Introduction SEIKO GROUP VALUE REPORT 2024

Introduction: Shaping a Unique Solutions Company

Earnestness

Honing Japanese earnestness and craftsmanship to create a future full of smiles

Seiko founder Kintaro Hattori understood that a business that could accurately tell the exact time was an essential part of social infrastructure. With that belief, he established the K. Hattori, a watch and clock retail and repair store, in 1881. More than 140 years later, carrying on that spirit, we will constantly pursue innovation, inspiring people everywhere, and creating a future full of smiles.











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Introduction: Shaping a Unique Solutions Company







The World



Spreading a Japanese sense of beauty to the world

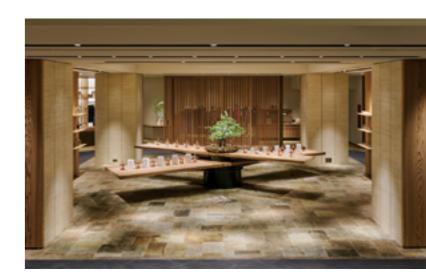
For the Japanese, "time" exists alongside all things in nature. Seiko embodies this worldview, along with a uniquely Japanese sense of beauty, in its products and services, and takes on the global market as a storyteller of Japanese culture.

Share of Net Sales of Global Brands in the Watches Business* (FY2023)

Japan: Approx. 75%

Overseas: Approx. 75%

* Percentage of net sales of Global Brands (Grand Seiko [GS], King Seiko, Seiko Prospex, Seiko Astron, Seiko Presage, and Seiko 5 Sports) to total net sales of completed watches

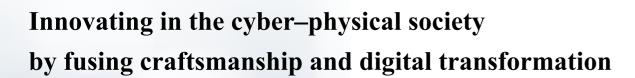


Challenges

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Introduction: Shaping a Unique Solutions Company



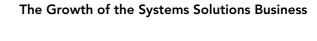




Seiko's technology is now widely used in people's everyday lives. Seiko combines analog technology, human touch sensibility, and digital technology to create unique value in a multifaceted way, even in the forthcoming new era.



