# At a Glance

### Basic Policy for the 7th Mid-Term Management Plan and Target Figures

		Basic Policy	Target Fi	Target Figures (Billions of yen)				
	With everyone fully committed and focused, we will				FY2018 Actu	al FY2019 Actual	FY2020 Actual	FY2021 MTP
		aggressively in scenarios for the future. Backed by the	-		247.2	2 239.1	202.6	285.0
		the SEIKO brand, our precision technologies and abilit solutions will provide us with the sustained growth.	• • • •		fit 9.3	6.1	2.1	14.2
51% Consolidated performance (teal year 2020 Net Sales 202.6 billion yen 222% Net Sales by Segment 16%	Watches Business 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, provide after-sales service and sell watch movements (components) globally.	Completed watches Watch movements	Policy	Keep expanding GB sales and accelerate GB strategy to accomplish "Revolutionary (Extraordinary) Transformation"         (1) Increase overseas sales as well as in Japan: Growth in the U.S. and Asia, and also in Japan         (2) Investment in advertising, manufacturing and after-sales service (Billions of yen)         FY2018 Actual       FY2019 Actual       FY2020 Actual       FY2021 MTP         Net Sales       141.7       135.4       105.0       165.0				
	SEIKO WATCH CORPORATION		riguies	Operating Profit	10.3	10.1	5.6	14.5
	Electronic Devices Business We manufacture and sell electronic devices, precision devices and printing devices. We offer a number of products, including compact batteries with high performance and high reliability, crystal oscillators that feature low power consumption, integrated circuits for crystal oscillators, precision turned parts with sub-micron precision, industrial inkjet printheads, 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.	Electronic devices • Micro batteries/chip capacitors • Crystal oscillators • High-performance metal products • Rare earth magnets Precision devices • Hard disk drive components • Automobile parts • Other precision turned parts • Other precision turned parts • Inkjet printheads • Thermal printers • Inkjet printheads • Thermal printers • Integrated circuits for crystal oscillators	Policy	licy       technologies and shift key product portfolio to areas of strength and growth markets         (2) Carry out investments and strengthen management in new grow areas         (Billions of the strengthen management in new grow areas         FY2018 Actual FY2019 Actual FY2020 Actual FY2021 MT         Net Sales         Net Sales				
	Seiko Instruments Inc. Seiko INPC Corporation Seiko NPC Corporation Sei Corporation	<ul> <li>IT system performance management / software</li> <li>Network equipment / services</li> <li>IoT embedded device</li> <li>Monitoring / control system</li> <li>Financial / distribution software</li> <li>Payment products / services</li> </ul>	Policy	<ul> <li>(1) Improve sustai</li> <li>(2) Create busines shift to high ac</li> <li>(3) Continuously tr structure</li> <li>Net Sales</li> <li>Operating Profit</li> </ul>	ss structure Ided value ti ransform pra (2018 Actual 30.8 2.4	resilient to en hrough divers actices and st FY2019 Actual 32.8 3.0	vironmental ification rengthen org FY2020 Actual 34.1 3.5	changes and ganizational (Billions of yen) FY2021 MTP 35.0 3.0*
	Time Creation, WAKO and other Businesses As Others, the Clocks Business that provides everything from planning and production to after-sales services, the Time Systems Business that handles sports timing devices and system clocks used at public facilities and sports stadiums, the Wako Business that handles the Wako upscale specialty store that is a landmark in Ginza and provides high-quality services and products.	Clocks <ul> <li>Luxury mechanical clocks</li> <li>Wall clocks</li> <li>Table clocks</li> <li>Alarm clocks</li> </ul> Time Systems <ul> <li>Systems clocks</li> <li>Sports timing devices</li> <li>Digital signage</li> <li>Large display boards</li> <li>Baseball field scoreboards</li> </ul>	Basic Policy       Selection and concentration, and reinforcement of the foundation to contribute to the brand and further growth         Target Figures       FY2018 Actual       FY2019 Actual       FY2020 Actual       FY2021 MTP         Net Sales       28.3       29.5       24.8       31.0         Operating Profit       0.6       0.3       (0.0)       1.0					
	SEIKO Time Creation Inc.	Interior decoration products     Food, etc.		- Forma Cont			(0.0)	

\* Net sales and operating profit of each segment include internal transactions, and the sales composition ratio is calculated based on the amount after excluding internal transactions.

