


A large, stylized bird logo in the top left corner, composed of black, blue, and grey geometric shapes with motion lines.

SEIKO

# SEIKO GROUP

VALUE REPORT 2024

Three smaller, stylized bird logos in the bottom left corner, each with different color accents: one in black/grey, one in green, and one in blue.

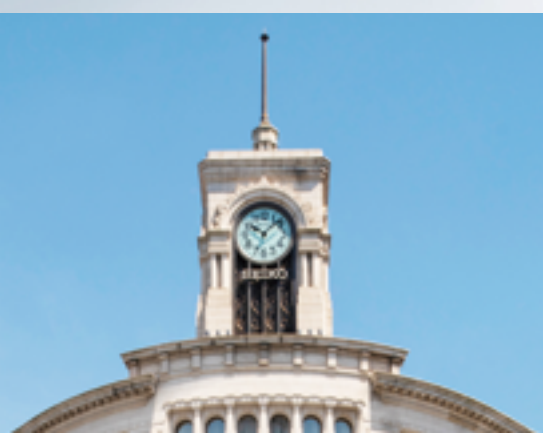
*Constantly pursue innovation*  
*Creating a future full of smiles*

## Introduction: Shaping a Unique Solutions Company

# 真誠 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.



# 匠 Craftsmanship



Introduction: Shaping a Unique Solutions Company



世界

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



挑戦

Challenges



Introduction: Shaping a Unique Solutions Company

## Fusion



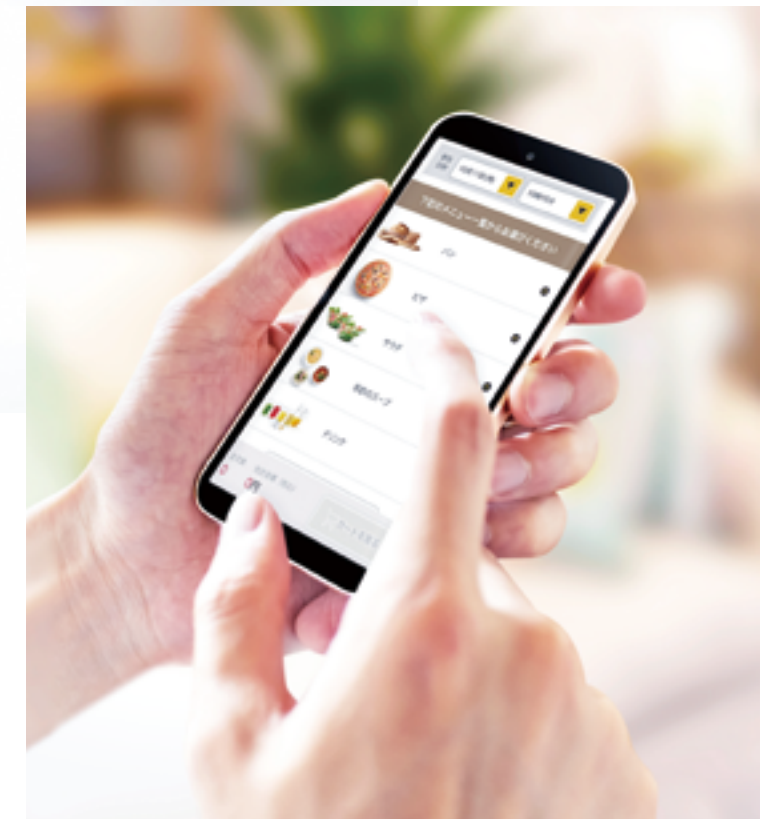
**Innovating in the cyber–physical society  
by fusing craftsmanship and digital transformation**



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.

## 革新

Innovation



The Growth of the Systems Solutions Business

Net Sales: Up **1.8** fold

Operating Profit: Up **13.5** fold

(FY2013 → FY2023)





Purpose, Corporate Philosophy, Sustainability Policy,  
and Group 10-Year Vision

SEIKO GROUP PURPOSE

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

Corporate Philosophy

A Company That Is Trusted by Society

Sustainability Policy

Starting with its Statement of Purpose,  
the Seiko Group will strive to use its business activities, which aim to create **WITH**

- |                                     |                                    |
|-------------------------------------|------------------------------------|
| <b>W:</b> Well-being—A Better Life  | <b>I:</b> Inclusion—For All People |
| <b>T:</b> Trust—Certainty and Trust | <b>H:</b> 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


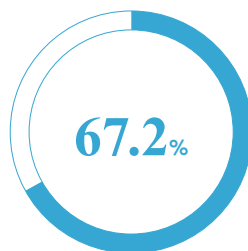

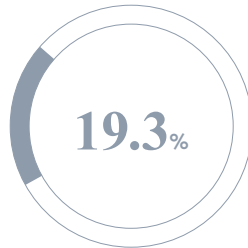




At a Glance

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					
<div></div> <div>Net Sales: ¥188.3 billion</div> <div>Operating Profit: ¥17.2 billion</div>	<div>Share of Net Sales*</div> <div></div> <div>67.2%</div>	<div>SEIKO WATCH CORPORATION https://www.seikowatches.com/global-en/</div> <div>SEIKO Time Creation Inc. https://www.seiko-stc.co.jp/en/</div> <div>WAKO Co., Ltd. https://www.wako.co.jp/</div>	<p>A domain that creates products and services with high functional, emotional, and social value while providing an excellent customer experience.</p> <p>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.</p>	<div><b>Watches</b></div> <ul style="list-style-type: none"><li>Completed watches</li><li>Watch movements</li></ul> <div><b>Time Creation</b></div> <ul style="list-style-type: none"><li>Luxury mechanical clocks</li><li>Wall clocks</li><li>Table clocks</li><li>Alarm clocks</li><li>System clocks</li><li>Sports timing devices</li><li>Digital signage</li><li>Large display boards</li><li>Baseball field scoreboards</li></ul> <div><b>Wako</b></div> <ul style="list-style-type: none"><li>Watches</li><li>Clocks</li><li>Jewelry</li><li>Men's and women's products</li><li>Handbags</li><li>Interior decoration products</li><li>Food and other items</li></ul>	<div><b>Watches Business</b> Share of net sales of Global Brands (FY2023)</div> <div>Japan: Approx. 75%</div> <div>Overseas: Approx. 75%</div> <div><small>* 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</small></div>
Devices Solutions Domain					
<div></div> <div>Net Sales: ¥58.3 billion</div> <div>Operating Profit: ¥2.1 billion</div>	<div>Share of Net Sales*</div> <div></div> <div>19.3%</div>	<div>Seiko Instruments Inc. https://www.sii.co.jp/en/</div> <div>SEIKO NPC CORPORATION https://www.npc.co.jp/en/</div>	<p>A domain that provides high-functioning, high-quality products that society demands, based on precision and reliable technology derived from watch manufacturing and development.</p> <p>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.</p>	<div><b>Electronic Devices</b></div> <ul style="list-style-type: none"><li>Micro batteries/Chip capacitors</li><li>Crystal resonators</li><li>Superior performance Co-Ni alloy products</li><li>Rare earth magnets</li></ul> <div><b>Precision Devices</b></div> <ul style="list-style-type: none"><li>Hard disk drive components</li><li>Automobile parts</li><li>Other precision turned parts</li></ul> <div><b>Printing Devices</b></div> <ul style="list-style-type: none"><li>Inkjet heads</li><li>Thermal printers</li></ul> <div><b>Others</b></div> <ul style="list-style-type: none"><li>Integrated circuits (ICs) for crystal oscillators</li><li>ICs for sensors</li></ul>	<div><b>Products with top market share</b> (as of July 2024)</div> <ul style="list-style-type: none"><li>ICs for crystal oscillators</li><li>Embedded thermal printers</li><li>Mobile printers (No. 1 in the market share in Japan by quantity)</li><li>Silver oxide batteries for medical use</li><li>Metal diaphragms for valves in semiconductor production equipment</li></ul>
Systems Solutions Domain					
<div></div> <div>Net Sales: ¥40.4 billion</div> <div>Operating Profit: ¥4.7 billion</div>	<div>Share of Net Sales*</div> <div></div> <div>13.5%</div>	<div>SEIKO Solutions Inc. https://www.seiko-sol.co.jp/en/</div>	<p>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.</p> <p>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 AI and smart security solutions featuring sensors and AI, as well as contract development and development support for hardware and software.</p>	<div><b>Hardware &amp; Software Solutions</b></div> <ul style="list-style-type: none"><li>IoT platform/IoT &amp; AI solutions/Equipment &amp; Embedded modules</li></ul> <div><b>DX Platform Solutions</b></div> <ul style="list-style-type: none"><li>System/application development and services</li><li>Network equipment/services</li><li>Financial/distribution-related solutions</li><li>IT/system performance management and security solutions/Cloud solutions</li><li>CX/EX solutions (solutions for payments, restaurants, hotels, etc.)</li></ul>	<div><b>Achieved 33 consecutive quarters of year-on-year increases in net sales and operating profit</b> (as of Q1 FY2024)</div> <div><b>Percentage of the domain's marginal profit attributable to stock business</b></div> <div>Approx. 70% (FY2023)</div>

\* Calculated based on sales to external customers







**Shinji Hattori**  
Chairman, Group CEO,  
and Group CCO

# Message from the CEO

## 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 rather formal.

Now, we are moving quickly toward more relaxed forms of address, and abolishing things like rank-defined 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” companies—



## 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 company-wide 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.

The Way



## 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.

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.

