

SEIKO

SEIKO HOLDINGS GROUP

VALUE  
REPORT **2021**





**SEIKO HOLDINGS  
GROUP PURPOSE**

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

**CORPORATE  
PHILOSOPHY**

A Company that is Trusted by Society

**10-YEAR VISION OF  
THE SEIKO HOLDINGS  
GROUP**

Leveraging analog & digital synergies  
to offer products and services  
that contribute to the creation of  
sustainable societies, connecting people,  
things, and time throughout the world



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### **Scope of Reporting**

Seiko Holdings Group including Seiko Holdings Corporation, its subsidiaries, and affiliates

### **Forward-looking Statements**

Forecasts of future earnings performance in this document are based on information currently available to the Company and certain reasonable assumptions. Actual results may differ materially from these forecasts due to a range of factors.

More detailed information regarding financial information not included in this report and corporate governance information can be found on our website.

<https://www.seiko.co.jp/en/>

### **Target Period**

April 1, 2020 to March 31, 2021 (including some activities from April 2021)

### **Reference**

"International Integrated Reporting Framework": International Integrated Reporting Council (IIRC)

"Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation": the Ministry of Economy, Trade and Industry



# History of the Seiko Holdings Group

140 years of constant pursuit of innovation

**1987**

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



**1970**

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



**1964**

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



**1932**

Completed construction of current clock tower in Ginza



**1894**

First clock tower in Ginza



**2013**

Launched wireless router supporting LTE/3G



**2012**

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



**2014**

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

**2014**

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



**2006**

Started time stamp service



**2005**

Developed mercury-free silver oxide battery



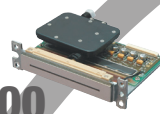
**2012**

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



**2000**

Developed inkjet printhead



**1999**

Started CREPiCO, Japan's first wireless credit card payment service



**1999**

Developed components for hard disk drives



**1999**

Launched the world's first Spring Drive watch



Developed precision turned parts for automobiles



**1988**

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



**1984**

Launched the world's first computer watch



**1985**

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



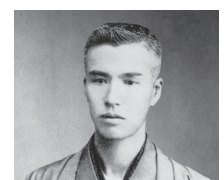
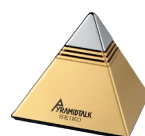
**1982**

Developed thermal printer mechanisms



**1983**

Launched Pyramid Talk, the talking clock



Kintaro Hattori, the founder

Company established **1881**



**1968**

Launched the world's first quartz wall clock for home use

**1892**

Started manufacturing wall clocks

**1969**

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



**1960**

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



**1913**

Launched the first wristwatch made in Japan, Laurel



**2015**

Delivers time accurate to one millionth of a second  
Time Server Pro



**2016**

Started LINK TO ordering link service for the food service industry



**2017**

Launched ultra compact/ ultra lightweight mobile printer for business use



**2018**

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



**2019**

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



**2019**

Developed Seiko Block Cam new timing service material



**2020**

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



**2021**

Grand Seiko Hi-Beat 36000 80 Hours won "Men's Watch" prize at Grand Prix d'Horlogerie de Genève



**2007**

Official timekeeper of the Tokyo Marathon (ongoing)



©Tokyo Marathon Foundation

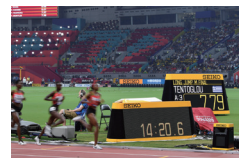
**2009**

IAAF World Championships in Athletics Berlin



**2019**

IAAF World Championships in Athletics Doha



**2019**

AI learning for sign prediction services AI LUiNa

**2019**

Launched world's first reflowable MS Lithium Rechargeable Battery



SEIKO TRUST EDI SERVICE



**2021**

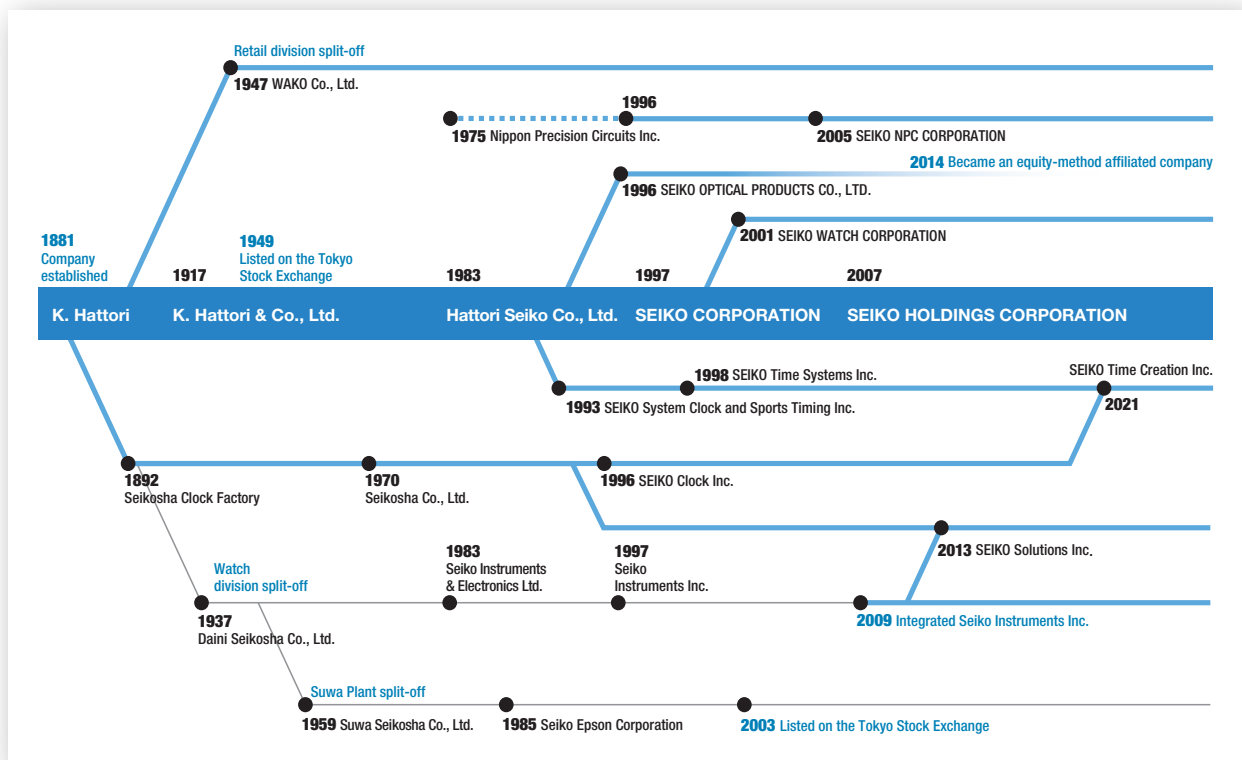
Japan's first trust platform across multiple service providers SEIKO TRUST SERVICE

Systems Solutions Business

Electronic Devices Business

Watches Business

Time Creation / WAKO Business

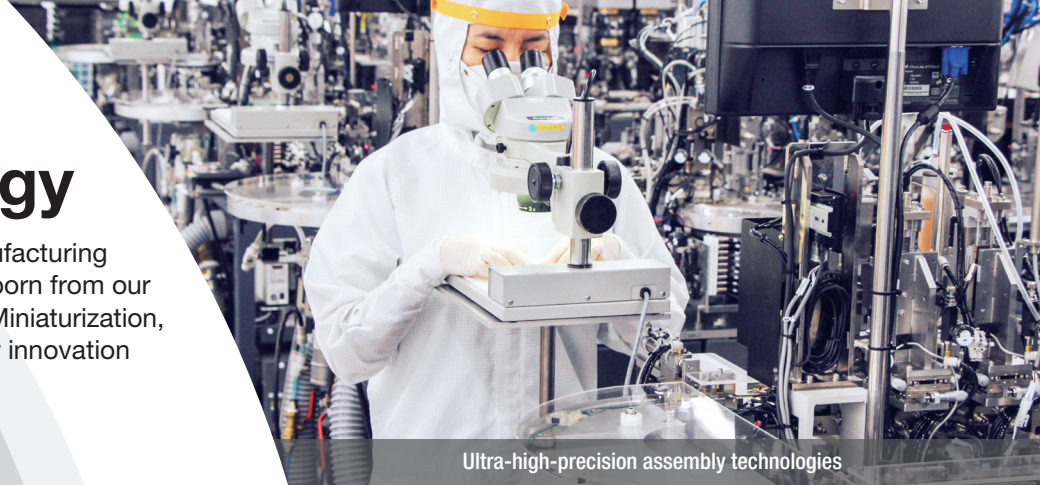


# Strengths of the Seiko Holdings Group

Social value created by “the Three Strengths”

## Technology

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



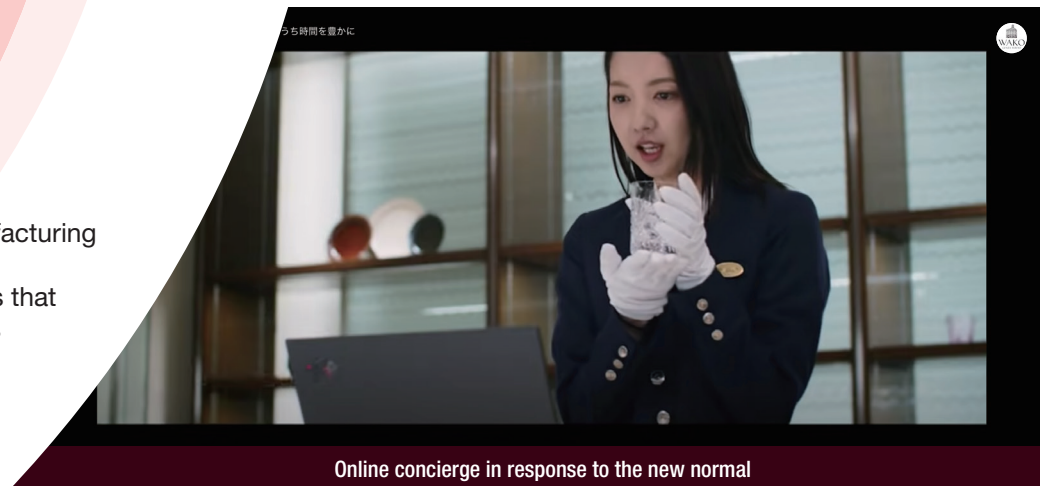
## Brand

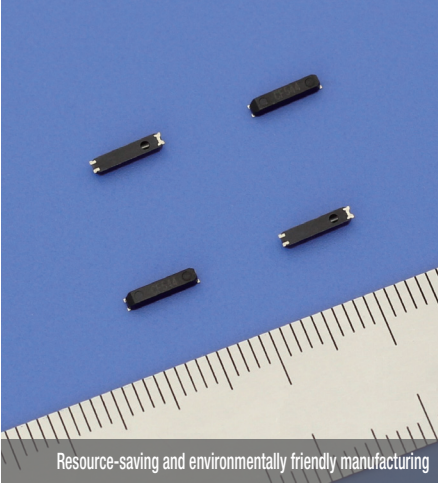
trusted by the world  
Incomparable brand power obtained by continuously providing high-quality products and services



## Solution

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





Resource-saving and environmentally friendly manufacturing



Craftsmanship that realizes innovation



Precision machining technologies that support high quality



Rich sensibility nurtured by nature



Reliable quality recognized by society



Pocket watches brought in for repair destroyed by fire caused by the Great Kanto Earthquake

Trust built up over a long history



Photo/MASATO MITSUNARI

Hospitality that also conveys the heart of the giver



Ability to propose solutions that contribute to the realization of Society 5.0



Photo by aflospart

Total solutions that don't miss a single moment of excitement

# Global Expansion

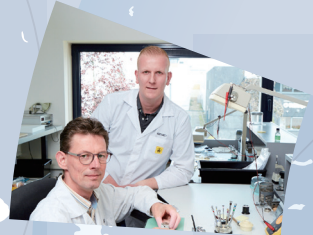
(as of September 30, 2021. Net sales ratios by region are results of FY2020)

A global brand loved by the world that stands by the people

## Europe / Africa

Net sales ratio by region: **9%**

No. of group companies: **6**



Seiko Watch Europe B.V.



Dalian Seiko Instruments Inc.



Grand Seiko Europe S.A.S.  
GRAND SEIKO BOUTIQUE  
PARIS VENDÔME



Instruments Technology  
(Johor) Sdn. Bhd.



SEIKO Manufacturing  
(Singapore) Pte. Ltd.

## Asia / Oceania / Middle-East

Net sales ratio by region: **27%**

No. of group companies: **22**

Seiko Instruments  
(Thailand) Ltd.



### History of Global Expansion

#### Sales

1913: Shanghai  
Local office established

1968: Hong Kong  
Hattori (H.K.) LTD.\*1

1970: U.S.A.  
SEIKO TIME CORPORATION\*3

1971: United Kingdom  
Seiko Time (U.K.) LTD.\*4

1972: Germany  
Seiko Time GmbH\*5

1974: Taiwan  
HO CHIEN Trading Ltd.\*7

1977: Australia  
Seiko Service Centre (Australia) Pty. Ltd.\*8

1977: Panama  
Seiko Time (Panama) S.A.\*9

1981: U.S.A.  
Seiko Instruments U.S.A., Inc.

Established in 1881

1970

1980

#### Manufacturing

1968: Hong Kong  
Precision Engineering Ltd.\*2

1973: Singapore  
Singapore Time Pte. Ltd.\*6

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



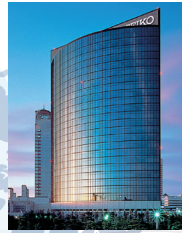


## Japan

Net sales ratio by region: **56%**  
 No. of group companies: **28**



Seiko Holdings Corporation  
 Seiko Watch Corporation



Seiko Instruments Inc.



Seiko Solutions Inc.

Grand Seiko Corporation of America  
 Grand Seiko Boutique New York, Madison Avenue



SEIKO Taiwan Co., Ltd.



SEIKO Australia Pty. Ltd.



## North / Central / South America

Net sales ratio by region: **8%**  
 No. of group companies: **5**

1983: Germany  
 Seiko Instruments GmbH

1984: Taiwan  
 Seiko Precision Co., Ltd.\*10

1986: France  
 Compagnie Generale  
 Horlogere S.A.\*11

1986: Netherlands  
 SEIKO Nederland B.V.\*12

1988: Hong Kong  
 SEIKO CLOCK (Hong Kong) Ltd.

1991: Thailand  
 MUANG THONG SEIKO LTD.\*14

2006: P.R.China  
 SEIKO Watch (Shanghai) Co., Ltd.

2005: P.R.China  
 Seiko Instruments (Shanghai) Inc.

2007: India  
 SEIKO Watch India Private Limited

2008: Russia  
 SEIKO RUS Limited Liability Company

2011: P.R.China  
 SEIKO CLOCK (Shenzhen) Co., Ltd.

2018: Italy  
 Seiko Italia-  
 sede secondaria italiana di Seiko France SAS

1990

2000

2010

1987: Singapore  
 Asian Electronic Technology Pte. Ltd.

1988: Thailand  
 SEIKOSHA (THAILAND) CO., LTD.\*13  
 Seiko Instruments (Thailand) Ltd.

1989: P.R.China  
 Dalian Seiko Instruments Inc.

1989: Malaysia  
 Instruments Technology (Johor) Sdn. Bhd.

2006: P.R.China  
 Seiko Instruments Technology (Shanghai) Inc.

2002: P.R.China  
 Guangzhou SII Watch Co., Ltd.

# CEO Message



**Shinji Hattori**

Chairman & Group CEO & Group CCO  
SEIKO HOLDINGS CORPORATION

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## Based on a philosophy that has guided us for over 140 years and a strong vision for the future, we will continue contributing to global society.

This year marks the 140th anniversary of the founding of the Seiko Holdings Group. Seiko's founder, Kintaro Hattori, started a business by selling and repairing watches in Ginza. Over many decades, and with many ups and downs, that small retail business developed into the global Group that we are so proud of today. The first 50 years were a period of birth, near-death, and rebirth. The Great Kanto Earthquake of 1923, a disaster of unprecedented scale in Japan, wiped out most of what Kintaro had built up since starting the business. However, he did not stop moving forward. He made the bold decision to replace over 1,000 watches that customers had entrusted to his shop for repair with new watches of equal quality, and he 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 this first half-century of Seiko's existence that the Company earned the trust of its customers and other stakeholders. The next 50 years were a period of even greater change, as Seiko grew beyond its origins as a purely domestic business and took its first steps onto the world stage. Rising from the ashes of the Second World War, we developed the world's first electronic timing system and successfully served as the Official Timer of the Tokyo and Sapporo Olympic Games. In addition, we created the quartz watch revolution and established an unrivaled reputation for precision, accuracy, and reliability — characteristics that still mark the SEIKO brand throughout the global market. It was during this half-century that the Company began diversifying beyond watches into precision instruments, precision parts, and more. The year 1981 marked our centennial, and in the ensuing 40 years, 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. In this turbulent era, when the unexpected happens almost constantly, it is not surprising that our Group employees began to ask themselves, "What is the purpose of Seiko's existence?" It was this natural expression of interest and concern by our Group employees that led to the creation of our official Statement of Purpose. And it is this Statement that forms the foundation of our Group on the occasion of its 140th anniversary:

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

The long history of our Group reveals a business entity meeting a series of new challenges and creating innovative solutions to overcome them, all the while working to be useful to society and to help bring about a better future. Since our founding, we have earned the trust of many types of stakeholders. Now, we must honor that legacy of trust, in part by helping to create a world where people can enjoy peace of mind in the midst of an unpredictable and sometimes frightening era.

The United Nations' Sustainable Development Goals (SDGs) highlight key targets that all companies and organizations throughout the world should strive for. Our Group companies understand that they must face up to the challenges involved in helping to improve social issues. We must work together with our suppliers, our business partners, and all our employees to provide innovative new products and services to the world. In order to achieve this, we need to use our Statement of Purpose as a guide to help us move forward while always remaining true to our stakeholders. To achieve a future full of smiles, we will strive to earn even more trust as an indispensable presence in the world.

I believe that the pandemic dramatically changed our social awareness. Many of us had to shelter at home, work remotely, and avoid social contact. This made everyone realize the value of their connections with other people. In many ways, I think the pandemic forced us to re-think our lifestyles and realize the importance of creating a sustainable society. We must face this challenge head-on or we will not be able to preserve a healthy environment to pass on to the next generation. With this in mind, we asked our stakeholders about their expectations of the Group. We then selected 13 key issues, or materialities, for a sustainable society that they had focused on, and launched company-wide initiatives to achieve them. Leveraging the strengths of the Group, we aim to do our part to bring about a circular society by developing smaller, more efficient products that last longer, as well as providing enhanced after-sales services and supporting the development of a market for used products. Throughout its history, our Group has emphasized working closely with people and trying to add value to their lives. Because of that legacy, we will not only continue providing reliable, high-quality products and services, but will use our extensive resources to contribute to building a safer, more secure, and more inclusive society.

We believe it is important for our employees to participate in our efforts to become carbon neutral and to fight climate change. We also want employees to play an active part in realizing maximum job satisfaction and helping to diversify our work force. Some of the 13 important issues we have identified are particularly relevant to our Group's activities, including contributing to building a richer society through support for cultural and sporting activities. With our Statement of Purpose as the starting point, we are implementing programs that call for all employees to think about what they can do to address these many different issues and help to make the world a better place.

In addition to our Statement of Purpose, we have also formulated the Group's 10-year Vision statement, which will serve as a guide as we work together toward our 150th anniversary, a major milestone for the Group:

**Leveraging analog & digital synergies to offer products and services that contribute to the creation of sustainable societies, connecting people, things, and time throughout the world**

**10-YEAR VISION OF THE SEIKO HOLDINGS GROUP**

**Leveraging analog & digital synergies to offer products and services that contribute to the creation of sustainable societies, connecting people, things, and time throughout the world**

**Analog & Digital**

In order to help meet society's changing needs, we have refined a wide range of technological capabilities, focusing on our roots in the clock & watch business. We will combine our century-old tradition of analog technologies and our sense of humanity together with our cutting-edge digital technologies to produce even greater synergies in the future. By doing so, we aim to create new technological, emotional, and social value.

**Societies that connect people, things, and time**

By connecting people, things, and time, we want to "shrink the world", bringing people closer together, joined by a sense of security and deep feelings. We want to create eternal societies where feelings flow timelessly, and so bring smiles to the faces of people around the world.

We will contribute to the shift away from mass consumption in order to realize an inclusive and sustainable circular society that places special value on people and the things that matter to them.

There is no doubt that in the next decade digital technologies will accelerate the pace of change all around us. At the same time, society's needs are likely to become more diverse and more complex. In the midst of these changes, the Group will continue to provide solutions that benefit society by combining our strengths in analog and digital technologies and using these skills to create a more sustainable society.

We believe that tomorrow's society should be one in which people are closely connected, not only to one another, but also to information and services. We will continue to move forward over the next 10 years with the aim of helping to create such a multi-connected society.

In a society where climate change and resource scarcity are serious concerns, we should not be aiming to support a mass-production, mass-consumption economy. The Group's 10-year vision expresses our desire to help create a society in which people cherish each other and also things

of value. Part of our role is to deliver products with long lifespans, and then to repair them so that they can be used even longer.

As a result of the pandemic, we began fiscal year 2021 with reduced sales activities and reduced manufacturing output. Things did improve, but even now the future is uncertain. In this VUCA environment, the Group is focusing on creating new products, services, and manufacturing and sales systems. We are also moving forward with our digital transformation (DX), which will result in work styles that best suit the post-Covid age.

Even in this unstable environment, where it is hard to predict what will happen next, the Seiko Holdings Group will continue to work together with our stakeholders to help resolve social issues and bring smiles to the faces of people around the world as we progress toward the milestone of our 150th anniversary.

I thank you for your continued support.



# Interview with the President

We aim to realize the Group's 10-year vision through the three pillars of SDGs, transformation of our business model, and development and revitalization of human resources.



**Shuji Takahashi**

President  
SEIKO HOLDINGS CORPORATION

**Q.** Mr. Takahashi, speaking as the new President of Seiko Holdings Corporation, what kind of management style can we expect to see in the coming years?

**A.** Before being appointed President of SHC, I served as President of Seiko Watch Corporation for four years. Over the course of those four years, I keenly felt that “black swans” — unexpected financial crises and natural disasters — were appearing more frequently than in the past. The Covid pandemic was just the most recent and most severe of multiple black swans that affected international markets.

As a globally active corporate group, we must be able to respond flexibly to any market conditions. We are acutely aware that, even without black swans, the business environment is changing rapidly, and we need to be able to respond to those changes and continue to produce positive results. Our Statement of Purpose provides an important touchstone for these efforts.

