

Message from an Outside Director

Working to Transform Seiko into a Unique Solutions Company



The significant possibilities that lie ahead by fully leveraging Seiko's unique value and further communicating its appeal to the world

Noboru Saito

Outside Director

Evaluating SMILE145, the 8th Mid-Term Management Plan

The Seiko Group has achieved growth through its well-balanced business portfolio. In light of its future growth potential, I rate the Group's growth investments highly.

In terms of the progress of SMILE145, the 8th Mid-Term Management Plan, I commend the efforts of the Seiko Group for achieving excellent results on the financial front. The Group positions the Emotional Value Solutions (EVS) Domain, the Devices Solutions (DS) Domain, and the Systems Solutions (SS) Domain as its three strategic domains. During the COVID-19 pandemic, the DS Domain underpinned the Group's performance. Since then, I believe that the Group has continued to make steady progress, with each respective domain developing its strong points, including the success of Grand Seiko (GS) in the Watches Business in the EVS Domain in expanding sales overseas and the solid results also achieved by the SS Domain.

The efforts of the Group to revise its business portfolio and take the next step forward now while it continues to achieve steady growth are also praiseworthy. I pay close attention from an objective standpoint to see whether the Group is not lapsing into short-term perspectives, such as seeking to downsize the DS Domain simply because the domain is not performing at its best. I therefore commend the Group for deciding which of its businesses to invest in and how much it will invest based on a full examination of their future growth potential.

The three strategic domains vary significantly in terms of their characteristics, such as the products they

handle and the value they create, making for an outstanding business portfolio. I believe that the ongoing growth of each domain in a well-balanced manner will lead to growth throughout the Group.

Evaluation of the Effectiveness of the Board of Directors and Issues

I applaud the organizational culture that facilitates high-level discussions. The strengthening of overseas investor relations (IR) activities will be a key task going forward.

The two years I have spent serving as an Outside Director have given me a solid sense that the Board of Directors of the Seiko Group is highly effective. Above all, the attitude toward deliberations of both the Inside and Outside Directors is particularly outstanding. Thanks to meticulous pre-meeting briefings and other measures, discussions at meetings of the Board of Directors can proceed at a high level from the outset, which consistently enable meaningful and effective meetings. The Board of Directors also comprises members with extensive experience and exceptional insight that they have cultivated throughout their long careers, and clearly operates at a high level in terms of corporate governance. Members fully satisfy the requirements of the Board's skills matrix, which I believe explains why the Board can conduct discussions at such a high level.

I am grateful to the Group for arranging opportunities for Outside Directors to tour "Grand Seiko Studio Shizukuishi" and learn about the Group's initiatives for the environment to allow us to deepen our

understanding of the Group. I believe that we Outside Directors must endeavor to learn about the Group of our own accord as well as through the opportunities arranged for us. With this in mind, I endeavor to further deepen my own understanding of Seiko in a variety of ways, including visiting and speaking with staff at SEIKO HOUSE at Ginza 4-chome and Grand Seiko boutiques in Japan and overseas.

The further shortening of time for explanation and the extension of time for deliberation at meetings of the Board of Directors and the strengthening of overseas IR activities were cited as issues in the fiscal year 2024 evaluation of the effectiveness of the Board of Directors. For the former, the Board has already taken action and shortened the time allotted for explanation. In terms of extending the time for deliberation, it is unavoidable that lively discussions require more time. I am of the opinion that both Inside and Outside Directors can continue to address this issue through their own efforts.

I also regard the strengthening of overseas IR activities as a key issue. Given that the Group operates globally, I often offer opinions and advice on the basis that attracting the attention of overseas investors to a greater degree than ever before will be essential to the future growth of the Group. In the Watches Business, GS has now established itself as a Japanese luxury brand that is clearly distinct from its industry peers relative to a decade ago. In my view, further enhancing the brand power of GS and increasing the sales of global brands other than GS are key to overseas expansion. I see great potential in a strategy of strengthening investments in the EVS Domain, which accounts for a significant proportion of the Group's business activities, and also in the SS Domain, which continues to achieve stable growth, on the basis that these domains are central to the growth of the Group. In particular, I am keen to increase the number of shareholders who will watch over the growth of the Group from a stable, long-term perspective. With plans underway for overseas IR activities in Singapore and other countries in fiscal year 2024, I hope that the Group will engage in these activities with great enthusiasm.

Becoming a Unique Solutions Company through the Summation of the Value Provided by the Three Strategic Domains

I am committed to using my knowledge to enable all employees to maximize Seiko's assets.

The Seiko Group has positioned becoming a solutions company that offers high-added-value products and

services that create excitement and generate substantial profits as what it aims to be in 2026. Companies must increase their profits if they are to grow, but connecting that undertaking to a feeling like excitement is no easy task. The DS Domain and the SS Domain comprise businesses that address social issues for companies and in daily life through their products and services, which makes it relatively easy to view them as solutions companies. On the other hand, it is difficult for the EVS Domain to address social issues directly. However, if, for example, a company can provide a product that brings joy to the person wearing it and energizes them for tomorrow—in other words, if Seiko generates excitement through the products it provides—then surely that company must be, for all intents and purposes, a solutions company. It is my belief that the Group as a whole can realize what it aims to be in 2026 through the summation of the value provided by the EVS, DS, and SS domains.

With a history of more than 140 years, the Seiko Group has an abundance of extremely valuable assets, including finances, human resources, facilities, and customers. The Group can grow to become a stronger company by learning how these assets are viewed from the outside, rather than overlooking them as something to be taken for granted. Ensuring that all employees have a proper understanding of the assets of the Group and cultivating the habit of reflecting on ways to make full use of these assets is crucial when approaching the creation of new businesses and the growth of existing ones. While I understand that they are busy with their daily work, I am keen for employees of the Group—which literally deals with time—to use their time wisely by making time to engage with their work and also time to engage with themselves.

The Seiko Group is already advancing a variety of initiatives. It provides opportunities for employees to meet the CEO and the President individually to discuss topics including the Group Purpose while employees hold study sessions and other workshops of their own accord for creating new businesses. These grassroots activities serve to underpin Seiko's current businesses and help grow the businesses of the future. Accordingly, I hope that this movement will continue.

Utilizing my own experience of engaging in co-creation with start-ups, including establishing a corporate venture capital fund, I am already promoting efforts that include introducing start-ups to Inside Directors. I will strive to contribute to the further growth of the Seiko Group by continuing to offer my own knowledge in this business area.

Introduction of Directors & Officers (as of September 30, 2024)



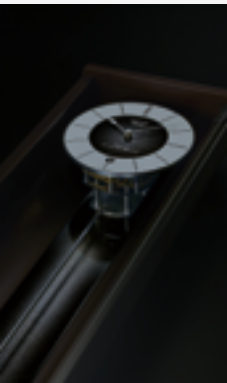
SEIKO GROUP CORPORATION

Chairman, Group CEO, and Group CCO	President	Director, Senior Executive Vice President	Director, Senior Executive Vice President	Director, Executive Vice President
Shinji Hattori	Shuji Takahashi	Akio Naito	Jun Sekine	Taku Yoneyama
Director, Executive Vice President	Outside Director	Outside Director	Outside Director	Outside Director
Yoichi Endo	Noboru Saito	Hideki Kobori	Masahiko Uotani	Shihoko Urushi
Corporate Auditor	Corporate Auditor	Outside Corporate Auditor	Outside Corporate Auditor	Outside Corporate Auditor
Takashi Nishimoto	Minoru Nakao	Hideki Amano	Masatoshi Yano	Kenji Sakurai
Executive Vice President	Executive Vice President	Senior Vice President		
Makoto Ichimura	Hiromi Kanagawa	Hiromi Nakagawa		



SEIKO WATCH CORPORATION

Director, Chairman of the Board	President	Representative Director, Deputy Chief Operating Officer	Director, Senior Executive Vice President	Director, Senior Vice President
Shinji Hattori	Akio Naito	Minoru Ishiguro	Yoshikatsu Kawada	Akira Takakura
Director, Senior Vice President	Director, Senior Vice President	Director	Director	Director
Naoaki Tanimura	Munehisa Shibasaki	Shuji Takahashi	Kiyoko Niwasaki	Hiromi Kanagawa
Corporate Auditor	Corporate Auditor	Corporate Auditor	Senior Vice President	Senior Vice President
Tetsu Matsuda	Taku Yoneyama	Takashi Nishimoto	Kiyomi Tanemura	Katsuyoshi Takizawa
Senior Vice President	Senior Vice President	Senior Vice President		
Shuichiro Seki	Tatsuya Asami	Takeshi Ono		



SEIKO Time Creation Inc.

President	Director, Senior Vice President	Director, Senior Vice President	Director, Senior Vice President	Director
Shimesu Takizawa	Satoshi Morita	Yasunori Hagiwara	Osamu Sugita	Shuji Takahashi
Director	Director	Director	Corporate Auditor	Corporate Auditor
Akio Naito	Taku Yoneyama	Atsutoshi Yamamoto	Kenichi Muroya	Takashi Nishimoto
Senior Vice President				
Hisaya Mito				



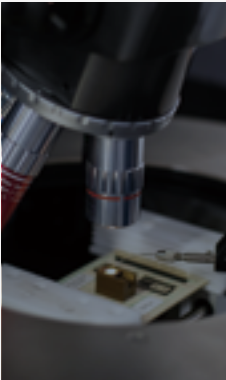
WAKO Co., Ltd.

Chairman	President	Director, Senior Vice President	Director, Senior Vice President	Director
Shinji Hattori	Kiyoko Niwasaki	Kotaro Okajima	Naoki Tajima	Shuji Takahashi
Director	Corporate Auditor	Senior Vice President	Senior Vice President	
Akio Naito	Takashi Nishimoto	Reiko Yamamoto	Takayuki Arai	



Seiko Instruments Inc.