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





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 Industry  
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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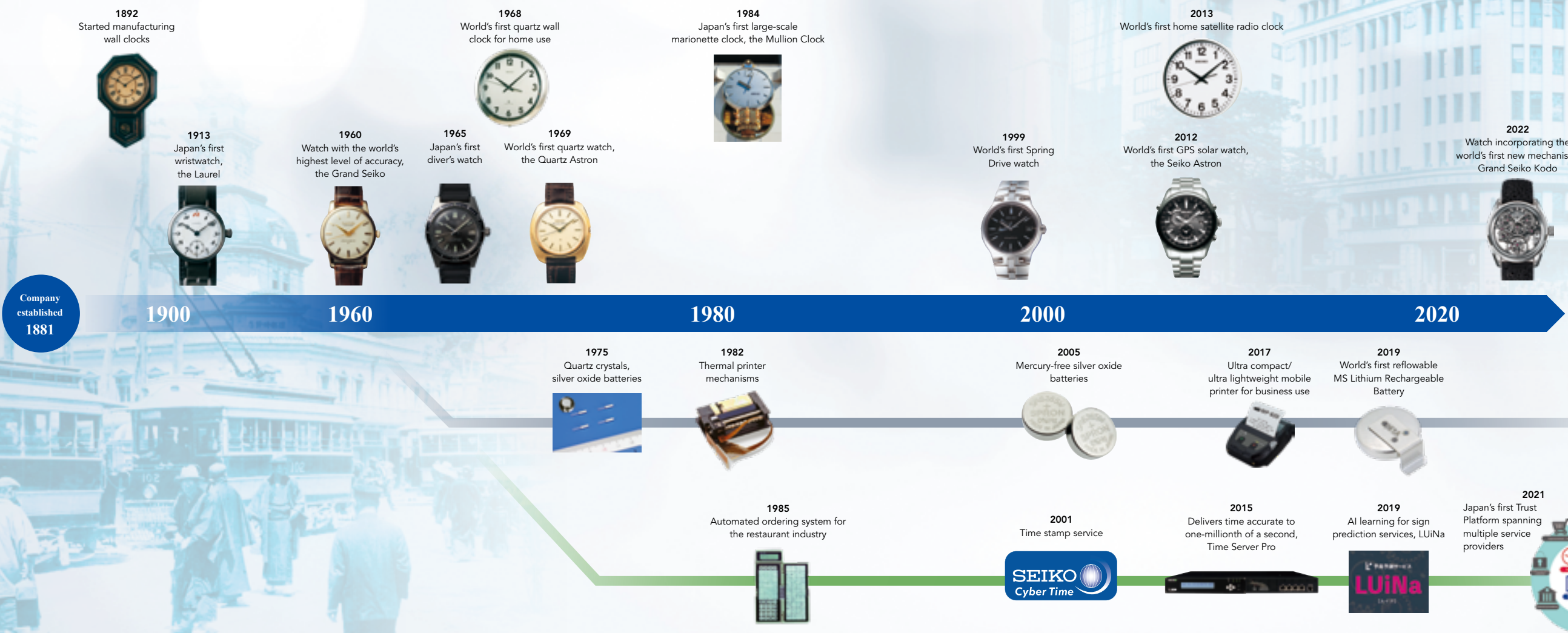
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# History of Value Creation Spanning More Than 140 Years

The Seiko Group has inherited the DNA of contributing to solving social issues and has provided products and services that are in demand at any given time throughout its more than 140-year history. The Group will contribute to people around the world to help them lead better lives with a smile by returning to being a solutions company as our starting point and responding to the changing business environment.



## Sources of value creation accumulated throughout history

The world's one and only SEIKO brand, built on proven trust

P.22

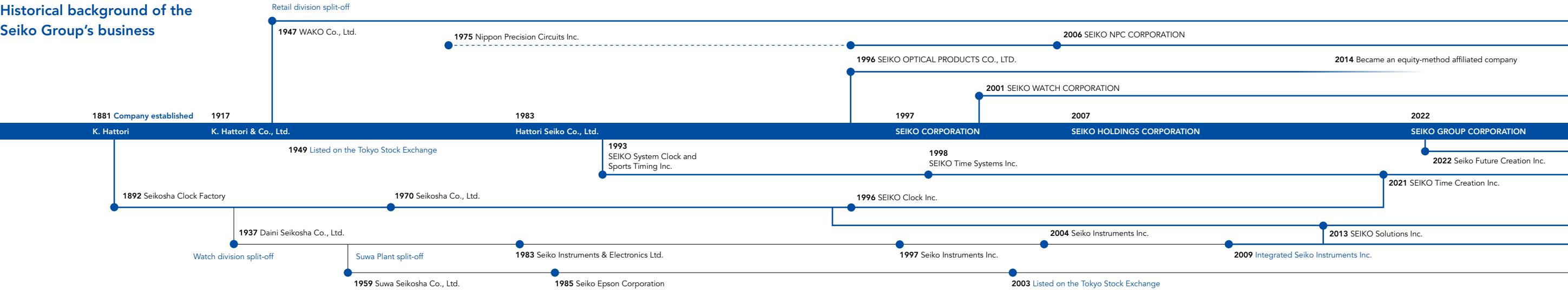
Innovation based on the spirit of "Craftsmanship, Miniaturization, and Efficiency" cultivated in watchmaking

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Thoroughly customer-oriented proposal capabilities

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## Historical background of the Seiko Group's business





## The Sources of Our Value Creation: What are Seiko's unique commitments?

# The world's one and only SEIKO brand, built on proven trust

### Unwavering trust in building an international brand

Since its founding, the Seiko Group has continually taken on new challenges in its efforts to remain a company that is both useful to society and worthy of its trust. As a result, the Seiko Group has built the globally one-of-a-kind SEIKO brand.

1881

#### Kintaro Hattori establishes K. Hattori Clock Store

Kintaro Hattori founded K. Hattori Clock Store, which sold and repaired imported timepieces. Kintaro honored all business agreements with all customers, whether they be Japanese or foreign, no matter how difficult the times, and this earned him the trust of trading posts and retailers. This resulted in immense growth. The company then went on to lay the foundation for the Japanese timepiece market by manufacturing domestically produced timepieces.



1894

#### First clock tower erected in Ginza 4-chome

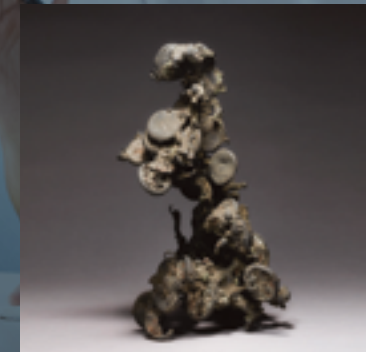
The first clock tower, which became the symbol of Ginza, was completed. It helped to incorporate the concept of time into everyday life and played a role in informing the people of the exact time. The present-day building is the second generation, completed in 1932, and its exterior has remained almost unchanged since then, ticking away the time in sync with the Ginza district.



1923

#### Earns society's trust through earnest response to the Great Kanto Earthquake

Although the Company's factories and stores were all destroyed in the Great Kanto Earthquake in September 1923, it resumed business in November. Approximately 1,500 watches that had been left for repair by customers before the earthquake were lost to fire, but Kintaro placed newspaper advertisements and compensated customers who spoke up by offering new watches of equal value, thereby gaining a solid reputation for reliability.



1953

#### First TV commercial in Japan airs— with the spirit of "valuing the brand"

In 1951, the first radio commercial in Japan was aired, and in 1953, when the first private-sector television station (present-day Nippon Television) was launched, Seiko's time signal commercial was aired as the first private-sector television commercial. Kintaro was not only concerned with "producing superior products" but was also strongly aware of the importance of what is now known as "branding" and "marketing." This spirit is the foundation of Seiko's branding activities, including the broadcast of this commercial as well as official timekeeping.



### Capturing moving moments by providing accurate timing and measurement

Sporting events are undoubtedly the ultimate stage for athletes who tirelessly undertake the challenge of pushing their own limits and setting new records. The Group serves as the official timekeeper for numerous sporting events and has earned the trust of its customers by pursuing the highest level of accuracy and precision in timing and measurement.

For the 1964 Tokyo Olympic Games, the Group developed timing equipment and contributed to the success of the event despite not having any experience in sports timing at the time. Seiko's technology and brand became recognized around the world through its success on this grand stage, which was dubbed the "Olympics of Japanese Products" and the "Olympics of Science." Since then, the Group has served as the official timekeeper for five Olympiads.

The Group has also been the official timekeeper of the IAAF World Championships since 1987. At the 2023 Budapest Championships, rather than resting on its laurels, the Group introduced the new Triple Jump Phase Measurement System, thus staying abreast with the evolution of athletics. The Group will also be the official timer for the Tokyo Championships in 2025.

Sports timing is an opportunity to raise awareness of the SEIKO brand all over the world. By utilizing our experienced timing team and the latest measurement equipment, the Seiko Group provides more accurate timing and measurement, bringing smiles and moving moments to the world.

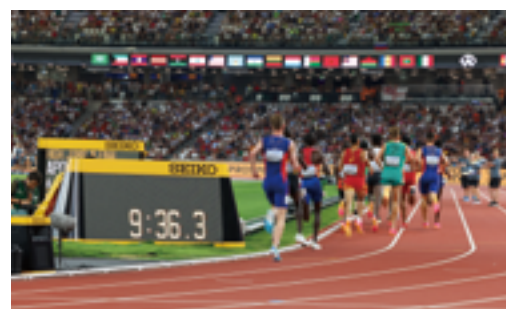


Photo by AFLO SPORT

### The "Contemporary Master Craftsmen" who support the SEIKO brand

The Seiko Group believes that craftsmanship is about developing people, and it has focused on developing outstanding engineers and technicians. At the core of this effort are its Contemporary Master Craftsmen.\*1

Seiko has proactively participated in precision competitions both at home and abroad to hone its technology and skills and cultivate its human resources. As a result of continuing to take on challenges, in 1968 the precision and technical capabilities of its timepieces gained recognition, winning top positions at the Geneva Observatory Competition. Since then, the Group has won numerous awards at world-renowned competitions, including the Grand Prix d'Horlogerie de Genève. These "Contemporary Master Craftsmen" have made a significant contribution to this global recognition, and the challenges they have undertaken have formed a substantial foundation for building Seiko's credibility.