This year, which marks the 140th anniversary of our founding, we created an official Statement of Purpose. We want each and every employee to take

this Statement to heart so that we can act as a unified Group to respond quickly and flexibly to whatever changes may appear.

One of my primary goals is to create a resilient management structure that is more resistant to crises. To achieve that, we will no longer focus only on the growth of individual businesses, but instead use an integrated Group approach that I believe will enhance our services, increase employee motivation, and promote greater understanding among stakeholders. Going forward, the entire Seiko Holdings Group will benefit from a management unified by a common purpose.

It is precisely because we live in an era characterized as VUCA (volatile, uncertain, complex, and ambiguous), a time when the future is particularly unclear, that we must take a long-term perspective, work to help resolve social issues, promote sustainable management, and seek to increase our Group value.

**Q.** What exactly is this unified management approach? Going forward, what steps will you take as a Group?

**A.** To begin, we will focus on three steps to support our unified Group management. The first one involves our SDG initiatives. In 2021, the Group identified 13 key issues, or materialities, based on our Statement of Purpose. We have defined key actions for these materialities in each of our Group's various businesses and have begun implementing measures that will actively contribute to society. We have also created a Sustainability Committee to oversee the implementation of these measures throughout the Group. The second step is to accelerate the digital transformation (DX) of our business model. At the end of June 2021, we created an organization within Seiko Holdings to support the Group's DX promotion efforts. Over the course of almost two years, the pandemic helped to speed up the use of remote work and the digitalization of office processes. For example, we are moving to eliminate the use of personal seals (a centuries-old Asian business practice that was long overdue for modernization) and shift to a paperless model, automate routine operations, and build a framework for more effectively using digital data. In addition, Seiko Holdings and Seiko Solutions Inc. are

collaborating to accelerate DX in sales, marketing, and other operations of our Group companies. The third step is the development and revitalization of human resources. We have formulated a new 10-year Vision for the Group based on our Statement of Purpose. One of the goals in that Statement is to "constantly pursue innovation," and the 10-year Vision reflects our ideas about the kind of organizational culture necessary to achieve that goal. To continue to take on new challenges, we require a corporate culture that respects a wide range of diverse values. We must build a culture that not only accepts, but grows from individual failures. When an employee's efforts do not produce positive results, we cannot allow the story to end there, as a failure. Instead, we must see such experiences as opportunities for growth — in other words, find ways to leverage failures and turn them into added value. That is the kind of Group we are working to create. I believe that this kind of culture will foster employees who are motivated to take on challenges, can rapidly respond to any situation, and have a strong sense of responsibility to fulfill their tasks. These are the kind of people we will need to ensure our future sustainability.

**Q.** What else is necessary for achieving sustainability management?

**A.** One key to achieving sustainability management is expressed in our Statement of Purpose: "creating a future full of smiles." What that means is that we must be thoroughly focused on helping our customers and the societies in which we live. First and foremost, we must always be thinking about what we can do to help our customers meet their own challenges. Being open, sincere, and honest is not enough; we must take a proactive stance to help make their lives more enjoyable. We will apply this approach throughout all of the Group's businesses. It is important to note that "constantly pursuing innovation" is not merely about technology. It means we must constantly innovate our thinking and our attitudes in order to achieve our goals. The Group currently faces five main challenges in our efforts to promote sustainability management. The first, as I mentioned before, is strengthening the Group's management structure. We are rapidly unifying Group management to maximize the value of our resources and potential synergies. The second

challenge is to optimize the Group's business portfolio. We have already been identifying and focusing on profitable business domains. This helped us to maintain stable revenue despite the pandemic. In the future, we will carefully analyze the value provided by each business and adopt a business portfolio strategy that clearly reflects our value creation goals. The third challenge is related to the second — we must continue to strengthen our profitability. In order for the Group to be better positioned to respond to market changes and more resilient in the face of crises, we must become even more profitable. And so, the fourth challenge is to create and incubate powerful new growth strategies. At the end of June, we established a special department to do just that — formulate and implement new strategies that will lead to organic growth and create substantial new value. The fifth challenge is long-term human resource development that will support the Group's growth and enable us to accomplish what we have just discussed.

**Q.** Fiscal year 2021 is the final year of your current Mid-Term Management Plan. Of course, no one anticipated a viral pandemic when you made up that plan. How severe have its effects been on your results?

**A.** Our 7th Mid-Term Management Plan (MTMP) began in April 2019. By the fourth quarter of that fiscal year, the pandemic had become a very serious problem, and the external environment was no longer what we had anticipated. The impact on our B2C business was especially pronounced. The Electronic Devices Business, Systems Solutions Business, and other areas were significantly affected, and their results fell short of our targets. However, we quickly implemented strategies in line with the basic concept of the Plan and managed to improve our business performance.

In the Watches Business, our domestic sales were struck particularly hard, and the market remains depressed. However, in overseas markets, business steadily recovered once the impact of the pandemic began to subside in the second half of fiscal 2020. In the first quarter of fiscal 2021, sales in many key markets actually surpassed their pre-pandemic figures from two years earlier.

One part of the MTMP was to develop a strong Global Brand (GB) strategy, and this proved quite successful. While the global market for mid-price watches recovered only moderately, the high-price watch market recovered quickly and demand rose steadily, especially in the U.S. and China. Grand Seiko, our premier GB, achieved exceptional growth, mainly in the key North American market.

In the Electronic Devices Business, we have worked to reinforce products in growth fields such as

medical care and IoT. As a result of these efforts, sales of micro batteries (for medical equipment), mobile printers, quartz crystal oscillators, and other products have grown, and profitability is improving accordingly. Factors such as the widespread adoption of remote work have driven an increase in demand for computer-related parts, such as parts for hard disks used in data centers. In addition, there has been tremendous activity in the semiconductor market, which has bolstered growth in products such as high-performance metal parts for semiconductor production equipment. In the Systems Solutions Business, both the network-related business for 5G systems and the IoT business have grown. In addition, the acceleration of corporate digital transformation in Japan has boosted demand for electronic stamps, electronic signatures, digital contracts, etc. The ongoing shift to contract-based stock business, which is part of this Mid-Term Management Plan, has also helped to improve profitability.

Unfortunately, the effects of the pandemic were clearly visible in some domestic areas, such as the Watches Business, as I just mentioned, and the Wako Business, neither of which is expected to meet their sales targets. However, the overseas Watches Business is doing well and should continue to grow. The Electronic Devices Business and the Systems Solutions Business have also achieved steady results thanks to the strategies outlined in the MTMP.

## SEIKO HOLDINGS CORPORATION

1. **SDGs** (create a value creation story to solve social issues)
2. **Human resources** (work style reform, challenge and career development)
3. **DX** (transformation of business model)
4. **Business strategy and synergy** (implementation of Group-wide business strategies and creation of synergies among businesses)
5. **Incubation** (business development using open innovation)

SEIKO HOLDINGS Group Companies

**Achieving  
sustainable  
growth together  
with society**



**Q.** Your next Mid-Term Management Plan will start soon. What direction will the Group take in its medium- and long-term strategies?

**A.** We will create the next MTMP by “backcasting” — projecting 10 years down the road and then working backwards to confirm what we need to do to hit those targets. As I noted earlier, we created the Group’s 10-year Vision, which is something like a medium-term goalpost for the Group. To reach those goals a decade from now, we will set firm targets in our next MTMP and also create a management framework that enables us to quickly and flexibly respond to changes in the external environment and mitigate the effects of any black swans that may appear.

We will also strengthen businesses that have, over the years, helped our customers to realize their own potential and created some kind of emotional value. We will accelerate our search for technologies and services that can contribute to the coming Society 5.0. Unlike the way we selected individual businesses in the past, we are looking at ways to rebuild our Group portfolio with a focus on each business’s added value, and we will make their value creation stories clearer than in the past.

**Q.** Do you have a closing message for stakeholders?

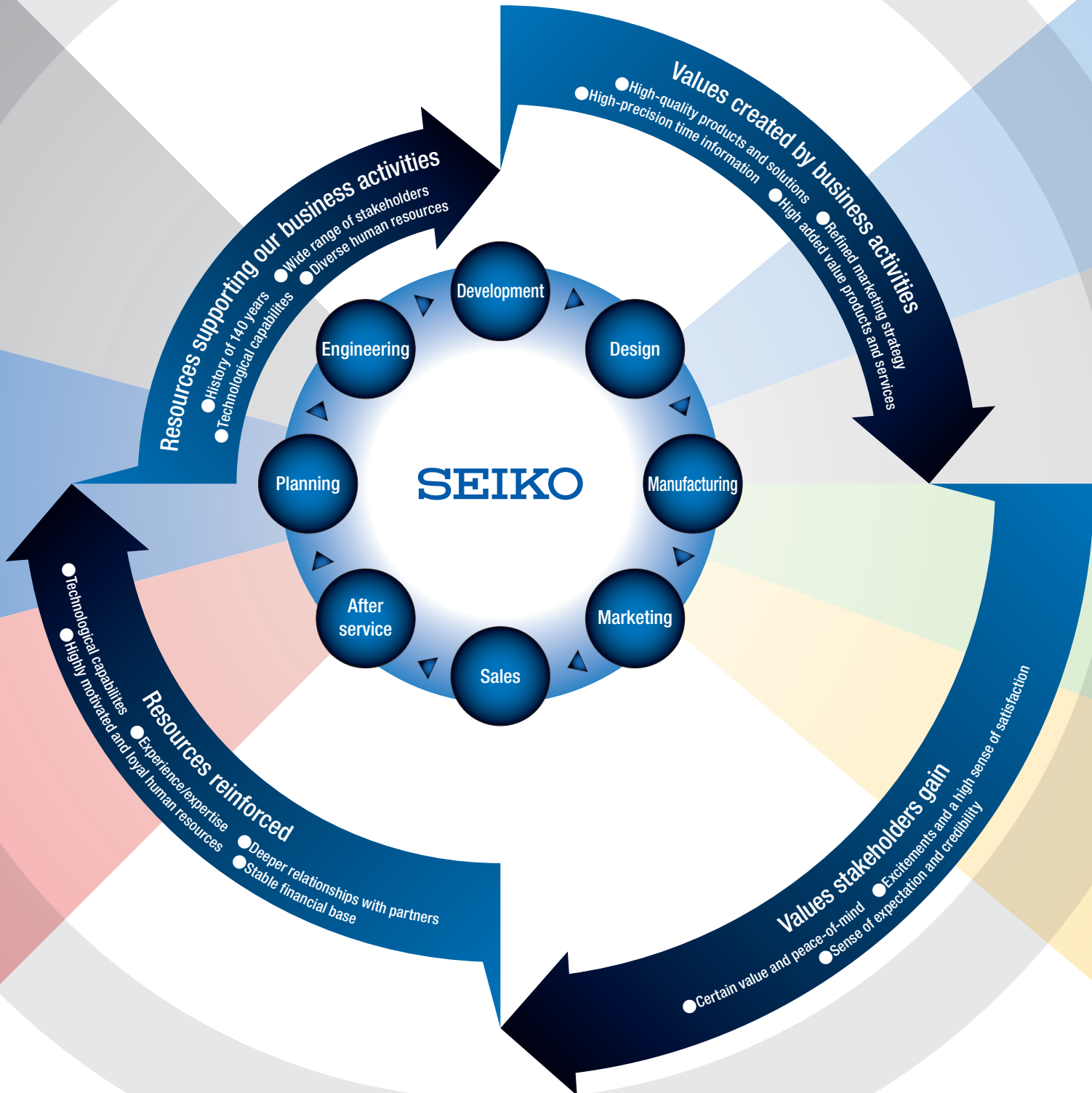
**A.** For a year and a half, we have been confronting the COVID pandemic. Throughout this period, our highest priority has been preventing the spread of infections and protecting the safety of our employees and stakeholders. Within the Company, we set up a Covid Crisis Task Force to keep abreast of the pandemic, examine countermeasures, track employee infections, and monitor the business activities of all our Group companies worldwide. We took a very proactive stance toward remote work and revised our internal operations so that we could adopt a more paperless approach. Now we are adapting our business activities to match the changing situations in our supply chains as well as our customers’ changing needs. We are no longer acting as a single company with a network of related firms, but as a unified Group that operates in concert with all of its stakeholders. The changes brought about by the pandemic will continue for some time. To use these changes to help create “a future full of smiles,” we will engage in even deeper dialogue

with our stakeholders and continuously propose new solutions. The Seiko Holdings Group just celebrated its 140th anniversary and is already moving strategically toward its 150th and beyond. Going forward, I am certain that we are a stronger, more unified Group that will “constantly pursue innovation,” work to help resolve social issues, and join with all our shareholders to help bring about a sustainable society and “a future full of smiles.”



# Value Creation Process of the Seiko Holdings Group

Under the Group's Statement of Purpose, we will create new value by strengthening and enhancing our management capital.





## SEIKO HOLDINGS GROUP PURPOSE

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

The Seiko Holdings Group will achieve  
its unceasing growth and contribute  
to the development of a sustainable society  
through its business activities,  
based on its Statement of Purpose.

The Seiko Holdings Group will enrich  
the hearts of people around the world  
through social, technological,  
and emotional values.

The Seiko Holdings Group will continue  
to take on the challenge of  
“always being one step ahead of the rest”  
to create new technologies, products,  
and services.

1. Resources supporting our business activities

In the 140 years since our founding, we carry out stable management, on the background of a trusting relationship with shareholders and financial institutions that hold shares in the Group over the long term. We have developed **manufacturing bases** in Japan and four other countries, as well as **large numbers of suppliers and partner factories**. We also operate business bases throughout Japan and **bases of sales subsidiaries** in 14 countries. Moreover, to achieve sustainable business growth, we have built **a global sales and after-sales service network** centered on the Watches Business, consisting of a large network of distributors. In addition, we develop various businesses in a number of our commercial properties, including **the Wako Main Building, a symbol of Ginza**, Japan's famed upscale shopping district. We employ **a global and diverse workforce** of over 12,000 people (as of the end of September 2021). They work in the business divisions, which cover planning, engineering, development, design, manufacturing, marketing,

2. Values created by business activities

The Group's official Statement of Purpose is, **"As a company trusted by society, we will constantly pursue innovation, inspiring people everywhere, and creating a future full of smiles."** This is the foundation of all our activities. In order to continue to embody our Statement of Purpose, we have adopted the corporate philosophy of **"A Company that is Trusted by Society."** The founder's business attitude of **"Always being one step ahead of the rest"** has supported Seiko's innovation and advancement. In addition, we conduct our business activities under the Group slogan of **"SEIKO Moving ahead. Touching hearts,"** with the hope that we can walk together with all of our stakeholders, creating, enjoying, and resonating a new era full of hope with excitement and joy. We have set out a long-term vision for the future and a plan to realize it. Under these management policies, the Group develops the Watches Business, Electronic Devices Business, Systems Solutions Business, Time Creation Business, Wako Business, and other businesses.

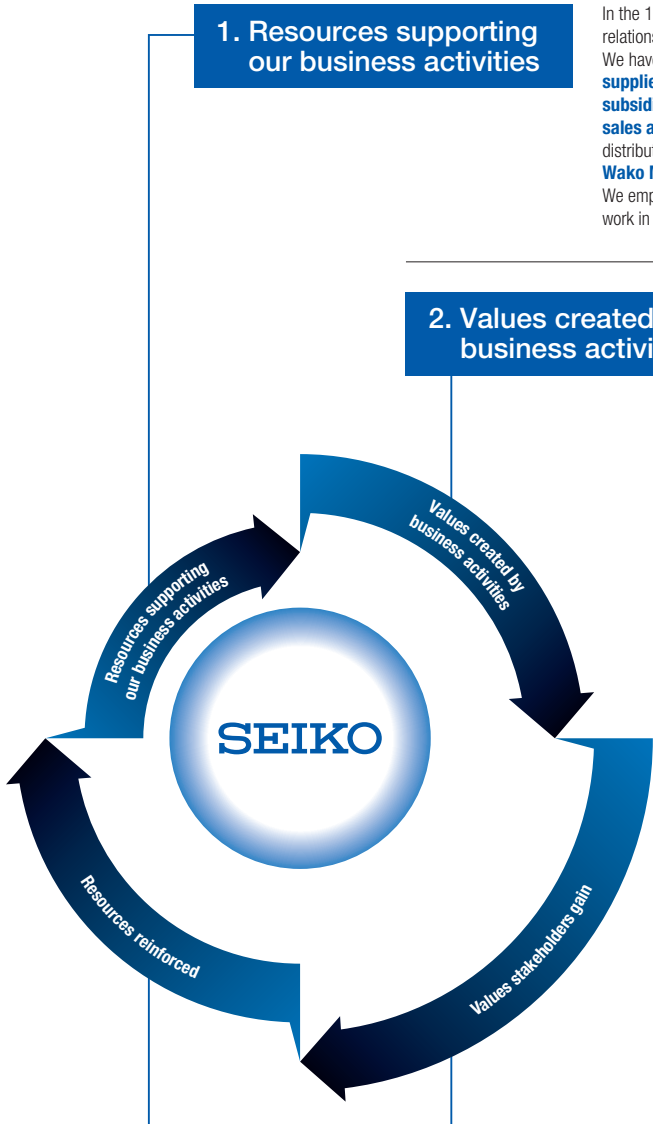
The Watches Business is the Group's core business. It is one of the few **manufacture d'horlogerie (full-scale manufacturers)** in the world that consistently engages in everything from planning and development, design, engineering, manufacturing, marketing, sales, and after-sales service in-house. In addition to conducting sales in about 140 countries worldwide, including Japan, the Watches Business also creates **a worldwide guarantee system** that provides after-sales service worldwide, no matter where our products were purchased. Completed watch business ranges from Credor, including FUGAKU, worth 50 million yen, as well as a wide range including **Global Brands** centered on Grand Seiko and Seiko Prospex. Moreover, in addition to developing **mechanical movements** equipped with new or complicated mechanisms requiring **advanced engineering and manufacturing technology**, we also operate an external sales business for movements. Through the sale of these Seiko-like products, the completed products business offers high **functional values**, such as visibility, robustness, and durability, in addition to delivering the function of **high-precision time display**. With high-quality products created by original technology, expert craftsmanship, and the uniquely Japanese sense of beauty, the business offers **emotional value** and the value of self-expression that is not limited to functionality, by rendering the joy of holding, wearing, and giving products, which are added technological advancement, status, and dignity. In addition, we are developing products and activities that contribute to **social value**, such as passing on technology, **offering products that use natural energy** such as mechanical, **Spring Drive**, and solar power, providing **after-sales service** that contributes to the effective use of resources by enabling our customers to continue enjoying their favorite products for as long as possible with our advanced repair techniques and latest facilities, contributing a portion of sales to support marine

3. Values stakeholders gain

The Group aims to **share not only satisfaction and peace of mind but also diverse emotions with Seiko fans around the world**, through the Group's wide range of Seiko-like products, quality and service, or other business activities. We carry out our business activities with the aim of giving our customers and users **the excellent function, quality, and technology** (precision, high strength, texture, durability, water resistance, long-term after-sales service, etc.) of our products and services, as well as **the unparalleled unique value of Seiko** (through history, design, latest state of technology, dignity, lifestyle, trust, luxury, etc.). We also conduct business activities for our BtoB customers to provide them with **the safety and security** of the Group's products, work to solve new social issues associated with

4. Resources reinforced

Our business activities have created the following: Seiko fans who like the Group's management policy and concept, its products, and other Seiko-like qualities; **the Seiko brand image** developed by branding activities that increase the number of Seiko fans; **new technologies** epitomized by advanced development of production technologies, **manufacturing facilities** with even greater productivity to be invested in, and the acquisition of new patents; **the network of enhanced production, sales, and after-sales service** by the Company that has engineering and development, technological, design, marketing, sales, and other capabilities with our



sales, and after-sales service, and engage in our various businesses (the Watches Business, Electronic Devices Business, Systems Solutions Business, and Others). They also work in the administrative divisions of general affairs, human resources, legal & intellectual property, accounting, IT, PR, IR, and planning & administration, which support the business divisions, as well as the SDGs, digital transformation (DX), incubation, and branding division, which are cross-Group organizations. This team of talented human resources also includes many **contemporary masterful craftsmen and recipients of the Medal with Yellow Ribbon**. Our organizations, networks, and human resources with such a long history have created **intellectual property**, including patent, trademark, and design rights, as well as **technological capabilities**

conservation activities, and assisting in regional development. Furthermore, providing a marketing policy for worldwide distributors also plays an important role in the growth of the business and brand. By handling other companies' products, the retail business is able to gather a wide range of information directly from our users. By delivering the excellence, convenience, and value of watches directly to users, we also deliver **the customer experience** of joy and satisfaction that comes with purchasing products and services.

The Electronic Devices Business bases on **precision machining technologies** that have evolved based on Seiko's watch manufacturing technologies. This business offers devices and completed products, including crystal oscillators, rechargeable micro batteries and other micro-energy products, high-performance metals, precision processed metal parts, and printer-related products, based on core technologies that build on a technological philosophy of "**Craftsmanship, Miniaturization, Efficiency**." Through this, the business helps our customers achieve **high-density assemblies**, contributing to **miniaturization, lower power consumption, and greater functionality**. In addition to ensuring **a stable supply of products to our customers** by thoroughly planning investments in production facilities in Japan and overseas, we are also **building environmentally friendly manufacturing processes** by introducing renewable energy.

The Systems Solutions Business offers data services (payment and order entry terminals, etc.), information network systems (legacy communication equipment, etc.), wireless communication equipment, computer performance management software, and other products and services to various customers such as diverse companies and public offices. Furthermore, by diversifying our business to meet emerging needs, we are helping our customers **solve issues** such as **DX, reducing environmental impacts**, and realizing **Society 5.0**.

The Others, Clocks, System Clocks, and Timing Equipment businesses offer a wide range of unique and appealing products for various locations, spaces, and environments, from private areas such as homes to public areas such as offices, schools, factories, sports facilities, and **public facilities**, with **accurate time information** provided through clocks, system clocks, and timing equipment centered on Seiko. The Wako Business offers **select products** from Japan and around the world with **superlative hospitality** in the unmatched space of **a symbol of Ginza**.