President	Director, Senior Executive Vice President	Director, Exective Vice President	Director, Senior Vice President	Director
Yoichi Endo	Kazuhiko Sakamoto	Koji Tomitsuka	Kazuhisa Onishi	Hideo Hattori
Director	Director	Corporate Auditor	Corporate Auditor	Corporate Auditor
Shuji Takahashi	Taku Yoneyama	Haruhiko Takagi	Satoru Ochiai	Minoru Nakao
Senior Vice President	Senior Vice President			
Tatsuo Sagami	Makoto Matsuda			



SEIKO NPC CORPORATION

President	Director, Senior Vice President	Director	Director	Corporate Auditor
Kimio Yomogida	Hideaki Tadokoro	Yoichi Endo	Taku Yoneyama	Minoru Nakao
Senior Vice President	Senior Vice President	Senior Vice President		
Toshimitsu Ogasawara	Norio Suzuki	Shuji Sakamoto		



Seiko Future Creation Inc.

President	Director	Director	Director	Director
Makoto Ichimura	Hisashi Ujino	Mitsunaga Yata	Akira Takakura	Taku Yoneyama
Director	Corporate Auditor			
Yoichi Endo	Takashi Nishimoto			



SEIKO Solutions Inc.

President	Director, Senior Executive Vice President	Director, Executive Vice President	Director, Executive Vice President	Director
Jun Sekine	Yoshiyuki Hashimoto	Takeshi Ichikawa	Hirofumi Sakamoto	Shuji Takahashi
Director	Director	Director	Corporate Auditor	Corporate Auditor
Makoto Ichimura	Taku Yoneyama	Hideo Hattori	Akihiro Okuma	Tsutomu Konomura
Corporate Auditor	Executive Vice President	Executive Vice President	Executive Vice President	Senior Vice President
Minoru Nakao	Nobuchika Matsuo	Tsutomu Shinkawa	Tomoyuki Nakayama	Masao Nakamura
Senior Vice President				
Shigeru Saeki				

Corporate Governance

Basic Principle of Corporate Governance

Based on the principle “being a company that is trusted by society”, SEIKO GROUP 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 is also committed to securing equality among shareholders, such as minority shareholders and foreign shareholders.

(2) Appropriate Cooperation with Stakeholders Other Than Shareholders

The Company recognizes 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 the 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”.



Basic Policy on Constructive Dialogue with Shareholders
<https://www.seiko.co.jp/en/ir/management/governance/system.html#anc01>

Initiatives to Strengthen Corporate Governance

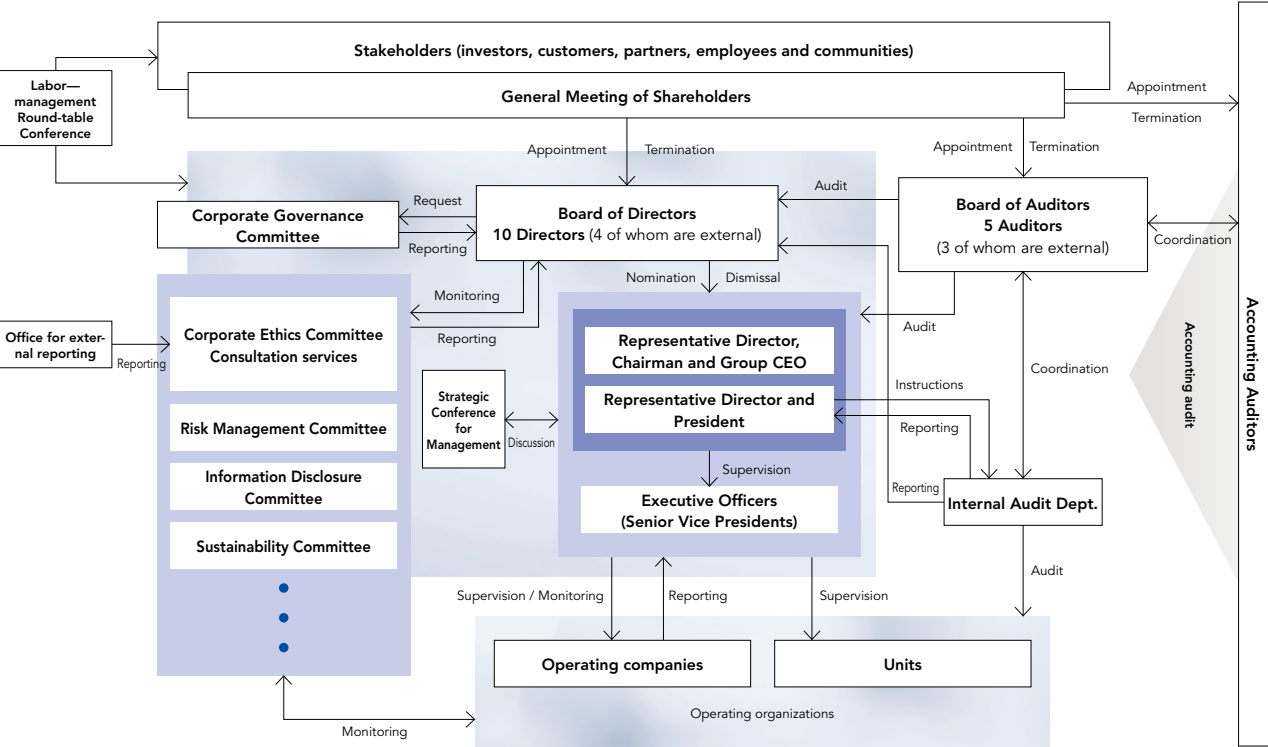
Mid-Term Management Plan	2016–	2019–	2022–	2024–
	6th	7th	8th	
Institutional design, nomination, compensation, etc.	<ul style="list-style-type: none">Inauguration of Corporate Governance CommitteeIntroduction of performance-linked compensation systemFormulation of successor development planStart of evaluation of the effectiveness of the Board of Directors	<ul style="list-style-type: none">Expansion of performance-linked compensation system to some subsidiariesEstablishment of group risk management system	<ul style="list-style-type: none">Independent Outside Directors account for one-third of all DirectorsIntroduction of the System of Executive Officer (Senior Vice President)Revision of the calculation method for performance-linked compensation (Performance-linked ratio raised, non-financial indicators added to KPIs)	<ul style="list-style-type: none">Improvement of opportunities for exchanges of opinion among Independent Outside Officers (establishment of Independent Outside Officers’ Opinion Exchange Meeting)Increase the number of Independent Outside Directors by one
	<ul style="list-style-type: none">Disclosure of notice of general meeting of shareholders (full text) in English	<ul style="list-style-type: none">Issuance of Value Report	<ul style="list-style-type: none">Implementation of a hybrid virtual general meeting of shareholders (live streaming)Disclosure of Annual Securities Report (full text) in English	
Information transmission				

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 Strategic Conference for Management comprising full-time Directors and Executive Officers (Senior Vice Presidents) of the Company for the purpose of working to share the management policy and management information of the Group and discussing medium- to long-term business strategies.

Corporate Governance Structure



Corporate Governance

Board of Directors

The Board of Directors is composed of 10 Directors (including 1 female Director), of whom 4 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. The Company has introduced an Executive Officer (Senior Vice President) System for the purpose of strengthening supervisory functions of the Board of Directors and accelerating the execution of business, through the separation of management decision-making and supervision from the execution of business. There are 4 Outside Directors who have broad experience and considerable insight in business management and in respective fields of specialization. From their independent positions, they contribute to the improvement of management’s monitoring functions.

In fiscal year 2023, the Board of Directors focused on discussing matters that included initiatives for each strategic domain; core strategies centered on non-financial factors such as human capital and sustainability, based on the 8th Mid-Term Management Plan (SMILE145) announced in May 2022; the strengthening of IR-related measures; and the evaluation of the effectiveness of the Board of Directors. In fiscal year 2023, the attendance rate at the Board of Directors was 99%.

Board of Auditors

The Board of Auditors is composed of 2 Corporate Auditors and 3 Outside Corporate Auditors. Its role is to engage in discussions and make decisions on important matters relating to its audit of the Company. 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.

In fiscal year 2023, the Board of Auditors mainly discussed the formulation of the audit policy and audit plan; the audit of the development and operational status of the internal control system; consent for the accounting auditor’s compensation; the evaluation of the accounting auditor; the audit of business reports, financial statements, and other materials; the preparation of audit reports; deliberations on Key Audit Matters (KAM); and preliminary agreements related to the non-assurance services provided by the auditing firm. In fiscal year 2023, the attendance rate at the Board of Auditors was 98%.

Corporate Governance Committee

In order to enhance the objectivity and transparency of management, the Company has established the Corporate Governance Committee, in which Independent Outside Officers account for the majority of members, as an advisory body to the Board of Directors. The Committee deliberates on matters relating to compensation for Officers, nomination of Officer candidates including successor development plans, appointment and dismissal of senior management such as Representative Directors, and other matters regarding corporate governance from a fair and objective perspective, and reports to the Board of Directors.

In fiscal year 2023, in addition to focusing on the selection of candidates for Director and other management roles, the Corporate Governance Committee discussed the amount of performance-linked compensation paid to Officers according to their positions. In fiscal year 2023, the attendance rate at the Corporate Governance Committee was 100%.