Currently, there are seven\*2 Contemporary Master Craftsmen belonging to the Seiko Group, and they have been highly praised from outside the Company. Seiko's highly skilled personnel make tremendous contributions to the Seiko Group's brand, and the Group is committed to passing on skills and nurturing engineers to further enhance its brand power. To remain a highly regarded brand, the Group will continue to hone its skills and gain the trust of customers around the world.



Geneva Observatory Competition Results

\*1 Contemporary Master Craftsmen: A system in which the Minister of Health, Labour and Welfare presents awards once a year to skilled craftsmen who have outstanding skills and are considered to be the leaders in their field

\*2 As of the end of March 2024



The Sources of Our Value Creation: What are Seiko's unique commitments?

# Innovation based on the spirit of “Craftsmanship, Miniaturization, and Efficiency” cultivated in watchmaking

## The technological capabilities of “Craftsmanship, Miniaturization, and Efficiency” cultivated since 1881

Since its founding in 1881, the Seiko Group has provided the world with numerous cutting-edge, innovative products, including the world's first quartz wristwatch, as well as a wide range of precision instruments and device solutions. In the pursuit of more compact, more accurate, and longer-lasting wristwatches, the Group has built up “Craftsmanship” technology, which creates new value with sophisticated techniques and expertise; “Miniaturization” technology, which reduces product size through precision processing and high-density assembly technologies; and “Efficiency” technology, which promotes the most efficient use of all resources including energy.

### Craftsmanship

Creating new value by combining traditional techniques and cutting-edge knowledge

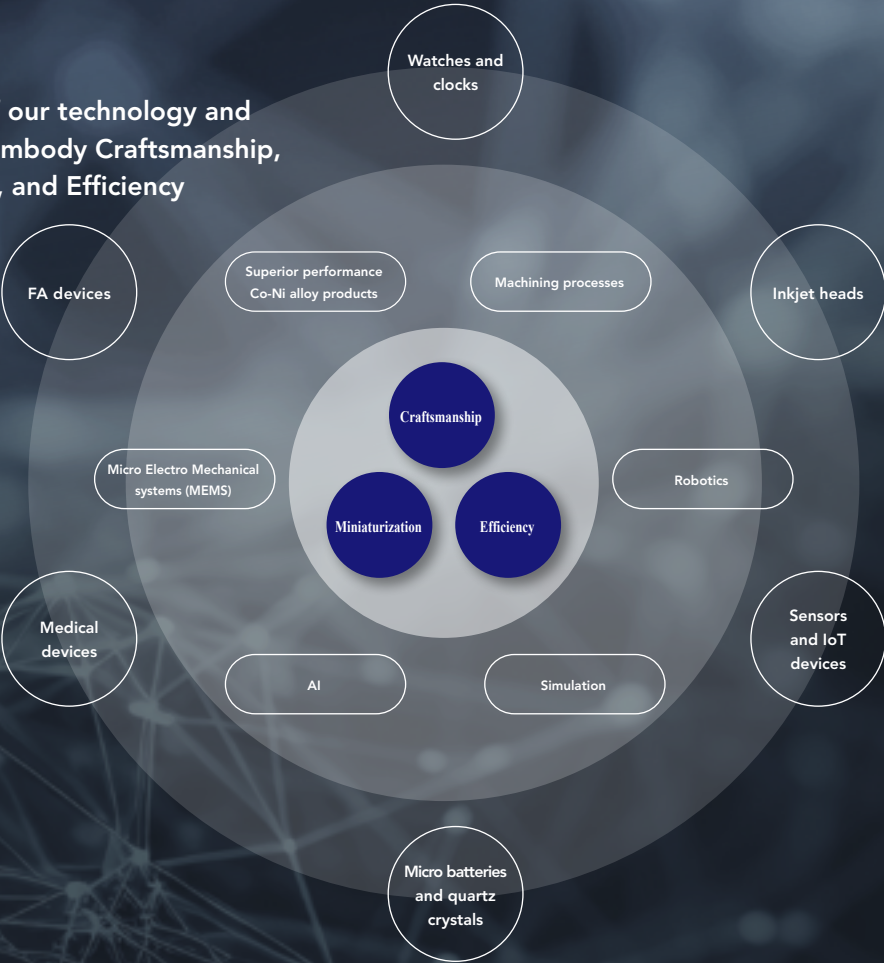
### Miniaturization

Pursuing miniaturization through precision machining and assembly for producing smaller devices through precision processing and assembly

### Efficiency

Pursuing energy, resource, and labor savings

A case study of our technology and products that embody Craftsmanship, Miniaturization, and Efficiency



## Outstanding technological capabilities that evolves along with timepieces

The Seiko Group boasts world-leading technological capabilities in the field of watch manufacturing.

Since revolutionizing the watch industry with the release of the world's first quartz wristwatch, the Quartz Astron, in 1969, the Group has constantly pursued technological innovation, including the world's first analog quartz chronograph and Spring Drive, which combines the best of mechanical and quartz watchmaking technologies. In 2012, the Group released the world's first GPS solar watch, “Seiko Astron,” making it possible to display accurate time anywhere around the world. In addition, “Kodo,” released in 2022, is a masterpiece that pushes the technological limits of mechanical wristwatches. The watch is the world's first to integrate and combine two complex mechanisms, a tourbillon and a constant-force mechanism, as one unit on a single axis, to achieve a new level of stable accuracy, while pursuing the beauty and precision of mechanical watches. These achievements are the result of Seiko's outstanding technological capabilities and passion for innovation, which contribute to the high praise the Company's watches have continued to receive worldwide.



Quartz Astron



Seiko Astron



Kodo

## Outstanding technological capabilities supporting the future

Since the birth of the quartz watch, the Seiko Group has been one of the first to establish a system for in-house development and production of electronic components, responding to the diversification and mass production of wristwatches. As a result, the Group has refined its technologies to make watches more compact and consume less power, and has introduced a wide range of products. Those products are widely used in smartphones, digital home appliances, automobiles, IoT devices, and other products that are indispensable to modern society, thus supporting society and industry. For example, micro batteries play an important role as backup power sources for the memory and clock functions of digital devices such as security cameras and dashcams, while quartz crystals and quartz oscillator ICs play an important role as components that generate reference signals for synchronization of electronic components built into digital devices. In this way, the Group is leveraging the Craftsmanship, Miniaturization, and Efficiency technologies it has cultivated in watchmaking to provide products that meet diverse needs in a variety of fields, including automotive, medical, and industrial, thereby contributing to the achievement of a sustainable society.



Micro batteries



Quartz crystals



Quartz oscillator ICs



Superior performance Co-Ni alloy products



The Sources of Our Value Creation: What are Seiko's unique commitments?

# Thoroughly customer-oriented proposal capabilities

**The root of Seiko's proposal capabilities—a thoroughgoing spirit of hospitality standing shoulder to shoulder with its customers**

The Seiko Group always values a customer-oriented approach and will continue to provide high-quality products and services from the customer's perspective.

**New solutions brought about by the spirit of hospitality that the Group has cultivated**

Since our founding in Tokyo's Ginza district, the Seiko Group has cherished the spirit of hospitality that meets the needs of the times.

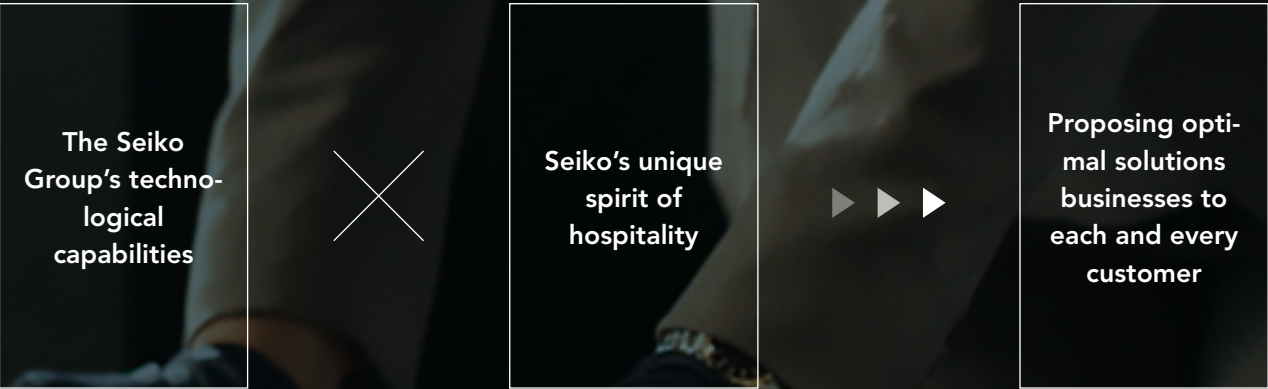
The Company's founder, Kintaro Hattori, erected the first clock tower in Ginza in 1894, long before clocks became widespread. The clock tower was installed with the belief that knowing the exact time would help make a better society, and it is one of the origins of the Seiko Group's hospitality.

Ginza Wako, which is based at the second-generation clock tower, welcomes all customers with a spirit of heartfelt hospitality that has been cultivated over its long history and traditions. The Group incorporates customer feedback into its own unique planning and development and rolls out products, thus standing shoulder to shoulder with its customers.

Today, by combining this spirit of hospitality that the Group cultivated in Ginza with the technical capabilities it has developed over the years, the Group is able to offer highly unique proposals. These proposal capabilities are not limited to the Wako business but have been expanded to other businesses as well, growing into a strength for the entire Group. With a spirit of hospitality at its core, the Group will continue to create new solutions that meet diversifying needs.