In addition, we aim at **improving the value of the Seiko brand** and broadening its penetration that support these business activities. To do so, we continue to work on branding activities that **share emotions** with a broad range of

and **sensibilities** that have led the times, and vast experience and know-how. These have supported our businesses and are also important strengths for leaping forward. The image of the Group and of the Company's products that have been cultivated during this time and the feelings and expectations toward that image by people inside and outside the Company truly embody **the Seiko brand**. It can be said that they also embody the Group's businesses. This creates strong ties between the Company and its many users, business partners, and employees. In addition, businesses operated by affiliates accounted for by the equity method have been developing for many years, leveraging this same multitude of strengths, together with their **business partners** who are shareholders.

people, through not only the flagship products of our brand, but also **sports and music**, which are deeply involved with time. By further refining "Craftsmanship, Miniaturization, Efficiency" centered on the manufacturing division, we develop efficient, **low-cost high precision production and processing technologies**, as well as **environmentally friendly products and manufacturing processes**, and conduct **research and development of new technologies** that further improve customer satisfaction to strive to further advance Seiko's technologies. The human resources division leads our efforts to develop **Seiko-like human resources** through a wide range of training and seminars throughout the Group, as well as train **professional human resources** and **the next generation of executives** who can succeed in the global market. The division also makes efforts to secure human resources, including new hires, by using various opportunities to **vitalize the organization and prepare the working environment**. In order to **strengthen corporate governance** throughout the Company, we work to develop our internal control system and systems for corporate ethics and compliance with laws and regulations and conduct thorough risk management. We strive to **improve Seiko-like corporate communication** mainly targeting shareholders, investors, and financial institutions.

We work to **expand our watch fan** base by conducting **PR and social contribution activities**, including factory visits and museum exhibits, as well as assembly demonstrations at a wide range of venues including those targeting children. In addition, we have signed a comprehensive cooperation agreement with Iwate Prefecture to jointly promote activities aimed at **realizing a sustainable local society**. We also contribute to local revitalization and the development of the watch industry, including launching the "Iwate Watch Meister" certification system, Iwate Prefecture's first technical evaluation system. We have continued concerts to support disaster areas in Eastern Japan and local welfare activities by overseas subsidiaries aimed at co-existence with local communities and society. We also designate **biodiversity conservation** areas at certain production bases, promote conservation activities at the Hiranowa Plateau in Iwate Prefecture, and plant trees at the Seiko Instruments Forest based on a "Corporate Forest Agreement" with Chiba Prefecture. By doing so, we strive for **environmental conservation**.

Through these diverse Seiko-like business activities, we will **further enhance the value of the Seiko brand**, increase its recognition more broadly, and **grow together with our many stakeholders**. These activities truly embody the business activities of the Group.

social changes, such as by **contributing to the realization of a low environmental impact society** by providing high-quality products that support low power consumption, and help **our customers further improve their value creation**. Meanwhile, our business partners, including suppliers and partner factories as well as distributors and retail stores, can gain the same **sense of pride and satisfaction** as the Group by handling Seiko-like products (having high quality, high performance, luxury, the latest features, global appeal, etc.). We also conduct activities with them so they can expect **improvements in quality and in technical levels** as well as **stable growth**. In addition, we create an environment where our

employees can relish **the joy and sense of satisfaction** of being involved with our businesses and products with the Statement of Purpose as their compass, feel pride in conducting operations, and achieve **personal growth in their work with future prospects**. We work continually to give our shareholders, investors, financial institutions, and business partners a sense of satisfaction, **expectation**, and pride for walking together with Seiko. Finally, we advance a wide range of activities at our various bases worldwide so that local communities and societies can also share Seiko's Statement of Purpose and together with a sense of pride and joy aim for creating a future full of smiles.

suppliers and partner factories as well as distributors and retail stores, and **their closer relationships; employees** with increased motivation and loyalty with improved performance; the stronger **trusting relationship and ties** between our employees and the Company; and **the relationship of further growth together** with various industries and communities. **The improvement of our technological capabilities and the deepening of our relationship of trust** will accelerate the

Group's **efforts to solve social issues** such as the environment and human rights. In addition, the further improved value of **the Seiko brand**, which is born of all of these things, creates **sustainable stability and growth expansion** for the Group over the long term. **The increased reliability from stable profitability and improved brand value** will further make our financial capital more sustainable.

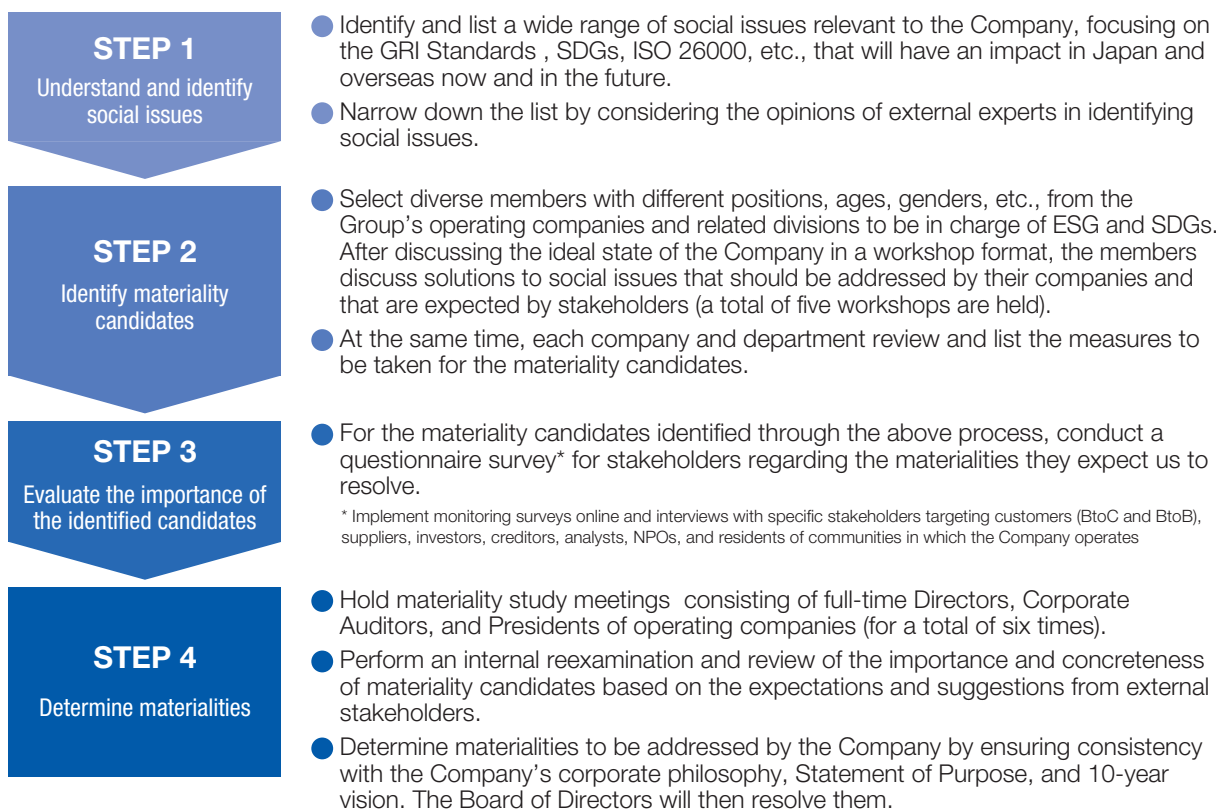
# Approaches to Solving Social Issues for Value Creation

## Seiko Holdings Group's Vision and Efforts for Sustainability

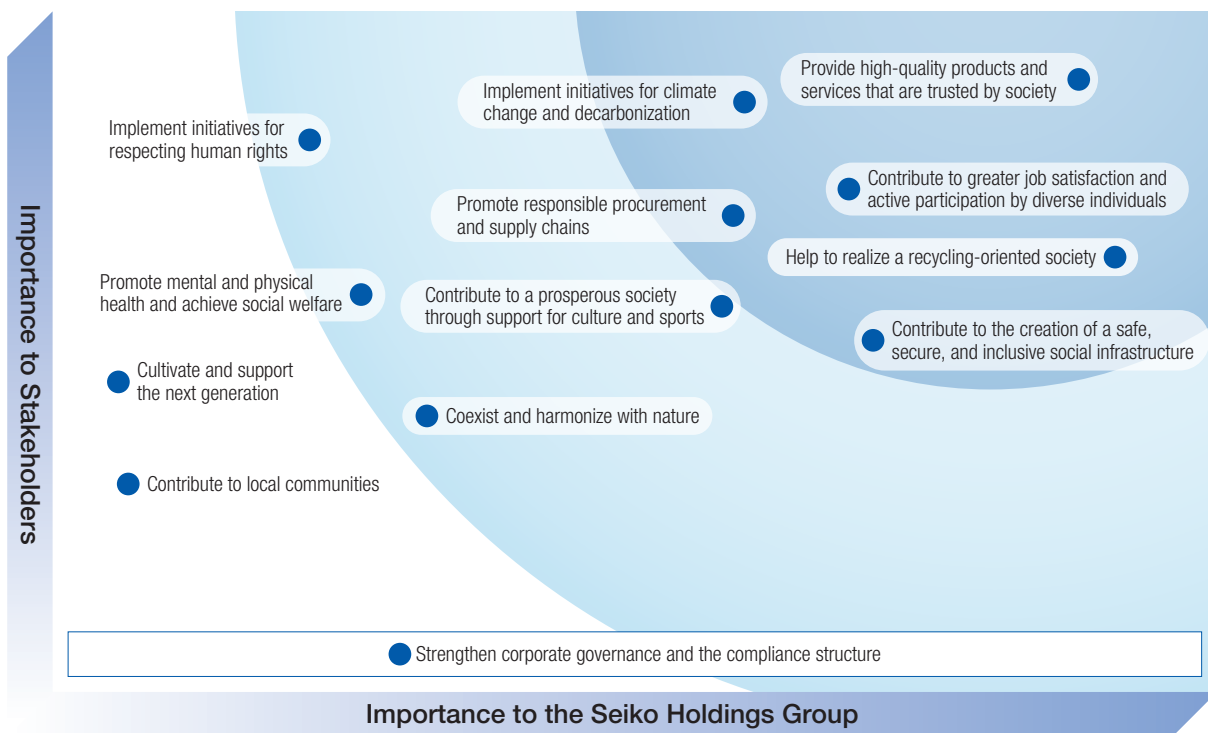
### Creating a Future Full of Smiles

The Seiko Holdings Group will contribute to the development of a sustainable society by making full use of its manufacturing and digital technologies to create a future full of smiles. We will focus on four themes—well-being (providing a better life), inclusion (accepting all kinds of people), trust (providing certainty and reliability), and harmony (with society and with the earth)—as we strive to play our part in solving social issues.

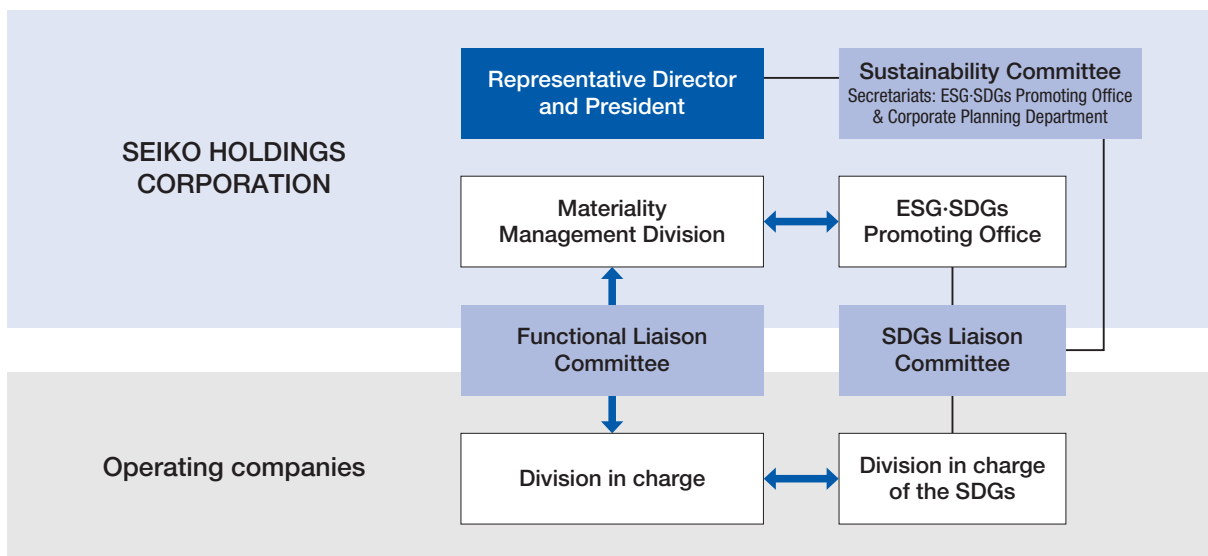
## The Process to Determine Materiality



## The Materiality Matrix of the Seiko Holdings Group



## Promotion System



Starting with its Statement of Purpose, the Seiko Holdings Group will strive to use its business activities, which aim to create **WITH**, to realize the Group's steady growth and contribute to the development of a sustainable society.

### Four Themes

#### Well-being A Better Life

As a company that is open, approachable, and people-friendly, we aim to create a society where employees and all other stakeholders can work and live with a sense of pride and fulfillment while recognizing each other's diverse values.

In our business activities, we will actively address social issues such as human rights, and contribute to the realization of a world where more people can live comfortable, authentic lives, secure in body and mind.

#### Inclusion For All People

Corporations can play a major role in the human quest for happiness, and creating an environment where all types of people are welcome is one key area. In addition to providing functional value such as convenience, our products and services provide emotional value based on respect for traditional culture. We also aim to enrich people's lives through our support for activities such as music and sports. Using the power of our technologies, we want to create a safe and secure society by supporting people's diverse lifestyles in this new era.

#### Trust Certainty and Trust

We believe that pursuing our commitment to high quality and outstanding products, as we have since our founding, will help us to meet the expectations of our stakeholders. Our basic philosophy is to be "A Company that is Trusted by Society." We regard compliance with all laws and regulations, transparency and fairness in management, and respect for social ethics in all our businesses as vitally important concerns for our management. In order to put this philosophy into action, we will address issues such as corporate scandals, fraud and anti-competitive behavior, information asymmetry with stakeholders, and violations of customer privacy.

#### Harmony Harmony with the Earth

In recent years, problems such as the increasing number of natural disasters stemming from the climate crisis have become even more serious. Because of our responsibility as a global brand, we will focus on transforming our old consumption and production activities to eliminate the mass consumption of resources and mass disposal of waste. In addition, by utilizing environmental technologies, we will address issues such as greenhouse gas emissions and contribute to the creation of a sustainable society that can coexist with the global environment.

### Endorsement of International initiatives

The Valuable 500









The United Nations Global Compact



Task Force on Climate-related Financial Disclosures (TCFD)





Materiality	SDGs
<ul style="list-style-type: none"> <li>Contribute to greater job satisfaction and active participation by diverse individuals</li> </ul>	 
<ul style="list-style-type: none"> <li>Implement initiatives for respecting human rights</li> </ul>	
<ul style="list-style-type: none"> <li>Promote mental and physical health and achieve social welfare</li> </ul>	
<ul style="list-style-type: none"> <li>Cultivate and support the next generation</li> </ul>	
<ul style="list-style-type: none"> <li>Contribute to the creation of a safe, secure, and inclusive social infrastructure</li> </ul>	 
<ul style="list-style-type: none"> <li>Contribute to a prosperous society through support for culture and sports</li> </ul>	
<ul style="list-style-type: none"> <li>Contribute to local communities</li> </ul>	
<ul style="list-style-type: none"> <li>Provide high-quality products and services that are trusted by society</li> </ul>	 
<ul style="list-style-type: none"> <li>Promote responsible procurement and supply chains</li> </ul>	 
<ul style="list-style-type: none"> <li>Strengthen corporate governance and the compliance structure</li> </ul>	
<ul style="list-style-type: none"> <li>Implement initiatives for climate change and decarbonization</li> </ul>	 
<ul style="list-style-type: none"> <li>Help to realize a recycling-oriented society</li> </ul>	  
<ul style="list-style-type: none"> <li>Coexist and harmonize with nature</li> </ul>	 


## Examples of Initiatives to Solve Social Issues

### Improving Quality of Life (QoL) for the Visually Impaired

In order to help improve the QoL of the visually impaired, the Group has developed the world's first "thin tactile paving block with built-in solar beacon" jointly with ACCESS Co., Ltd., Sakai Silk Screen Co., Ltd., and PLAYWORKS Inc. and has started field testing it at railways and public facilities.

Solar-powered beacons are installed on thin tactile paving blocks on walking surfaces to safely guide the visually impaired, and information such as directions can be listened to with earphones connected to a smartphone.

We will continue to utilize these advanced technologies to solve a variety of social issues going forward.

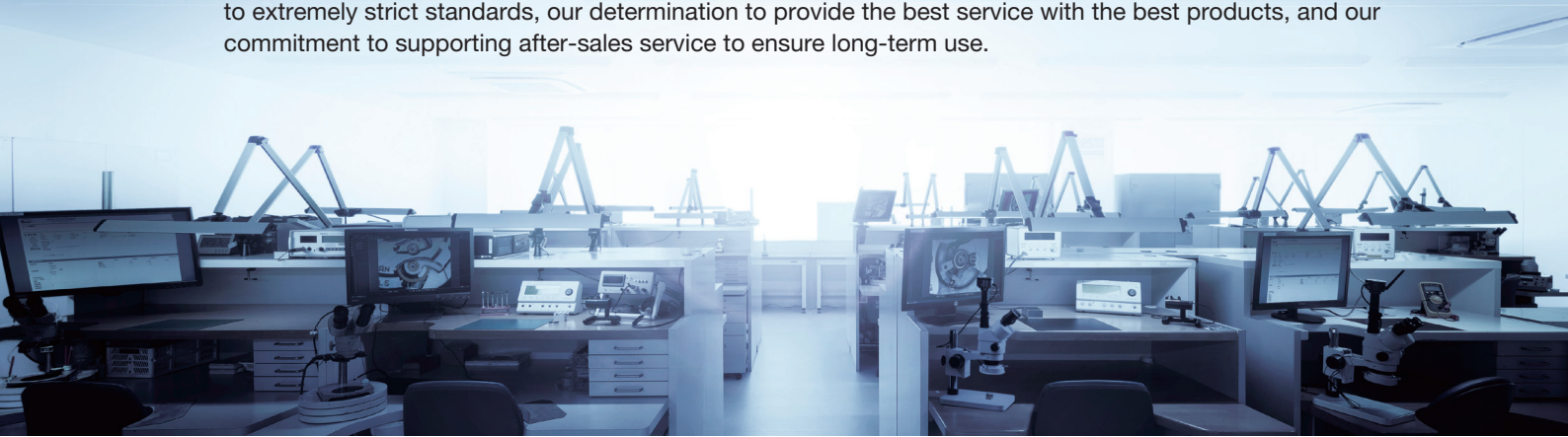


# Quality

## Genuine value that creates excitement and builds trust

Seiko's Statement of Purpose says, "As a company trusted by society, we will constantly pursue innovation, inspiring people everywhere, and creating a future full of smiles." The key to realizing this is quality. Seiko's quality is underpinned by a sincere commitment to meeting the expectations of all stakeholders and a meticulous attention to detail by those who work in the Group.

In order to earn our customers' trust and continue to provide them with the highest quality, we will continue to focus on things that are unique to Seiko, such as our dedication to inspecting our products according to extremely strict standards, our determination to provide the best service with the best products, and our commitment to supporting after-sales service to ensure long-term use.



## Maintaining Quality

One of the ways in which Seiko expresses its dedication to quality is through its watch maintenance service. SEIKO TIME LABS CO., LTD., which is in charge of the Group's watch maintenance business, aims to restore the watches it receives for maintenance to the same condition as when they were purchased. Unlike brand new watches in stores, the watches at SEIKO TIME LABS CO., LTD. have unique histories; they have been worn and trusted by their owners. We respect the products themselves, and we have a responsibility to the customers who bought them. Thus, we entrust each watch to highly skilled repair technicians who will carefully restore them using the most advanced equipment.

For example, when we repair a large scratch on a watch case, we do not simply polish it, but instead add a hair-thin wire (0.1 mm to 0.2 mm in diameter) over the scratch and weld it with a high-temperature pulsed laser to fill in the cut, then we polish the finished piece to restore it as close as possible to its original condition. In addition, a binocular microscope equipped with a sophisticated camera system displays the maintenance process on a remote screen, allowing us not only to repair the watch, but at the same time to have other experts confirm that it was done correctly, and use the video feed to help teach other technicians who can learn this high level of skills and know-how even if they are far from our workshop. Furthermore, watches with a barometric pressure of five or more are subjected to the same level of inspection as at the time of manufacture, including a severe water resistance test, before they are released to the customer. We believe that performing this kind of dedicated, advanced maintenance helps to make our watches a source of pride for our customers and allows them to keep using their prized watches for many years to come.



## Seiko's High-Precision Quality Supporting Social Infrastructure

### High-Precision Time Synchronization Time Server

With the evolution of IoT, a variety of devices and different types of data, such as video, music, voice, photos, and text, are becoming connected via the Internet. Needless to say, synchronized timing plays an important role when this data is connected. Exact time codes are essential to accurately link compilations of data. 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 servers deliver extremely accurate signals to all devices on a network to ensure absolutely reliable time synchronization. This technology is used in fields ranging from financial and medical to public transportation and telecommunications, including data centers. It has become an indispensable part of our daily lives. In tomorrow's rapidly evolving digital world, Seiko's insistence on quality will support the infrastructure of Society 5.0.



### Standard Time Devices for Broadcasting Stations

For more than 60 years, Seiko has been providing broadcast stations with synchronized clocks, which is essential for smooth broadcasting. Seiko's broadcast clocks not only show the time accurately, but also automatically synchronize all secondary clocks in a station with their parent clock, thus facilitating the activities of this industry where neither interruptions nor even the slightest deviation from the norm can be tolerated. We will continue to deepen our trust relationships with our customers by combining reliable quality with dependable maintenance. Constantly providing accurate time and maintaining those systems is one way we fulfill our role in supporting the social infrastructure.



## Pursuing the Future of Quality

Seiko's approach to making a quality timepiece goes far beyond adding new functions. Our goal is to provide customers with an emotional response to our products, not only taking pleasure in their accuracy, but also creating joy through our extensive customer service and maintenance services that exceed people's expectations. In the Watches, Clocks, and Wako Businesses, we provide products and services with the highest quality and also deep emotional value to help build long-lasting relationships with our customers. In the Electronic Devices Business, we will pursue higher functionality to achieve resource and energy savings, and in the Systems Solutions Business, we are working hard to create one-stop optimal solutions that will truly bring smiles to customers' faces.

# Branding Strategy

Facing social issues, we will create a future full of smiles that enriches the hearts of people around the world through our social, technological, and emotional values.