Corporate Governance Committee Members

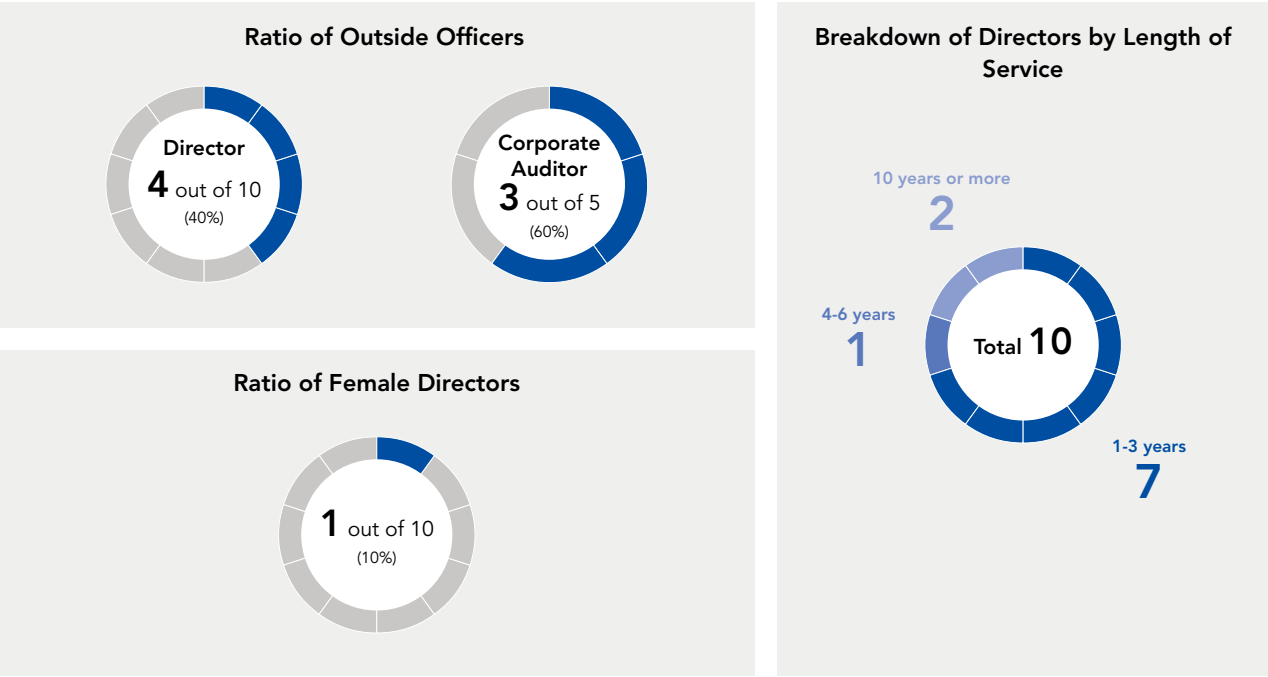
Chairperson President	Shuji Takahashi	Independent Outside Director	Noboru Saito	Independent Outside Corporate Auditor	Hideki Amano
		Independent Outside Director	Hideki Kobori	Independent Outside Corporate Auditor	Masatoshi Yano
Chairman, Group CEO, and Group CCO	Shinji Hattori	Independent Outside Director	Masahiko Uotani	Independent Outside Corporate Auditor	Kenji Sakurai
		Independent Outside Director	Shihoko Urushi		

Skills Matrix for Directors and Corporate Auditors

Position	Name	Skills and experience							
		Corporate management	Brand culture	Marketing	Technology	Finance & Accounting	Legal & Risk management	Human resource and organizational development / DE&I promotion	Global
Director	Shinji Hattori	●	●	●					●
	Shuji Takahashi	●		●	●				●
	Akio Naito	●		●			●		●
	Jun Sekine	●		●	●				
	Taku Yoneyama			●	●	●		●	
	Yoichi Endo	●		●	●				
	Noboru Saito	●		●	●				●
	Hideki Kobori	●	●	●			●		
	Masahiko Uotani	●	●					●	●
	Shihoko Urushi	●		●				●	
Corporate Auditor	Takashi Nishimoto					●	●		
	Minoru Nakao					●			●
	Hideki Amano					●	●		●
	Masatoshi Yano	●					●	●	
	Kenji Sakurai	●		●					●

Independent Outside Officer

Composition of the Board of Officers (as of June 27, 2024)



Evaluation of the Effectiveness of the Board of Directors

As part of efforts to strengthen and promote the corporate governance system, the Company evaluates the effectiveness of the Board of Directors, based on its Basic Principle of Corporate Governance.

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. The responses received were aggregated and analyzed by an outside consultant while ensuring anonymity.

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

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 analysis was conducted by external consultants based on the aforementioned process and content, and the results were reported to the Board of Directors. Using the results as a reference, the Board of Directors conducted an evaluation of its effectiveness and confirmed future measures. According to the results of the evaluation, it was confirmed that the Board of Directors of the Company was functioning properly and its effectiveness had mostly been assured. As for the issues raised in fiscal year 2023, due to taking the following measures, improvements to the issues were confirmed.

Issues for FY2023	Status of Measures
(1) Further strengthening IR measures	<ul style="list-style-type: none">Reporting IR measures to the Board of Directors and discussing further strengthening of IR measures
(2) Enhancing understanding of the Company and communication among Outside Officers	<ul style="list-style-type: none">Tours of major facilities, meetings with employees to exchange opinions, etc.Holding of “Independent Outside Officers’ Opinion Exchange Meeting”, solely for Outside Officers (scheduled to be held twice a year in the future)Sharing of internal training for Officers with Outside Officers

Future Initiatives

Based on the results of the above self-evaluation, opinions that call for “further shortening of time spent on giving explanations and enhancing time for deliberation at Board of Directors meetings” were observed, and the Company has decided to set these as new issues to be addressed in the future. In addition, as a result of measures in response to issue (1) in the previous fiscal year, it was confirmed that further strengthening of overseas IR activities is necessary, and the Company has decided to set “further strengthening of overseas IR activities” as an issue to be addressed in the future.

The Company will strive to further strengthen its corporate governance system by addressing these above issues.

Issues Raised Thus Far and Our Responses

	FY2019	FY2020	FY2021	FY2022
Issues	<div>(1) Discussions of medium- and long-term issues by the Board of Directors</div> <div>(2) Further enhancing discussions at the Corporate Governance Committee</div>	<div>(1) Discussions of medium- and long-term issues by the Board of Directors</div> <div>(2) Enhancing communication and information sharing among Outside Officers</div>	<div>(1) Discussions of medium- and long-term issues by the Board of Directors</div> <div>(2) Composition of the Board of Directors as a whole</div> <div>(3) Feedback by investors on the Company’s evaluation, etc.</div>	<div>(1) Enhance information sharing regarding the capital market’s evaluation of the Company</div> <div>(2) Improvement of the Board’s discussion on non-financial items such as human capital and sustainability</div>

Responses	<div>(1)• Establishment of specific agenda items (Mid-Term Management Plan, business strategies, etc.) and holding of discussions on medium- to long-term key issues</div> <div>• Reduction in the number of current agenda items and shortening of explanation times to secure time for deliberating key issues</div> <div>(2)• Scheduling of increase in the frequency of, and the number of agenda items for, regular Corporate Governance Committees in the next fiscal year and beyond to further increase time for discussions</div> <div>• Confirmation of plans to hold discussions at informal forums on a regular basis going forward</div>	<div>(1)• In addition to matters to be resolved and matters to be reported, establishment and operation of matters to be deliberated as a new agenda category for discussing key issues</div> <div>• Use of written reports to secure time for deliberating key issues</div> <div>(2)• Holding of informal gatherings and expansion of opportunities for communication between Officers and Outside Officers using prior briefings on materials for meetings of the Board of Directors</div> <div>• Provision of opportunities for Outside Officers to tour Group business bases and facilities and attend proposal meetings for new products</div> <div>• Increase in the frequency of meetings of the Corporate Governance Committee</div>	<div>(1)• Prioritizing and scheduling key issues</div> <div>• Clarifying the discussion points of the key topics (sharing the background for being placed on the agenda and discussion points, etc.)</div> <div>• Further reviewing the allocation of discussion time and improving prior explanations</div> <div>(2)• Conducting discussions on the diversity of the expertise, experience, etc., of the members comprising the Board</div> <div>(3)• Improving the reports on the status of IR activities at the Board of Directors</div>	<div>(1)• Reporting the status of IR activities, including communication with investors, to the Board of Directors, and discussing future IR measures, etc.</div> <div>• Sharing analyst reports issued after financial results announcements with Outside Officers on a quarterly basis</div> <div>(2)• Reporting and discussing the progress of the Mid-Term Management Plan on human capital and sustainability to the Board of Directors</div>
-----------	---	--	---	--

Compensation for Officers

Basic Policy of the Compensation for 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 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.

Corporate Governance

■ Compensation System for Officers

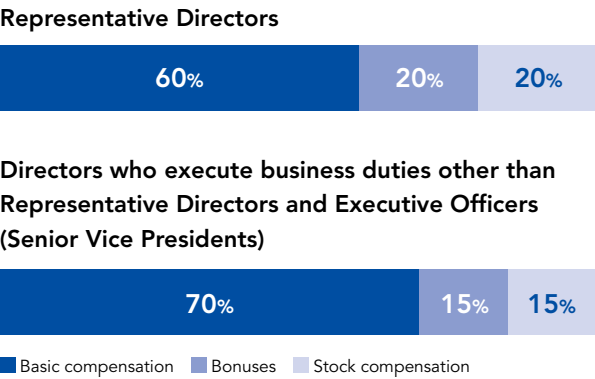
Compensation for Directors who execute business duties consists of “basic compensation” which is a fixed compensation, and “bonuses” (short-term incentive compensation) and “stock compensation” (mid- to long-term compensation), which are performance-linked compensation.

Performance indicators related to performance-linked compensation shall consist of the significant management indicators set forth in the 8th Mid-Term Management Plan (SMILE145) for 5 years from fiscal year 2022 to fiscal year 2026.

Type of Compensation, etc.		Policy for Determining the Contents and Amounts of Compensation, etc.	Performance Indicators
Basic compensation	Fixed compensation	Basic compensation shall be monthly fixed compensation. The amount shall be determined by taking into account comprehensive factors, while considering the level of peer companies and the length of service, etc., according to their roles and responsibilities.	—
	Bonuses	For bonuses, a standard payment shall be the amount obtained by multiplying the basic compensation by a coefficient determined for each position. The individual payments for Chairman and President shall be determined by multiplying the standard payment by the payment ratio according to the performance achievement ratio. The individual payments for Executive Directors other than Chairman and President and Executive Officers (Senior Vice Presidents) shall be determined by adding the amounts obtained by multiplying the standard payments by the payment ratio according to the performance achievement ratio, to the amounts obtained by multiplying the standard payments by the payment ratio based on qualitative evaluations. Bonuses shall fluctuate in the range of 0 to 200% depending on the degree of achievement of the target values.	1) Consolidated operating profit 2) Consolidated gross profit margin 3) Evaluation of individuals
Performance-linked compensation, etc.	Stock compensation	For stock compensation, points obtained by converting the individual benefits into the number of shares shall be granted each fiscal year. The individual benefits shall be the amounts determined by adding the standard benefits (fixed portion) obtained by multiplying the basic compensation by a coefficient determined for each position, to the amount obtained by multiplying the standard benefits by the payment ratio based on financial and non-financial (ESG) evaluations (performance-linked portion). The performance-linked portion of the stock compensation shall fluctuate in the range of 0 to 200% depending on the degree of achievement of the target values. The guideline for the ratio of the fixed portion and the performance-linked portion shall be 50%, respectively (when the performance achievement ratio is 100%).	1) Consolidated operating profit 2) Consolidated gross profit margin 3) Consolidated ROIC 4) Evaluation of ESG: CO ₂ emissions reduction rate (Scope 1 and 2), etc.