**Seiko's solution proposal capabilities**



**Core Strength**

**Ability to create new solutions based on its familiarity with customers and their industries**

**Accurate “time” enriching social life**

In a highly systematized society, all things are connected by precise time, and even the slightest time discrepancy can cause disruptions to transportation and communications. For this reason, time synchronization, which accurately adjusts the clocks on electronic devices that handle information, is essential in today's society.

Seiko's high-precision time synchronization is used by the Tokyo Stock Exchange. At the start of trading at 9 a.m., the market is flooded with tens of thousands of transactions in just one second. Its time synchronization with accuracy within 1/10,000,000 of a second enables orders to be traded in the order they were placed, thus providing investors with fair trading opportunities.

The Group will continue to meet the demand for ultra-high precision time synchronization by catering to the needs of individual fields, including broadcasting, communications, railways, finance, electric power, and IoT.



**Delivering “hospitality” customer service by combining online and offline customer data**

WAKO Co., Ltd., located in Ginza, aims to provide “hospitality” customer service, not just ordinary service, by listening carefully to understand the customer's latent needs and providing services and experiences that are tailored to the customer.

The adoption of the “SETSUGU” OMO solution, provided by SEIKO Solutions Inc. to enable on-site sales staff, who actually interact with customers, to provide better customer service, has enabled the integration of online and offline customer data and the utilization of that data in the field. In addition, integrated customer data can be used to understand latent needs, extract useful customer segments, and leverage data for marketing activities.

Both WAKO Co., Ltd. and SEIKO Solutions Inc. received the 2023 CRM Best Practice Award, sponsored by CRM Association, a general incorporated association, and their customer service initiatives were commended as an “ambitious model for integrating online and offline customer service.”



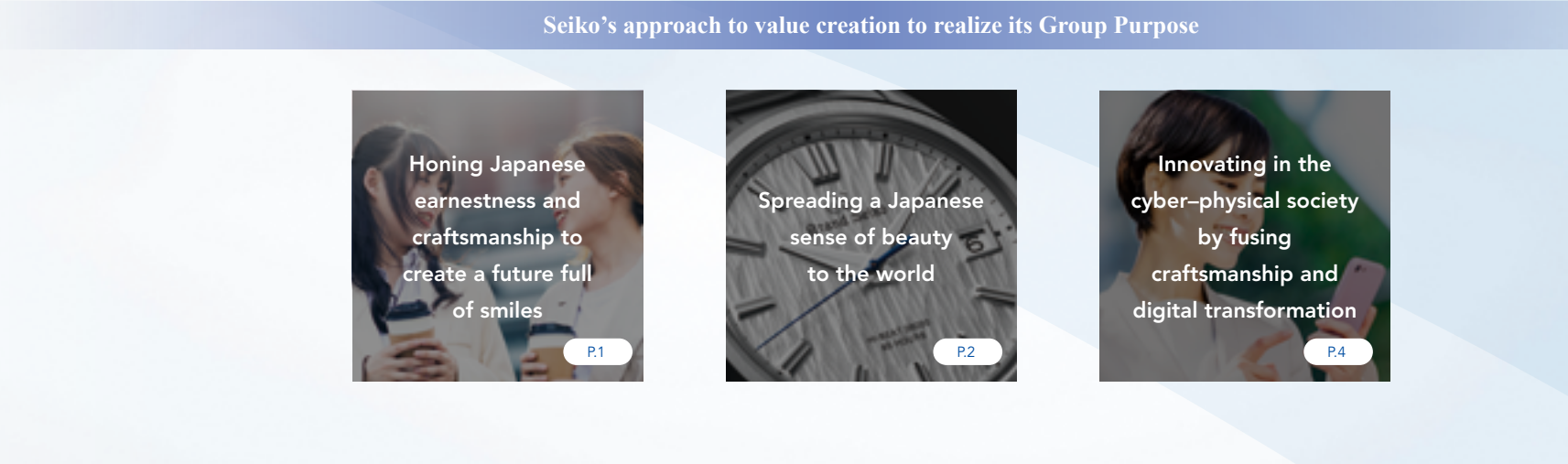
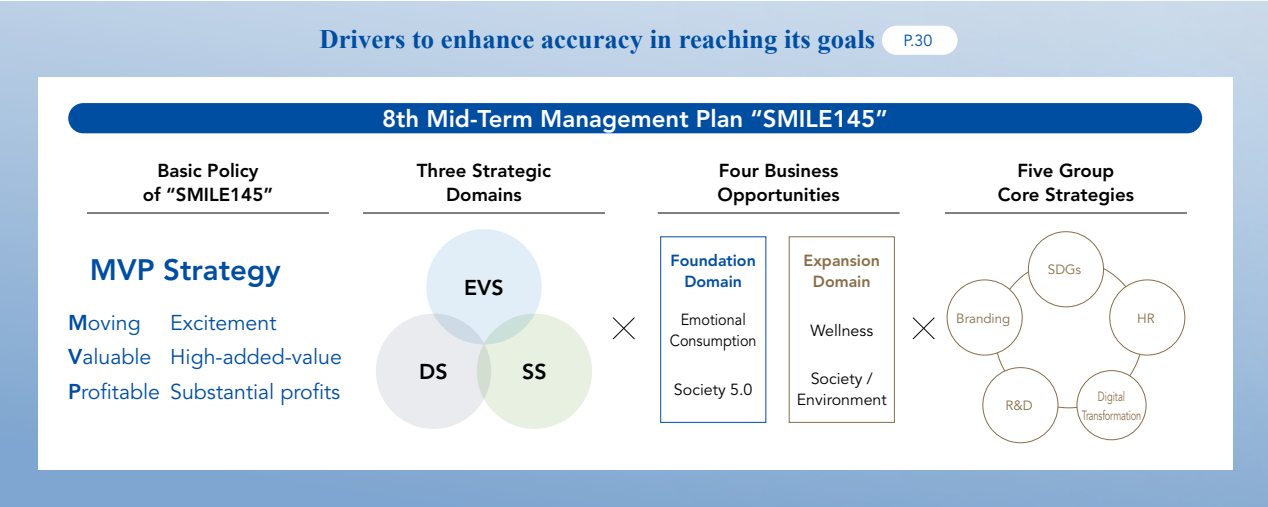
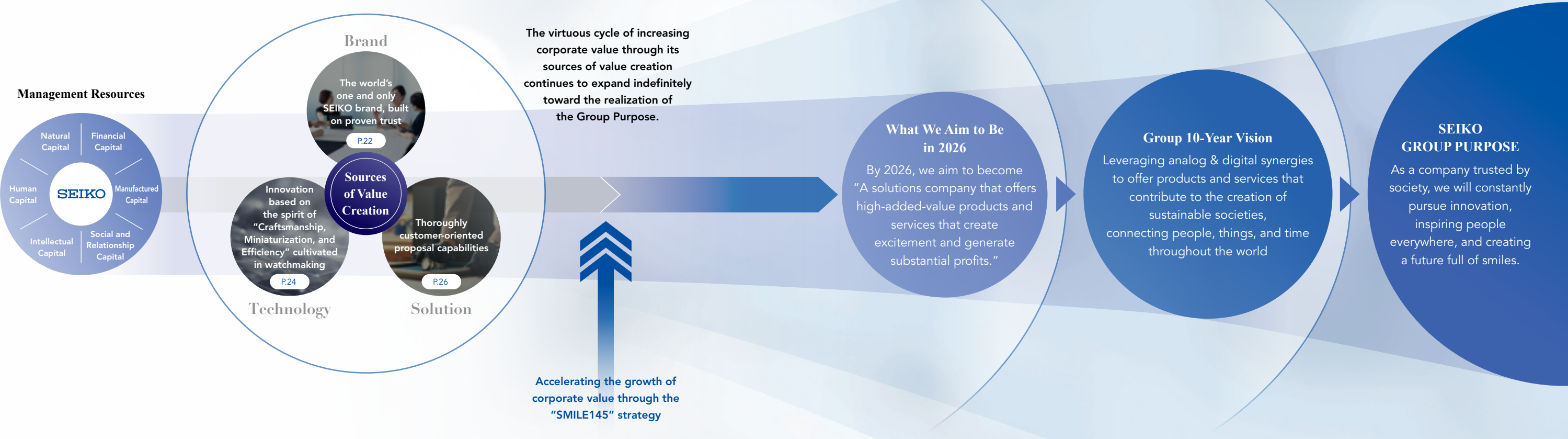
Solution



Value Creation Model

—Expanding Seiko’s Corporate Value through the Accumulation of Unique Value Creation—

Based on its SEIKO brand-driven management resources, the Seiko Group achieves ongoing growth by leveraging its three unique sources of value creation to strengthen and expand its resources. The Group aims to fulfill its Group Purpose by carrying out its 8th Mid-Term Management Plan, “SMILE145”, to accelerate the improvement of its corporate value toward its medium-term management vision of becoming a “solutions company.”



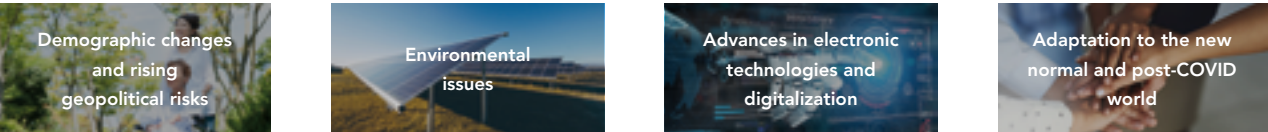


8th Mid-Term Management Plan “SMILE145”:

Plan Overview, Progress, and Looking Ahead to the Second Half

Environmental Awareness When Formulating SMILE145

Amid changes such as rising geopolitical risks, worsening environmental issues, the shift to a data-driven society, and advances in automation and robotics, consumer values and lifestyles are becoming ever more diverse. Given this business environment, the Seiko Group will promote SMILE145 and help solve social issues through its business.