Seiko is providing innovative products and services to the world with technology that is one step ahead of the times. We deliver emotional value through sports, where athletes strive to establish new records, and music, which lifts people's spirits, and share fun and excitement with people. With our constant pursuit of innovation, we are moving ahead and touching hearts while bring smiles to the world.

# Innovation

Since establishing the image of "sports timing = SEIKO" in 1964 with its innovative technology, Seiko has continued its branding activities to deliver the excitement of sports.



**A New Japanese Record in the Men's 100 m Sprint**  
Japan's super star sprinter, Ryota Yamagata who is also Seiko's employee, set a new Japanese record of 9.95 seconds in the men's 100 m at the Fuse Sprint on June 6, 2021. This accomplishment was achieved by overcoming various adversities through tireless challenges, embodying Seiko's Statement of Purpose of constantly pursuing innovation.



Photo by Photo Kishimoto



**Official Timer of the World Athletics Championships**  
Seiko has been the official timer since the 1987 Rome Games. The men's 100 m world record time of 9.58 seconds was also recorded by a Seiko timer. The 2022 event will be held in Eugene, Oregon, U.S.A.





**The Corporate Advertisement “Time to be kind” Wins the Grand Prize in the Fashion Category of the 37th Yomiuri Advertising Awards**

With the world being so divided, this advertisement delivers a message that the world will surely be a better place if people had more time to be kind.



**The Time Memorial Day Message Advertisement Wins the Grand Prize in the Brand and Fashion Category at the Nikkei Advertising Awards**

When a watch is maintained, it creates a relationship with people that transcends generations and connects thoughts from people to people. This is the message in the advertisement conveying the spirit and activities of Seiko since its founding from the perspective of the SDGs.

# Time



# Society

Seiko supports music and cultural activities with the aim of giving people “quality time through music.”



**Supporting Reconstruction After the Earthquake**

Ten years have passed since the Great East Japan Earthquake. In order to keep moving forward without forgetting the event, we continue to hold concerts to support reconstruction in the Tohoku region, where our manufacturing base is located, and in Tokyo so as to connect the thoughts of a circle, as in the joining of hands between disaster victims and supporters. In 2021, the event was held without an audience at the Nippon Budokan. At the concert, an original song, “Hope and Bonds,” was performed. Its music was composed by our CEO Shinji Hattori and its lyrics was written by Manae Ishikawa, who was the student of Tagajo Junior High School in Miyagi Prefecture. This song will continue to be sung as a song of support for East Japan. As a way to contribute to a society through music, we will continue to work with the people of the Tohoku region to create a future full of smiles.

# Future

**Web Jazz Camp 2021**

Jazz Connects Us All  
～ジャズはみんなを結ぶ～

2021  
08.02 (Sat) - 08.31 (Sun)



**Web Jazz Camp**

In the midst of the COVID-19 pandemic, top jazz instructors sent advice to aspiring artists via the internet, connecting New York and Tokyo. Seiko supports the dreams of young people aiming to be successful globally.



**Seiko Exciting School**

At the Seiko Exciting School, we visit elementary schools to provide exciting experience through different themes; ‘Time and Timepieces,’ ‘Sports,’ ‘Music’ and ‘Environment.’ Our aim is to promote the development of the next generation.

# Research and Technological Development

**We are committed to research and development that realizes SDGs in order to reduce environmental impacts and protect people's health, safety, and security.**

## Advancing Research and Development to Solve Social Issues

The Group is actively committed to research and development that will solve social issues through external partnerships, including participating in national projects and joint research with universities. From the perspective of the SDGs in particular, we are advancing development centered on technologies that will reduce environmental impacts and protect people's health, safety, and security while simultaneously building an organization to promote research and development aligned with changes in society associated with the spread of COVID-19.

### Aiming to be the First in the World to Commercialize Intraoral Sensors

In recent years, it has become the norm in the orthodontics field to provide treatment using mouthpiece-style orthodontic devices (aligners). In order for treatment with aligners to be effective, they need to be worn in the mouth for more than 22 hours a day. The Group conducted research and development jointly with the Showa University School of Dentistry in order to ensure appropriate effects from treatments using aligners. We have developed a device equipped with temperature sensors and other sensors using our unique know-how for creating miniaturized devices with low power consumption. This device mounted on an aligner obtains measurements every five minutes for 220 days, as well as sending data to external devices via Bluetooth and setting measurement conditions. This enables dentists to determine how long the aligners are being worn and provide more effective treatment. Because of the novelty, broadness of scope, and practical applications of this research, we won two awards, the Best Presentation Award at the Scientific Meeting of the Japan Academy of Digital Dentistry and the Excellent Presentation Award at the Comprehensive Research Presentations Focused on Dental Science sponsored by the Japanese Association for Dental Science. Moving forward, we will expand the use of this device for not only dental treatment but also various fields of health management and sports.



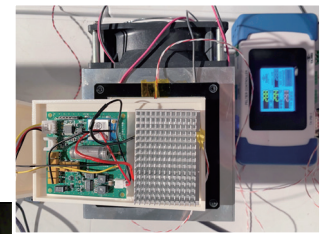
Members of the Showa University School of Dentistry and Seiko Holdings Corporation involved in this research and development



Wireless sensor module mounted on a mouthpiece

### Developing Thermoelectric Power Generation Technology That Supports National Resilience

In recent years, systems with sensors that continuously monitor bridges, buildings, and other structures have been adopted. Research and development to use thermoelectric power as the energy source for such sensors is being promoted as a national project (the Core Research for Evolutional Science and Technology (CREST) project under the Japan Science and Technology Agency). The Group, which is participating in this project, is working to utilize a technology which uses minute differences in temperature, called thermoelectric technology, the same technology that powers the Seiko Thermic, the world's first thermoelectric watch. Because solar cells do not function in places without sunlight, such as tunnels, we are advancing a plan to develop a system for generating power using slight differences in temperature between the walls and air inside a tunnel. We have already incorporated our know-how into a power-generation module which has achieved high efficiency.



Demonstration of monitoring devices in a tunnel

## Supporting Research in the Environmental Field Using Our Unique Analysis Technologies

The energy-saving field needs a next-generation solar cell that is highly efficient at low cost. In research at the Research Center for Advanced Science and Technology at the University of Tokyo, our Group has succeeded in measuring the electric potential distribution in the cross-sectional direction of a colloidal quantum dot solar cell element by utilizing the analysis technology of elements manufactured with an atomic force microscope (AFM), which can measure the characteristics of materials with high resolution. To date, we have observed changes in the electric potential distribution in the cross-sectional direction of an element when exposed to light, and we have confirmed that AFMs are a powerful analysis method for optimizing the element's internal structure, method of manufacture, and materials to use. In addition to its high energy-generation efficiency, because it can be manufactured simply by applying a liquid coating, it is gaining attention as a next-generation solar cell. We will continue to support leading-edge research in fields such as the environment in order to solve social issues.

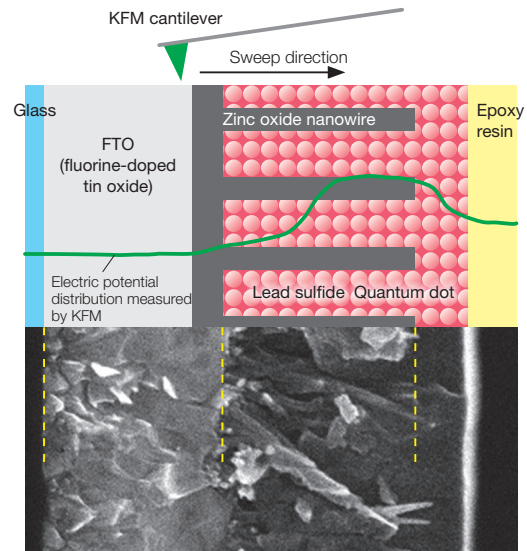
## Developing Technology That Supports the Next-Generation Communication Infrastructure

SEIKO NPC CORPORATION's proposal "Research and Development of Low Noise, High Precision, High Frequency Differential Output Crystal Oscillator Circuits" has been adopted as one of the development topics "(e) MEC-related technologies" for the "Research and Development Project of Enhanced Infrastructures for Post-5G Information Communication Systems and Leading Research," a project commissioned by the New Energy and Industrial Technology Development Organization (NEDO).

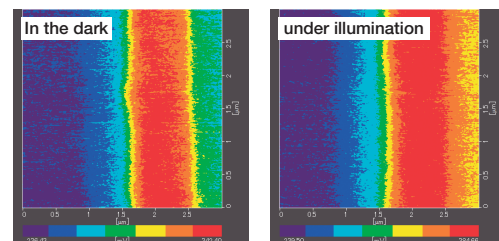
The advanced fifth-generation mobile communication system (5G) and the post-5G that has been enhanced with such features as ultra-low latency and large numbers of simultaneous connections are expected to be used in a wide range of industrial applications in the future, such as smart factories and self-driving vehicles. These technologies are expected to form a core competitive strength of Japan.

The purpose of this research and development project is to develop a semiconductor chip mounted on a quartz crystal oscillator to generate a low-noise, high-precision, high-frequency reference clock required for communication systems in the post-5G society.

Utilizing the knowledge gained through the development of semiconductor chips for crystal oscillators compatible with various systems, we will continue to promote research and development for even lower noise, higher accuracy, and higher temperature compatibility for next-generation communication standards.



Cross-sectional structure of a colloidal quantum dot solar cell and image of surface electric potential distribution measured by KFM (a type of AFMs)



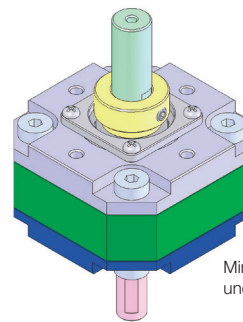
Results of electric potential distribution measurement by AFM. The area with higher voltage (red area) increases with light irradiation (right) than without light irradiation (left).



## Leveraging the Strengths of Craftsmanship, Miniaturization, and Efficiency to Deploy Products in a Wide Range of Fields

### The Development of Miniature Speed Reduction Gears

We are developing miniature speed-reduction gears for use in robotic hands. Because labor shortages in recent years have caused a transition to the use of robotics and automation, it is anticipated that speed-reduction gears will be used in the hands and other extremities of factory automation equipment, collaborative robots, and communication robots. Although most speed-reduction gears today are mid to large-size at 50 mm or more, we are creating a prototype gear that is 8 to 40 mm, envisioning future demand for miniature robots that can be used in an even greater range of applications.



Miniature speed-reduction gears under development

### Developing Processing Technologies for Lead-Free Materials

Lead is added to metal materials in order to improve cuttability and other properties. Not adding lead can massively decrease processing speeds or make it impossible to maintain quality. However, since lead is designated as an environmentally hazardous substance, we have been working to develop processing technologies and maintain the quality of lead-free materials to make a further shift from lead to environmentally conscious products with higher safety while complying with laws and regulations, including the RoHS Directive\*. As a result, we are moving steadily toward lead-free materials.

\* RoHS Directive: EU laws established to make electrical and electronic equipment sold in the EU easier to recycle and prevent them from containing hazardous substances so they will not adversely impact people or the environment when they are disposed of in landfills or incinerated.

### Support for Developing Technologies Using DX and IoT

Because of the COVID-19 pandemic, it has become difficult to carry out activities physically at local sites. In order to continue to provide technical support at customer sites, overseas plants, and other locations in the same way as before, we are studying the feasibility of remotely performing delivery acceptance inspections for equipment and providing technical support and have actually begun to carry out such operations.

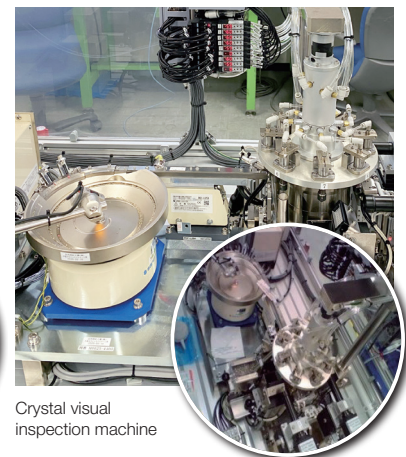
Even after COVID-19, these initiatives can reduce distances and times to remote sites, improve communication with customers and local worksites, and help us provide more enhanced support. Moving forward, we will build on these achievements, and aim for initiatives with higher added value, such as making it possible to continuously collect and analyze data from remote sites.



Visual inspection machine for automobile parts



Sub-assembly machine for HDD parts



Crystal visual inspection machine



### Enhancing Sustainable Recycling-Oriented Manufacturing

In many cases, malfunctioning equipment can be reused by performing overhauls. Overhauls can not only restore the previous state, but can also be used to incorporate NC\* and other advanced features. Equipment can also be retrofitted to have improved features, enabling the equipment to function at the same level as the latest models. This eliminates the need to replace equipment with newer models and reduces waste. Upgrading drive units can also save energy. Furthermore, if old equipment that relied heavily on human skill and experience to use can be digitized, the equipment can also be operated by less experienced workers.

By fusing analog and digital to restore equipment, we are achieving sustainable recycling-oriented manufacturing. We will accelerate our initiatives to achieve a recycling-oriented society, moving from conventional passive maintenance to active maintenance.

\* NC: Numerical control via computer



Before overhaul and retrofit



After overhaul and retrofit

### Initiatives to Further Evolve AI and Make It More Practical

Deep learning is a machine-learning method that teaches computers to do tasks that humans do naturally. This technology supports rapid advances in artificial intelligence (AI).

While deep learning has the advantage of enabling a computer to automatically learn features in images it is analyzing, it is also possible for the computer to incorrectly learn things, such as learning to incorrectly identify defects where there are none.

By creating deep learning that visualizes locations a computer is analyzing, and confirming whether the AI is focusing on locations that humans determine to have a defect, we are promoting more practically applicable AI. The example on the right shows an automated inspection of precision components. In this example, the computer flags a location with an incorrectly shaped hole as a defect. Enabling a person to see the area where the defect is highlighted in red makes it possible to confirm that the computer is detecting the correct things.

We are continuing research that will enable this kind of technology to greatly reduce the time required to inspect the status of components while improving its accuracy.

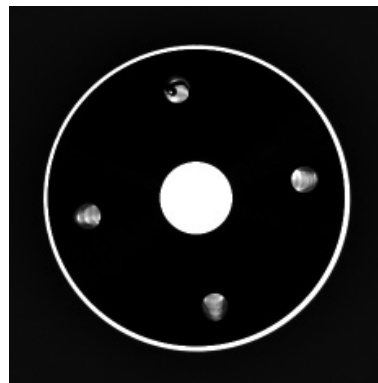
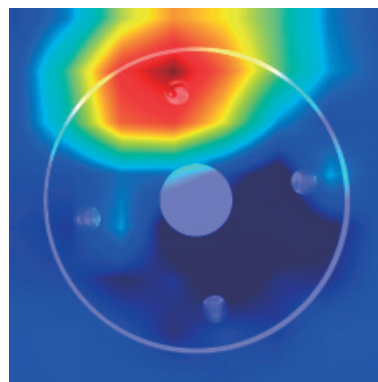


Image capture



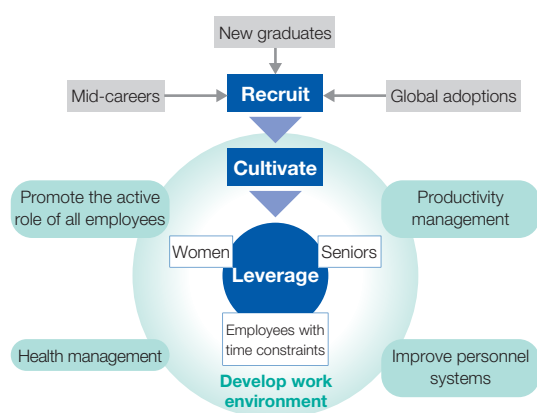
Display of reaction point

# Human Resources

We aim to achieve sustainable growth of the Group by creating a virtuous cycle of "recruiting," "cultivating," and "leveraging," with human resources as the source of management power

## Basic policy

The labor environment is changing due to such factors as advances in information technology, labor shortages due to the aging population and falling birth rates, and increasing diversity in forms of hiring and employment, and these changes are being accelerated by the COVID-19 pandemic. Amid these changes, the Seiko Holdings Group aims for sustainable growth over the three-year period of the 7th Mid-Term Management Plan through a virtuous cycle of "recruiting," "cultivating," and "leveraging" human resources by preparing an environment where personnel with diverse senses of value can work enthusiastically.



### Basic Strategy of 7th Mid-Term Management Plan

- Develop an environment where human resources can play an active role
- Recruit, cultivate, leverage and revitalize diverse human resources (diversity)
- Utilize and revitalize the Group's human resources

## Toward the further development and utilization of human resources

In order for a company to achieve sustainable growth, even when things are rapidly changing, we believe it is important to develop an environment where employees can work with greater job satisfaction.

In the 7th Mid-Term Management Plan, we have been working on initiatives to develop an environment where human resources can play an active role, such as improving productivity by expanding working from home and improving the treatment of seniors from a systemic perspective. As for our efforts to promote diversity, in addition to increasing the ratio of women in managerial positions, which we are continuing to promote, we are working to support the balancing of illness and medical treatment as part of our health management initiatives and have also been seeking to obtain the recognition under the Certified Health & Productivity Management Outstanding Organizations Recognition Program.

In terms of ongoing issues for the 8th Mid-Term Management Plan, we will focus on cultivating and revitalizing human resources and work to enhance the careers of our employees by providing not only internal and external training but also opportunities to experience a variety of jobs.

### Recruiting

We are further promoting diversity, with active initiatives to hire globally (hiring foreign nationals), with a focus on mid-career hires in addition to new graduates. We believe that gathering diverse people together will be our source of continuous innovation.

### Cultivating

Because we operate a wide range of businesses in the global market, we have a variety of employees in the Seiko Holdings Group of various nationalities, backgrounds, and job types. We strive to develop the capabilities of each employee through a range of education programs matched to the characteristics of each business and local region where we operate. We also work to develop leaders demanded by the era of the "new normal" and provide stratified training to improve skills, as well as training to develop global human resources and other types of education.

### Leveraging

In addition to developing human resources, the Seiko Holdings Group works to improve productivity and create an environment where diverse employees can feel job satisfaction and fully leverage their capabilities. We also strive to strengthen the Group's human capital as a whole and maximize the organization's capabilities by optimizing personnel assignments.

### Ratio of women in managerial positions



The 7th Mid-Term Management Plan sets a target ratio of 15% women in managerial positions for the Group as a whole and we had increased to 13.7% as of April 2021.

## Health management

From FY2019, the Seiko Holdings Group have added the perspective of health management to our initiatives for promoting the active role of all employees to send out “Declaration of Health Management” and have built the promotion system. The Employee Empowerment Committee, HR management at each company, and health insurance societies work together to promote initiatives for the health maintenance and improvement of the employees. In FY 2021, we streamed online health seminars during the COVID-19 pandemic, and many employees attended. In recognition of this initiative, Seiko Holdings Corporation and Seiko Watch Corporation have been recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large-Enterprise Category) for two consecutive years starting in 2020.



### Declaration of Health Management

Each and every one of our employees is the driving force that enables Seiko to continue its relentless pursuit of innovation. Without our people, Seiko would not be able to produce such strong emotions in our customers or such a high level of trust in society.

We consider our staff to be our single greatest asset, and we constantly strive to maintain and improve their health and well-being.

We will continue to aim for the sustainable growth of our Group by creating an environment in which all our employees can enjoy their work and enjoy being part of the Seiko community.

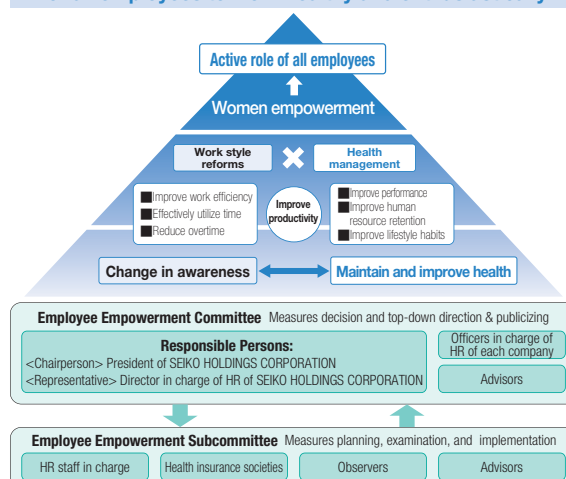
**Shuji Takahashi**

President

SEIKO HOLDINGS CORPORATION

### Promotion System

For all employees to work healthy and enthusiastically



### Thorough Implementation of COVID-19 Measures to Ensure Safety and Security

In February 2020, when COVID-19 began to spread, we set up a crisis task force, and when the government declared a state of emergency in April of the same year, we established an environment in which all employees could work from home. Furthermore, we have been implementing measures to prevent infections with a priority on ensuring the safety and security of our employees in response to government requests, such as limiting work attendance, staggered work shifts, and vaccinations of employees at workplaces.

We have set up a system to quickly obtain information on the status of infections and the impact on business at each Group company in Japan and overseas and are taking appropriate measures to create an environment where employees can work with peace of mind.

### Providing a Place for Employees to Learn Through Internal Webinars

Using an online conferencing system that has spread in response to the COVID-19 pandemic, the Group regularly holds internal webinars with outside lecturers. To date, we have implemented webinars on themes such as SDGs, design thinking, and ambidextrous management.

Webinars can provide learning opportunities for a larger number of employees compared to conventional training. By using these difficult times as an opportunity, we will continue to take on the challenge of various initiatives that will contribute to the sustainable growth of our employees.



Photo: Naoya Ochiai

# At a Glance

## Description of Business / Main Operating Company

### 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.



SEIKO WATCH CORPORATION

### 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.



Seiko Instruments Inc.



Seiko NPC Corporation

### Systems Solutions Business

We offer multi-faceted solutions that support the age of IoT, including digital contracts and ordering, payment solutions, IT system performance management, EDI, and contracted development and its support of hardware and software.

We respond to increasingly complex customer needs by providing one-stop optimal systems solutions ranging from consultations to building, operating and managing systems. Thereby we support transformation of customers' business models.



Seiko Solutions Inc.

### 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.



SEIKO Time Creation Inc.



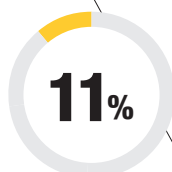
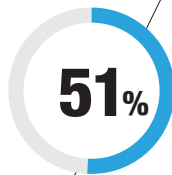
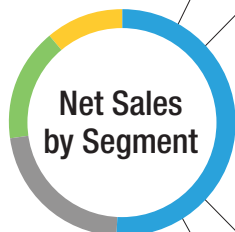
Wako Co., Ltd.