# Watches Business



### Leveraging our 140-year tradition to advance strategically into the future

### To build global brands that embody a uniquely Japanese sense of beauty

In fiscal year 2020, despite the constrained business environment resulting from the pandemic, we continued to promote our Global Brand (GB) strategy, a policy that grew out of our current Mid-Term Management Plan. As part of this strategy, we announced new high-end watch movements and restructured our organization to accelerate the expansion of our overseas businesses. Untouched by the pandemic's effects on retail business, e-commerce remained steady. Both the 60th anniversary limited edition models of Grand Seiko (GS) and the 55th anniversary limited edition of the Seiko Prospex diver's watch were well received. Overseas, the sales shift to GBs accelerated due in part to strengthened online sales promotion, and both GS and Prospex grew steadily. In fiscal year 2020, net sales of the Watches Business came to 105.0 billion yen, a year-on-year decrease of 30.4 billion yen (22.5%), and operating profit was 5.6 billion yen, a decrease of 4.5 billion yen (44.9%).

In fiscal year 2021, we are continuing to strengthen our GB strategy, accelerating digital marketing, and implementing a new business strategy to deal with the pandemic. We will continue to invest heavily in GS and Prospex to achieve further growth in our GB segment. As a major brand among high-end watches, GS will continue to pursue its uniquely Japanese approach to manufacturing. In 2022, GS will become the first Japanese brand to participate in the Watches and Wonders Geneva luxury watch fair, showing off its six decades of evolution on a new stage. Globally, we have introduced a new after-sales service program, extending the warranty period and digitizing the warranty card, to ensure that our customers worldwide can use our products with peace of mind for many years to come.

In order to realize sustainable manufacturing, we have signed a comprehensive cooperation agreement with Iwate Prefecture (the site of one of our key factories) to contribute to local communities and join in activities to protect the natural environment. In addition, Prospex has begun supporting PADI® in globally implementing its marine conservation initiative, the Marine Debris Program. Based on the founder's principle of, "Always be one step ahead of the rest," we will continue to pursue the ideal of watchmaking by communicating our unique brand story and the appeal of Japanese design and craftsmanship to the world.

### **Global Brand Strategy**

The Group develops and sells high added-value watches in the global market to customers who appreciate not only functional value, but also emotional and aesthetic value. As one of the world's leading manufacturers, we offer our customers the joy and satisfaction of wearing products that were created entirely in-house, from initial design through planning and development, to manufacturing, marketing, sales, and after-sales service. The GB strategy continues to expand not only in Japan, but also in overseas markets through marketing activities based on each brand's signature story In fiscal year 2020, amidst a pandemic that depressed economies worldwide, net sales of GBs in overseas markets continued to grow by double digits year-on-year, driving overall growth in the Watches Business.

### Grand Seiko

Since its birth in 1960, GS has continued to pursue the essence of the wristwatch, striving for the ultimate in accuracy, beauty, and readability. The brand started its overseas expansion in 2010, originally as one of Seiko's premier collections, but in 2017 GS separated from the Seiko line and became an independent brand. Using digital and traditional marketing tools, we are actively communicating the brand's extremely high level of performance and sophisticated design, reflecting a level of craftsmanship that only a few manufacturers in the world can achieve. As a result, our recognition in the global market is steadily increasing. Even during the pandemic, sales continued to grow around the world. From fiscal 2020 to fiscal 2021, growth in countries outside Japan, especially in the U.S., has been remarkable, driving a recovery in overseas net sales. In 2021, GS won the Men's Watch Prize at the Grand Prix d'Horlogerie de Genève. In addition to the watch's natural appeal, our after-sales service actively supports our products and our customers worldwide. In October 2021, the GS warranty period was extended to five years, regardless of where the watch was purchased.