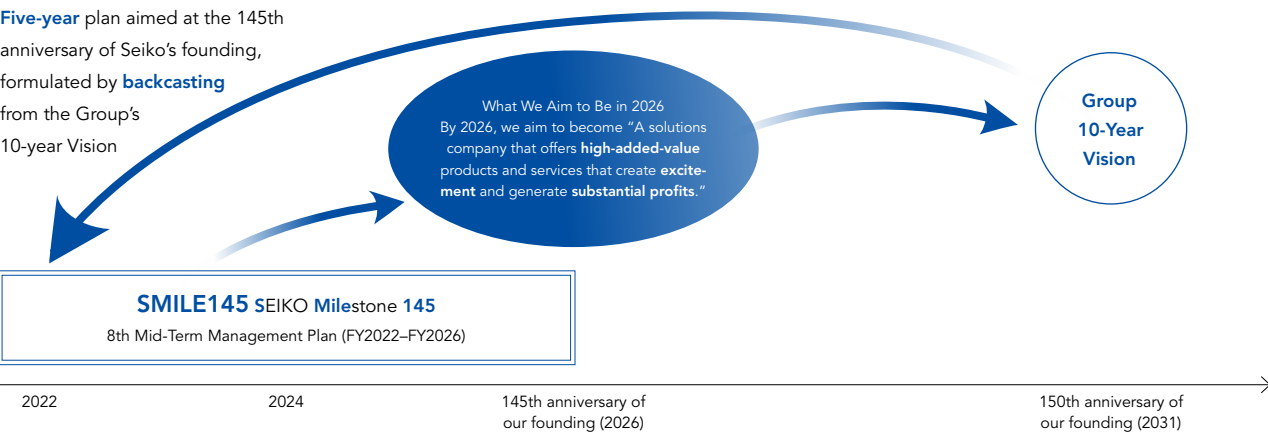


In a VUCA\* era of widespread discontinuous changes, the Seiko Group will contribute to solutions to social issues through its business.

\* Volatile, uncertain, complex, and ambiguous

Overall Concept of SMILE145

The Seiko Group is carrying out its 8th Mid-Term Management Plan, SMILE145, with the aim of capitalizing on changes in the operating environment and helping solve social issues as a “solutions company.” The Group will implement its MVP Strategy, which constitutes its basic policy, to provide high-added-value, high-profit products and services while aiming to solve social issues and enhance profitability.



MVP Strategy		
Moving Valuable Profitable	• Addressing social issues to create value	• Innovating business models through digital transformation
	• Improving profitability	• Ambidextrous management
		• A culture of taking on challenges

KPI (FY2026)		
Financial	Operating profit	¥20 billion*
	Gross profit margin (GP margin)	+5.0 percentage points (compared with FY2021)
	ROIC	Over 6.5%
Non-financial	ROE	Over 8.0%*
	CO <sub>2</sub> emissions (Scope 1 and 2) down 25% (compared with FY2020)	
	Higher engagement score	

\* Established or revised from FY2024



Progress and Environmental Changes Over the First Two Years of SMILE145

During the first two years of SMILE145, various changes in the economic environment had a significant impact on the Group's business. Those changes included yen depreciation, recovery in inbound demand, inventory adjustments in the devices market following special demand in the wake of the COVID-19 pandemic, and the sluggish Chinese economy.

Progress by business segment over the first two years of the plan

EVS Domain	<ul style="list-style-type: none"><li>The Watches Business achieved sales exceeding pre-COVID levels by carrying out a Global Brands strategy both in Japan and overseas.</li><li>In fiscal year 2023, the Watches Business achieved its highest profit since the establishment of SEIKO WATCH CORPORATION.</li><li>The Time Creation Business struggled in the Clocks Business.</li><li>The Wako Business performed well thanks to a recovery in both domestic and inbound demand.</li></ul>
DS Domain	<ul style="list-style-type: none"><li>In fiscal year 2022, sales grew thanks to the special demand in the devices market in the wake of the COVID-19 pandemic.</li><li>In fiscal year 2023, sales were sluggish, especially in printing devices and precision devices, due to the drop-off in demand from the post-pandemic surge in consumption and the prolonged slump in the Chinese economy.</li></ul>
SS Domain	<ul style="list-style-type: none"><li>Steady expansion of services and customers through M&amp;As and other means led to the achievement of steady growth.</li><li>The businesses that support digital infrastructure, such as performance management and security-related businesses, continue to expand.</li></ul>

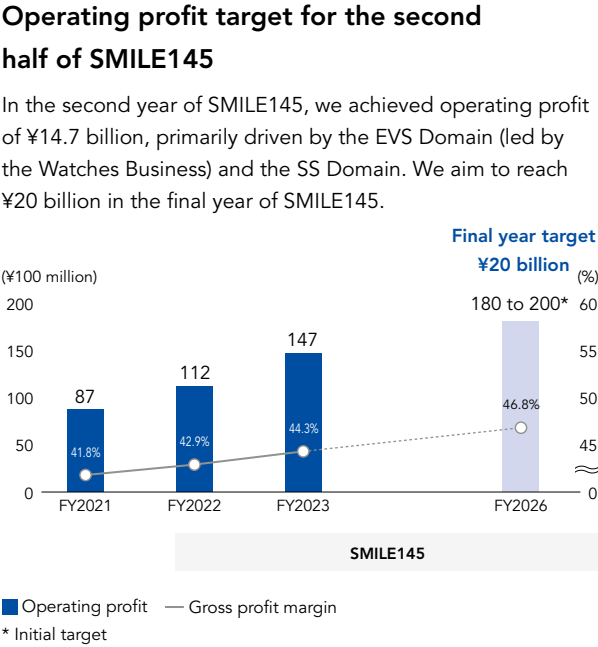
Business Policy in the Next Three Years of SMILE 145

The Seiko Group will accurately capitalize on the progress made over the past two years as well as the changes in the operating environment, and will continue to carry out our business according to the following policies.

Business policy in the next three years

- Positioning **the Watches Business and the Systems Solutions Business as the core of the Group's growth**, and strengthening investments for further growth
- In the Devices Solutions Business, **assessing the growth potential of each product and engaging in balanced investments**
- Promoting the enhancement of Group-wide R&D strategy and development of new technology, led by **Seiko Future Creation Inc.**, and striving to **create new business domains throughout the Group** through these activities

EVS Domain	
Watches	
<ul style="list-style-type: none"><li><b>Expand high-end products business centered on Grand Seiko</b> Accelerating growth of overseas sales through efforts such as ongoing enhancement of directly managed businesses</li><li><b>Expand mid-range products business through Seiko Global Brands</b> Further increasing profitability by expanding sales of premium lines in Seiko Prospex and Seiko Presage</li></ul>	
Time Creation	
<ul style="list-style-type: none"><li><b>Expand the business through sports and facility solutions</b></li></ul>	
Wako	
<ul style="list-style-type: none"><li><b>Increase profitability by growing business targeting the wealthy and expanding the lineup of Wako's original products</b></li></ul>	
DS Domain	
<ul style="list-style-type: none"><li>Carefully assess the growth potential of products and make well-balanced investments</li><li>Expand market shares of growth-driving batteries for medical devices and crystal resonators with strengths in miniaturization</li><li>Ensure the growth of the encoders (sensors that detect location and measure travel distance) business, which has industry-leading advanced technologies</li></ul>	
SS Domain	
<ul style="list-style-type: none"><li><b>Aim to grow the domain through solutions that capitalize on Seiko's strengths</b> Provide IoT and AI solutions that integrate hardware and software to tackle social issues Provide platform solutions that support the efforts of client companies to realize digital transformation</li></ul>	





## Message from the President



**Shuji Takahashi**  
President and Group COO

## Promoting Our MVP Strategy by Leveraging Business Strengths, Aiming to Become a Solutions Company That Reflects the Unique Essence of Seiko

**We achieved a strong consolidated performance in the first two years of SMILE145, partly due to a favorable external environment, but we also became aware of issues at our operating companies.**

Two years ago the Seiko Group launched its 8th Mid-Term Management Plan, which we call SMILE145. Although the COVID pandemic depressed performance, causing the Group to miss the targets set out in our 7th Mid-Term Management Plan, I am happy to say that we used this time productively to strengthen our business foundation.

SMILE145, which began in fiscal year 2022, is a five-year plan. In the first two years of that plan we achieved a strong consolidated performance, due in part to the boost provided by the external environment. However, a number of issues that need to be addressed at our operating companies also became clear.

For example, some of our operating companies have already surpassed the plan's targets, while others have fallen short of the initial projections.

In the Emotional Value Solutions (EVS) Domain, net sales in both the Watches Business and the Wako Business improved thanks to the weak yen and rising inbound demand, in addition to solid domestic demand. The Watches Business also significantly improved its gross profit margin thanks to the success of its Global Brands (GB) strategy. Nevertheless, given its name, we recognize that there remains much for the EVS Domain to do from the perspective of delivering greater emotional value to customers.

The Devices Solutions (DS) Domain continues to face challenging conditions due to the downturn in the Chinese economy and the absence of special demand for devices. Accordingly, we must carefully assess the growth potential of this domain's products and make prudent investments.

The Systems Solutions (SS) Domain has been performing steadily, reflecting its success in offering solutions matched to customer needs, particularly in response to robust corporate demand related to digital transformation (DX). The SS Domain will continue to work closely with its client companies and offer solutions that help to address social issues.

### Strategy behind SMILE145

Our MVP Strategy is at the core of SMILE145.

The MVP Strategy forms the basis of SMILE145, which aims to address social issues and raise profitability by moving customers emotionally, providing high-added value, and delivering profitable products and services.

The Seiko Group has delivered excitement to customers through numerous innovative products and services. However, the Group believes that it is of paramount importance to further clarify the strengths and value offerings of its businesses to ensure that it grows steadily amid a challenging market environment.