■ Compensation Ratio of Each Type

With regard to the compensation ratio of each type for Executive Directors and Executive Officers (Senior Vice Presidents), the level of peer companies shall be considered so that it will be an appropriate ratio as an incentive to contribute to the enhancement of the corporate value of the Company. After being deliberated on by the Corporate Governance Committee, a majority of the members of which are independent Outside Officers, as an advisory body for the Board of Directors, the said policy shall be determined at the Board of Directors based on the deliberations. The guideline for the compensation ratio of each type shall be shown on the right (when the performance achievement ratio and the payment ratio based on qualitative evaluations are 100%):



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 senior management, Directors and Corporate Auditors have the character and knowledge suitable for their respective duties. Based on this concept, in the appointment of senior management and the nomination of candidates for internal Directors, 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 independent 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, determines the dismissal of senior management.

Support System for Directors and Corporate Auditors

The Company deliberates on, mediates, and provides monetary support for the necessary preparation and guidance, such as seminars conducted by outside organizations, for Directors and Corporate Auditors, at the time of their appointment and thereafter, in order for them to acquire the knowledge and information needed to fulfill their roles and responsibilities. As part of providing information to Outside Directors and Outside Corporate Auditors, the Company invites them to attend inspection tours of an exhibition of watches which proposes a collection of new products and examples of merchandise on display at stores and to visit customer watch retailers, as well as its business locations, and holds Independent Outside Officers' Opinion Exchange Meetings.

Cross-Shareholdings

From the perspective of improving the corporate value of the Group in the medium to long term, the Company has adopted a policy to reduce shares that are deemed to be of no significance, comprehensively taking into consideration the Company's management strategy, business relationships with clients, and the benefits and risks, etc., associated with the holding of such shares in view of capital costs.

The Company's Board of Directors verifies each year the rationale for all listed shares held as cross-shareholdings by the Group through examination of the importance of the issuer as a business partner and the benefits and risks of shareholdings 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 2024. With regard to certain shares, which were determined to be of no significance or lacking in rationale to justify their continued holding, the Company proceeds with discussions toward their disposal.

Based on the above policy on cross-shareholdings, the Company sold two stocks among the shares held by its subsidiaries in fiscal year 2023.

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 appointments of Directors and Corporate Auditors
- Proposals on takeover defense measures
- Proposals on reorganization of corporate structure including mergers
- Other 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 operational status of internal controls and periodically reports the results to the Board of Directors.

Risk Management

The Seiko Group identifies Group Significant Risks and works to maintain and strengthen its risk management structure to quickly and appropriately address a variety of business risks in relation to the operation of its businesses.

Group Risk Management Structure



In order to perform centralized management of risks that could greatly influence the Group’s business, the Seiko Group 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 smooth promotion of 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 times of crisis. In normal times, the Company has set out a system capable of responding to crises, such as prompt collection of the necessary information for an appropriate response.

For more detailed analysis of climate-related risks, the Sustainability Committee conducts scenario analysis to identify, assess, and resolve particularly impactful climate change risks for Group companies, and is implementing measures to address these risks with each Group company.

In addition, the Corporate Ethics Committee chooses the risks to focus on addressing based on information that it collects both internally and externally regarding corporate ethics and compliance risks. The committee then promotes risk countermeasures while cooperating with Group companies.

Business Risks

Risks that may seriously affect the operating results and/or financial position of the Group are outlined on the right. 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 the short term.

- (1) Risks associated with economic fluctuations and other changes

(2) High dependence on procurement from specific suppliers

(3) Market environment of the DS Business

(4) Country risks pertaining to manufacturing bases overseas

(5) Dependence on sales to major customers

(6) Shortages and increase in prices of resources

(7) Quality issues and production liability
- (8) Intellectual property rights

(9) Currency exchange rate fluctuations

(10) Interest rate fluctuations

(11) Market price fluctuations

(12) Environmental issues

(13) Information security

(14) Natural disasters and impacts of infectious diseases

(15) Compliance risks

Initiatives to Address Significant Risks

The Group defines risks that could cause tremendous loss in business terms 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.

The Corporate Ethics Committee and the Sustainability Committee address Significant Risks that could have a major impact on compliance and sustainability, respectively.

The SEIKO GROUP CORPORATION Risk Management Committee selects Group Significant Risks as Significant Risks to be addressed on a group-wide basis from among these Significant Risks, establishing measures to prevent and address Group Significant Risks.

The Group Risk Management Liaison Committee, comprising risk management personnel from Group companies, supports the promotion of measures to address the Significant Risks of each Group company through collaboration and cooperation among all Group companies.

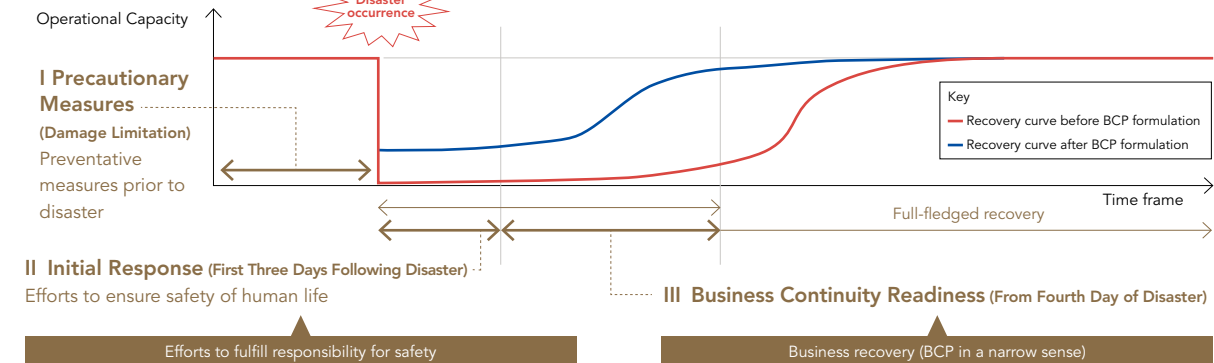
Group Significant Risks in FY2024

Major Themes	Activities to Address Risks
Operational risks due to IT problems (such as cyberattacks) and major IT infrastructure issues	<ul style="list-style-type: none">Examination of the state of security and IT organizationsExamination of the state of the Company-wide management of information assets to be protectedMeasures to address information security in the management of personal informationExamination of integrated monitoring to detect incidentsRevision of structure and regulations for security
Leaks and theft of personal information	<ul style="list-style-type: none">Systematic examination into the outsourcing of storage methods and the handling of personal information within the GroupRevision and deployment throughout the Group of personal information protection regulations and guidelines and overseas personal information protection regulations and guidelines, and establishment of a structure for ongoing dissemination and training
Natural disaster and accident risks that require business continuity plans (BCPs)	<ul style="list-style-type: none">Implementation of Group joint regular drills to enhance initial response effectivenessImplementation of Group business continuity management (BCM) to continuously enhance the effectiveness of BCPs at major Group companiesEvaluation of the validity and effectiveness of BCPs at major Group companies. Efforts to address major issues identified in the evaluation, such as through the revision of BCPs and formulation of new plans and the implementation of simulation exercises to ensure the effectiveness of BCPs

Case Study Natural and Accident Risks That Require BCPs

The Group has long endeavored to establish and operate BCPs (comprising precautionary measures, initial responses, and business continuity readiness). In fiscal year 2024, the Group reestablished the Group’s business continuity readiness (BCP in a narrow sense) while evaluating the effectiveness of the existing BCPs of major Group companies by conducting interviews and other processes in cooperation with external specialists. Based on the results of these evaluations, the Group studied and implemented measures to address the issues identified. Meanwhile, the Group will conduct practical drills based on the reestablished BCPs of Group companies to enhance the effectiveness of the plans. The Group will continue to enhance the effectiveness of BCPs by conducting practical drills on a regular basis and addressing the issues identified, making revisions accordingly.

BCPs



Corporate Ethics and Compliance

SEIKO GROUP CORPORATION has established the Corporate Ethics Action Guidelines based on its Basic Principles of Corporate Ethics and consistently promotes training, awareness-raising efforts, consultations, reporting, auditing, and evaluations in accordance with these guidelines.

Basic Principles of Corporate Ethics

With adherence to laws and respect for social ethics as its starting point, the Company has created sound and sensible corporate ethics to enable it to fulfill its social responsibilities as a company. The Company has set forth its Basic Principles of Corporate Ethics, which takes this approach as its basic stance. Under these principles, the Company has established the Corporate Ethics Action Guidelines to create and practice corporate ethics that can be learned and embraced by every officer and employee and accepted by society at large.



Basic Principles of Corporate Ethics and Corporate Ethics Action Guidelines
https://www.seiko.co.jp/en/group/philosophy/ethics.html#anchor_idea

Compliance Promotion Structure

In accordance with its Basic Principles of Corporate Ethics, the Company has established the Corporate Ethics Committee and consistently promotes training, awareness-raising efforts, consultations, reporting, auditing, and evaluations for officers and employees. Group companies have also established corporate ethics structures and created codes of conduct according to their own business characteristics and relevant laws. In the event of a corporate ethics issue arising at a Group company, the Group companies in question take responsibility for addressing the issue. The Company provides comprehensive cooperation and support to address the issue as requested by the Group companies.

Compliance Promotion Activities

Corporate Ethics Seminars

The Company holds corporate ethics training on an ongoing basis for officers and employees as an initiative for strengthening corporate governance and its compliance structure, which it has defined as one of its issues of materiality. In fiscal year 2023, the Company held participation-oriented workshops and other training for officers and employees at Group companies on the topic of the distinction between appropriate guidance and abuse of power. In fiscal year 2024, the Company will work to strengthen its compliance structure by holding seminars on the protection of personal information and the Subcontract Act.