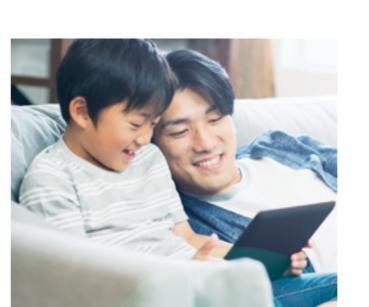
Innovation



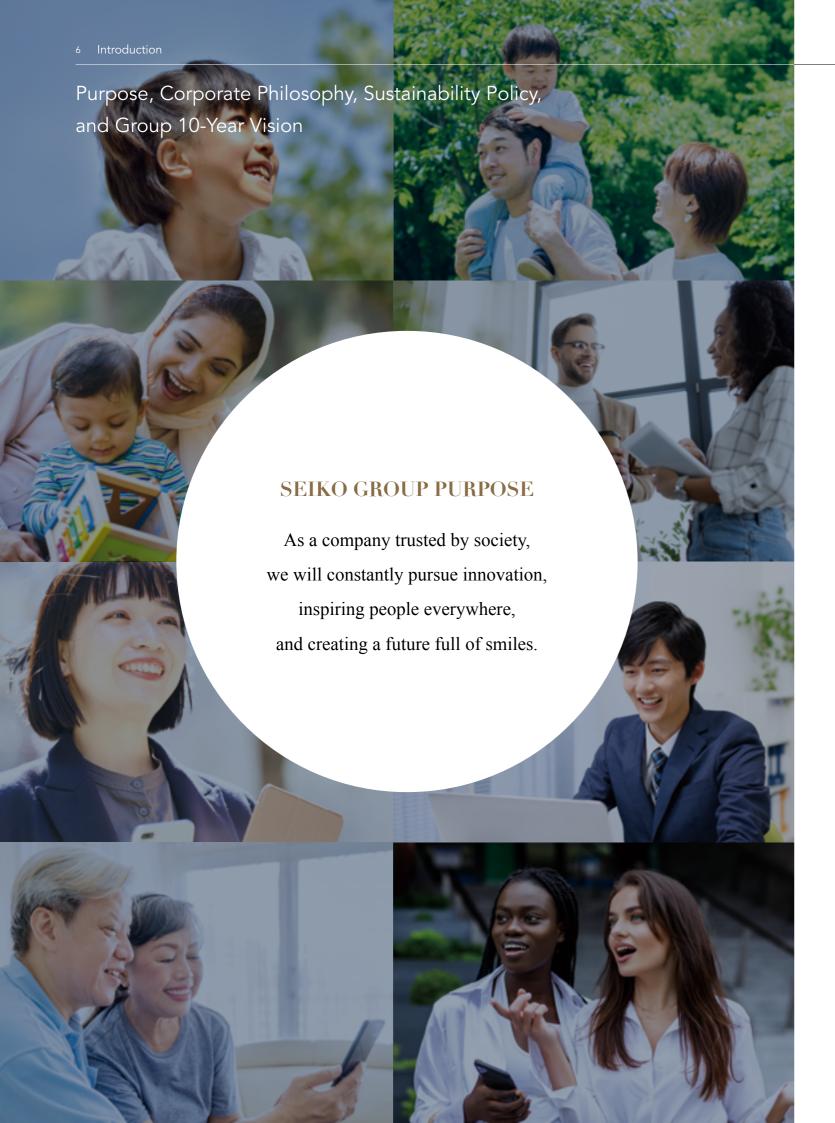
Net Sales: Up 1.8 fold



(FY2013 → FY2023)







Corporate Philosophy

A Company That Is Trusted by Society

Sustainability Policy

Starting with its Statement of Purpose,

the Seiko Group will strive to use its business activities, which aim to create WITH

W: Well-being—A Better Life
 I: Inclusion—For All People
 T: Trust—Certainty and Trust
 H: Harmony—With the Earth

to realize the Group's steady growth and contribute to the development of a sustainable society.

Group 10-Year Vision

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

At a Glance

Consolidated Performance (FY2023)

Net Sales: ¥276.8 billion Operating Profit: ¥14.7 billion

While cherishing the bonds of trust it has built since its founding, Seiko provides a wide range of value to its customers and society with its groundbreaking technological capabilities, and its pioneering sensibilities and spirit of undertaking challenges.

Major Operating Companies

Description of Business

Main Products and Services

Data Highlights

Emotional Value Solutions Domain



Share of Net Sales*



SEIKO WATCH CORPORATION https://www.seikowatches.com/global-en/

SEIKO Time Creation Inc. https://www.seiko-stc.co.jp/en/

WAKO Co., Ltd. https://www.wako.co.jp/

A domain that creates products and services with high functional, emotional, and social value while providing an excellent customer experience.

The Watches Business is one of the few manufacturers in the world that handles the entire production process, ranging from parts production through to assembly and adjustment, and it globally offers a wide range of in-house produced watches. The Time Creation business manufactures and sells clocks as well as handling system clocks, signage, and sports timing and measurement equipment for public facilities and stadiums. Furthermore, Wako, a luxury specialty store representing Ginza, offers high-quality products and services.

Watches

• Completed watches • Watch movements

Time Creation

- Luxury mechanical clocks Wall clocks
- Table clocks Alarm clocks System clocks
- Sports timing devices Digital signage
- Large display boards Baseball field scoreboards

- Watches Clocks Jewelry
- Men's and women's products
 Handbags
- Interior decoration products
- Food and other items

Watches Business Share of net sales of **Global Brands** (FY2023)

Japan: Approx. 75%

Overseas: Approx. 75%

* Percentage of net sales of Globa Brands (Grand Seiko [GS], King Seiko, Seiko Prospex, Seiko Astron, Seiko Presage, and Seiko 5 Sports) to total net sales of completed watches

Devices Solutions Domain



Share of Net Sales*

19.3%

Seiko Instruments Inc. https://www.sii.co.jp/en/

SEIKO NPC CORPORATION https://www.npc.co.jp/en/

A domain that provides high-functioning, highquality products that society demands, based on precision and reliable technology derived from watch manufacturing and development.

The domain is engaged in the manufacturing and sale of high-performance, reliable micro batteries; quartz crystals and crystal oscillator ICs that feature low power consumption; and precision processed parts that can compete at the sub-micron level, as well as industrial inkjet heads and thermal printers, supporting a society and industries that are becoming increasingly advanced across various fields such as medical, information systems and automobiles.