First Participation in Watches and Wonders Geneva 2022

### **Environmental Conservation**

Since its inception, GS has examined the question, "What is The Nature of Time?" Throughout decades of evolution, the design of GS has continued to express the majestic and delicate beauty of Nature. More than this, it represents a uniquely Japanese sense of beauty, which changes in feeling according to the changing seasons. For example, the design of GS dials has expressed the majesty of Mount Iwate and the sublime snowfields of Shinshu. The beautiful natural scenery of Japan is a constant source of inspiration for GS's unique designs. For this reason, the brand is happy to be able to contribute to environmental conservation activities. As part of these efforts, we have been working to preserve the Hiraniwa Plateau in Iwate Prefecture, said to be the most beautiful white birch forest in Japan, and home to the Grand Seiko Studio Shizukuishi.



Grand Seiko SLGH005 : winner of the Men's Watch Prize at the 2021 Grand Prix d'Horlogerie de Genève

### Key Initiatives to Support Society

#### Seiko Prospex

Prospex is a brand famous for its durability and functionality and popular with a wide range of sports enthusiasts. Following its birth in 1965 as the first diver's watch made in Japan, Seiko launched a succession of diver's watch models equipped with unique technologies. Prospex quickly earned high praise from professional divers, mountain climbers, sky divers, and adventurers of all sorts. In 1975, Prospex introduced the world's first titanium "saturation diving" model, the Professional Diver's 600m watch, which had a major impact on subsequent international standards for diver's watches and earned the brand the trust of professional divers around the world. In order to express our gratitude to Mother Nature and to work together to realize a sustainable world, we recently began to support the Marine Debris Program, a global marine conservation initiative sponsored by PADI® and the PADI Aware Foundation™. In the spirit of its brand philosophy, "Keep Going

Forward," Prospex will continue to support athletes and adventurers, people who "give their all but refuse to give up." We will constantly challenge ourselves to make watches under the same spirit.





#### Manufacturing and Development

GS watches feature three types of movements (mechanical, Spring Drive, and guartz), and all are produced at only two workshops located in Japan's beautiful mountainous countryside, the Grand Seiko Studio Shizukuishi, located at Morioka Seiko Instruments Inc. in Iwate Prefecture, and the Shinshu Watch Studio, part of Seiko Epson Corporation in Nagano Prefecture. Precision parts are processed to within a tolerance of 0.01 mm, and weight adjustments are made in increments of 0.000001 g, all necessary to achieve the extreme accuracy for which GS is famous. These parts are adjusted in increments of 1/100 mm and hand-assembled by outstanding master craftsmen. To produce the very smallest parts, we use MEMS, the same processing technology used in semiconductor manufacturing. The latest GS mechanical movement, the 9SA5, uses MEMS technology to improve the durability of its parts, while at the same time saving space to make the movement thinner and achieve a more comfortable fit.

In order to obtain even higher precision for a mechanical watch, we have created the T0 Constantforce Tourbillon, a revolutionary concept model equipped with the world's first complex mechanism that integrates a constant-force mechanism and a tourbillon mechanism on the same axis.



#### Marketing and Sales

Seiko and GS watches are sold worldwide. We have roughly 80 Grand Seiko Boutiques and Seiko Boutiques around the world, including Paris, London, New York, Shanghai, and Bangkok. These are places where customers can directly experience the world of GS and other Global Brands. In addition, we are now providing customers with the same experience online, allowing them to virtually visit a boutique thanks to cutting-edge digital technology. For our customers' convenience, we have also launched a concierge service that allows them to consult directly with our knowledgeable boutique staff online. By implementing flexible business hours to meet the needs of diverse lifestyles and providing a wealth of visual content, we are expanding opportunities for customers to experience our brands.