## Promoting Our Transformation into a Much-Needed Solutions Company

For example, using the MVP Strategy in the Watches Business, we want to grow the share of Global Brands (GB) sales within the completed watches category. GB products stand out in the marketplace due to a combination of their own unique brand stories and strong technical features. By focusing on GB products, from development and manufacturing through advertising and after-sales service, we can offer emotional brand experiences to customers around the world.

The SS Domain aims to grow its businesses by continuously offering a variety of solutions that capitalize on Seiko's strengths. Those include Internet of Things (IoT) and AI solutions that combine hardware and software, as well as platform solutions that support client companies' efforts to carry out their internal digital transformation (DX).

Meanwhile, the DS Domain, which is facing tough conditions, will aim to revitalize its performance by making well-balanced investments in MVP products, including micro batteries for medical devices, crystal oscillators, and encoders (sensors that detect location and measure travel distance). These investments will be based on an extensive reappraisal of Seiko's strengths in conjunction with a rigorous assessment of the growth potential of this domain's products.

I believe that our efforts to clearly demonstrate the connection between the progress of the MVP Strategy and improvements in our business performance have helped the media, investors, and securities analysts to gain a better understanding of our strategy. We will strive to create a greater

understanding of the Group's current conditions as well as build expectations for our future growth.

Under SMILE145, the entire Group is working steadily to improve capital efficiency. We are advancing the effective use and reevaluation of assets, with a focus on return on invested capital (ROIC) and return on equity (ROE). This change is being carried out from the perspective of our operating companies and of the Group as a whole.

Another extremely important goal for SMILE145 is our transformation into a solutions company that reflects the unique essence of Seiko.

The Seiko Group has a wide range of operating companies. In addition to manufacturing and retail companies, there are IT companies and more. Even within a single area, such as manufacturing, we produce a variety of products, including watches, that generate emotional value, and also electronic devices that provide functional value. Although all of our businesses can ultimately trace their origins back to the watch and clock business, these operating companies have been gradually drifting apart. We recognize that this internal separation is undesirable and has prevented our Group from demonstrating its full potential capabilities. We are now taking steps to rectify that situation.

In an era characterized by volatility, uncertainty, complexity, and ambiguity (VUCA), we will transform ourselves from a 20th century manufacturing company into a 21st century solutions company, one that reflects the unique essence of Seiko. This will ensure the sustainable development of the SEIKO brand, which has been handed down for



over a century, and "create a future full of smiles," as set out in our Group Purpose. SMILE145, which serves as a stepping stone toward achieving this goal, is a five-year plan for maximizing the potential of the entire Group. Through this plan, we will enable the Seiko Group to demonstrate its wide-ranging capabilities.

### Our Global Brands Strategy: "Seiko Represents Time and Japanese Culture"

In transforming into a solutions company that reflects the unique essence of Seiko, it is essential that we build a brand identity that communicates the message, "Seiko Represents Time and Japanese Culture."

Grand Seiko (GS) is an important part of that effort, building on its brand philosophy, THE NATURE OF TIME. This concept is based on the themes of original technology, artisanal

craftsmanship, and a uniquely Japanese sense of beauty. GS has earned strong recognition in the global luxury market by positioning itself as a brand that embodies Japanese culture. This strategy has enhanced its brand power and improved its performance.

In addition, the Group has established THE GIFT OF TIME project to communicate the essence of Japanese culture to the world. The purpose of the project is to trace the sensibilities that Japanese people have inherited and still express in their daily lives, particularly in relation to how they view the time that has been given to them and how they spend it. It also focuses on communicating the richness and depth of Japanese culture from multiple perspectives, information that remains largely unknown to people overseas.

This project will offer new value to customers, in part by linking the digital and real worlds. It involves cooperation among our operating companies, and aims to contribute to luxury-related businesses in the EVS Domain, including Grand Seiko.



## Message from the President

**Ensuring “Seiko” Also Becomes a Byword for Systems**

In aiming to become a solutions company that reflects the unique essence of Seiko, our second key phrase is “Seiko is systems.” Although Seiko is strongly associated with watches, in 2024, several television programs, magazines, newspapers, and other media began highlighting our SS Business.

The SS Business has continued to grow steadily, increasing its profile within the Group. Accordingly, we have high hopes for its further growth in the future. We hope to accelerate the growth of the SS Business and also increase the number of its partner companies. Our overall aim is to ensure that Seiko becomes synonymous with systems by continuously promoting the appeal of this business.

The skills and expertise Seiko has developed in relation to timing and measurement are extremely important in a digital society. The systems world places a strong emphasis on precisely the kind of strengths that Seiko has cultivated through the manufacture and sale of watches, including reliability and accuracy. One strong feature of Seiko's systems is time synchronization. For example, time synchronization is essential for stock market trading and high-speed communications, including smartphones, and Seiko technology underpins much of that infrastructure.

The SS Business also has expertise in combining hardware and software in the IoT field. For example, it solves certain customer issues by creating systems that collect data from sensors attached to existing products, including automobiles and electrical equipment. The systems upload the data to the cloud for analysis using AI, and then provide feedback to our customers. Since there are few system integrators in the industry that have deep strengths in both hardware and software, the ability to propose such comprehensive systems packages is a big competitive advantage for the SS Business. By leveraging this unique approach, we aim to develop the SS Business into one of Seiko's flagship enterprises.

To this end, we will continue to promote initiatives to raise awareness of Seiko as being synonymous with the systems business.

**Beyond SMILE145  
Aiming to Have Every Employee Feel Proud to Be Part of Our Group**

Seiko is approaching the 145th anniversary of its founding. However, from a longer perspective, we are thinking about what kind of Group we want to be at our 150th anniversary and beyond. To keep attaining our various goals, we must steadily

promote our businesses with a focus on the MVP Strategy. It is also necessary to develop a management attitude that prioritizes human resources.

Under SMILE145, we are trying to address a range of internal issues so that all present and future employees can enjoy peace of mind and feel proud to work for the Seiko Group. We aim to become a corporate group that contributes to the happiness of each of its employees, which is why we are promoting the SWING Project — reforms for creating a corporate culture where all employees can engage in discussions in a free and open manner and take on challenges without fear of failure.

In the remaining three years of SMILE145, we will endeavor to strengthen our organizational capabilities in addition to our business capabilities. By reaffirming and refining the wide range of strengths that the Group has inherited from its predecessors, and developing them further to pass on to the next generation, we will continue our transition into a solutions company that reflects the unique essence of Seiko and embodies its Group Purpose.

As we continue to grow, I hope that we can look forward to the continued understanding and support of all our stakeholders.

## Aiming to Be a Group Where Every Employee Feels Proud to Work





Financial Analysis

Business Results for the Fiscal Year Ended March 31, 2024 (FY2023) (year-on-year comparison)

FY2022 vs. FY2023				
	FY2022	FY2023	Increase/Decrease	Percentage Increase/Decrease
Net sales	2,605	2,768	+163	+6.3%
Gross profit	1,117	1,226	+108	+9.7%
%	42.9%	44.3%	+1.4pt	
Operating profit	112	147	+35	+31.2%
%	4.3%	5.3%	+1.0pt	
Ordinary profit	111	158	+47	+42.3%
%	4.3%	5.7%	+1.4pt	
Profit before income taxes	96	151	+54	+56.9%
Profit attributable to owners of parent	50	100	+50	+99.9%
%	1.9%	3.6%	+1.7pt	

**Net sales**  
The Devices Solutions Business (DS Business) saw a large decrease in revenue due to the sluggish business environment, but in the Emotional Value Solutions Business (EVS Business), the Watches Business and the Wako Business for the Japanese market recorded significant sales growth against the backdrop of solid demand from inbound tourists. In addition, revenue was up in the Systems Solutions Business (SS Business) thanks to ongoing successful efforts to diversify business and expand the stock business. As a result, overall consolidated net sales were up.

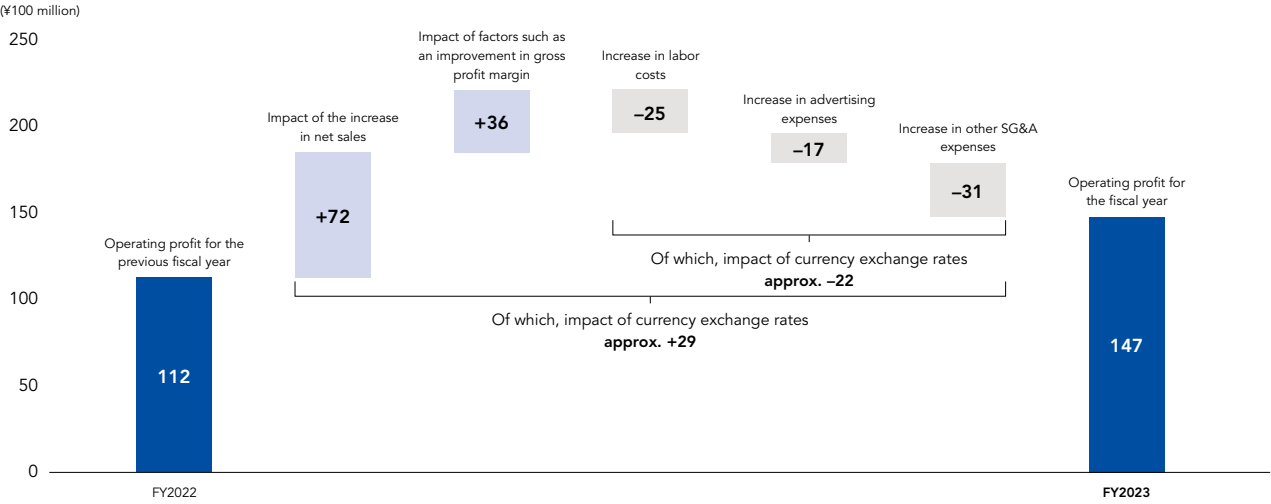
**Operating profit**  
Although selling, general and administrative expenses increased by ¥7.3 billion from the previous fiscal year, operating profit grew, driven by the EVS Business.

