Wako is known for and help it to remain a place beloved by generations of customers.

Devices Solutions Domain

The second domain is the Devices Solutions (DS) Domain. Work styles and lifestyles are becoming more diverse as a result of the pandemic. Remote work and automation are accelerating in all kinds of areas, and digital technologies, such as IoT and AI, are evolving at a rapid rate. A wide range of devices must be miniaturized in order to increase their functionality. Miniaturization will also reduce the amount of material used in manufacturing, which can help to reduce environmental impacts. Guided by the philosophy of “Craftsmanship, Miniaturization, and Efficiency,” the DS Domain aims to promote technological innovation and contribute to the digitalization of society as well as helping to solve environmental problems.

Systems Solutions Domain

The third domain is the Systems Solutions (SS) Domain. In this business, we have always thought about what our customers want, and we have grown by constantly trying out new ideas. As I mentioned before, society's needs are becoming more varied, and the tide of digitalization is accelerating. The SS Domain, which covers both hardware and software, can provide one-stop solutions that meet all types of customers' needs. We will leverage these strengths to support social innovation and contribute to the realization of a sustainable society.

Not only will we increase the value we provide in each of these three strategic domains, but we will also create greater synergy among the domains and accelerate our open innovation to respond to social issues.

Three Strategic Domains

EVS Domain

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DS Domain

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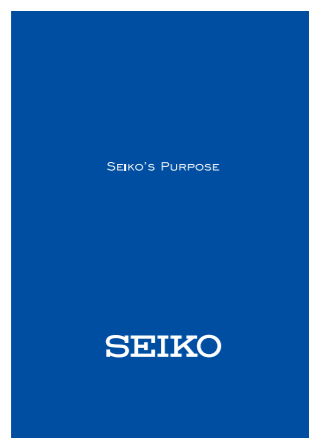


SS Domain

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Cultivating a new corporate culture



Purpose Book



With Purpose Awards winner

For us to become a company that provides real solutions, it is vital that each and every one of our employees changes their awareness. Our Statement of Purpose says we will “create a future full of smiles” by “constantly pursuing innovation.” To achieve this, we must create an organization and a culture of free thinking, fast decision-making, and swift action.

Now is the time for strategic transformation. Innovation is unachievable without taking on new challenges, which of course will not all be successful. It is human nature to want to avoid failure, but failure comes with the territory when you boldly take on new challenges. Consequently, we will foster a culture that encourages people to see occasional failures as a source of learning, we will help them to create new value from failure, and foster a willingness to continue to take on new challenges. We will encourage that type of resilient thinking within our Group and promote strategic human resources in order to produce innovation – that is, to create new value. This will provide greater flexibility to our Group’s values, which have tended to focus only on a single area. We will hire outside professionals and promote diversity in order to work with these increasingly diverse values.

We sincerely hope that all of our employees see our Statement of Purpose as something that relates to them directly, and that they feel passionate about helping to solve social issues through our business activities. Every employee in the Seiko Group has a small “Purpose Book.” If they are ever unsure about how to proceed in the course of their work, I hope that they will look at this book and be reminded of our Statement of Purpose. As our Group’s Chief Culture Officer (CCO), I believe it is my role to more thoroughly inculcate the ideals presented in the Statement of Purpose throughout the Group and to create a corporate culture that promotes innovation by taking on new challenges.

As part of our efforts to embody this philosophy, we created the Purpose Awards in fiscal year 2022, an incentive system that recognizes efforts put into activities that contribute to value creation for the Group. The Purpose Awards provide employees with a sense of pride in their business activities, raise their awareness, and promote a sense of Group unity. In addition to an award based on the “trust, excitement, and smiles” mentioned in our Statement of Purpose and corporate philosophy and another based on “innovation and challenge,” we created a new award in the second half of the term that recognizes activities with high aims that unfortunately failed to achieve their objectives, but whose experiences provided new insights and had a positive impact on others.

I believe that as we promote diversity, there is a growing need to convey the founder’s spirit to the Seiko Group. We will thoroughly convey to employees the importance of trust and reliability, which we have cultivated since our founding, and our Statement of Purpose, which is based on the ideals of our founder. We will strive to increase engagement with employees and transform ourselves into a solutions company.

The future of the Seiko Group

Under SMILE145, we will offer high-added-value products and services that create excitement and generate substantial profits. The reputation that Seiko has earned for high quality, precision, accuracy, and safety is a perfect match for businesses in the medical, healthcare, and environmental fields, among others. We will take on the challenges of new business fields based on the high-quality products and innovative technical strengths at which the Seiko Group excels. We will also reinforce our investment aimed at producing sustainable growth by improving our profitability. While continuing to pay stable dividends to our shareholders, we plan to optimize our interest bearing debt and study various types of shareholder returns based on changing business conditions. SMILE145 is a plan for implementing stakeholder engagement. In the first five years of the plan, we will take on the challenge of transforming into a solutions company as we work towards our Group’s 150th anniversary in 2031.