### Consolidated performance (fiscal year 2020)

Net Sales  
**202.6** billion yen

Operating Profit  
**2.1** billion yen

Operating Profit ratio  
**1.1** %



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

### Basic Policy

With everyone fully committed and focused, we will invest aggressively in scenarios for the future. Backed by the strength of the SEIKO brand, our precision technologies and ability to propose solutions will provide us with the sustained growth.

### Target Figures

	(Billions of yen)			
	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 MTP
Net Sales	247.2	239.1	202.6	285.0
Operating Profit	9.3	6.1	2.1	14.2

### Main Products and Services

#### Completed watches Watch movements

#### Basic 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

#### Target Figures

	(Billions of yen)			
	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 MTP
Net Sales	141.7	135.4	105.0	165.0
Operating Profit	10.3	10.1	5.6	14.5

### Main Products and Services

#### 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

#### Printing Devices

- Inkjet printheads
- Thermal printers

#### Others

- Integrated circuits for crystal oscillators
- Integrated circuits for sensors

#### Basic Policy

- (1) Further evolve Craftsmanship, Miniaturization and Efficiency technologies and shift key product portfolio to areas of strength and growth markets
- (2) Carry out investments and strengthen management in new growth areas

#### Target Figures

	(Billions of yen)			
	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 MTP
Net Sales	55.5	51.7	50.2	63.0
Operating Profit	1.4	0.6	1.3	3.0

### Main Products and Services

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

#### Basic Policy

- (1) Improve sustainable growth and reliability of business
- (2) Create business structure resilient to environmental changes and shift to high added value through diversification
- (3) Continuously transform practices and strengthen organizational structure

#### Target Figures

	(Billions of yen)			
	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 MTP
Net Sales	30.8	32.8	34.1	35.0
Operating Profit	2.4	3.0	3.5	3.0*

\* Operating profit achieved the 7th Mid-Term Management Plan ahead of schedule.

### Main Products and Services

#### Clocks

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

#### Time Systems

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

#### Wako

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

#### Basic Policy

Selection and concentration, and reinforcement of the foundation to contribute to the brand and further growth

#### Target Figures

	(Billions of yen)			
	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

\* 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 quartz), 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 Constant-force 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

## Products That Contribute to Solving Social Issues

Social  
Issues

1

### 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

The SEIKO logo is displayed in a large, bold, blue, sans-serif font. It is positioned on the left side of a photograph of Tetsu Kobayashi, the President of Seiko Instruments Inc. The background of the photo shows a modern building and some greenery.

## Tetsu Kobayashi

President  
Seiko Instruments Inc.

**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,”<sup>\*1</sup> 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<sup>\*2</sup>. 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.

<sup>\*1</sup> “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.

<sup>\*2</sup> 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.

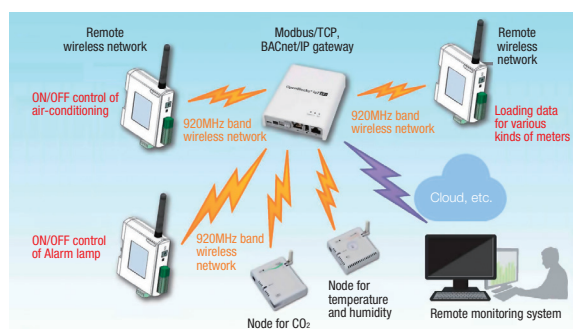


Image of system configuration using remote I/O node

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

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

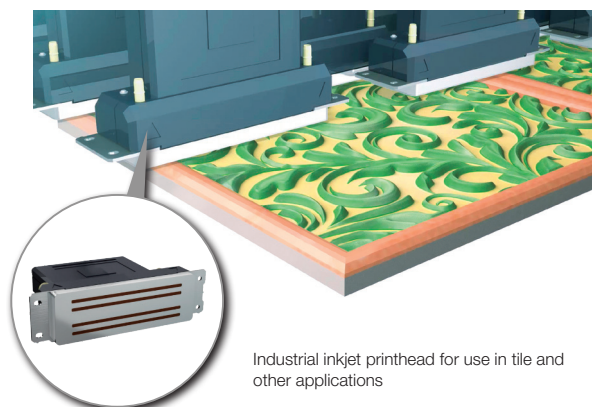
Our industrial inkjet printheads are mainly used for tile applications because of the main product features, high ejection power, and the ability to eject dense ink at high speed.

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 water-based 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.



Industrial inkjet printhead for use in tile and other applications

# Systems Solutions Business



We provide optimal ICT solutions that meet diverse needs and contribute to solving social issues.

**Jun Sekine**

President  
SEIKO Solutions Inc.

## 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 playing 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, AI-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 AI 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.

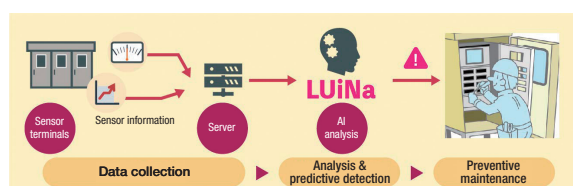
## Key Initiatives to Support Society

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.

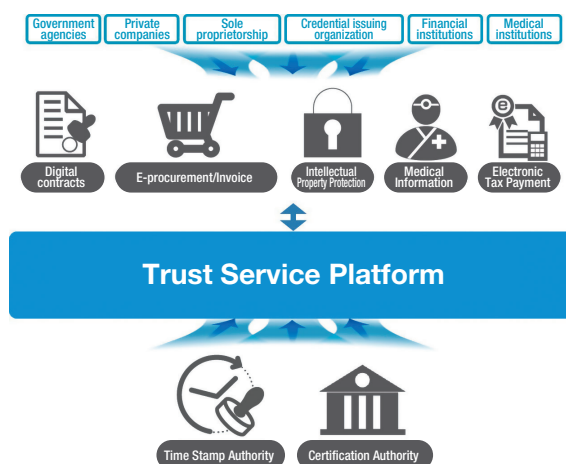
In order to solve these issues, the Group is currently working with the Tohoku Electrical Safety Inspection Association on the practical application of smart safety using AI and IoT. We are now conducting field evaluations of a system in which sensors that can detect four of the five senses except taste are installed in the facility, and the collected data is analyzed by AI 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

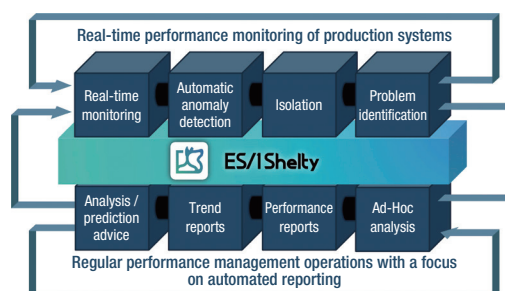
In order to realize a digital society that adapts to the global new normal, trust services such as electronic signatures, time stamps, and e-seals are anticipated to become widespread in government agencies and private companies so as to eliminate the need for signatures and facilitate remote work and non-face-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.



### Products That Contribute to Solving Social Issues

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 Shely, a next-generation 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



Under the new organization, we will continue to meet a variety of challenges by providing a wide array of time solutions

**Kenji Hagiwara**

President  
SEIKO Time Creation Inc.

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 know-how 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.

We provide the best products and services by leveraging more than 70 years of legacy know-how with today's most advanced technology.

**Shuntaro Ishii**

President  
WAKO Co., Ltd.

### 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.



Photo / MASATO MITSUNARI

# Corporate Governance

List of Directors & Officers (current as of November 2021)

## SEIKO HOLDINGS CORPORATION

Chairman  
& Group CEO & Group CCO

**Shinji Hattori**

Executive Director  
Corporate Branding and ESG - SDGs  
Promoting

**Kiyoko Niwasaki**

Director  
IT Planning and DX Business Promotion

**Jun Sekine**

Corporate Auditor

**Takashi Nishimoto**

Vice Chairman

**Yoshinobu Nakamura**

Director  
Human Resources and Legal & Intellectual  
Property

**Kazuhiko Sakamoto**

Outside Director

**Tsuyoshi Nagano**

Outside Corporate Auditor

**Tomoyasu Asano**

President

**Shuji Takahashi**

Director  
Secretaries, General Affairs and Strategy Planning  
Deputy Chief of Group R&D Headquarters

**Makoto Ichimura**

Outside Director

**Yasuko Teraura**

Outside Corporate Auditor

**Hideki Amano**

Executive Director  
Corporate Planning and Finance &  
Accounting

**Shimesu Takizawa**

Director  
Group R&D  
Chief of Headquarters

**Tetsu Kobayashi**

Corporate Auditor

**Haruhiko Takagi**

Outside Corporate Auditor

**Masatoshi Yano**

## SEIKO WATCH CORPORATION

Director, Chairman of the Board

**Shinji Hattori**

Director, Senior Executive Vice President  
Planning & Development Division

**Hiroshi Nakahara**

Director, Senior Vice President  
Product Development Dept.  
SDGs Planning Office  
Planning & Development Division

**Akira Takakura**

Corporate Auditor

**Atsushi Kaneko**

Senior Vice President  
Design Center Dept.  
Planning & Development Division

**Kiyomi Tanemura**

President

**Akio Naito**

Director, Executive Vice President  
Planning Sales Dept.  
Marketing Division I

**Hiroshi Kanagawa**

Director

**Shuji Takahashi**

Corporate Auditor

**Haruhiko Takagi**

Senior Vice President  
Movement Design & Engineering Dept.  
Planning & Development Division

**Katsuyoshi Takizawa**

Representative Director, Deputy Chief Operating  
Officer  
Marketing Division I

**Minoru Ishiguro**

Director, Executive Vice President  
Marketing Division II

**Yoshikatsu Kawada**

Director

**Hideo Hattori**

Senior Vice President  
Marketing Division I

**Yasunori Hagiwara**

Senior Vice President  
Merchandise Planning Dept. I  
Planning & Development Division

**Shuichiro Seki**

Director, Senior Executive Vice President  
Business Reform Office  
Corporate Strategy & Planning Division

**Taku Yoneyama**

Director, Senior Vice President  
Marketing Dept. (Americas)  
Marketing Division II

**Teruyo Ishimaru**

Director

**Kiyoko Niwasaki**

Senior Vice President  
Corporate Management Dept.  
Corporate Strategy & Planning Division

**Naoaki Tanimura**

## Seiko Instruments Inc.

President

**Tetsu Kobayashi**

Director

**Hideo Hattori**

Outside Corporate Auditor

**Norimasa Kuroda**

Senior Vice President  
General Manager, Printek Division

**Yoshihiro Takeda**

Director, Chief Executive Vice President  
General Manager, Corporate Strategy Division  
General Manager, Human Resources  
& General Administration Division  
General Manager, Electronic  
Components Business Headquarters  
Musical Instruments Dept.

**Akihiro Okuma**

Director

**Shuji Takahashi**

Corporate Auditor

**Takashi Nishimoto**

Senior Vice President  
General Manager, Micro-Energy  
Division

**Koji Tomitsuka**

Director, Senior Executive Vice  
President  
General Manager, Precision Device  
Business Headquarters

**Takahiro Naito**

Director

**Kazuhiko Sakamoto**

Executive Vice President  
General Manager, Finance Division

**Takumi Yoshitomi**

Senior Vice President  
General Manager, Quartz Crystal Division  
General Manager, Electronic  
Components Sales Head Office

**Kazuhisa Onishi**

Director, Executive Vice President

**Shimesu Takizawa**

Corporate Auditor

**Makoto Hirota**

Senior Vice President  
Precision Instrument Dept.

**Yasuto Nakamura**

Director, Senior Vice President  
General Manager, Printing Device  
Business Headquarters

**Kenji Otsuka**

Corporate Auditor

**Shinji Nureki**

Senior Vice President  
General Manager, Printing Device  
Business Management Office

**Tatsuo Sagami**



## SEIKO NPC CORPORATION

President <b>Yoichi Endo</b>	Director, Senior Vice President Production Department and Administration Division <b>Kimio Yomogida</b>	Director <b>Akihiro Okuma</b>	Director <b>Shimesu Takizawa</b>	Director <b>Kunio Nakajima</b>
Corporate Auditor <b>Haruhiko Takagi</b>	Senior Vice President Administration Department <b>Hideaki Tadokoro</b>	Senior Vice President Sales & Design Solution Division <b>Toshimitsu Ogasawara</b>	Senior Vice President Production Department <b>Norio Suzuki</b>	

## SEIKO Solutions Inc.

President <b>Jun Sekine</b>	Director, Chief Executive Vice President, CTO <b>Tatsumi Hasegawa</b>	Director, Senior Executive Vice President Senior Executive Manager, Retail Services Digital, Unit <b>Yoshio Kobayashi</b>	Director, Executive Vice President CFO <b>Yoshiyuki Hashimoto</b>	Director, Executive Vice President <b>Makoto Ichimura</b>
Director <b>Shuji Takahashi</b>	Director <b>Akihiro Okuma</b>	Corporate Auditor <b>Seiichi Mikami</b>	Corporate Auditor <b>Haruhiko Takagi</b>	Corporate Auditor <b>Tsutomu Konomura</b>
Executive Vice President Senior Executive Manager, Data Service Business Unit <b>Hiroyuki Watanabe</b>	Executive Vice President Quality Assurance Dept. <b>Hiroaki Onishi</b>	Executive Vice President Senior Executive Manager, Mobile Solutions Business Unit <b>Toshimasa Ike</b>	Executive Vice President Senior Executive Manager, Innovation Unit V <b>Junichi Fujii</b>	Executive Vice President Senior Executive Manager, Strategic Business Unit I <b>Takeshi Ichikawa</b>
Senior Vice President Senior Executive Manager, Digital Transformation Business Unit, System Solution Business Unit <b>Nobuchika Matsuoka</b>	Senior Vice President Senior Executive Manager, Strategic Business Unit II, Strategic Network Unit <b>Hirohumi Sakamoto</b>	Senior Vice President <b>Tomoyuki Nakayama</b>		

## SEIKO Time Creation Inc.

President <b>Kenji Hagiwara</b>	Director, Executive Vice President Clock Business Headquarters <b>Ryoza Suenaga</b>	Director, Executive Vice President Clock Business Headquarters and Domestic Marketing Division <b>Akira Banno</b>	Director, Senior Vice President General Administration Division and DX Planning Office and General Affairs/Personnel Dept. <b>Satoshi Morita</b>	Director, Senior Vice President Clock Business Headquarters and Planning and Product Division and International Marketing Division <b>Susumu Kawanishi</b>
Director, Senior Vice President Clock Business Headquarters and Research & Technology Division <b>Osamu Sugita</b>	Director, Senior Vice President Time System & FA Business Headquarters and Production Engineering Management Division <b>Mitsunaga Yata</b>	Director <b>Shuji Takahashi</b>	Director <b>Kiyoko Niwasaki</b>	Director <b>Kazuhiko Sakamoto</b>
Director <b>Satoshi Yoshino</b>	Director <b>Naoki Tajima</b>	Corporate Auditor <b>Kazuo Yamamura</b>	Corporate Auditor <b>Takashi Nishimoto</b>	Corporate Auditor <b>Hideo Hattori</b>
Senior Vice President Clock Business Headquarters <b>Hironori Yamada</b>	Senior Vice President Sports Timing & PR Office and SDGs Promoting <b>Kenichi Muroya</b>	Senior Vice President Time System & FA Business Headquarters and Marketing Division <b>Hisaya Mito</b>		

## WAKO Co., Ltd.

Chairman <b>Shinji Hattori</b>	President <b>Shuntaro Ishii</b>	Director, Senior Executive Vice President <b>Kazuhiko Sakamoto</b>	Director, Executive Vice President <b>Kiyoko Niwasaki</b>	Director, Senior Vice President <b>Takeshi Endo</b>
Director, Senior Vice President <b>Toru Tsuchiya</b>	Director <b>Shuji Takahashi</b>	Director <b>Takashi Aizawa</b>	Director <b>Makoto Ichimura</b>	Corporate Auditor <b>Haruhiko Takagi</b>
Senior Vice President <b>Toshihiro Machida</b>	Senior Vice President <b>Mitsuo Shibuya</b>	Senior Vice President <b>Akiko Seno</b>	Senior Vice President <b>Takayuki Arai</b>	

## Basic Principle of Corporate Governance

Based on the principle "being a company that is trusted by society", Seiko Holdings Corporation considers "compliance with relevant laws and regulations", "implementation of management transparency and fairness", and "honoring social ethics" as core business goals. In order to achieve these goals, the Company will strengthen and promote its corporate governance framework and strive to achieve the Group's sustainable growth and increase corporate value.

## Basic Policy

### (1) Securing the Rights and Equal Treatment of Shareholders

The Company strives to develop a necessary environment that effectively ensures the rights of shareholders including voting rights at the general meeting of shareholders, and provides them with the necessary information accurately so that they can exercise their rights appropriately. The Company also committed to securing equality among shareholders, such as minority shareholders and foreign shareholders.

### (2) Appropriate Cooperation with Stakeholders other than Shareholders

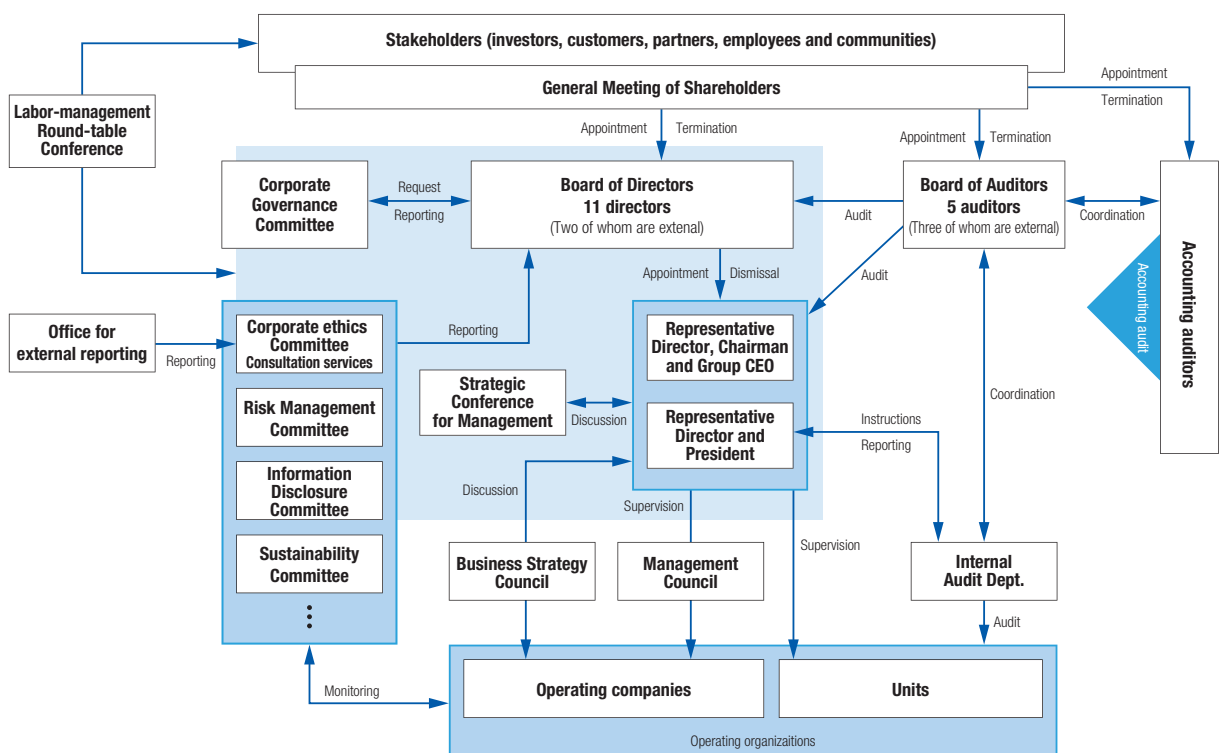
The Company recognize that its social responsibility is to contribute to the realization of a sustainable society through implementation of the Group's basic principle "being a company that is trusted by society". Under such recognition, the Company strives to cooperate appropriately with its various stakeholders, including its shareholders, customers, business partners, members of local communities and employees.

### (3) Ensuring Appropriate Information Disclosure and Transparency

In order to obtain appropriate evaluation from its various stakeholders including its shareholders, and to engage in a constructive dialogue with shareholders, the Company strives not only to disclose appropriate information in compliance with relevant laws and regulations, but also to disclose other information in a timely and appropriate manner so that such information would be clear and useful for the people who use it.

### (4) Responsibilities of the Board of Directors

The Board of Directors will engage in free and constructive discussions and exchanges of opinions, and will appropriately fulfill its roles and responsibilities for the sustainable growth



of company and the enhancement of corporate value over the medium to long-term, including making decisions on important management matters such as business strategies, establishing an environment that supports swift and decisive decision-making by the senior management, and enhancing management supervision.

### (5) Dialogue with Shareholders

The Company will promote constructive dialogue with its shareholders to contribute sustainable growth and enhancement of corporate value over the medium to long-term based on "Basic Policy on Constructive Dialogue with Shareholders".

## Corporate Governance Structure

As the holding company, the Company clarifies the management responsibilities in each business and develops an organizational structure for accelerating management decision-making, enhancing the function of business execution and strengthening the management oversight function.

The Board of Directors continually ascertains the circumstances of the operating companies and receives explanations when necessary, as well as carries out quick and appropriate decision-making. The Company holds a Management Council and a Business Strategy Council, comprising full-time officers of the Company and the respective Presidents of operating companies, for the purpose of working to share the management policy and management information of the Group and discussing medium- to long-term business strategies. The Company also holds a Strategic Conference for Management comprising full-time officers of the Company for the purpose of deliberating basic matters of business execution and promoting management activities appropriately and promptly.

Furthermore, the Company has established the Corporate Governance Committee as an advisory committee for the Board of Directors.

## Board of Directors

The Board of Directors is composed of eleven (11) Directors (including two (2) female directors), of whom two are Outside Directors. The Board of Directors, pursuant to the Regulations of the Board of Directors, is engaged in decision-making concerning fundamental management matters and important business execution, in addition to matters set forth in laws and regulations and the Articles of Incorporation, as well as the monitoring of business execution. Decisions regarding business execution other than the above have been delegated to the management pursuant to the Regulations of Administrative Authority.

There are two (2) Outside Directors who have broad experience and considerable insight in business management and in respective fields of specialization. With their independent positions, they contribute to improvement of monitoring functions of the management.

## Evaluation of the Effectiveness of the Board of Directors

As part of efforts to strengthen the corporate governance system, the Company evaluates the effectiveness of the Board of Directors each year.