Electronic Devices

- Micro batteries/Chip capacitors
- Crystal resonators
- Superior performance Co-Ni alloy products
- Rare earth magnets

Precision Devices

- Hard disk drive components
 Automobile parts
- Other precision turned parts

Printing Devices

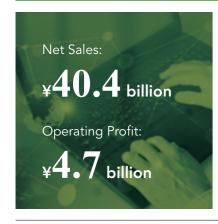
- Thermal printers

- Integrated circuits (ICs) for crystal oscillators

Products with top market share (as of July 2024)

- ICs for crystal oscillators
- Embedded thermal printers
- Mobile printers (No. 1 in the market share in Japan by quantity)
- Silver oxide batteries for medical use
- Metal diaphragms for valves in semiconductor production equipment

Systems Solutions Domain



Share of Net Sales*

13.5%

SEIKO Solutions Inc.

https://www.seiko-sol.co.jp/en/

A domain that delivers one-stop ICT solutions which drive social innovation in today's world. where digital transformation efforts significantly impact corporate performance. The domain accomplishes this based on two business models in which Seiko demonstrates its unique strengths: 1) IoT/AI solutions that combine hardware and software, and 2) DX platforms that enable digital transformation for companies.

The domain provides a broad array of solutions, including applications for time stamps and synchronization, as well as services that incorporate advanced technologies like generative Al and smart security solutions featuring sensors and AI, as well as contract development and development support for hardware and software

Hardware & Software Solutions

 IoT platform/IoT & Al solutions/ Equipment & Embedded modules

DX Platform Solutions

- System/application development and services
- Network equipment/services
- Financial/distribution-related solutions
- IT/system performance management and security solutions/Cloud solutions
- CX/EX solutions (solutions for payments, restaurants, hotels, etc.)

Achieved 33 consecutive quarters of year-on-year increases in net sales and operating profit (as of Q1 FY2024)

Percentage of the domain's marginal profit attributable to stock business

Approx. **70**% (FY2023)

^{*} Calculated based on sales to external customers



SEIKO GROUP VALUE REPORT 2024



Aiming to Create a Future Full of Smiles

As a result of many factors, including rapid changes in the global economy, our 8th Mid-Term Management Plan, which we unveiled in 2022, was markedly different from those that came before. The core of this plan, called SMILE145, aims to transform the Seiko Group from a traditional manufacturing business into a flexible solutions-oriented company.

We are determined to achieve this transformation in a way that reflects the unique essence of Seiko. Our Group goal is not simply to make outstanding products, but also to address challenging social issues. The compass that guides us is our Group Purpose, which states that "as a company trusted by society, we will constantly pursue innovation, inspiring people everywhere, and creating a future full of smiles." In 2021, when we celebrated our 140th anniversary, we consolidated the views of over 3,000 employees in Japan to summarize our purpose into this single phrase.

We keep our Group Purpose in mind while engaging in all our activities. Both management and frontline employees are expected to tackle their daily work while reflecting on whether or not that work is consistent with this Purpose.

People and Our Corporate Culture

We believe that constant growth and change in our management and staff is essential to carry out this corporate transformation.

Ultimately, a company's activities are an outward manifestation of the people who make up the company — its employees. Each employee creates value for the stakeholders, and the aggregate of these individual efforts creates corporate value. Simply put, our employees' efforts create the essence of the Company.

In recent years, Japanese companies have emphasized the importance of human capital management. For example, some progressive companies have started recruiting people without specific plans for which job categories they will fill, providing learning opportunities so that employees can acquire new skills, creating teams with a focus on diversity, and practicing health and productivity management. It goes without saying that the Seiko Group already pursues such policies and initiatives and plans to strengthen them further.

The Group is particularly focused on transforming our corporate culture. In a program we call the SWING Project, the entire Group works to create a culture in which all employees can engage in discussions in a free and open manner and take on challenges without fear of failure. Specific initiatives under the SWING Project include relaxing the office dress code and adopting non-hierarchical interactions inside the Company. This is particularly difficult for a traditional Japanese firm, where one's job title automatically demands deference from subordinates and modes of address are usually

Now, we are moving quickly toward more relaxed forms of address, and abolishing things like rankdefined seating order at all meetings.