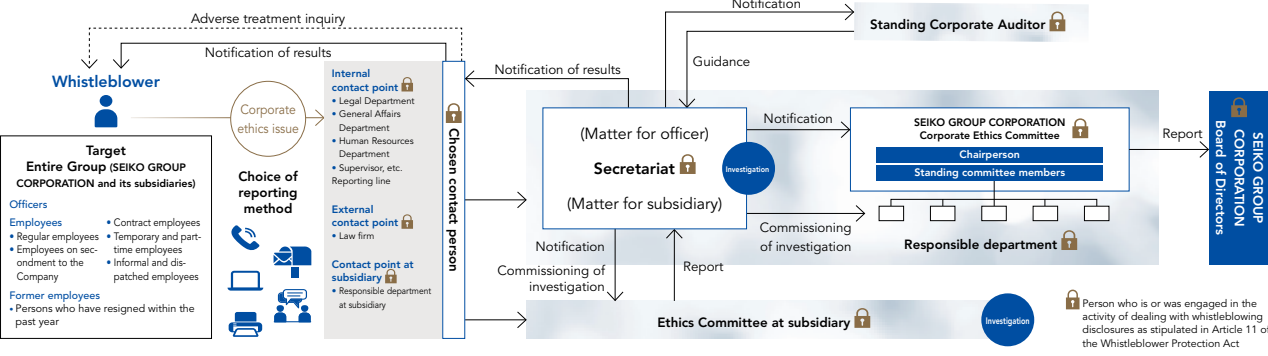
Confirming the Maintenance and Promotion Status of the Compliance Structure through Audits

The Company conducts audits led by the Internal Audit Department to confirm the maintenance and promotion status of its compliance structure on a regular basis. Internal control system audits under the Companies Act confirm the establishment and dissemination of basic policies and codes of conduct in relation to compliance and the implementation status of risk management structures at eight large companies, including the Company, as prescribed by the Companies Act.

Whistleblowing System

The Company has established a Corporate Ethics Helpline as a contact point for consultations and reports from employees regarding issues related to corporate ethics and compliance. In addition to this internal contact point, the Company has set up an external contact point at a law firm, thereby putting in place an environment that facilitates consultations and reports in support of users of this system. Moreover, the Company accepts consultations and reports more broadly than the scope stipulated by this system and strive to address a wide range of issues. To ensure that helpline users are not subjected to adverse treatment on the grounds of making a consultation or report, the Company strictly controls the user information and the details of consultations and reports.

Whistleblowing System (Corporate Ethics Helpline) Framework



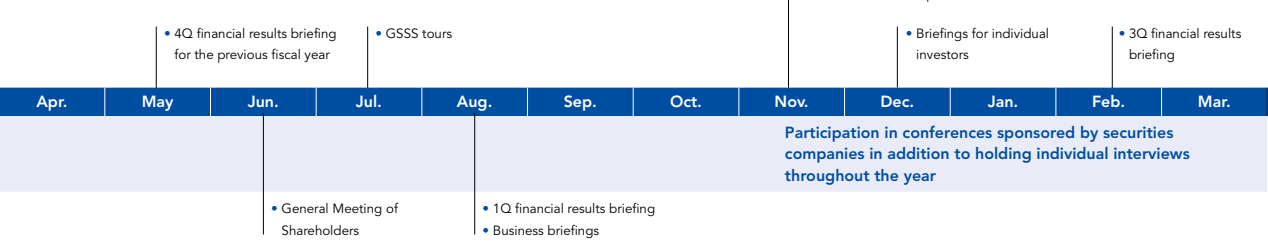
Dialogue with Shareholders and Investors
Building Strong Relationships of Trust with Shareholders and Investors

Approach to Dialogue with Shareholders and Investors

The Group is committed to engaging in dialogue with its shareholders and investors to contribute to sustainable growth and medium- to long-term corporate value improvement. In addition to disclosing information in a timely and appropriate manner, the Group also strive daily to improve the usefulness of this disclosed information for everyone who uses it, keeping in mind honest and transparent communication.

Going forward, the Group will continue to build strong relationships of trust through dialogue with shareholders and investors.

Main Activities (FY2023)



Regular Dialogue with Shareholders and Investors

Target	Activities	Frequency	Responsible Person	Holding Method, Theme, etc.
Shareholders	General Meeting of Shareholders	June 2023	—	Implementation of a hybrid virtual General Meeting of Shareholders (live streaming)
Institutional investors / Analysts (Japan and overseas)	Financial results briefings	4 times	CEO, President, Senior Executive Vice President in charge of each domain, officer in charge of IR	The financial results briefing in May 2023 was held under a hybrid format while other financial briefings were held online. Briefing materials and summary of Q&A are disclosed on the Company's website (Japanese and English).
	Business briefings	1 time	President of an operating company	[Theme] Expansion of high-end products business (luxury domain) centered on Grand Seiko
	Individual interviews	151 times	Officer in charge of IR	Online or face-to-face dialogue
	Conferences sponsored by securities companies	1 time	Officer in charge of IR	Every year, we participate in conferences held by securities companies in order to create opportunities for dialogue with new investors.
	Facility visits	1 time	Facility manager	Various facility tours held to promote understanding of the Group (Track record) "Grand Seiko Studio Shizukuishi"

Case Study Efforts to Improve the Effectiveness of Dialogue and Enhance Information Disclosure


- Strengthening overseas IR activities
- Increasing the number of facility tours held in response to requests from investors and analysts
- Reviewing the annual cycle for various IR activities aimed at constructive dialogue with investors and analysts
- Enhancing information provision through notices of the General Meeting of Shareholders, financial results briefing materials, Value Reports, etc.



Shareholders and Investors Feedback Based on Dialogue with Management

The Group share the contents of questions and comments from individual interviews with investors and analysts with management and related departments on a monthly basis, and also share analyst reports issued by securities companies. Furthermore, IR activities are reported to the Board of Directors once a year.

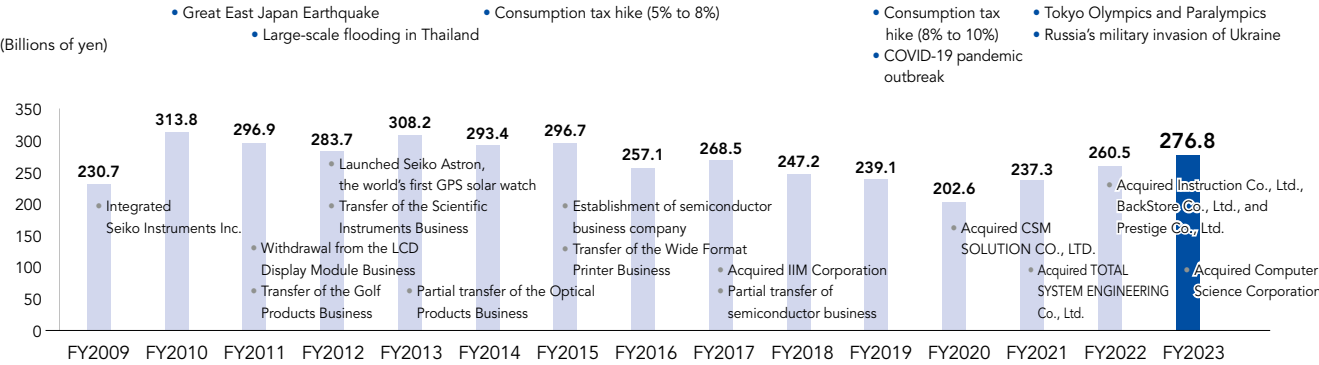
Under the ongoing SMILE145, the 8th Mid-Term Management Plan, the Group have also considered the opinions of investors and analysts in disclosing cash allocation and setting ROIC and ROE as KPIs, and the Group have worked to expand the disclosed information in financial results briefing materials and enhance the content in Value Reports.



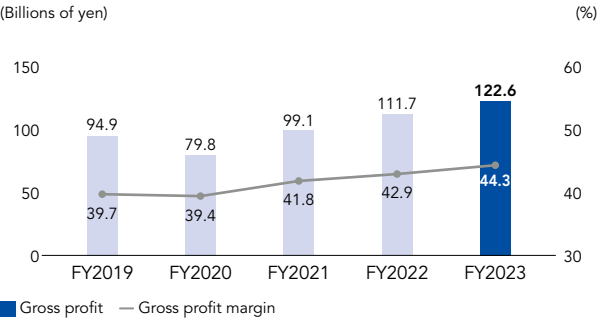
Investor Relations
<https://www.seiko.co.jp/en/ir/>

Financial Highlights

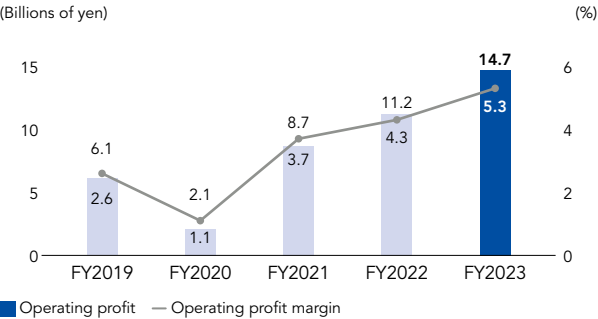
15-Year Net Sales Transition



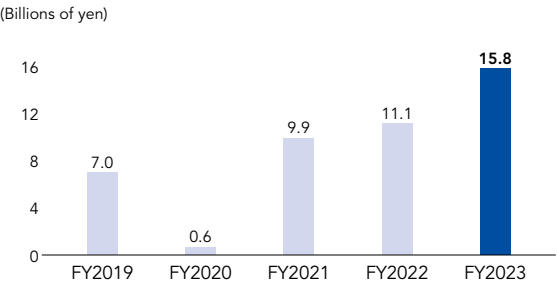
Gross Profit / Gross Profit Margin



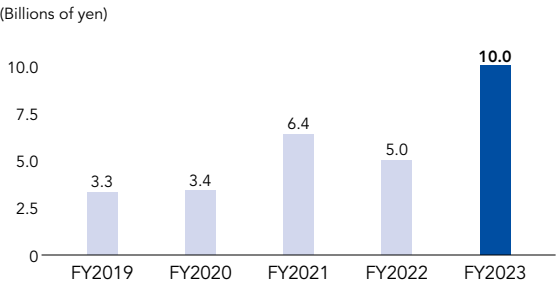
Operating Profit / Operating Profit Margin