Grand Seiko Boutique Paris Vendôme

### Watches Business

### Products That Contribute to Solving Social Issues



### Developing Watches That Meet Special Needs

We offer a wide range of special watches that serve a variety of customers with specific needs. For example, over 90 years ago we introduced a simple, accurate, highly legible pocket watch to serve Japan's railroads. These railroad services are said to be the most accurate in the world. We also make special watches for nurses and other healthcare professionals, tactile watches for the visually impaired, and digital audio watches to serve those with both visual and physical challenges. Seiko watches will continue to evolve to meet individual needs and the needs of society. We will continue to develop watches that are easier to use and more comfortable to wear, all based on the idea of inclusive design (devising products and services that reflect the needs of individuals, regardless of age or ability).

Social Issues 2

### Regional Development and the Realization of Sustainable Local Communities

Seiko Watch Corporation and Morioka Seiko Instruments Inc. have signed a comprehensive cooperation agreement with Iwate Prefecture with the aim of jointly promoting activities aimed at regional development and the creation of sustainable local communities. We look forward to building a cooperative system that uses the resources and know-how of the three parties. We also aim to promote the appeal of Iwate Prefecture, which provides the natural inspiration for many GS designs, both domestically and internationally. We are involved in SDGs activities, such as making contributions to the region and carrying out environmental conservation efforts. We will continue to work to revitalize this attractive region and help to solve its social issues.

# **Electronic Devices Business**



We will continue to evolve our core competencies to realize "Craftsmanship, Miniaturization, and Efficiency" to contribute to the realization of a sustainable society.

### Creating Value toward the Post-COVID Era

The COVID pandemic has transformed society, making teleworking, online shopping, and online classes the norm. As a result, the development of Society 5.0, a sophisticated fusion of cyberspace and physical space, is accelerating far beyond our original expectations.

In response to these changes, we are providing products and services to help resolve technical problems that arise in the unfolding of this new world. These contributions are based on our core competencies in precision design, high-precision machining, and micro-assembly, focusing on "Craftsmanship, Miniaturization, and Efficiency,"\*1 skills that we developed and honed over many years following our start in watch manufacturing. For example, we provide HDD components and semiconductor production equipment components for data centers; electronic components that enable miniaturization and low energy consumption of digital devices; and inkjet printheads for industrial digital printing devices that help to reduce environmental impact through on-demand printing. Working together with our customers, we help to create compact, energy-efficient, and highly functional products. In keeping with the policies of the current Mid-Term Management Plan, we have been shifting the focus of our product portfolio to growth markets and looking to take advantage of the business opportunities created by this change. As a result, our business performance has been growing well since the second half of fiscal year 2020 (ending March 31, 2021). In the world of Society 5.0, wireless sensor network devices will become common, and we see that as an opportunity for our growth. In 2021, our wireless sensor network devices were selected for the Service and Solution Category/SDGs Special Award in the MCPC awards 2021\*2. We are delighted that our product development has been recognized, and we will continue our efforts to develop new products/ services that also contribute to the realization of a sustainable society.

- \*1 "Craftsmanship" creates new value based on our advanced techniques and know-how. "Miniaturization" reduces product size through precision processing and high-density assembly technologies. "Efficiency" promotes the most efficient use of all resources including energy.
- \*2 The MCPC award is given by the Mobile Computing Promotion Consortium (MCPC) to companies and organizations that have achieved outstanding results by building advanced systems through the introduction of mobile computing.

### Key Initiatives to Support Society

## Proposing IoT Solutions That Make Solutions to the Problems of Customers More Accessible

Large buildings, factories, and plants are equipped with a large number of gauges (power, temperature, humidity, CO<sub>2</sub>, illumination, gas, pressure, flow rate, etc.). Because of recent labor shortages, there is a need to improve the efficiency of operations, such as regular data collection and management. Seiko Instruments Inc. has developed a remote I/O node that enables wireless acquisition of analog signals from gauges and input and output control of digital signals from the wireless sensor network "Mr. Sho-Ene". By installing this remote I/O node on an existing gauge, it is possible to measure the instrument's data without having to go to the site.

In the past, obtaining information from such gauges required a wired installation to each device. However, "Mr. Sho-Ene"'s remote I/O node uses 920 MHz band radio to exchange data, making it possible to easily incorporate signals from remote locations that are difficult to wire into a wireless sensor network. In addition, the remote I/O node that receives analog signals can be powered by analog input from existing meters, etc., eliminating the need for an external power supply or batteries.