### Analysis and evaluation methods

All Directors and Corporate Auditors were asked to fill out a questionnaire regarding the effectiveness of the Board of Directors, and replies were collected from all of them. External consultants tabulated and analyzed the results by ensuring the anonymity of the respondents.

The questionnaire was prepared based on initiatives and discussions on the Company's corporate governance to date, and the following evaluation items were set.

<Evaluation Items>

- 1) The status of deliberations and operation of the Board of Directors
- 2) The composition and roles of the Board of Directors
- 3) The support system for Outside Directors
- 4) The Corporate Governance Committee
- 5) Relationships with investors and shareholders

The results of the analysis by external consultants based on the above process and content were reported to the Board of Directors, which, in turn, performed an analysis of board effectiveness and evaluation of it by referring to these results.

## Board of Auditors

The Board of Auditors is composed of two (2) Corporate Auditors and three (3) Outside Corporate Auditors. Its role is to make decisions and discussion on important matters relating to the audit. Corporate Auditors audit the compliance and validity of the Directors' business execution by participating in the Board of Directors meetings and other important meetings. Outside Corporate Auditors offer necessary advice, suggestions and opinions, making use of their broad experience and insight in business management and in respective fields of specialization.

## Corporate Governance Committee

In order to enhance the objectivity and transparency of management, the Company establishes the Corporate Governance Committee where outside officers account for the majority of members, as an advisory committee for the Board of Directors. The Committee deliberates on matters relating to compensation for officers, nomination of officer candidates, appointment and dismissal of Representative Directors, Directors with special titles, and Directors who execute business duties, and other matters regarding corporate governance from an objective and fair perspective, and reports to the Board of Directors. The members and the chairperson of the Corporate Governance Committee are as follows:

Chairperson	President	Shuji Takahashi
Members	Chairman & Group CEO	Shinji Hattori
	Outside Director	Tsuyoshi Nagano
	Outside Director	Yasuko Teraura
	Outside Corporate Auditor	Tomoyasu Asano
	Outside Corporate Auditor	Hideki Amano
	Outside Corporate Auditor	Masatoshi Yano

## Compensation of Officers

### 1. Basic policy of the compensation of officers

For determining compensation for officers of the Company, the basic policy is as follows:

- To ensure transparency and objectivity of compensation as well as to set the compensation level appropriate for their roles and responsibilities.
- To encourage the execution of duties in line with the management philosophy and the management strategy, and to motivate the achievement of management objectives, in order to achieve sustainable growth of the Company and the Group and to enhance corporate value in the mid to long term.

The level of compensation for officers is determined based on results of the survey on compensation for officers by third parties targeting similar companies in terms of business contents and scale, etc.

### 2. Compensation system for officers

Compensation for Directors who execute business duties consists of “basic compensation,” which is a fixed compensation, and “bonuses” (short-term incentive compensation) and “stock compensation” (mid- to long-term compensation), which are performance-linked compensation. Compensation for Directors who do not execute business duties, including Outside Directors,

and Corporate Auditors consists of “basic compensation only.” The ratio of payment of the fixed compensation to the performance-linked compensation is determined at an appropriate level to serve as an incentive to contribute to improving the corporate value of the Company, taking into account the levels of the above peer companies. The ratio of payment of each type of compensation is as follows: (When the payment rate based on the performance achievement ratio and qualitative evaluation is 100%)

	Fixed compensation	Performance-linked compensation	
	Basic compensation	Bonus	Stock-type compensation
Representative Directors	1.0	0.2	0.2
Directors who execute business duties other than Representative Directors	1.0	0.15	0.15

### 3. Calculation method for performance-linked compensation (Bonuses)

The standard payment amount of bonuses is the amount determined by multiplying the basic compensation by the coefficient set by position. The individual payment amount is determined by multiplying the standard payment amount by the payment rates according to the performance achievement ratio. Bonuses vary from 0% to 200% according to the target achievement level.

#### (Stock compensation)

For stock compensation, points that the individual payment amount converted into the number of shares are granted in each fiscal year. The individual payment amount is a total of the standard payment amount (fixed portion), calculated by multiplying the basic compensation by the coefficient set by position, and the amount (performance linked portion), obtained by multiplying the standard payment amount by the payment rate according to the performance achievement ratio. The performance-linked portion of stock compensation varies from 0% to 200% according to the target achievement level. The ratios of the fixed portion and performance-linked portion are 50% each.

Indicators for performance-linked compensation are consolidated net sales and consolidated operating profit, which are set as important management indicators for the company’s performance evaluation to serve as an incentive for achieving the Group’s management targets.

The above remuneration for directors is determined by the Board of Directors after being deliberated on by the Corporate Governance Committee, a majority of the members of which are outside officers.

## Appointment and Dismissal of Senior Management and Nomination of Candidates for Directors and Corporate Auditors

The Company believes that it is essential that candidates for Directors and Corporate Auditors have the character and knowledge suitable for their respective duties.

Based on this concept, in the nomination of candidates for internal Directors and the selection of senior management, comprehensive consideration is given from the standpoint of appointing the right person for the right position, so that talent is appointed in a well-balanced manner to cover functions of the Company as a holding company as well as the Group's business fields, while ensuring accurate and timely decision-making. In the nomination of candidates for internal Corporate Auditors, comprehensive consideration is given from the standpoint of whether the candidate possesses knowledge of the Group's businesses as well as insight regarding finance, accounting and legal affairs, and whether the candidate can contribute to ensuring the soundness of management.

In the nomination of candidates for Outside Directors, comprehensive consideration is given from the standpoint of whether the candidate possesses abundant experience and high degree of knowledge of corporate management and specific fields. In the nomination of candidates for Outside Corporate Auditors, comprehensive consideration is given from the standpoint of whether the candidate possesses insight regarding finance, accounting and legal affairs, as well as abundant experience and high degree of knowledge of specific fields.

Based on the above policy, the Board of Directors determines the candidates proposed by the representative directors, upon deliberation by the Corporate Governance Committee, the majority of which comprises outside officers. In addition, with regard to the dismissal of senior management, in situations in which dismissal standards determined by the Board of Directors apply, such as when senior management is not fully fulfilling his or her function in light of evaluations including the Company's performance, the Corporate Governance Committee conducts deliberations in a timely manner, and the Board of Directors, based on the results of such deliberations, dismisses the Directors from the office of representative directors, Directors with special titles and Directors who execute business duties.

## Cross-Shareholdings

From the perspective of improving the corporate value of the Group in the mid- to long-term, the Company has a policy to reduce shares that are deemed not to have a significance of

holding them, taking comprehensively into consideration the Company's management strategy, business relationships with clients, and the benefits and risks, etc., associated with holding in view of its capital cost.

### Disclosure of the verification of the propriety of cross-shareholdings

The Company's Board of Directors verifies each year the rationale for the holding of all listed shares held in cross-shareholding by the Group through examination of the importance of the issuer as a business partner and benefits and risks of shareholding in light of capital costs and other factors.

Most recently, an individual verification was conducted at the meeting of the Board of Directors held in August 2021.

With regard to certain shares, which were determined to be lacking in significance or rationale for continued holding, the Company proceeds with discussions toward their disposal. Based on the above policy on cross-shareholdings, the Company sold one stocks among the shares held by its subsidiaries in the fiscal year ended March 31, 2021.

### Standards for exercising voting rights on cross-shareholdings

With regard to the exercise of voting rights on cross-shareholdings, the Company exercises its voting rights, upon fully respecting management policies and strategies, etc. of the issuing company, by comprehensively determining on whether the proposal contributes to the sustained growth and the mid- to long-term enhancement of corporate value of the issuing company, and whether or not it undermines shareholder value, among other factors.

In addition, in making such decisions for particularly important proposals, the Company holds dialogue with the issuing company, as necessary. The proposals deemed important by the Company are as follows.

- Proposals on appointment of Directors and Corporate Auditors
- Proposals of reorganization including mergers
- Proposals on takeover defense measures
- In addition to the above, proposals that may undermine shareholder value

## Internal Control System

The Company, in accordance with its basic policy on the internal control system, has established a Group-wide internal control system, including the Group's business management, corporate ethics, compliance with laws and regulations, risk management and internal audits.

Furthermore, the Company monitors the operation status of internal controls and periodically reports the results to the Board of Directors.

# Corporate Ethics / Compliance

**Seiko Holdings Corporation fulfills its corporate social responsibility by complying with statutes, respecting social ethics, and setting up healthy and sensible corporate ethics. Based on this approach, Seiko Holdings Corporation has established the following as its Basic Principles of Corporate Ethics.**

## Basic Principles of Corporate Ethics

- Complying with the laws and rules of the countries and regions where business is conducted and engaging in fair practices in the light of social ethics.
- Aiming to become a sensible corporate citizen, and striving for harmony with society.
- Disclosing information in a timely fashion, and engaging in honest and transparent communications.
- Protecting the irreplaceable earth and contributing to the preservation of the environment.
- Respecting fundamental human rights and individuality, and building up a corporate culture with a broad vision which fosters the spirit of corporate ethics.

## Structure for the Promotion of Corporate Ethics and Compliance

In accordance with the Basic Principles of Corporate Ethics, the Company has established the Corporate Ethics Committee and Action Guidelines for Corporate Ethics, and consistently promotes education and enlightenment, consultation and reporting, auditing, and evaluation, etc. to all its officers and employees. Each operating company of the Group has established its own system of corporate ethics and action guidelines in accordance with characteristics of its business, relevant laws, regulations, and rules. Accordingly, when an incident involving corporate ethics occurs at an operating company, the operating company is responsible for resolving the issue. When requested by an operating company, the Company provides full cooperation and support toward resolving issues involving corporate ethics.

## Implementing Corporate Ethics and Compliance Structure

The Company regards maintaining and implementing Corporate ethics and compliance structure as a crucial management issue and therefore implements business ethics training for all executives and employees.

In FY2020, as a Group-wide initiative we held corporate ethics training for Officers on the topic of antitrust law risks and for employees on the topics of harassment and countermeasures against risks of social media.

One of the Group's major medium-term risks is brand impairment. Since noncompliance with laws and regulations is highly likely to expose the Group to the risks of impairing brand image, the entire Group is committed to education, awareness raising, and other activities aimed at strengthening compliance.

## Internal Reporting System

The Company has established a "Corporate Ethics Helpline" as a contact point to receive consultations and reporting from employees regarding corporate ethics and compliance. In addition to the internal contact point, the Company has set up an external contact point at a law firm and provides an environment that facilitates consultation and reporting for the user. Under this system, rules have been established to protect the user from any disadvantageous treatment on account of the consultation or reporting, and information that may identify the user and information relating to the consultation and reporting are strictly managed.

## Seiko Holdings Procurement Activity Policy

The Group has established the Seiko Holdings Procurement Activity Policy, which sets out our procurement policy.

In our Procurement Activity Policy, we declare that together with our business partners we aim to build a relationship of mutual trust over the long term and to continue to exist and prosper together by helping each other. In addition, through the implementation of the Group's corporate philosophy of being "A Company that is Trusted by Society," we will contribute to the realization of a sustainable society and fulfill the social responsibilities of the Group. While these policies are common to ESG and SDGs, in order to solve social issues, there is a limit to the actions that can be taken by only the Company itself, so it is essential to work with the entire supply chain, including business partners. To this end, we have prepared a booklet, "Seiko Holdings Procurement Activity Policy and Sustainable Development". We explain the Group's Procurement Activity Policy to our business partners, and after gaining their understanding, we ask them to cooperate in the Group's procurement activities. While all of the policies listed in the procurement policy are important, the booklet specifically addresses the following subjects and describes their basic contents: compliance with laws and regulations (subcontract laws, foreign exchange laws, commercial codes, antitrust laws, and personal information protection laws), respect for human rights (prohibition of child labor and responsible mineral procurement, including conflict minerals issues), global environmental conservation, BCP measures, and prohibition of bribery.



# Risk Management

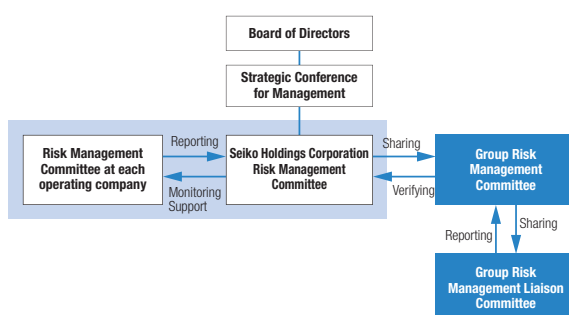
## Group Risk Management Structure

In order to perform centralized management of risks that could greatly influence the Group's business, Seiko Holdings Corporation is engaged in the development and strengthening of the risk management structure for the entire Group as well as responses to risks that must be addressed in a cross-organizational manner, led by the Risk Management Committee, with the president of the Company as chairperson. In addition, each operating company independently promotes risk management, while the Company's Risk Management Committee supports the risk management at each company through collecting risk information and managing the status of responses to the risks. Furthermore, for the aim of smooth promotion of the group risk management in close cooperation and coordination among the Group, the Group Risk Management Committee, made up of the presidents of each operating company, has been established to verify and share information on the risks facing the Group. The Company has also established the Crisis Management Manual in preparation for when crises occur, and in normal times, has set out a system capable of responding to crises, such as prompt collection of the necessary information.

## Initiatives to Improve Risk Management

The Risk Management Committee is working on various initiatives to improve risk management. In FY 2021, we conducted a questionnaire survey of Group employees in Japan and overseas to ensure the comprehensiveness of risk information. Going forward, we will continue our efforts to improve risk management to maintain sustainable business activities.

### Group Risk Management Structure



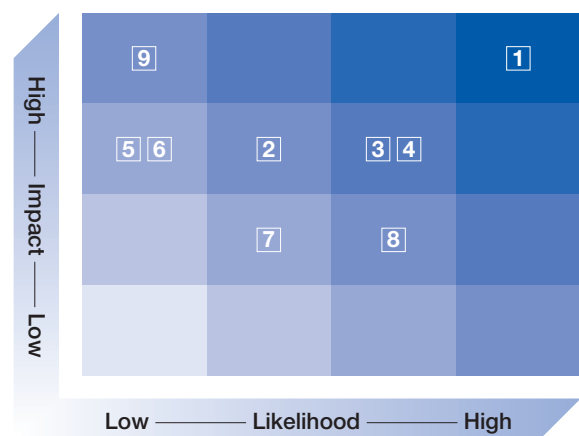
## Initiatives to Address Significant Risks

The Group defines risks that could cause tremendous loss to the management of each Group company as Significant Risks. The Risk Management Committee of each Group company selects the Significant Risks each fiscal year and addresses them led by the departments responsible for the risks. In addition, Significant Risks that must be addressed in a cross-organizational manner are defined as Group Significant Risks, and the Company takes a central role in responding to such risks. The Company's Risk Management Committee and the Group Risk Management Committee monitor and share information on responses to Significant Risks and Group Significant Risks. The Group Risk Management Liaison Committee comprising risk management personnel from each Group company supports the promotion of measures against the Significant Risks of each company through inter-Group collaboration and cooperation.

### <Group Significant Risks in FY2021>

- 1 Health hazards and the business impact of COVID-19
- 2 Legal violations and quality issues in the supply chain
- 3 Information leaks due to cyber-attacks, etc.
- 4 Business suspensions due to computer system failures, etc.
- 5 Compliance risks
- 6 Inappropriate approaches to decarbonization
- 7 Country risks such as trade friction between the United States and China
- 8 Difficulties in procuring parts and materials
- 9 Reliance on specific suppliers

### Risk map of Group Significant Risks





## Business Risks

Risks that may seriously affect the operating results and/or financial position of the Group are outlined below. The Group considers brand-impairment risks and risks that affect the safety and health of employees and others to be critical risks. Both are medium-term risks, apart from the risks that have a significant impact on the business results in short term.

### (1) Economic trends

The Group handles certain products directly related to personal consumption, such as watches, clocks, electronic components for digital products and automobiles, high-end jewelry, apparel and fashion accessories, and household goods, etc. Consequently, consolidated business results are strongly affected by trends in domestic and overseas economies, especially trends in personal consumption. In particular, watches and clocks are being sold in at least 130 countries and regions around the world. They are constantly exposed to potential impacts of whatever nature, while the risks are well distributed. In addition, the novel coronavirus has spread worldwide since its emergence in the fourth quarter of FY2020. If the current situation continues going forward, it is likely to have a severe impact on economic and personal-consumption trends in Japan and overseas, affecting the Group's business operations, financial position, and business results.

### (2) High dependence on procurement from specific supplier → 9

Due to the high dependence on procurement from specific watch supplier, business results of the Watches Business may be significantly affected by changes in terms of transactions with this supplier. In addition, the novel coronavirus has spread worldwide since its emergence in the fourth quarter of FY2020. If the current situation continues going forward, business activities are expected to be suspended at some of the suppliers and others of the Watches Business and the Electronic Devices Business, affecting the Group's business operations, financial position, and business results.

### (3) Market environment of the Electronic Devices Business

Business results of the Electronic Devices Business are affected by demand trends of electronic devices, etc., in Japan and overseas. In this business field, the speed of development of new technologies and their mass production is high, and the price competition is also intense. Therefore, the possibility that delays in response to changes in these market environments may have a significant impact on business results is getting stronger. The Group will be engaged in business activities "one step ahead of the times," while being focused on research and development activities under the technological philosophy of "Craftsmanship, Miniaturization and Efficiency."

### (4) Country risks on manufacturing bases overseas → 7

The Watches business, the Electronic Devices Business and the Clocks Business have manufacturing bases in Singapore, Malaysia, Thailand and China. Changes in social situations due to politics and economics, etc., in these areas may have a significant impact on manufacturing activities of these businesses. However, respective production lines are in operation largely in multiple regions including Japan, in an effort to mitigate the impact associated with various risks. In addition, the novel coronavirus has spread worldwide since its emergence in the fourth quarter of FY2020. If the current situation continues going forward, it is likely to have a severe impact on the Group's business operations, financial position, and business results.

### (5) Dependence on sales to major customers

For some of the Electronic Devices Business, the dependence on sales to major customers tends to be high, and a decrease in the volume of orders from these customers may have an impact on business results of this business. To avoid excessive dependence on one major customer, we are striving to expand the Electronic Business itself as a whole.

### (6) Shortage and increase in price of resources → 8

If resources such as crude oil and other raw materials are scarce or their prices surge due to changes in the supply and demand environment, manufacturing activities may be affected, or manufacturing costs may rise that causes an impact on business results. Inventory levels of certain materials are set higher, as necessary, in order to avoid the impact of short-term fluctuations, in consideration of market prices.

### (7) Quality issues and production liability

Products manufactured and sold by the Group do not cause any accidents that have effects on human bodies under normal use. However, due to changes in the social environment, such as stricter legal regulations on product accidents, or changes in the business environments, there may be an increase in costs related to quality issues and product liability, such as product recalls and compensation liability. Since quality issues concerning our products are likely to involve risks of impairing brand image, they are regarded as one of the Group's most critical risks. We are committed to broad-based initiatives to prevent the occurrence of quality issues at all manufacturing bases, etc.

### (8) Intellectual property rights

The Group has taken measures, such as obtaining patent rights and protecting confidential information, in order to protect important proprietary development technologies. However, there is a possibility that adequate protection may not be implemented depending on the region. Furthermore, even though such measures are taken, there is a possibility that the superiority of the Group's products may be impaired, if the Group cannot effectively eliminate third parties' products similar to its products. In addition, the Group has taken measures, such as patent investigation to prevent infringement of intellectual property rights of other companies in developing new products. However, there is no reasonable way to eliminate every single possibility of infringements. In the case where the Group infringes intellectual property rights of other companies, there is a possibility that business results may be affected by a claim for an injunction or a claim for damages. As infringement of intellectual property rights is likely to impair our brand image regardless of whether we are the offending party or the offended party, investigations and other activities for the prevention of infringement in both directions are being carried out from broadened perspectives.

### (9) Currency exchange rate fluctuations

Within the Group, the Watches Business and the Electronic Devices Business mainly engage in business development for overseas markets. Some of those are engaged in business development for overseas markets from domestic manufacturing bases, and fluctuations in exchange rates may affect product prices, etc. In addition, for the Systems Solutions Business and the Clocks Business that mainly engage in business development for domestic markets, foreign exchange fluctuations may affect procurement costs for parts that are procured from overseas manufacturing bases in foreign currencies. Furthermore, all items denominated in local currencies, such as profits or losses and assets, for overseas subsidiaries are translated into Japanese yen for preparation of consolidated financial statements. Therefore, the Japanese yen-translated value of local currencies may be affected by the exchange rate at the time of conversion. In particular, fluctuations of Japanese yen against U.S. dollars and euro, etc. may affect business results and the financial position of the Group, including foreign currency translation adjustment under net assets of overseas subsidiaries.

### (10) Interest rate fluctuations

Currently, the relationship between the Group and financial institutions is favorable, and the Group can procure funds necessary for business development including overseas without any problems. However, there is no guarantee that it will be possible to continue to procure funds sufficiently in the future. In addition, as the interest rate level in the market tends to be low, over 70% of interest rates of the existing long-term borrowings has already been fixed. Although there is no significant risk of interest rate fluctuations, interest rate trends for future procurement may affect business results of the Group.

### (11) Market price fluctuations

The Group holds investment securities for business reasons. The Group also owns idle real estate, including part of the former factory sites. In the case where the market price of such investment securities and real estate fluctuate significantly, the Group's business results and financial position may be affected.

### (12) Environmental issues → 6

The Watches Business, the Electronic Devices Business and the Clocks Business engage in business activities in accordance with various environmental laws and regulations that climate change measures, resource preservation, air and water pollution, use of chemical substances, waste disposal, recycling, chemical substances contained in products and soil and groundwater pollution, etc. These businesses regard environmental conservation activities as one of the management tasks and promote various activities, including complying with laws and regulations as well as setting stricter voluntary goals. However, there are possibilities of bearing compensation for damages and expenses for taking response measures, due to an increase in expenses for responding to enforced regulations or occurrence of environmental problems, and a loss of competitiveness due to delays in addressing the growing social expectations for these issues in the future.

### (13) Information securities → 3 4

The Group prevents information leaks through measures such as establishment of internal regulations and employee education concerning protection and management of personal information and confidential information obtained in business operations. However, it cannot be guaranteed that there is no possibility of information leaks due to unforeseen circumstances. In the event of such situation, there is a possibility this will affect business results of the Group due to a decline of the Group's social credibility and a substantial cost burden to respond to such situation. Unexpected leakage of information is a critical risk involving a greater risk of impairing brand image. Thus, we are carrying out thorough prevention measures.