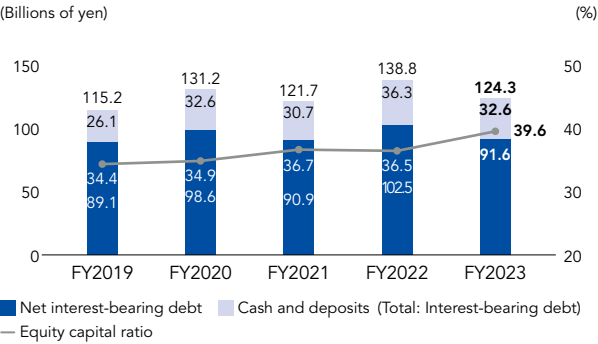
Ordinary Profit



Profit Attributable to Owners of Parent

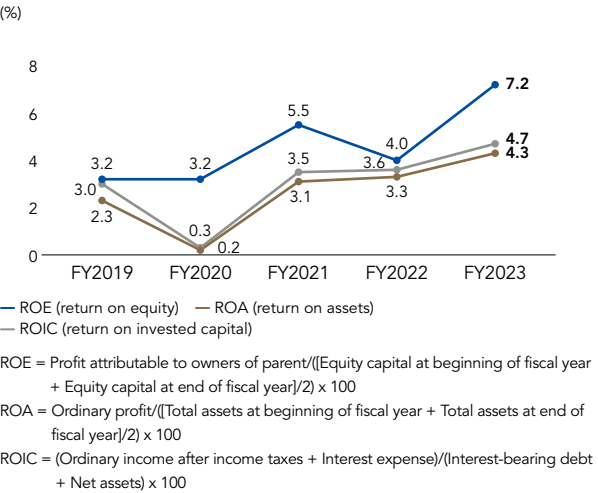


Net Interest-Bearing Debt / Equity Capital Ratio



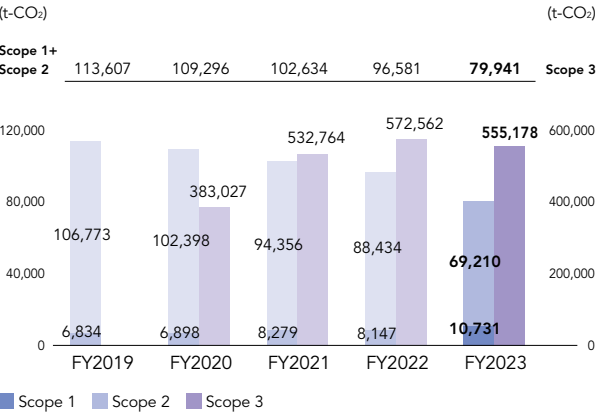
Net interest-bearing debt = Interest-bearing debt – Cash and deposits
Interest-bearing debt = Borrowings + Lease obligations
The Group has applied IFRS 16 "Leases" at consolidated subsidiaries overseas, excluding those in the U.S., from 1Q FY2019.
Equity capital ratio = Equity capital/Total assets x 100

ROE / ROA / ROIC

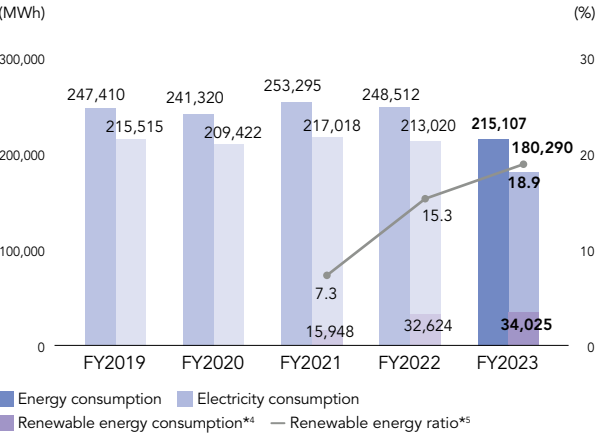


Non-Financial Highlights

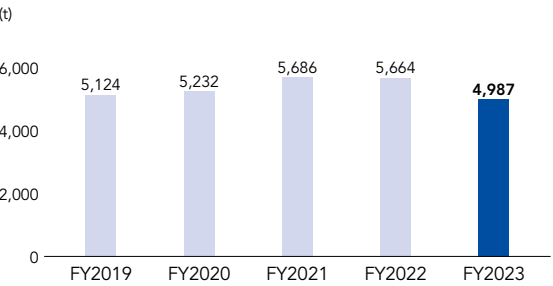
Greenhouse Gas Emissions*1, *2, *3



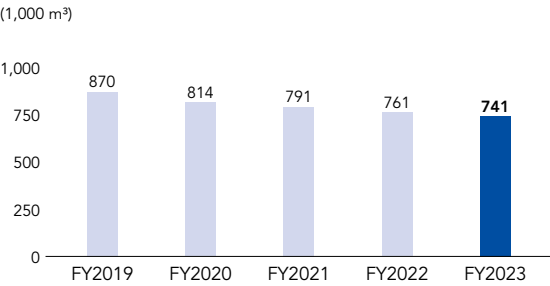
Energy Consumption*1



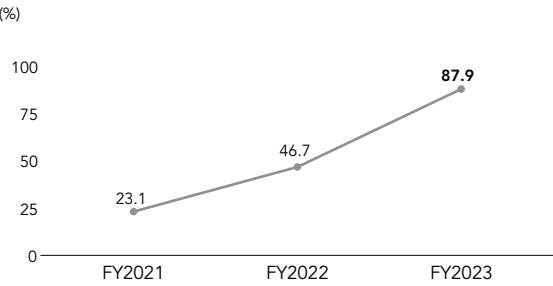
Waste Output*1



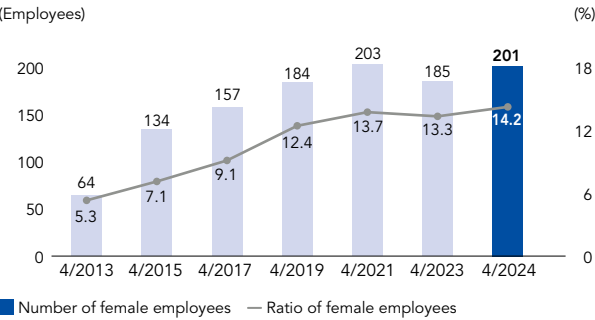
Water Withdrawal*1



Rate of Male Employees Taking Childcare Leave*6



Ratio of Female Employees in Managerial Positions



Employee Composition

Percentage of overseas employees*7	Ratio of male and female regular employees*8
47.7%	Male 70.0% Female 30.0%

*1 Scope of calculation: SEIKO GROUP CORPORATION and all operating companies in Japan and overseas (waste output and water intake figures are only for sites where activity data is available.)
*2 The following CO₂ emission coefficients are used:
Electricity: In Japan, we use emission factors as determined by the emissions output for each separate electric power utility, as specified in the Act on Promotion of Global Warming Countermeasures. Overseas, the International Energy Agency (IEA) emission factors for each country are the standard reference.
Fuel: Both in Japan and overseas, emissions are measured as the calorific value by type of fuel and emission factors for fuel use, as specified in the Act on Promotion of Global Warming Countermeasures.
Chilled/heated water: Emission factors provided by suppliers are used.
*3 The scope of the statistics for FY2020 covers the main 6 businesses of SEIKO WATCH CORPORATION and Seiko Instruments Inc.
*4 Quantity of electricity used that originates from renewable energy sources, including purchases made through certificates
*5 Proportion of renewable energy in electricity consumption
*6 Childcare leave usage rate = Percentage of employees among those eligible who started childcare leave during the year in question
Scope of calculation: SEIKO GROUP CORPORATION and 7 operating companies in Japan
*7 As of March 31, 2024 (Consolidated)
*8 As of April 1, 2024
Scope of calculation: SEIKO GROUP CORPORATION and 19 operating companies in Japan
*9 Scope of calculation: SEIKO GROUP CORPORATION and 7 operating companies in Japan (as of the end of each fiscal year)
*10 Turnover rate of new graduates within three years of employment
Scope of calculation: SEIKO GROUP CORPORATION and 7 operating companies in Japan
*11 The ratio of employees with disabilities for June 1 in the following fiscal year is displayed as the ratio as of the end of that fiscal year.
Scope of calculation: SEIKO GROUP CORPORATION and 8 companies certified as Group companies including special subsidiaries