"Mr. Sho-Ene"'s remote I/O node will contribute to energy saving by turning air conditioning and lighting on and off using sensors, and save labor with its remote monitoring of functions such as receiving analog signals from existing gauges and controlling the acquisition of digital input and output signals.





### Industrial Inkjet Printheads for Realizing a Recycling-Oriented Society

Industrial inkjet printers can print on a variety of materials, not just paper.

Our industrial inkjet printheads are mainly used for tile applications because of the main product features, high ejection power, and the ability to eject dense ink at high speed.

Furthermore, the circulation of ink within the print head prevents it from being clogged by dust and other particles, thereby ensuring stable production for customers.

One of the features of an inkjet printer is that it does not require a printing plate. On-demand production makes it possible to manufacture what is wanted, when it is wanted, and in the quantities needed while monitoring sales, thus reducing defective inventory and waste. The print head is also completely environmentally friendly as it does not require cleaning of the printing plate and uses ink only for the part to be printed during dyeing, and so reducing the burden of wastewater treatment.

It is believed that inkjet usage is still less than 10% in the textile industry. However, the future expansion of inkjet technology should bring us closer to the realization of a recycling-oriented society.

In addition, in the tile printer industry, where inkjet printing is already well underway, our heads are now compatible with more environmentally friendly waterbased inks, and thus hybrid printers that can use both water-based and oil-based inks are now available. Although the full-scale spread of this technology has yet to begin, some tile factories are introducing it to reduce their environmental impact.



# Systems Solutions Business



### Building a Business Structure with AI at Its Core

Based on our founder's spirit of, "Always being one step ahead of the rest," we have provided ICT solutions to support the transformation of our customers' business models. Thanks to their trust and support, we have continued

to increase both earnings and profits for 22 consecutive quarters.

The COVID-19 pandemic has brought about major shifts in society and in business. Even without Covid. the rapidly changing business environment has made accessing information and maintaining reliable lines of communication more important than ever. This has greatly stimulated the corporate shift towards digital transformation (DX). With this background, it is easy to see why the demand for IT solutions that enable secure, stable remote communication has been growing steadily. Through our business, we want to contribute to bringing about what is called Society 5.0 and plaving our part to help resolve social issues. We provide value in a wide range of fields, including time synchronization services, which will be widely used in the broadcast industry in the 5G era, as well as in other sectors, such as sensors in the automotive industry, Al-based fault prediction, and computer performance management. We are also paying attention to the DX needs of rural areas and have

begun taking steps to meet those needs. In an ever-changing business environment, we feel that it is increasingly important to support our customers, upgrade their equipment, and provide them with necessary services promptly. In order to meet their ever-changing needs, we are building a business structure with AI at its core. By incorporating Al and implementing self-improvement processes, we will be able to help our customers face new challenges by providing them with new solutions. This will support their growth, which is of prime importance to our business model. That growth will, in turn, spur our own, and help to inspire each of our employees. Human resources are becoming more important in order to achieve continuous growth. From the perspective of HR development, diversity and the approach known as design thinking (identifying problems by viewing things from the customer's point of view) are very important. We will meet our customers' needs with a variety of products and services, and achieve stable growth for our business by promoting the diversification of our staff and our entire organization.

In order to support our customers' DX and continue to grow sustainably together with them, we will respond to their changing needs by providing optimal system solutions ranging from consultation to building, operating, and managing systems in a creative and efficient manner.

### Key Initiatives to Support Society

The Group takes advantage of its strength of providing one-stop services from hardware to systems and applications and works quickly and flexibly to solve the issues of customers.

### Approaches to Smart Technologies in the Field of Electrical Safety

Periodic safety inspections are required by law for cubicles (high-voltage power receiving equipment), which are essential for the supply of electricity in buildings and offices. However, in the field of electrical safety, the decrease in the number of skilled workers and the aging of the workforce has become a major problem. Therefore, ensuring that the quality of electrical safety is not dependent on workers is also an issue.