With its long history, Seiko has many traditions that have been handed down unchanged since its founding. Needless to say, some traditions reflect the soul of the Company and will be carried on forever. Others must be adjusted to align with the times. I sense that we must shift gears rapidly and bring ourselves more in line with global standards if we are to adapt to the dramatic changes we have seen in recent years.

In my capacity as the Group's Chief Culture Officer (CCO), I regard it as my duty to improve Seiko's corporate culture and to create an environment where employees can truly realize their full potential.

In a May 2024 article, the Nikkei newspaper discussed Japan's top 100 "platinum" companies14 Message from Senior Management SEIKO GROUP VALUE REPORT 2024

Message from the CEO

Beauty

We will keep communicating to the world the essence of Seiko's culture, which is inextricably connected with the richness and power of Japanese culture.

firms that both create comfortable working environments and offer job satisfaction. Seiko was rated quite highly, ranking 52nd out of approximately 2,300 publicly listed companies. While I was delighted to see this affirmation of our efforts, I do not want the Group to rest on its laurels. We must move on and continue building an organization culture that enables all employees to feel even greater job satisfaction.

A Brand That Represents Japanese Culture

Another initiative that we aim to strengthen to realize our Group Purpose is communication about the SEIKO brand, which is deeply connected with Japanese culture.

Nature, Time, and "the Way" are three concepts that are essential aspects of Japanese culture. Since in other places we have discussed at length



the relationships of Nature and Time with Seiko and Grand Seiko, I will herein offer my interpretation of what we mean by "the Way."

"The Way" represents the vision that serves as a guideline for everything one does. The spirit of altruism, which is at the heart of "the Way," has long enriched the spirit of the Japanese people. Master Kukai, the Buddhist priest who established the Shingon sect in the Heian period 1,200 years ago, extended a helping hand to people suffering as a result of natural disasters and epidemics such as smallpox. He also believed in the spirit of harmonizing one's own happiness with the happiness of others, learning to grow together. He expressed this as "helping yourself and helping others."

Many examples of this spirit remain in modern Japan. For example, the tea ceremony incorporates consideration and respect for others into every movement in the tearoom. This ancient ritual encourages everyone in the tearoom to show respect toward everyone else, regardless of status, regardless of whether they are making tea or receiving it. That attitude extends far beyond the tearoom, infusing all aspects of daily life with a sense of mutual respect.

Seiko embodies this same kind of consideration and respect in all its dealings, and uses it to enhance the customer experience (CX). Grand Seiko (GS) boutiques, operated around the world by SEIKO WATCH CORPORATION (SWC), are more than simply stores that retail GS watches. They are places of communication and interaction with customers, designed to introduce the narrative and history of GS and enable customers to experience these perspectives for themselves. In addition, we have created lively owner-based communities, called GS9 Clubs, in a number of countries. Through the GS9 Club, we develop ways to entertain and even surprise our members, helping to ensure that customers become fans and fans become brand ambassadors.

Among the many parts of the Seiko Group, the luxury specialty store Wako is best known for representing the ultimate in Japanese hospitality. Located in SEIKO HOUSE at the main Ginza intersection, Wako is known for its long history and tradition of emphasizing outstanding quality, as well as its unique spirit of refined hospitality.

While continuing to emphasize history and tradition, Wako has in recent years taken up the challenge of innovation, adopting carefully selected digital technologies. After examining what it must do to enhance its already famous customer experience, Wako developed a new approach. The name of this new, boutique-focused solution for ensuring an optimal customer experience is "SETSUGU."

Integrating both online (e-commerce) and offline (boutique) data, the key feature of SETSUGU is its ability to leverage customer data on a companywide basis. This system enables Wako to propose the right products and services and implement highly precise marketing techniques based on each individual's purchase history, preferences, tastes, and other information, while also controlling inventory far more efficiently than before.

SEIKO Solutions Inc. and WAKO Co., Ltd., two Seiko Group companies, cooperated to develop SETSUGU. The system could be described as a unique solution that combines in-person hospitality and digital technology based on the online-merge-offline (OMO) concept, where the online and offline realms merge to become one.