Ten-Year Financial Summary

 Earnings Review
<https://www.seiko.co.jp/en/ir/financial/highlight.html>

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
(Millions of yen)										
Consolidated Statements of Income										
Net sales (by segment)*1										
Emotional Value Solutions	188,525	195,141	161,796	168,049	169,833	163,444	127,835	150,890	170,795	188,351
Watches*2	159,075	164,453	134,592	140,156	141,788	135,475	105,054	125,744	144,220	160,071
Others/Adjustments*3	29,450	30,687	27,204	27,892	28,044	27,969	22,781	25,146	26,575	28,280
Devices Solutions*4	88,684	87,351	78,662	76,632	50,133	46,962	47,536	61,060	64,530	58,396
Systems Solutions	21,142	19,455	20,287	27,411	30,809	32,839	34,114	34,413	36,626	40,454
Others	1,264	1,235	961	1,047	1,218	1,222	1,274	1,052	1,109	1,206
Adjustments	(6,144)	(6,478)	(4,591)	(4,610)	(4,701)	(5,319)	(8,090)	(10,035)	(12,557)	(11,602)
Consolidated total	293,472	296,705	257,115	268,529	247,293	239,150	202,671	237,382	260,504	276,807
Gross profit	104,266	108,540	96,292	102,297	96,338	94,928	79,866	99,178	111,798	122,686
Gross profit to sales ratio (%)	35.5%	36.6%	37.5%	38.1%	39.0%	39.7%	39.4%	41.8%	42.9%	44.3%
Selling, general and administrative expenses	92,599	95,233	88,804	91,461	86,943	88,794	77,672	90,408	100,564	107,948
Operating profit (by segment)*1										
Emotional Value Solutions	11,746	12,934	7,185	8,166	11,086	10,138	5,206	8,295	11,575	17,262
Watches*2	12,334	12,722	7,615	7,902	10,391	10,158	5,600	7,638	11,123	15,644
Others/Adjustments*3	(587)	211	(429)	264	695	(19)	(393)	656	452	1,617
Devices Solutions*4	2,741	3,382	4,291	5,917	1,129	668	1,365	5,638	5,059	2,117
Systems Solutions	327	364	1,283	1,605	2,401	3,010	3,538	3,946	4,367	4,715
Others	249	160	159	229	229	264	284	216	171	219
Adjustments	(3,398)	(3,532)	(5,432)	(5,082)	(5,452)	(7,947)	(8,200)	(9,326)	(9,940)	(9,577)
Consolidated total	11,667	13,307	7,487	10,836	9,394	6,134	2,194	8,770	11,233	14,737
Operating profit to sales ratio (%)	4.0%	4.5%	2.9%	4.0%	3.8%	2.6%	1.1%	3.7%	4.3%	5.3%
Ordinary profit	12,373	11,879	6,671	10,911	11,410	7,004	633	9,939	11,167	15,894
Ordinary profit to sales ratio (%)	4.2%	4.0%	2.6%	4.1%	4.6%	2.9%	0.3%	4.2%	4.3%	5.7%
Profit attributable to owners of parent	21,778	12,142	5,392	11,541	9,249	3,394	3,475	6,415	5,028	10,051
Profit attributable to owners of parent to sales ratio (%)	7.4%	4.1%	2.1%	4.3%	3.7%	1.4%	1.7%	2.7%	1.9%	3.6%
Advertising and sales promotion expenses	16,624	18,366	15,882	16,393	16,905	18,845	14,929	15,985	18,348	20,141
Salaries and wages	36,060	37,200	34,819	34,639	32,454	32,163	28,827	32,970	36,890	39,503
Provision for bonuses	2,202	2,074	1,867	1,986	1,879	1,913	2,023	2,365	2,820	2,901
Retirement benefit expenses	1,928	1,610	770	1,383	1,470	1,371	1,224	1,294	1,149	982
Research and development expenses*5	4,112	4,023	3,901	4,669	4,190	4,607	4,095	4,106	3,980	3,606
Consolidated Balance Sheets										
Cash and deposits	41,292	39,131	35,355	34,229	33,844	26,112	32,611	30,740	36,324	32,683
Inventories	62,910	65,196	66,177	57,011	58,305	65,734	68,424	73,048	83,776	84,382
Interest-bearing debt*6	137,250	127,560	136,586	113,387	106,022	115,261	131,242	121,728	138,861	124,325
Net assets	92,589	102,692	107,161	105,170	110,415	104,273	113,082	121,624	131,748	151,334
Total assets	333,701	329,115	328,857	305,297	303,036	299,990	319,671	327,533	355,915	376,262
Consolidated Statements of Cash Flows										
Net cash provided by (used in) operating activities	16,562	15,096	4,209	27,885	17,508	2,704	2,874	20,358	9,261	32,726
Net cash provided by (used in) investing activities	46,254	(8,334)	(13,200)	(17,430)	(7,093)	(10,688)	(7,838)	(9,318)	(15,535)	(15,095)
Net cash provided by (used in) financing activities	(66,816)	(6,645)	5,713	(11,759)	(10,670)	678	10,465	(13,909)	10,564	(23,017)
Free cash flow	62,816	6,762	(8,991)	10,455	10,414	(7,983)	(4,963)	11,040	(6,274)	17,630
Depreciation	10,892	10,325	10,959	10,128	8,980	10,315	10,690	10,879	12,359	13,301
Purchase of property, plant and equipment	(9,350)	(13,054)	(12,138)	(6,954)	(6,341)	(8,852)	(17,735)	(8,797)	(12,182)	(11,023)
Management Indicators										
Overseas net sales	154,025	150,864	122,285	125,499	107,296	101,635	89,561	112,978	127,897	129,329
Overseas net sales ratio (%)	52.5%	50.8%	47.6%	46.7%	43.4%	42.5%	44.2%	47.6%	49.1%	46.7%
ROE (return on equity) (%)*7	28.4%	13.1%	5.6%	11.4%	8.7%	3.2%	3.2%	5.5%	4.0%	7.2%
ROA (return on assets)*8	3.5%	3.6%	2.0%	3.4%	3.8%	2.3%	0.2%	3.1%	3.3%	4.3%
ROIC (return on invested capital) (%)*9	4.5%	4.5%	2.6%	4.1%	4.4%	3.0%	0.3%	3.5%	3.6%	4.7%
PER (price earnings ratio) (times)*10	5.8	7.6	17.4	9.2	11.7	21.2	22.3	14.7	23.8	17.1
PBR (price book-value ratio) (times)*11	1.4	1.0	1.0	1.0	1.0	0.7	0.7	0.8	0.9	1.1
Equity capital	90,410	94,521	98,119	104,010	109,221	103,050	111,695	120,067	129,792	149,100
Equity capital ratio (%)*12	27.1%	28.7%	29.8%	34.1%	36.0%	34.4%	34.9%	36.7%	36.5%	39.6%
Net interest-bearing debt*13	95,957	88,428	101,230	79,158	72,178	89,148	98,631	90,988	102,536	91,641
Net D/E ratio (times)*14	1.0	0.8	0.9	0.7	0.6	0.8	0.8	0.7	0.7	0.6
Basic earnings per share (yen)*15, *16	526.95	293.81	130.71	280.01	224.42	82.36	84.30	155.56	121.86	244.33
Net assets per share (yen)*15, *17	2,187.60	2,287.18	2,380.50	2,523.54	2,649.99	2,499.97	2,709.17	2,911.17	3,144.81	3,657.61
Dividends per share (yen)*15	50.00	62.50	75.00	75.00	75.00	75.00	37.50	50.00	75.00	80.00
Dividend payout ratio (%)	9.5%	21.3%	57.4%	26.8%	33.4%	91.1%	44.5%	32.1%	61.5%	32.7%
Exchange Rate (fiscal year average) (JPY)										
USD	109.9	120.1	108.4	110.8	110.9	108.7	106.1	112.4	135.5	144.7
EUR	138.7	132.6	118.8	129.7	128.4	120.8	123.8	130.6	141.0	156.8

Major Topics

FY2015

The domestic Watches Business performed well, partly thanks to the increase in inbound demand, particularly from Chinese tourists.

FY2016

The Watches Business struggled due to fluctuations in inbound demand and a slump in the affordable watches market. The Group launched the Global Brands Strategy in this business.

FY2017

To strengthen its financial base and concentrate resources on its core Watches Business and Systems Solutions Business, the Group sold off part of its semiconductor business in its Devices Solutions Business (sale completed in FY2019).

FY2020

Due to the spread of COVID-19, restrictions on economic activity led to a deterioration in earnings performance across the Group.

FY2021

As the impact of COVID-19 eased and personal consumption bounced back, the Group's overall earnings performance recovered.

FY2023

The yen continued to weaken, boosting the number of tourists from overseas. Notably, inbound demand from European and American tourists increased, and the Watches Business was the driving force behind 10-year-high profits for the Group.

FY2016 to FY2023

The Systems Solutions Business achieved year-on-year quarterly growth in sales and profits for the 32nd consecutive quarter.

*1 Due to the change in the reporting segments from FY2022, the results for FY2021 and earlier have been reclassified to reflect the new segments. Figures after reclassification prior to FY2020 are unaudited reference values.

*2 The previous Watches Business

*3 Including some of the businesses included in the previous Electronic Devices Business, the Time Creation Business, and the Wako Business previously not included in reported segments, and adjustments in the Emotional Value Solutions Business

*4 The businesses previously in the Electronic Devices Business, other than those that have been integrated with the Emotional Value Solutions Business

*5 Total of research and development expenses included in general and administrative expenses and manufacturing costs

*6 Interest-bearing debt = Borrowings + Lease obligations
The Group has applied IFRS 16 "Leases" at consolidated subsidiaries overseas, excluding those in the U.S., from 1Q FY2019.

*7 ROE = Profit attributable to owners of parent/(Equity capital at beginning of fiscal year + Equity capital at end of fiscal year)/2 x 100

*8 ROA = Ordinary profit/((Total assets at beginning of fiscal year + Total assets at end of fiscal year)/2) x 100

*9 ROIC = (Ordinary income after income taxes + Interest expense)/(Interest-bearing debt + Net assets) x 100