In order to solve these issues, the Group is currently working with the Tohoku Electrical Safety Inspection Association on the practical application of smart safety using Al and IoT. We are now conducting field evaluations of a system in which sensors that can detect four of the five senses except taste are installed in the facility, and the collected data is analyzed by Al to detect accidents, such as power leaks, or to predict signs of accidents. We will promote smart safety for the sustainable provision of advanced electrical safety that plays a part in the social infrastructure.



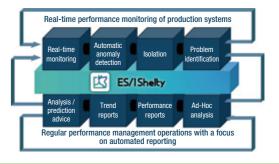
### Development of a Trust Service Platform

In order to realize a digital society that adapts to the global new normal, trust services such as electronic signatures, time stamps, and e-seals are anticipated to become widespread in government agencies and private companies so as to eliminate the need for signatures and facilitate remote work and nonface-to-face procedures. However, different service providers have different specifications, and the need for users to install the same applications has hindered the spread of these services. The Group and SECOM Trust Systems Co., Ltd. have jointly developed Japan's first data collaboration platform (a trust service platform) that enables the conclusion of digital contracts across multiple service providers, with the aim of significantly improving the convenience of trust services. Looking ahead to the medical field and the paperless society, trust services are expected to spread widely in the future, and the need for this platform is considered to be extremely high.

This platform will be made widely available to the public, and we will contribute to the realization of a Society 5.0 world by promoting the development of a service environment in which a variety of services from government agencies and private companies can be commonly used.



The COVID-19 pandemic has brought about changes in the business environment and in values, and the increase in remote work and DX is becoming more apparent. IIM Corporation has begun providing ES/1 Shelty, a nextgeneration performance management tool based on the concept of "Everything in one." We support our customers in resolving various issues related to digital performance arising from the accelerating changes in the environment by providing optimal solutions in a timely manner.



# Time Creation / WAKO Business



Throughout the 140-year history of the Seiko Holdings Group, we have supported the Seiko brand, focusing on the manufacture and sale of clocks and watches.

We will contribute to the enhancement of the corporate value of the Group by delivering a wide range of high quality products and services, as well as entertainment to the world, and sharing the excitement with our customers.



### Key Initiatives to Support Society

### Time Creation Business

SEIKO Time Creation Inc. was established on April 1, 2021, as a new operating company through the integration of SEIKO Clock Inc. and SEIKO Time Systems Inc. We aim to be a "total time solution company" that fuses the knowledge and knowhow we have cultivated over many years in the fields of clocks, system clocks, and sports timing with the cutting-edge technology of our FA (factory automation) business, and through these efforts, to contribute to the creation of a sustainable society. Our business domain covers *non-wearables*, in other words, everything other than wristwatches. We work in many fields, from private areas such as homes, to public areas such as offices, schools, factories, and sports and other public facilities.

We will continue to take on new challenges, to deliver products and services that bring smiles to the faces of people around the world by connecting people, things, and time through a hybrid combination of our traditional analog technology and the latest digital technology.



#### WAKO Business

In 2022, the Wako Clock Tower, a famous symbol of Ginza, will celebrate its 90th anniversary. It will also be the 75th anniversary of the founding of Wako. In the course of its long history, changes in the social environment caused by the COVID pandemic, among other things, have led to major changes in the consumption behavior of Ginza shoppers.

Wako is moving ahead with its digital transformation (DX) as one approach to responding to changing trends. In order to satisfy our customers even in the face of the pandemic, we have created a storewide mission statement called "WAKO'S PROMISES," both in the stores and online.

### WAKO'S PROMISES

- 1. We know the story behind everything here.
- 2. We insist on authenticity.
- 3. We're always surprising.
- 4. We value lifelong relationships.
- 5. We help to make Ginza and the wider world a better place.

Our online concierge welcomes customers with a level of hospitality befitting the Wako name. To improve the customer experience, we even offer virtual tours and 3D floor guides of the main building on our Website. We have also been enhancing after-sales services and renovation services, which are in keeping with WAKO'S PROMISES and also contribute to building a sustainable society.