Meanwhile, what we call "the Way" of mastering traditional crafts, as well as performing arts such as Kabuki and Noh, has earned strong praise worldwide.

The expert hand-craftsmanship that creates every single Grand Seiko or Credor watch can only be acquired by following "the Way" of endless practice. Rather than simply repeating the same techniques over and over again, the skills underlying this craftsmanship are passed down to younger generations so that they can develop them further.

Morioka Seiko Instruments Inc., which assembles Grand Seiko mechanical watches, has adopted a Professional Human Resources System as its own "meister" program. Under this system, watchmakers must nominate and train their successors, in addition to improving their own technical skills. In this way, the constant refining and passing on of skills becomes a matter of course for the company. Many Seiko units pursue these kinds of initiatives to enable the skills and spirit that have been cultivated in the past to be passed on to the next generation. In this way, we are always creating new value.

In 2023, Takuma Kawauchiya of SWC, who developed and designed the Grand Seiko Kodo
Constant-force Tourbillon, was selected as a
Contemporary Master Craftsman, an award given by the Ministry of Health, Labour and Welfare of
Japan. The launch of the Constant-force Tourbillon took a decade from the first concept proposal, but
Mr. Kawauchiya remained dedicated to the project.
His persistence in pursuing a painstaking process of trial and error, and the continuous support he received over this long period from SWC led to this masterful achievement.

In July 2024, Seiko launched a new project called The Gift of Time, largely centered on our Emotional Value Solutions Business. Among its aims was the idea of enhancing both Japan's image and the value of Japanese manufacturing. This new project highlights the richness of Japanese culture from the perspective of Time, including the uniquely Japanese sense of beauty fostered by the four seasons and other aspects of Nature. It also focuses on the high level of craftsmanship for which Japanese artisans are rightly famous. Through this project, we hope to communicate the idea of Japanese luxury to the world.

In July 2024, Wako remodeled the basement floor of the Wako Main Store in Ginza to become a new base for cultural communication. Using the theme "The Stage of Time," the space was designed to express both tradition and innovation in Japanese culture. It also serves as a locus for people and culture to interact. We are committed to taking on the challenge of using the SEIKO and Wako brands to spread our message throughout Japan and around the world.

Our Founding Spirit Lives on Today

As I have outlined, Seiko continues to pursue initiatives that contribute to the spirit of "the Way" and Master Kukai's idea of "helping yourself and helping others." In fact, we have treasured this spirit since our founding.



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Message from the CEO

Challenges

Kintaro Hattori, our founder, suffered a major loss in the Great Kanto Earthquake of September 1923. His store, his factory, and his house were all destroyed. The approximately 1,500 watches that customers had entrusted to him for repair were irreparably damaged by fire. In the midst of this adversity, just two months after the disaster, Kintaro attracted considerable attention with a newspaper advertisement that offered to replace customers' watches destroyed in the fire with new watches of equal value. This offer helped Kintaro to gain the trust not only of his customers, but of Tokyo society as a whole. It helped to build the sterling reputation of K. Hattori & Co., Ltd.

As you can see, Kintaro truly practiced the spirit of "help yourself, help others."

Kintaro's life was nothing if not dramatic. "Ougon no toki," meaning The Golden Time, a novel by Nire Shuhei based on Kintaro, was dramatized for television in March 2024. The drama featured a cast of well-known, talented actors and it proved to be very popular. I am sure that, precisely because our founding spirit was so faithfully reflected in the story, it resonated with today's viewers.

Kintaro's founding spirit is a legacy proudly carried on by Seiko Group employees. The Systems Solutions Domain, the newest of the Group's three strategic domains, emphasizes the importance of self-motivation, in other words, employees taking the lead in igniting their own passions. The belief is that the growth and personal development of employees ultimately leads to greater satisfaction for customers.

This initiative encourages employees to push themselves to maximize their own performance so that they can then propose solutions that address the concerns faced by clients, and beyond that, social issues as well.

I appointed all 166 new graduates who joined

the Group in April 2024 as "Chief Future Officers." These appointments incorporate my expectations for them to be pathfinders of the future, carving out not only their own futures but also that of our Group, and the future of society as a whole. I am confident that their individuality, capabilities, backgrounds, and passionate pioneering spirit will lift Seiko to new heights. Even as times change, this founding spirit remains the cornerstone of Seiko.