**Ordinary profit**  
Non-operating income and expenses improved by ¥1.2 billion year on year, thanks to an increase in interest and dividend income among other factors, resulting in an increase in ordinary profit.

**Profit attributable to owners of parent**  
Extraordinary income increased by ¥1.3 billion year on year, thanks to the recording of items including a ¥1.5 billion gain on sale of non-current assets. Business restructuring expenses, impairment losses, and information security expenses were recorded as extraordinary losses totaling ¥2.3 billion, a year-on-year increase of ¥0.5 billion. As a result, extraordinary income was up ¥0.7 billion year on year, which, together with a decrease in income taxes—deferred in conjunction with the improvement of revenue in domestic operating companies, resulted in an increase in profit attributable to owners of parent.

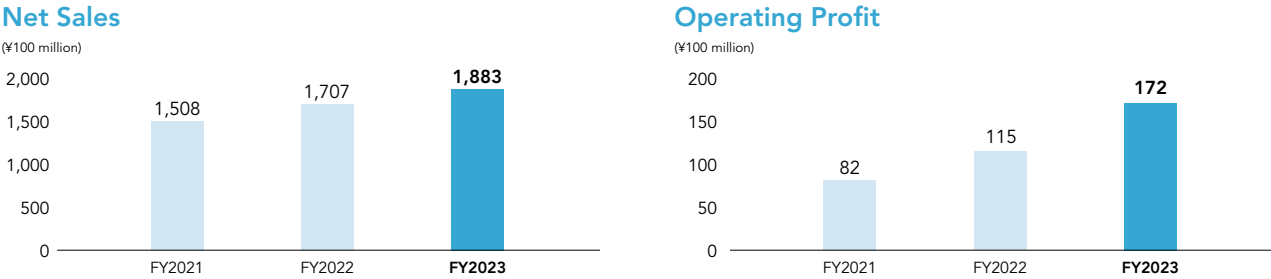
Factors Contributing to an Increase/Decrease in Operating Profit

Led by the EVS Business, net sales increased and gross profit margin improved, resulting in a ¥10.8 billion increase in gross profit. Although selling, general and administrative expenses, particularly labor costs and advertising expenses, increased due to the yen's depreciation, operating profit was up ¥3.5 billion year on year.



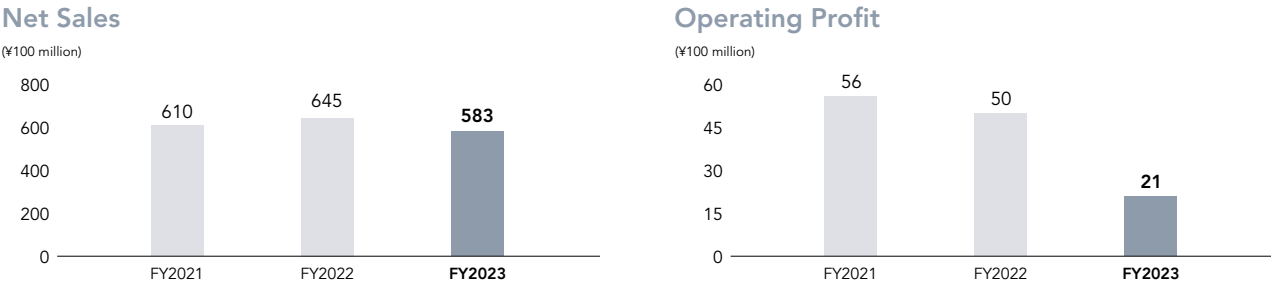
Earnings Performance by Domain

Emotional Value Solutions Business (EVS Business)



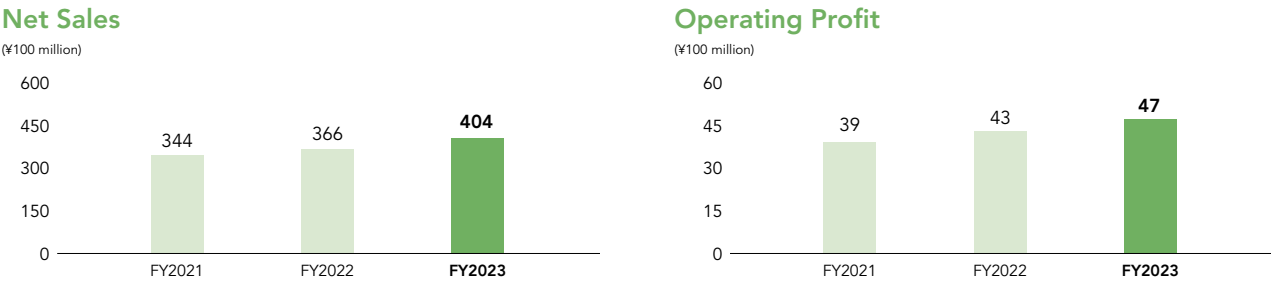
Net sales in the EVS Business came to ¥188.3 billion, a year-on-year increase of ¥17.5 billion, or 10.3%. Net sales of completed watches in Japan grew significantly year on year, especially for Grand Seiko and Seiko Prospex, due to the economic recovery following the post-pandemic recovery and strong sales from inbound tourists. Overseas, net sales also increased year on year as sales of Seiko Presage, Seiko 5 Sports, and other such items grew. In the watch movements business, net sales remained roughly the same as those of the previous fiscal year, despite the impact of the sluggish Chinese economy, partly due to the impact of currency exchange rates. Sales in the Wako Business grew significantly year on year against the backdrop of favorable demand from inbound tourists. While overseas sales in the Clocks Business declined due to factors such as the sluggish Chinese economy, the Time Systems Business grew. Operating profit was up ¥5.6 billion, or 49.1%, year on year, to ¥17.2 billion, thanks mainly to the growth in net sales and an improvement in gross profit margin.

Devices Solutions Business (DS Business)



Net sales in the DS Business came to ¥58.3 billion, a year-on-year decrease of 9.5%, and operating profit was ¥2.1 billion, down 58.1% year on year. Net sales and operating profit decreased significantly year on year due to the prolonged stagnation of the Chinese economy and continued inventory adjustments in the electronic devices market, resulting in weak performance for thermal printers, superior performance Co-Ni alloy products for semiconductor production equipment, and precision components. However, we are shifting from an adjustment phase to a recovery trend in some businesses, such as silver oxide batteries and quartz crystals.

Systems Solutions Business (SS Business)

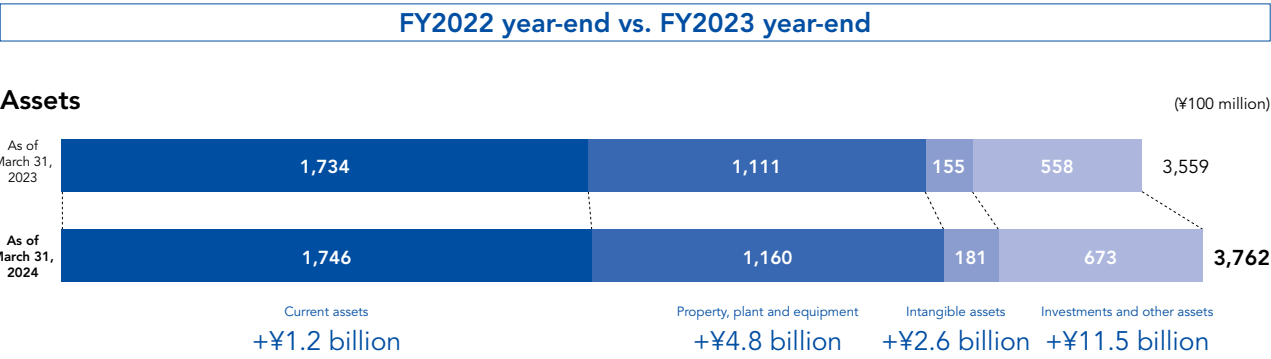


Net sales in the SS Business came to ¥40.4 billion, a year-on-year increase of ¥3.8 billion, or 10.5%. Operating profit was ¥4.7 billion, a year-on-year increase of ¥0.3 billion, or 8.0%. Businesses supporting digital infrastructure such as performance management and businesses including those related to security, together with solutions for digital transformation of business processes such as digital contracts, drove business growth, aided by the ongoing growth in digital demand. This trend resulted in continued year-on-year growth in both net sales and operating profit for 32 consecutive quarters.

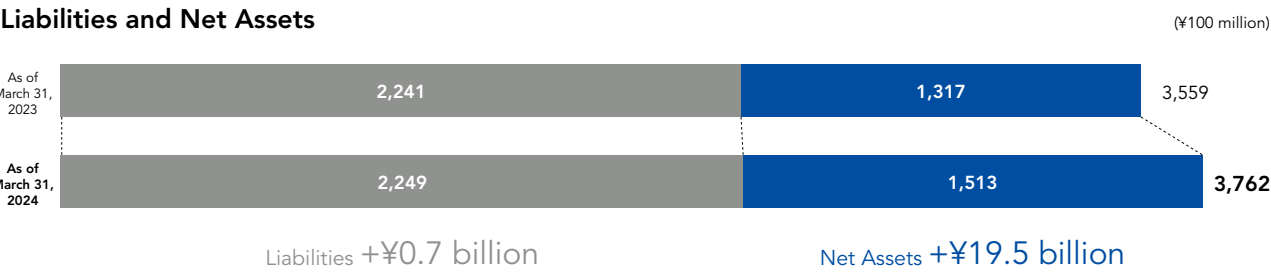


Financial Analysis

Consolidated Balance Sheets



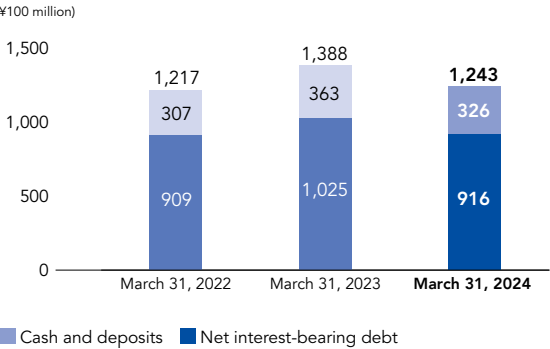
Total current assets came to ¥174.6 billion, an increase of ¥1.2 billion from the close of the previous fiscal year. This was due to factors including an increase of ¥5.9 billion in accounts receivable–trade, contrasted by decreases of ¥3.6 billion in cash and deposits and ¥2.1 billion in accounts receivable–other. Total non-current assets came to ¥201.5 billion, an increase of ¥19.0 billion from the close of the previous fiscal year. This was due to increases of ¥4.8 billion in total property, plant and equipment, ¥2.6 billion in total intangible assets, and ¥11.5 billion in total investments and other assets.