*10 PER = Stock price/Basic earnings per share

*11 PBR = Stock price/Net assets per share

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

*13 Net interest-bearing debt = Interest-bearing debt – Cash and deposits

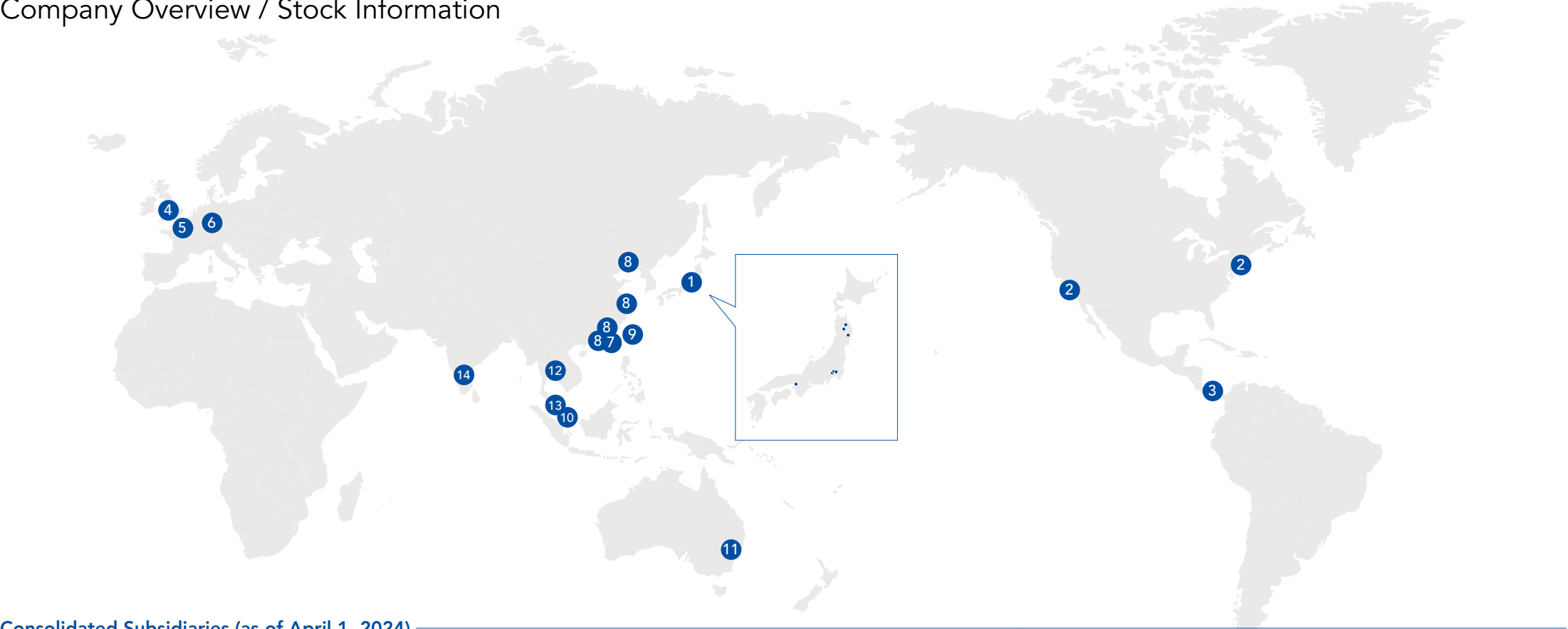
*14 Net D/E ratio = Net interest-bearing debt/Net assets

*15 The Group conducted a share consolidation of every five shares of its common stock into one share as of October 1, 2017. The values on the left reflect the share consolidation.

*16 Profit attributable to owners of parent pertaining to common stock/Average number of shares of common stock outstanding during the period

*17 Net assets at end of fiscal year related to common stock/Number of shares of common stock at end of fiscal year

Company Overview / Stock Information



Consolidated Subsidiaries (as of April 1, 2024)

1 Japan			
SEIKO WATCH CORPORATION	Chuo-ku, Tokyo	EVS	
SEIKO TIME LABS CO., LTD.	Koto-ku, Tokyo	EVS	
CRONOS Inc.	Chiyoda-ku, Tokyo	EVS	
SEIKO Retail Marketing Corporation	Chuo-ku, Tokyo	EVS	
SEIKO Time Creation Inc.	Koto-ku, Tokyo	EVS	
WAKO Co., Ltd.	Chuo-ku, Tokyo	EVS	
SEIKO NPC CORPORATION	Taito-ku, Tokyo	DS	
IIM Corporation	Chuo-ku, Tokyo	SS	
CSM SOLUTION CO., LTD.	Koto-ku, Tokyo	SS	
GCC CO., LTD.	Koto-ku, Tokyo	SS	
Instruction Co., Ltd.	Chuo-ku, Tokyo	SS	
BackStore Co., Ltd.	Chuo-ku, Tokyo	SS	
Prestige Co., Ltd.	Chuo-ku, Tokyo	SS	
Computer Science Corporation	Shinagawa-ku, Tokyo	SS	
KYOBASHI KIGYO (K.K.)	Chuo-ku, Tokyo	Others	
Shirakawa Estate Co., Ltd.	Chuo-ku, Tokyo	Others	
Morioka Seiko Instruments Inc.	Shizukuishi-cho, Iwate	EVS	
Ninohe Tokei Kogyo Co., Ltd.	Ninohe-shi, Iwate	EVS	
Tono Seiki Co., Ltd.	Tono-shi, Iwate	EVS	
Michinoku Service Co., Ltd.	Shizukuishi-cho, Iwate	EVS	
Seiko Instruments Inc.	Mihama-ku, Chiba	DS	
SII Printek Inc.	Mihama-ku, Chiba	DS	
Seiko EG&G Co., Ltd.	Mihama-ku, Chiba	DS	
Seiko Future Creation Inc.	Mihama-ku, Chiba	DS	
SII Crystal Technology Inc.	Mihama-ku, Chiba	DS	
SEIKO Solutions Inc.	Mihama-ku, Chiba	SS	
Human Capital Co., LTD.	Mihama-ku, Chiba	Others	
TOTAL SYSTEM ENGINEERING Co., Ltd.	Chuo-ku, Osaka	SS	
Others, 1 company			
Equity-Method Affiliates (as of April 1, 2024)			
CLOCKWORK HOLDINGS INC.	Chuo-ku, Tokyo	EVS	
Jedat Inc.	Chuo-ku, Tokyo	DS	
SEIKO OPTICAL PRODUCTS CO., LTD.	Chuo-ku, Tokyo	Others	
SII Logistics Inc.	Mihama-ku, Chiba	Others	
OHARA INC.	Sagamihara-shi, Kanagawa	Others	
2 USA			
Grand Seiko Corporation of America	New Jersey, U.S.A.	EVS	
Seiko Watch of America LLC	New Jersey, U.S.A.	EVS	
SEIKO Time Corporation	New York, U.S.A.	EVS	
Seiko Instruments U.S.A., Inc.*	Torrance, U.S.A.	DS	
* Seiko Instruments U.S.A., Inc. also operates the EVS Business.			
3 Panama			
SEIKO Panama, S.A.	Panama City, Panama	EVS	
4 United Kingdom			
SEIKO U.K. Limited	Maidenhead, U.K.	EVS	
5 France			
Grand Seiko Europe S.A.S.	Paris, France	EVS	
Seiko Watch Europe S.A.S.	Neuilly-sur-Seine, France	EVS	
6 Germany			
Seiko Instruments GmbH	Neu-Isenburg, Germany	DS	
7 Hong Kong			
SEIKO Hong Kong Ltd.	Kowloon, Hong Kong	EVS	
SEIKO Manufacturing (H.K.) Ltd.	Kowloon, Hong Kong	EVS	
Time Module Ltd.	Kowloon, Hong Kong	EVS	
SEIKO CLOCK (Hong Kong) Ltd.	Kowloon, Hong Kong	EVS	
Seiko Instruments Trading (H.K.) Ltd.	Kowloon, Hong Kong	DS	
8 China			
Guangzhou SII Watch Co., Ltd.	Guangzhou, China	EVS	
Grand Seiko (Shanghai) Co., Ltd.	Shanghai, China	EVS	
SEIKO Watch (Shanghai) Co., Ltd.	Shanghai, China	EVS	
SEIKO CLOCK (Shenzhen) Co., Ltd.	Shenzhen, China	EVS	
Dalian Seiko Instruments Inc.	Dalian, China	DS	
Seiko Instruments (Shanghai) Inc.	Shanghai, China	DS	
Seiko Instruments Technology (Shanghai) Inc.	Shanghai, China	DS	
9 Taiwan			
SEIKO Taiwan Co., Ltd.	Taipei, Taiwan	EVS	
Seiko Instruments Taiwan Inc.	Taipei, Taiwan	DS	
10 Singapore			
Grand Seiko Asia-Pacific Pte. Ltd.	Singapore, Singapore	EVS	
SEIKO Manufacturing (Singapore) Pte. Ltd.	Singapore, Singapore	EVS	
Asian Electronic Technology Pte. Ltd.	Singapore, Singapore	DS	
Seiko Instruments Singapore Pte. Ltd.	Singapore, Singapore	DS	
11 Australia			
SEIKO Australia Pty. Ltd.	Macquarie Park, Australia	EVS	
12 Thailand			
SEIKO (Thailand) Co., Ltd.	Bangkok, Thailand	EVS	
SEIKO Precision (Thailand) Co., Ltd.	Pathumthani, Thailand	EVS	
Seiko Instruments (Thailand) Ltd.	Pathumthani, Thailand	DS	
13 Malaysia			
Instruments Technology (Johor) Sdn. Bhd.	Johor Bahru, Malaysia	EVS	
14 India			
SEIKO Watch India Pvt. Ltd.	Bangalore, India	EVS	

EVS

 : Emotional Value Solutions

DS

 : Devices Solutions

SS

 : Systems Solutions

Company Overview (as of March 31, 2024)

Company name	SEIKO GROUP CORPORATION
Year of establishment	1881
Capital	¥10 billion
Number of employees	169 / 11,740 (consolidated)
Operating revenue	¥15.2 billion
Consolidated net sales	¥276.8 billion
Head office address	26-1, Ginza 1-chome, Chuo-ku, Tokyo 104-8110, Japan Phone: +81-3-3563-2111
Registered office address	5-11, Ginza 4-chome, Chuo-ku, Tokyo

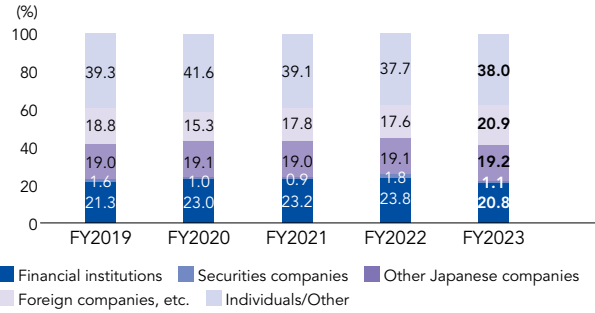
Stock Information (as of March 31, 2024)

Total number of shares authorized to be issued	149,200,000
Total number of shares issued and outstanding	41,404,261
Lot size	100
Number of shareholders	13,664

Status of Major Shareholders (as of March 31, 2024)

Name	Number of shares (x 1,000)	Ratio (%)
Sanko Kigyo K.K.	4,436	10.7
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,814	9.2
Etsuko Hattori	3,613	8.7
Shinji Hattori	2,279	5.5
The Dai-ichi Life Insurance Company, Limited	1,800	4.4
Hideo Hattori	1,622	3.9
Custody Bank of Japan, Ltd. (Trust Account)	1,203	2.9
GOLDMAN SACHS INTERNATIONAL (Standing proxy: Goldman Sachs (Japan) Ltd.)	836	2.0
SHIMIZU CORPORATION	744	1.8
FUJI BUILDING Co., Ltd.	671	1.6

Distribution of Shares



Share Price Trend