Activities for Moving Ahead, Touching Hearts

In many ways, Seiko's spirit and its technology, always refined to align with the times, have influenced each other throughout our history. This has been the basis of Seiko's corporate culture since its founding. This culture, reflecting the unique essence of Seiko, has invigorated each of our businesses to deliver true value to a wide range of customers, both individual and corporate.

At the same time, drawing on its unique culture, Seiko has also delivered social value in fields that appear far removed from its main businesses.

The "Sound of Wa Concert to Support Eastern Japan," was conceived as a means to support people affected by the 2011 Great East Japan Earthquake through the power of music. We began holding it shortly after the earthquake and tsunami devastated part of the northern Tohoku region, and have held it every year since then in three Tohoku prefectures and also in Tokyo. We are proud to have continued to support this event for the past 13 years. The concert, which was originally designed to help survivors in the aftermath of the disaster, has become a symbol of hope for them in which they are able to move forward steadily on the path to recovery.

We will promote our transformation into a "solutions company" that reflects the unique essence of Seiko, unlike any other brand in the world.

Pulsating rhythms, beautiful melodies, and symphonic harmonies all speak to us, yet they transcend words. I believe that the power of music lies in its ability to act as a bridge linking people from different cultures. In an age of uncertainty about the future, where disease, hunger, geopolitical conflicts, extreme weather, and other challenges persist across the globe, Seiko will continue to support cultural activities based on our belief that the power of music will continue to grow in the future.

To cultivate and support the next generation (which is a mission we have adopted as one of our material issues), we continue supporting activities that aim to stimulate the intellectual curiosity of young people. We want to help them to create their own futures by enabling them to make full use of their senses, including seeing, hearing, touching, and feeling all things authentic.

For example, at Seiko Exciting School we hold Seiko Exciting Sports School, where leading athletes directly instruct children; Seiko Exciting Environment School, where participants think about the global environment by coming into close contact with the soil and insects in a natural environment; and Seiko Exciting Time and Timepieces School, where participants learn the importance of time and the passage of time by taking on the challenge of assembling a real watch. Meanwhile, at Seiko Summer Jazz Camp, which we hold every summer, we invite musicians from New York to work as instructors, helping to develop young Japanese performers who hope to be professional jazz musicians in the future.

Through these initiatives, we look beyond the smiles and serious expressions of children and young people, aiming for a more sustainable future.

A Solutions Company That Reflects the Unique Essence of Seiko

The Seiko of today exists because its founder and his successors produced value by creating solutions for the key issues of the times.

Going forward, we will continue to create new value by transforming our Group into a "solutions company," a multi-faceted organization that reflects the unique essence of SEIKO, which is unlike any other brand in the world. In doing so, we will deepen relationships of trust both inside the Group and with our many stakeholders, always aiming to "create a future full of smiles," as we set out in our Group Purpose. We will steadfastly hold to our course as we advance toward achieving this goal.

I hope we can look forward to your continued understanding and support for the Group's endeavors.



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By bringing together the unique
qualities of Seiko,
we create products and services that
connect people, things,
and time throughout the world.

Editorial Policy

Fiscal year 2024 marks the start of the third year of our 8th Mid-Term Management Plan, "SMILE145," which began in fiscal year 2022. In *Value Report 2024*, we aim to clearly present the results and challenges of the second year of SMILE145, as well as our future policies based on these results. We also seek to help stakeholders understand the challenges that still lie ahead and the process of transforming into a "solutions company" that is true to Seiko.

We hope that this report will help deepen understanding of the Seiko Group's sustainable value creation and serve as a starting point for dialogue with our stakeholders.

Scope of Reporting

The Seiko Group, including SEIKO GROUP CORPORATION, its subsidiaries, and its affiliates

Period Covered

April 1, 2023 to March 31, 2024 (including some activities from April 2024)

References

International Integrated Reporting Framework, IFRS Foundation

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

Recommendations of the Task Force on Climate-related Financial Disclosures (Final Report), TCFD

Forward-Looking Statements

Forecasts of future earnings performance in this report 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.

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



Corporate Website

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

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