### (14) Natural disasters → 1

In the case where the Group's domestic and overseas manufacturing bases and facilities, or local economies in general in Japan and overseas, suffer damage or are regulated, due to natural disasters such as earthquakes or typhoons or epidemics such as viral infections, there is a possibility this would affect business results due to manufacturing disruption, stagnation of sales, logistics, procurement functions, etc. The Group has formulated action plans that ensure the safety of those who are engaged in the business operations of the Company as the first priority in the event of natural disasters or epidemics. In addition, the novel coronavirus has spread worldwide since its emergence in the fourth quarter of the fiscal year ended March 31, 2020. If the current situation continues going forward, it is likely to have a severe impact on the Group's business operations, financial position, and business results.

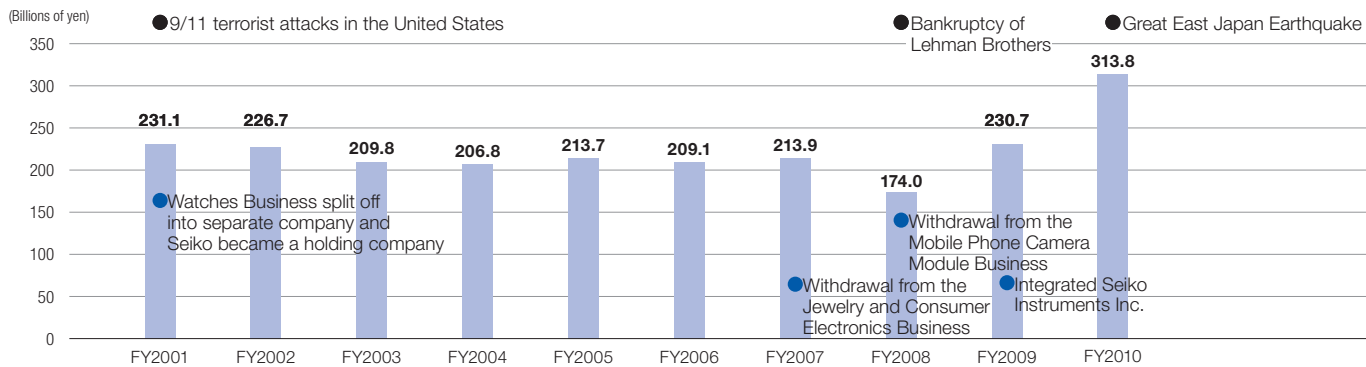
### (15) Compliance violation → 2 5

While we are providing full-scale education for compliance with laws and regulations in each country to all employees and others, who are engaged in the Group's business operations, it is impossible to rule out the risks of legal violations of some nature. Since noncompliance with laws and regulations is highly likely to expose the Group to the risks of impairing brand image, we will continue to promote educational activities for compliance with laws and regulations in all the group companies, while remaining committed to disseminating the importance of brand image.

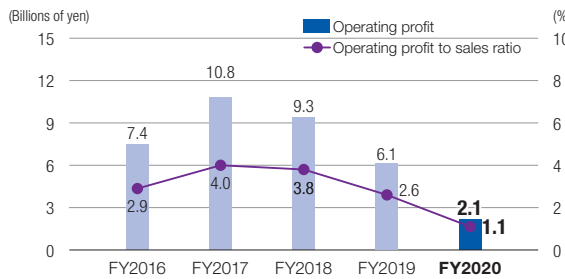
1 to 9 is the number of the Group's material risk included in each risk item (Refer to P.54).

# Financial / Non-Financial Review (as of March 31, 2021)

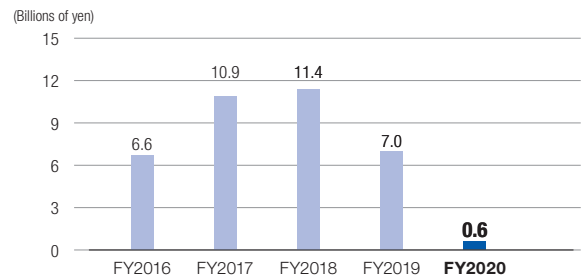
## 20 year net sales transition



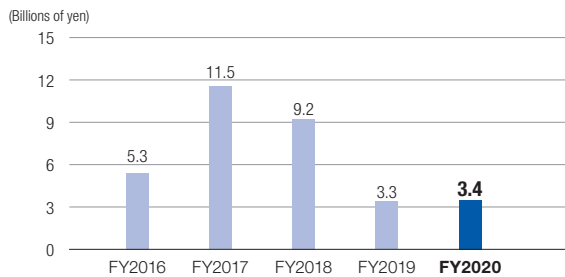
## Operating profit/operating profit to sales ratio



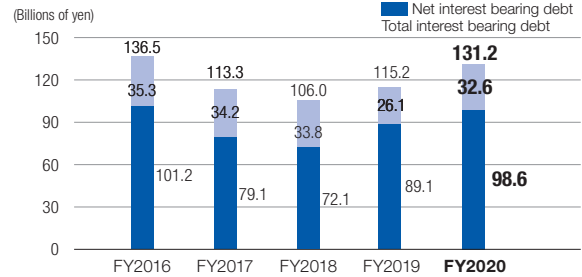
## Ordinary profit



## Profit attributable to owners of parent

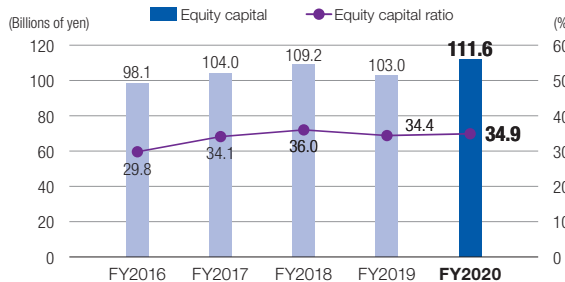


## Net interest bearing debt



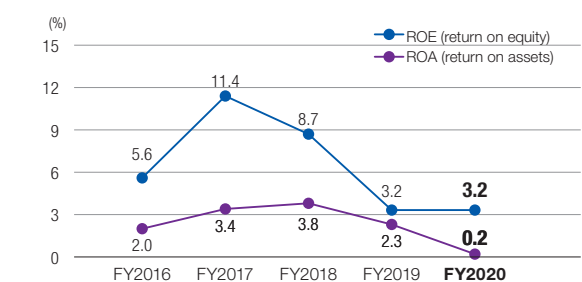
\* Net interest bearing debt = interest bearing debt - cash and deposits  
 \* Interest bearing debt = borrowings + lease obligations  
 The Company has applied IFRS 16 "Leases" at consolidated subsidiaries overseas, excluding those in the U.S.

## Equity capital/Equity capital ratio

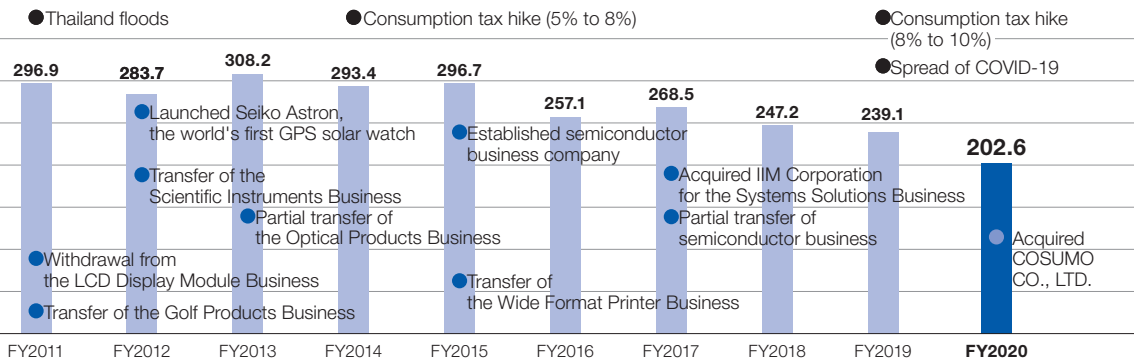


\* Equity capital ratio = equity capital / total assets x 100  
 The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) applied from the beginning of FY2018, and the indexes for FY2017 are presented after reclassification

## ROE / ROA

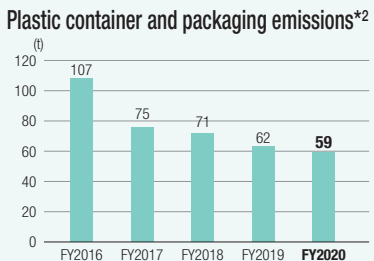
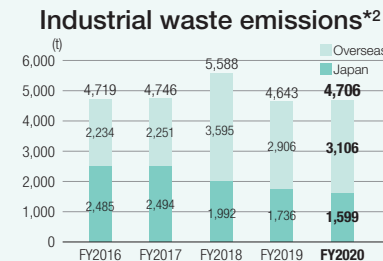
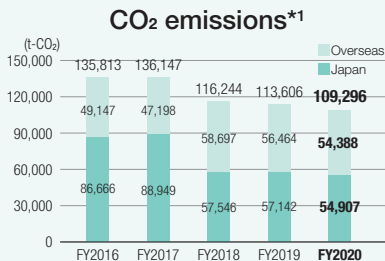
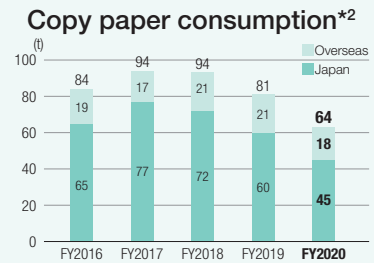
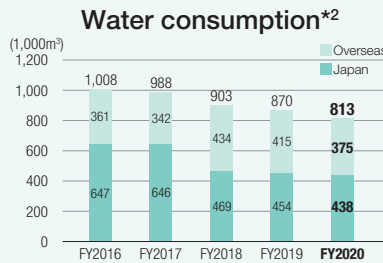
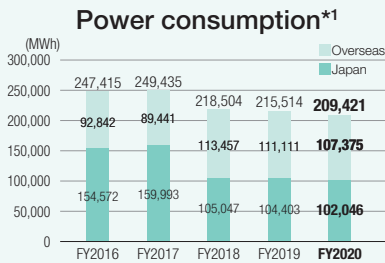


\* ROE = profit attributable to owners of parent / (equity capital at beginning of fiscal year + equity capital at end of fiscal year) / 2) x 100  
 \* ROA = ordinary profit / ((total assets at beginning of fiscal year + total assets at end of fiscal year) / 2) x 100



\*1 Scope of calculation: Seiko Holdings Corporation and all of operating companies in Japan and overseas  
 \*2 Scope of calculation: Seiko Holdings Corporation and 22 operating companies in Japan and overseas  
 \*3 Semiconductor operating companies of the group of Seiko Instruments Inc. excluded from scope of calculation from FY2018 due to being excluded from the scope of consolidation in January 2018

## Environmental Data



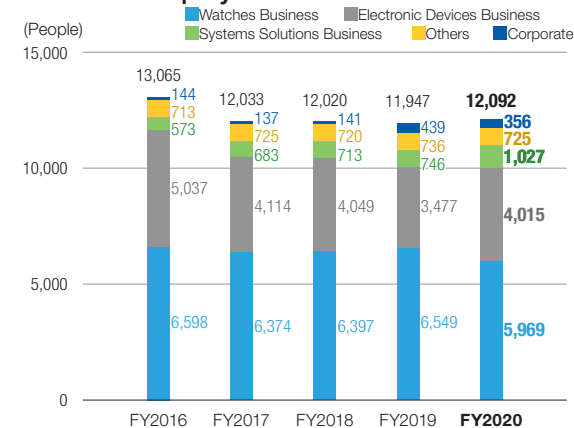
\* Domestic CO<sub>2</sub> emissions preceding FY2019 were also retroactively recalculated due to a revision to CO<sub>2</sub> emission coefficients. The following emission coefficients are used:  
 Electric power: Emission coefficient by electric power company based on the Act on Promotion of Global Warming Countermeasures  
 Fuel: Unit calorific value and emission coefficient by fuel type based on the Act on Promotion of Global Warming Countermeasures

INPUT

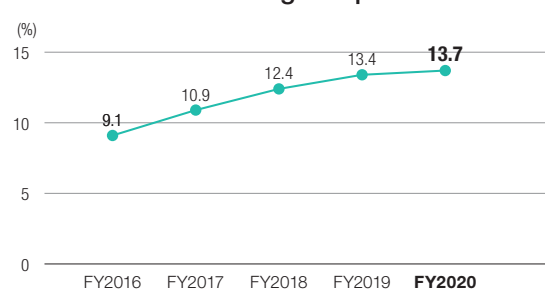


OUTPUT

## Number of employees



## Ratio of women in managerial positions



\* The ratio for April 1 in the following fiscal year is displayed as the ratio as of the end of that fiscal year  
 Scope of calculation: Seiko Holdings Corporation and 14 operating companies in Japan

\* From FY2019, a method of considering expenses related to headquarters have changed in order to appropriately evaluate the results of each reported segment. Following this change, the classification of the number of employees has been changed.

## Ten-Year Financial / Non-Financial Table

<Financial>	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
<b>Consolidated Statement of Income</b>								
Net sales (by segment)								
Watches	112,452	121,022	150,739	159,075	164,453	134,592	140,156	141,788
Electronic Devices*1	147,165	125,267	93,038	96,137	94,900	84,077	81,852	55,548
Systems Solutions*2	—	—	22,868	21,142	19,455	20,287	27,411	30,809
Others*3	46,706	45,928	51,307	26,450	28,218	27,043	27,852	28,363
Adjustments	(9,386)	(8,427)	(9,668)	(9,332)	(10,323)	(8,885)	(8,743)	(9,215)
Consolidated total	296,937	283,790	308,286	293,472	296,705	257,115	268,529	247,293
Gross profit	90,195	87,053	103,540	104,266	108,540	96,292	102,297	96,338
Gross profit to sales ratio (%)	30.4%	30.7%	33.6%	35.5%	36.6%	37.5%	38.1%	39.0%
Selling, general and administrative expenses	83,462	81,530	89,526	92,599	95,233	88,804	91,461	86,943
Operating profit (by segment)								
Watches	7,380	7,874	12,253	12,334	12,722	7,615	7,902	10,391
Electronic Devices*1	1,301	(1,513)	1,351	1,865	2,917	3,809	5,793	1,414
Systems Solutions*2	—	—	349	327	364	1,283	1,605	2,401
Others*3	(563)	(32)	761	633	907	304	551	697
Adjustments	(1,385)	(805)	(702)	(3,493)	(3,603)	(5,525)	(5,015)	(5,511)
Consolidated total	6,733	5,523	14,014	11,667	13,307	7,487	10,836	9,394
Operating profit to sales ratio (%)	2.3%	1.9%	4.5%	4.0%	4.5%	2.9%	4.0%	3.8%
Ordinary profit	1,280	3,243	10,165	12,373	11,879	6,671	10,911	11,410
Ordinary profit to sales ratio (%)	0.4%	1.1%	3.3%	4.2%	4.0%	2.6%	4.1%	4.6%
Profit attributable to owners of parent	(11,014)	5,527	7,422	21,778	12,142	5,392	11,541	9,249
Profit attributable to owners of parent to sales ratio (%)	(3.7%)	1.9%	2.4%	7.4%	4.1%	2.1%	4.3%	3.7%
Advertising and sales promotion expenses	7,962	9,476	13,343	16,624	18,366	15,882	16,393	16,905
Salaries and wages	34,165	32,693	36,139	36,060	37,200	34,819	34,639	32,454
Provision for bonuses	901	1,113	2,007	2,202	2,074	1,867	1,986	1,879
Retirement benefit expenses	2,518	2,016	1,034	1,928	1,610	770	1,383	1,470
Research and development expenses*4	5,294	5,046	3,851	4,112	4,023	3,901	4,669	4,190
<b>Consolidated Balance Sheet</b>								
Cash and deposits	51,765	42,830	43,002	41,292	39,131	35,355	34,229	33,844
Inventories	59,370	60,638	57,022	62,910	65,196	66,177	57,011	58,305
Interest bearing debt*5	241,443	203,454	200,881	137,250	127,560	136,586	113,387	106,022
Net assets	31,965	40,801	64,766	92,589	102,692	107,161	105,170	110,415
Total assets	386,128	355,308	366,753	333,701	329,115	328,857	305,297	303,036
<b>Consolidated Statement of Cash Flows</b>								
Net cash provided (used in) operating activities	11,119	21,450	15,598	16,562	15,096	4,209	27,885	17,508
Net cash provided (used in) investing activities	(11,215)	(2,027)	(10,917)	46,254	(8,334)	(13,200)	(17,430)	(7,093)
Net cash provided (used in) financing activities	362	(29,274)	(3,517)	(66,816)	(6,645)	5,713	(11,759)	(10,670)
Free cash flow	(96)	19,423	4,681	62,816	6,762	(8,991)	10,455	10,414
Depreciation	15,078	12,886	12,242	10,892	10,325	10,959	10,128	8,980
Purchase of property, plant and equipment	(12,732)	(19,790)	(11,006)	(9,350)	(13,054)	(12,138)	(6,954)	(6,341)
<b>Management Indices</b>								
Overseas net sales	146,338	138,420	160,206	154,025	150,864	122,285	125,499	107,296
Overseas net sales ratio (%)	49.3%	48.8%	52.0%	52.5%	50.8%	47.6%	46.7%	43.4%
ROE (return on equity) (%)*6	(36.0%)	17.5%	14.6%	28.4%	13.1%	5.6%	11.4%	8.7%
ROA (return on assets) (%)*7	0.3%	0.9%	2.8%	3.5%	3.6%	2.0%	3.4%	3.8%
PER (price earnings ratio) (times)*8	(3.3)	14.3	11.4	5.8	7.6	17.4	9.2	11.7
Equity capital	24,079	39,013	62,871	90,410	94,521	98,119	104,010	109,221
Equity capital ratio (%)*9	6.2%	11.0%	17.1%	27.1%	28.7%	29.8%	34.1%	36.0%
Net interest bearing debt*10	189,678	160,623	157,879	95,957	88,428	101,230	79,158	72,178
Net D/E ratio (times)*11	5.9	3.9	2.4	1.0	0.8	0.9	0.7	0.6
Basic earnings per share (yen)*12*13	(301.26)	147.07	179.58	526.95	293.81	130.71	280.01	224.42
Net assets per share (yen)*12*14	658.26	943.82	1,521.18	2,187.60	2,287.18	2,380.50	2,523.54	2,649.99
Dividend per share (yen)*12	0.00	12.50	25.00	50.00	62.50	75.00	75.00	75.00
Dividend payout ratio (%)	—	8.5%	13.9%	9.5%	21.3%	57.4%	26.8%	33.4%
<b>Exchange rate (fiscal year average) (JPY)</b>								
USD	79.1	83.1	100.2	109.9	120.1	108.4	110.8	110.9
EUR	109.0	107.1	134.3	138.7	132.6	118.8	129.7	128.4
<b>&lt;Non-financial&gt;</b>								
Number of employees (people)	15,968	14,712	13,439	13,565	13,437	13,065	12,033	12,020
Ratio of women in managerial positions (%)*15	—	5.3%	6.3%	7.1%	8.3%	9.1%	10.9%	12.4%
CO <sub>2</sub> emissions (t-CO <sub>2</sub> )*16*17	—	—	132,985	148,883	141,131	135,813	136,147	116,244



# Financial Statement

## Consolidated Balance Sheets

(Millions of yen)

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

(Millions of yen)

	As of March 31,2020	As of March 31,2021
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	21,869	19,310
Electronically recorded obligations - operating	6,495	6,048
Short-term borrowings	59,140	72,611
Current portion of bonds payable	—	350
Current portion of long-term borrowings	16,843	17,315
Accounts payable - other	11,739	9,266
Income taxes payable	1,282	1,478
Provision for bonuses	3,477	3,634
Provision for goods warranties	462	367
Provision for loss on lease contracts	348	348
Other provisions	555	414
Asset retirement obligations	13	6
Other	13,929	14,528
Total current liabilities	136,158	145,679
<b>Non-current liabilities</b>		
Bonds payable	—	450
Long-term borrowings	33,637	35,263
Lease obligations	4,288	4,499
Deferred tax liabilities	1,929	3,346
Deferred tax liabilities for land revaluation	3,614	3,614
Provision for loss on lease contracts	1,134	785
Provision for stock benefits	133	161
Provision for gift certificate exchange losses	148	152
Provision for long-term goods warranties	84	86
Provision for retirement benefits for directors (and other officers)	35	35
Provision for loss on business withdrawal	10	—
Provision for environmental measures	1	—
Other provisions	7	21
Retirement benefit liability	10,453	9,402
Asset retirement obligations	908	729
Other	3,171	2,361
Total non-current liabilities	59,558	60,909
<b>Total liabilities</b>	195,717	206,589
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	10,000	10,000
Capital surplus	7,245	7,245
Retained earnings	74,418	75,909
Treasury shares	(328)	(315)
Total shareholders' equity	91,335	92,839
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,486	10,431
Deferred gains or losses on hedges	11	(133)
Revaluation reserve for land	8,190	8,190
Foreign currency translation adjustment	(804)	1,055
Remeasurements of defined benefit plans	(1,169)	(687)
Total accumulated other comprehensive income	11,714	18,856
<b>Non-controlling interests</b>	1,223	1,387
<b>Total net assets</b>	104,273	113,082
<b>Total liabilities and net assets</b>	299,990	319,671

## Consolidated Statements of Income

(Millions of yen)

	From April 1, 2019 To March 31, 2020	From April 1, 2020 To March 31, 2021
<b>Net sales</b>	239,150	<b>202,671</b>
<b>Cost of sales</b>	144,221	<b>122,804</b>
<b>Gross profit</b>	94,928	<b>79,866</b>
<b>Selling, general and administrative expenses</b>	88,794	<b>77,672</b>
<b>Operating profit</b>	6,134	<b>2,194</b>
<b>Non-operating income</b>		
Interest income	171	<b>55</b>
Dividend income	763	<b>771</b>
Share of profit of entities accounted for using equity method	1,313	—
House rent and other rental revenues	340	<b>350</b>
Royalty income	367	<b>324</b>
Foreign exchange gains	—	<b>278</b>
Other	628	<b>534</b>
Total non-operating income	3,585	<b>2,315</b>
<b>Non-operating expenses</b>		
Interest expenses	982	<b>899</b>
Foreign exchange losses	291	—
Share of loss of entities accounted for using equity method	—	<b>1,826</b>
Other	1,441	<b>1,149</b>
Total non-operating expenses	2,715	<b>3,876</b>
<b>Ordinary profit</b>	7,004	<b>633</b>
<b>Extraordinary income</b>		
Gain on sale of investment securities	—	<b>7,603</b>
Gain on sale of non-current assets	346	<b>1,043</b>
Subsidy income	—	<b>618</b>
Gain on liquidation of subsidiaries and associates	—	<b>140</b>
Total extraordinary income	346	<b>9,406</b>
<b>Extraordinary losses</b>		
Loss on the spread of infectious disease	305	<b>3,614</b>
Business restructuring expenses	264	—
Impairment losses	240	—
Loss on retirement of non-current assets	179	—
Retirement benefit expenses	158	—
Total extraordinary losses	1,148	<b>3,614</b>
<b>Profit before income taxes</b>	6,201	<b>6,424</b>
<b>Income taxes - current</b>	1,745	<b>1,682</b>
<b>Income taxes - deferred</b>	974	<b>1,088</b>
<b>Total income taxes</b>	2,719	<b>2,771</b>
<b>Profit</b>	3,481	<b>3,653</b>
<b>Profit attributable to non-controlling interests</b>	86	<b>177</b>
<b>Profit attributable to owners of parent</b>	3,394	<b>3,475</b>



## Consolidated Statements of Cash Flows

(Millions of yen)

	From April 1, 2019 To March 31, 2020	From April 1, 2020 To March 31, 2021
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,201	6,424
Depreciation	10,315	10,690
Increase (decrease) in allowance for doubtful accounts	134	65
Increase (decrease) in retirement benefit liability	149	(1,152)
Interest and dividend income	(935)	(827)
Interest expenses	982	899
Foreign exchange losses (gains)	75	74
Share of loss (profit) of entities accounted for using equity method	(1,313)	1,826
Impairment losses	240	—
Loss (gain) on sale of investment securities	—	(7,603)
Loss (gain) on sale of non-current assets	(346)	(1,043)
Loss on retirement of non-current assets	245	192
Decrease (increase) in trade receivables	2,388	(911)
Decrease (increase) in inventories	(7,446)	(1,552)
Increase (decrease) in trade payables	(4,358)	(3,889)
Other, net	(2,643)	1,118
Subtotal	3,689	4,311
Interest and dividends received	935	827
Dividends received from entities accounted for using equity method	1,456	127
Interest paid	(990)	(898)
Extra retirement payments	(666)	(1)
Income taxes paid	(1,720)	(1,492)
Net cash provided by (used in) operating activities	2,704	2,874
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(8,852)	(17,735)
Proceeds from sale of property, plant and equipment	546	1,864
Purchase of investment securities	(0)	(200)
Proceeds from sale of investment securities	2	10,624
Loan advances	(477)	(806)
Proceeds from collection of loans receivable	1,229	790
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(219)	(1,365)
Other, net	(2,916)	(1,008)
Net cash provided by (used in) investing activities	(10,688)	(7,838)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	893,019	1,451,815
Repayments of short-term borrowings	(883,432)	(1,438,848)
Proceeds from long-term borrowings	16,800	20,800
Repayments of long-term borrowings	(21,124)	(19,172)
Repayments of lease obligations	(1,463)	(1,798)
Dividends paid	(3,100)	(2,067)
Other, net	(20)	(265)
Net cash provided by (used in) financing activities	678	10,465
<b>Effect of exchange rate change on cash and cash equivalents</b>	(427)	727
<b>Net increase (decrease) in cash and cash equivalents</b>	(7,732)	6,228
<b>Cash and cash equivalents at beginning of period</b>	33,843	26,111
<b>Cash and cash equivalents at end of period</b>	26,111	32,340

## Segment Information

(Millions of yen)

		From April 1, 2019 To March 31, 2020	From April 1, 2020 To March 31, 2021
<b>Watches Business</b>	Sales to third parties	133,759	<b>103,136</b>
	Inter-segment sales or transfers	1,716	<b>1,918</b>
	Total	135,475	<b>105,054</b>
	Segment profits	10,158	<b>5,600</b>
	Segment assets	100,159	<b>108,863</b>
	Depreciation and amortization expense	4,474	<b>4,725</b>
	Amortization of goodwill	0	<b>0</b>
<b>Electronic Devices Business</b>	Sales to third parties	47,986	<b>45,075</b>
	Inter-segment sales or transfers	3,763	<b>5,141</b>
	Total	51,749	<b>50,217</b>
	Segment profits	614	<b>1,302</b>
	Segment assets	65,025	<b>73,697</b>
	Depreciation and amortization expense	2,415	<b>3,196</b>
	Amortization of goodwill	—	<b>—</b>
<b>Systems Solutions Business</b>	Sales to third parties	31,230	<b>32,486</b>
	Inter-segment sales or transfers	1,609	<b>1,628</b>
	Total	32,839	<b>34,114</b>
	Segment profits	3,010	<b>3,538</b>
	Segment assets	21,591	<b>23,912</b>
	Depreciation and amortization expense	1,219	<b>1,057</b>
	Amortization of goodwill	292	<b>388</b>
<b>Others</b>	Sales to third parties	26,173	<b>21,972</b>
	Inter-segment sales or transfers	3,408	<b>2,909</b>
	Total	29,582	<b>24,882</b>
	Segment profits	326	<b>(40)</b>
	Segment assets	37,779	<b>38,134</b>
	Depreciation and amortization expense	612	<b>587</b>
	Amortization of goodwill	—	<b>—</b>
<b>Adjustments*</b>	Sales to third parties	—	<b>—</b>
	Inter-segment sales or transfers	(10,496)	<b>(11,598)</b>
	Total	(10,496)	<b>(11,598)</b>
	Segment profits	(7,975)	<b>(8,207)</b>
	Segment assets	75,433	<b>75,062</b>
	Depreciation and amortization expense	1,593	<b>1,123</b>
	Amortization of goodwill	566	<b>566</b>
<b>Consolidated Total</b>	Sales to third parties	239,150	<b>202,671</b>
	Inter-segment sales or transfers	—	<b>—</b>
	Total	239,150	<b>202,671</b>
	Segment profits	6,134	<b>2,194</b>
	Segment assets	299,990	<b>319,671</b>
	Depreciation and amortization expense	10,315	<b>10,690</b>
	Amortization of goodwill	859	<b>955</b>
	Investment amounts to equity method companies	22,207	<b>16,904</b>
	Increase amounts of fixed assets and intangible assets	11,142	<b>17,200</b>

(\*) Adjustments are as follows:

(1) The adjusted amount for segment profits includes the following. Company-wide expenses primarily consist of expenses that fall under the parent company (holding company).

	From April 1, 2019 To March 31, 2020	From April 1, 2020 To March 31, 2021
Amortization of goodwill	(566) million yen	(566) million yen
Elimination of inter-segment transactions, etc.	276 million yen	303 million yen
Company-wide expenses not appropriated to each reported segment.	(7,685) million yen	(7,944) million yen

(2) The adjusted amount for segment assets includes the following.

Company-wide assets primarily consist of surplus funds and long-term investment funds (investment securities) at the parent company (holding company).

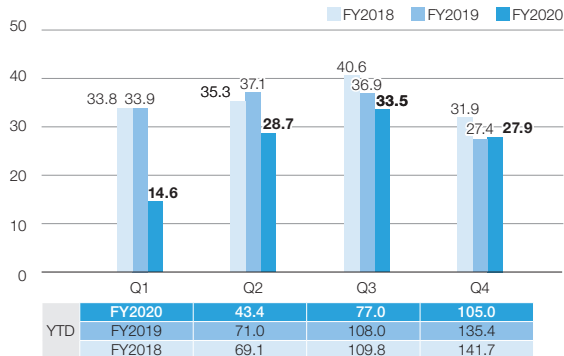
	From April 1, 2019 To March 31, 2020	From April 1, 2020 To March 31, 2021
Elimination of inter-segment liabilities.	(64,537) million yen	(85,914) million yen
Company-wide assets not appropriated to each reported segment.	176,713 million yen	211,958 million yen
Elimination of investment and equity, etc.	(36,742) million yen	(50,980) million yen

(3) Adjusted amount for the investment in entities accounted for by the equity method is the amount for the investment in entities accounted for the equity method, which not belong to each reported segment.

# By quarter (by segment)

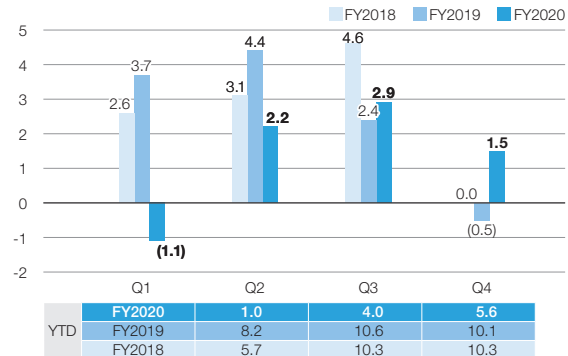
## Net Sales (Billions of yen)

### Watches Business

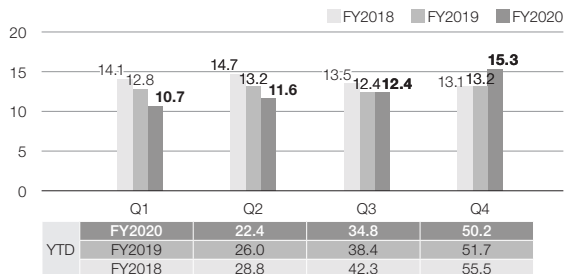


## Operating Profit (Billions of yen)

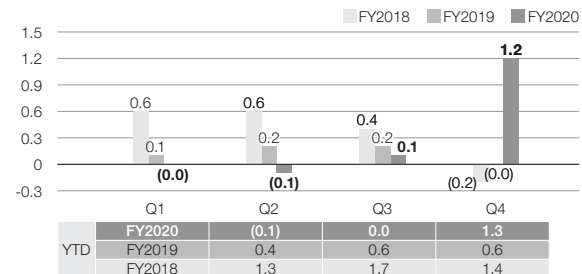
### Watches Business



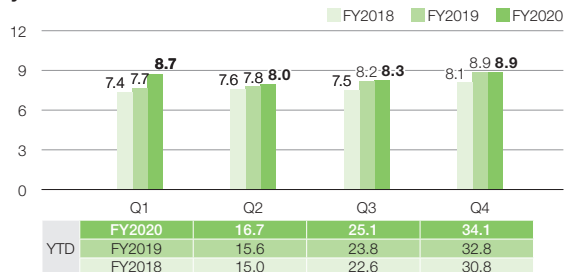
### Electronic Devices Business



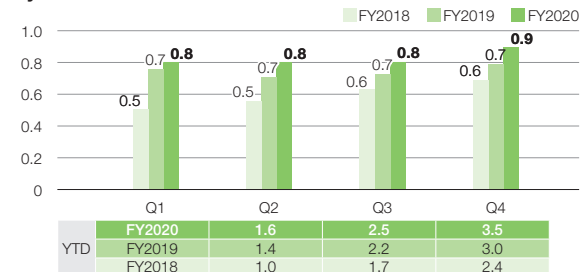
### Electronic Devices Business



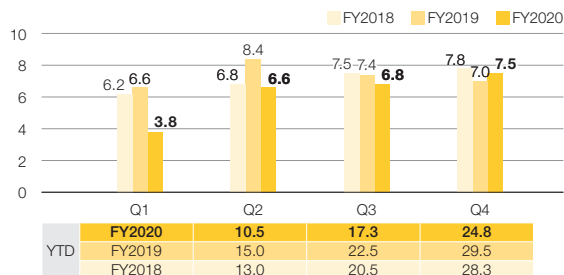
### Systems Solutions Business



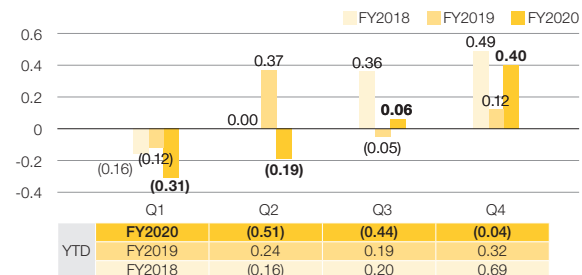
### Systems Solutions Business



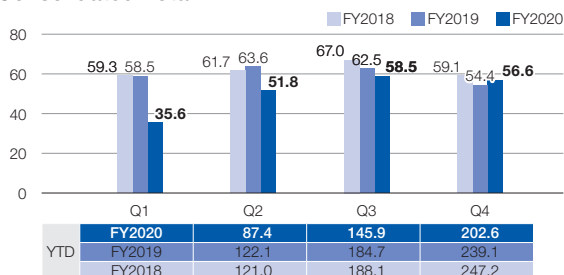
### Others



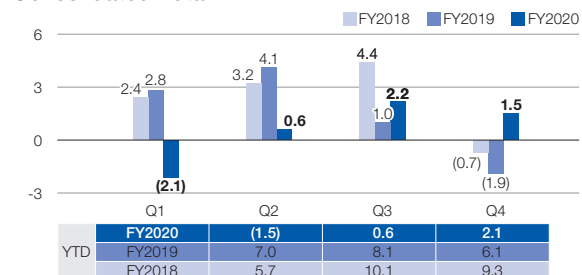
### Others



### Consolidated Total



### Consolidated Total



# Overview of Company / Information about Shares

## Company Overview (as of March 31, 2021)

<b>Company Name</b>	SEIKO HOLDINGS CORPORATION
<b>Year of Establishment</b>	1881
<b>Capital</b>	10 billion yen
<b>Number of Employees</b>	356 12,092 (consolidated)

<b>Operating Revenue</b>	11.3 billion yen
<b>Consolidated Net Sales</b>	202.6 billion yen
<b>Head Office Address</b>	26-1, Ginza 1-chome, Chuo-ku, Tokyo 104-8110, JAPAN Tel: +81-3-3563-2111

## Consolidated Subsidiaries (as of September 30, 2021)

Description of major businesses	Name	Address
<b>Watches</b>	SEIKO WATCH CORPORATION	Chuo-ku, Tokyo
	SEIKO TIME LABS CO., LTD.	Koto-ku, Tokyo
	CRONOS Inc.	Chiyoda-ku, Tokyo
	SEIKO Retail Marketing Corporation	Chuo-ku, Tokyo
	Morioka Seiko Instruments Inc.	Shizukuishi-cho, Iwate
	Ninohe Tokei Kogyo Co., Ltd.	Ninohe-shi, Iwate
	Tono Seiki Co., Ltd.	Tono-shi, Iwate
	Michinoku Service Co., Ltd.	Shizukuishi-cho, Iwate
	Grand Seiko Corporation of America	New York U.S.A.
	Seiko Watch of America LLC	New York U.S.A.
	SEIKO Time Corporation	New York U.S.A.
	SEIKO Panama, S.A.	Panama City Panama
	SEIKO U.K. Limited	Maidenhead U.K.
	SEIKO France S.A.S.	Chatillon le Duc France
	Grand Seiko Europe S.A.S.	Paris France
	Seiko Watch Europe B.V.	Schiedam Netherlands
	SEIKO RUS Limited Liability Company	Moscow Russia
	SEIKO Hong Kong Ltd.	Kowloon Hong Kong
	SEIKO Manufacturing (H.K.) Ltd.	Kowloon Hong Kong
	SEIKO Watch (Shanghai) Co., Ltd.	Shanghai P.R. China
Guangzhou SII Watch Co., Ltd.	Guangzhou P.R. China	
SEIKO Taiwan Co., Ltd.	Taipei Taiwan	
SEIKO (Thailand) Co., Ltd.	Bangkok Thailand	
SEIKO Watch India Pvt. Ltd.	Bangalore India	
Instruments Technology (Johor) Sdn. Bhd.	Johor Bahru Malaysia	
SEIKO Manufacturing (Singapore) Pte. Ltd.	Singapore Singapore	
SEIKO Australia Pty. Ltd.	Macquarie Park Australia	
<b>Electronic Devices</b>	Seiko Instruments Inc.	Mihama-ku, Chiba
	SII Printek Inc.	Mihama-ku, Chiba
	City Service Co., Ltd.	Mihama-ku, Chiba
	Seiko EG&G Co., Ltd.	Mihama-ku, Chiba
	Seshika Inc.	Mihama-ku, Chiba
	Seiko I Techno Research Co., Ltd.	Mihama-ku, Chiba
	SII Crystal Technology Inc.	Mihama-ku, Chiba
	Seiko Instruments U.S.A., Inc.*	Torrance U.S.A.

Description of major businesses	Name	Address
<b>Electronic Devices</b>	Seiko Instruments GmbH	Neu-Isenburg Germany
	Seiko Instruments Trading (H.K.) Ltd.	Kowloon Hong Kong
	Dalian Seiko Instruments Inc.	Dalian P.R. China
	Seiko Instruments (Shanghai) Inc.	Shanghai P.R. China
	Seiko Instruments Technology (Shanghai) Inc.	Shanghai P.R. China
	Seiko Instruments Taiwan Inc.	Taipei Taiwan
	Seiko Instruments (Thailand) Ltd.	Pathumthani Thailand
	Asian Electronic Technology Pte. Ltd.	Singapore Singapore
	Seiko Instruments Singapore Pte. Ltd.	Singapore Singapore
	SEIKO NPC CORPORATION	Taito-ku, Tokyo
SEIKO Precision (Thailand) Co., Ltd.	Pathumthani Thailand	
<b>Systems Solutions</b>	SEIKO Solutions Inc.	Mihama-ku, Chiba
	IIM Corporation	Chuo-ku, Tokyo
	COSMO CO., LTD.	Koto-ku, Tokyo
<b>Time Creation, WAKO and others</b>	COSMO-GCC CO., LTD.	Koto-ku, Tokyo
	SEIKO Time Creation Inc.	Koto-ku, Tokyo
	SEIKO CLOCK (Hong Kong) Ltd.	Kowloon Hong Kong
	SEIKO CLOCK (Shenzhen) Co., Ltd.	Shenzhen P.R. China
	WAKO Co., Ltd.	Chuo-ku, Tokyo
	Human Capital Co., LTD.	Mihama-ku, Chiba
KYOBASHI KIGYO (K.K.)	Chuo-ku, Tokyo	
Shirakawa Estate Co., Ltd.	Chuo-ku, Tokyo	

And three other companies

\* Seiko Instruments U.S.A., Inc. is also in the business of "Time Creation, WAKO and others".

## Affiliates accounted for by the equity method (as of September 30, 2021)

Description of major businesses	Name	Address
<b>Watches</b>	CLOCKWORK HOLDINGS INC.	Chuo-ku, Tokyo
<b>Electronic Devices</b>	Jedat Inc.	Chuo-ku, Tokyo
	SII Logistics Inc.	Mihama-ku, Chiba
<b>Time Creation, WAKO and others</b>	SEIKO OPTICAL PRODUCTS CO., LTD.	Chuo-ku, Tokyo
	OHARA INC.	Sagamihara-shi, Kanagawa

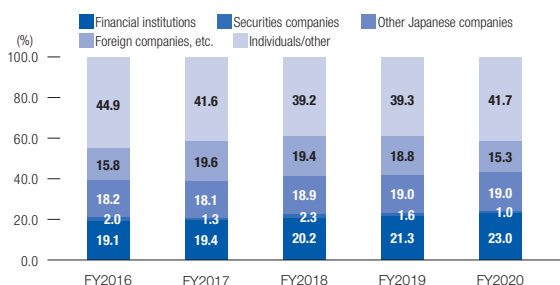
## Information about Shares (as of March 31, 2021)

Total number of shares authorized to be issued: 149,200,000  
 Total number of shares issued and outstanding: 41,404,261  
 Number of shareholders: 15,297

## Status of Major Shareholders (as of March 31, 2021)

Name	Number of shares (x 1,000)	Ratio
Sanko Kigyo K.K.	4,436	10.7%
Etsuko Hattori	3,613	8.7%
Shinji Hattori	2,279	5.5%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,951	4.7%
The Dai-ichi Life Insurance Company, Limited	1,800	4.4%
Custody Bank of Japan, Ltd. (Trust Account)	1,780	4.3%
Hideo Hattori	1,622	3.9%
Custody Bank of Japan, Ltd. (Trust Account 9)	898	2.2%
SHIMIZU CORPORATION	744	1.8%
FUJI BUILDING Co., Ltd.	671	1.6%

## Distribution of Shares (as of March 31, 2021)



## Share Price Transition

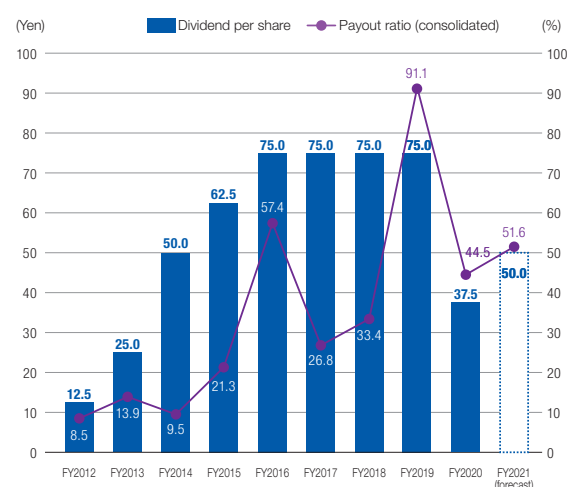


\* Share consolidation performed on October 1, 2017 at a ratio of 5 ordinary shares to 1. The above annual dividend is when consolidation of shares is considered.

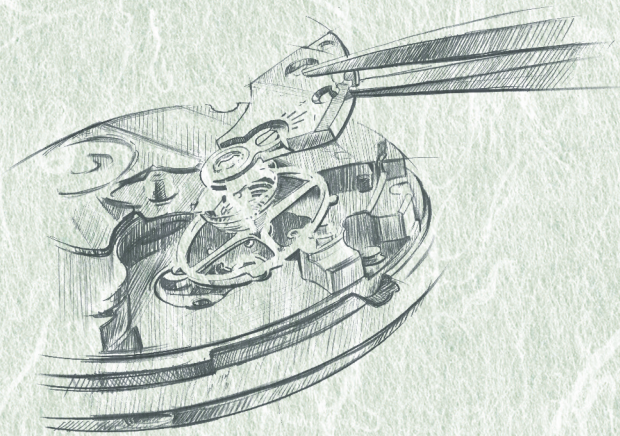
## Dividend Policy

With regard to profit allocation, the basic policy is to continue to distribute stable dividends with consideration of capital efficiency and stable profit distribution to shareholders, while also enhancing capital adequacy. In addition, the company's major profit return policy to shareholders is to return profits by dividends.

## Dividend payout ratio



\* Share consolidation performed on October 1, 2017 at a ratio of 5 ordinary shares to 1. The above annual dividend is when consolidation of shares is considered.



**SEIKO**

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