Total borrowings came to ¥117.7 billion, due to decreases of ¥8.2 billion in short-term borrowings and ¥5.8 billion in long-term borrowings. In addition, notes and accounts payable–trade increased ¥2.7 billion, accounts payable–other increased ¥3.9 billion, income taxes payable increased ¥2.8 billion, and deferred tax liabilities increased ¥2.6 billion. As a result, total liabilities amounted to ¥224.9 billion, an increase of ¥0.7 billion from the close of the previous fiscal year, including the effect of exchange rates.

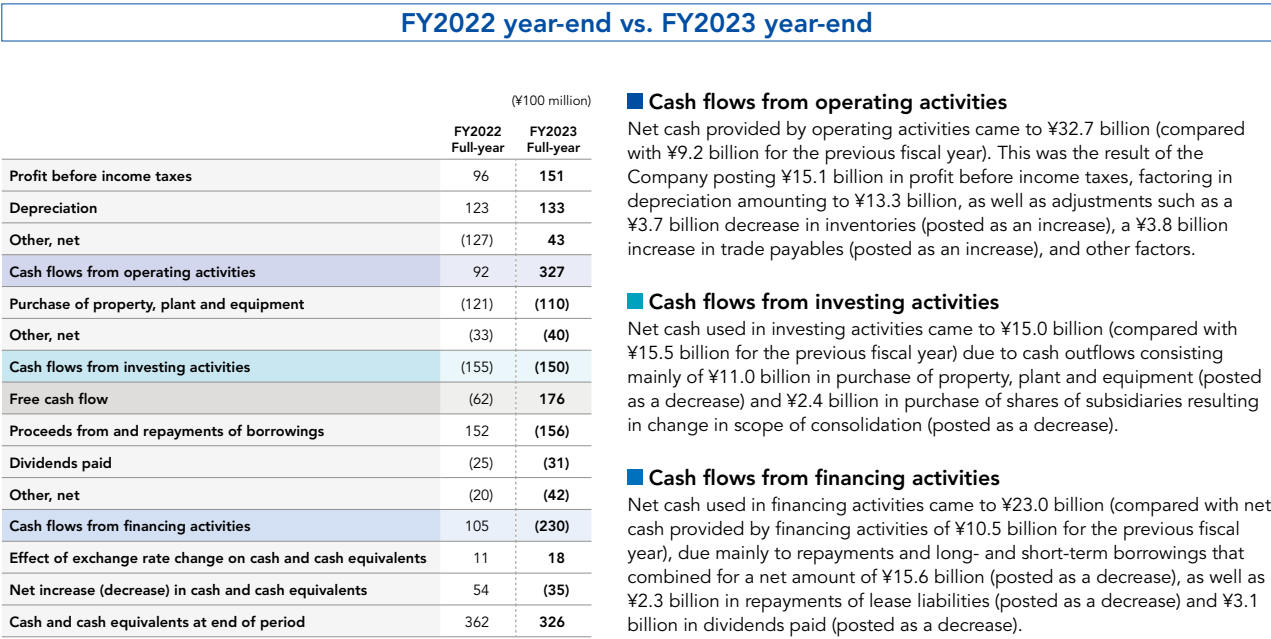
Total net assets increased by ¥19.5 billion over the close of the previous fiscal year, to ¥151.3 billion, mainly owing to increases of ¥5.6 billion in shareholders’ equity, ¥6.3 billion in valuation difference on available-for-sale securities, and ¥7.6 billion in foreign currency translation adjustments.

Interest-Bearing Debt

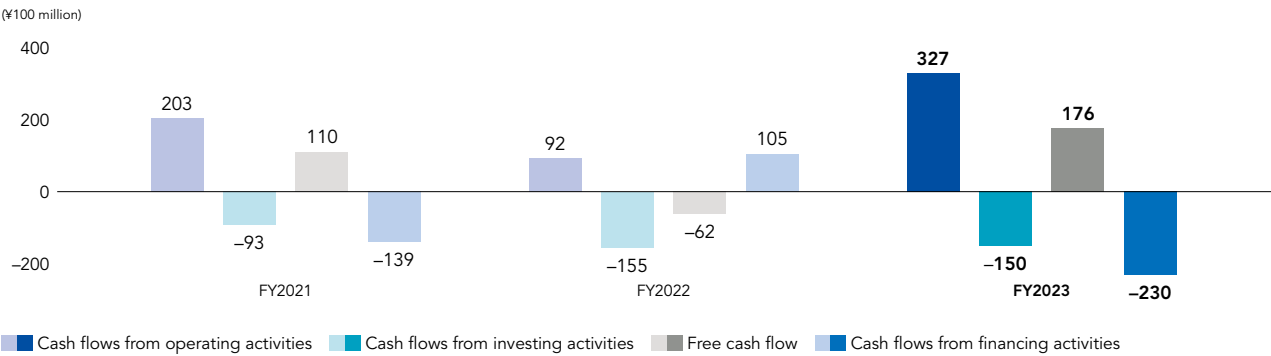


Interest-bearing debt decreased by ¥14.5 billion from the end of the previous fiscal year, thanks to progress in optimizing inventory levels. Regarding asset liquidity, the balance of cash and deposits at fiscal year-end was ¥32.6 billion, which we believe is a suitable level for future capital requirements. Additionally, the Company and its domestic operating companies have adopted a cash management system to improve capital efficiency across the entire Group.

Cash Flows

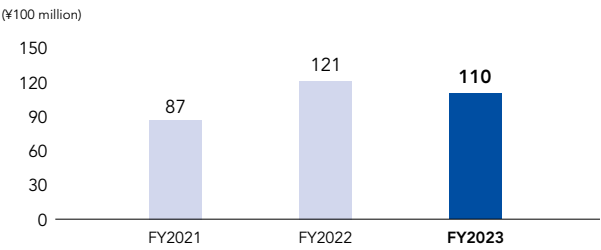


Cash Flows Trends



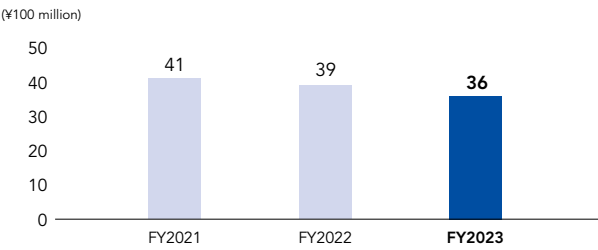
Capital Expenditures and R&D Expenses

Capital Expenditures



For fiscal year 2023, the Seiko Group invested ¥3.4 billion in the EVS Business mainly for the expansion and renewal of manufacturing facilities, among others, ¥4.9 billion in the DS Business, and ¥2.2 billion in the SS Business mainly for the acquisition of software for the purpose of sale on the market.

R&D Expenses



R&D expenses for fiscal year 2023 came to ¥3.6 billion, primarily consisting of research and development activities related to the DS Business. R&D expenses related to the DS Business were approximately ¥2.2 billion, and R&D expenses related to businesses other than the DS Business were roughly ¥1.3 billion.



Message from the CFO



Improving Return on Equity

We will aim for sustainable growth, with ROIC of over 6.5% and ROE above 8.0%.

Taku Yoneyama  
Director, Executive Vice President  
Group CFO

Adopting ROIC and ROE as Key Performance Indicators

In fiscal year 2023, the second year of SMILE145 (the Seiko Group’s 8th Mid-Term Management Plan), the Group achieved year-on-year increases in both revenue and profits, reflecting steady progress of the Moving, Valuable, and Profitable (MVP) Strategy in both the Emotional Value Solutions (EVS) Business and the Systems Solutions (SS) Business. In addition to achieving strong performance, the Group surpassed the plan’s initial projections for all financial key performance

indicators (KPIs). However, changes in the global business environment created challenging conditions for the Devices Solutions (DS) Domain, leaving issues to be addressed in that sector.

Although we adopted return on invested capital (ROIC) as an indicator for measuring capital efficiency at the outset of SMILE145, the Group announced that it would also adopt return on equity (ROE) from fiscal year 2024 to further promote profitability improvement while being aware of our cost of equity in the final three years of the plan. The Group will strive to improve capital efficiency by carefully watching ROIC and ROE as KPIs, with the aim of achieving our targets for the final year of SMILE145.

Targets (Key Performance Indicators) for Final Year of SMILE145, the 8th Mid-Term Management Plan

	FY2023		FY2026
Operating profit	¥14.7 billion / Up 31.2% year on year ↗		¥20.0 billion
Gross profit margin	44.3% / Up 1.4pt year on year ↗ (Up 2.5pt compared with FY2021 ↗)		46.8% (Up 5.0pt compared with FY2021)
ROIC	4.7% / Up 1.1pt year on year ↗		Over 6.5%
ROE	7.2% / Up 3.2pt year on year ↗		Over 8.0%

Efforts to Achieve ROIC and ROE Targets under SMILE145

The Seiko Group aims to improve profitability by making efficient investments through the management of its business portfolio to achieve ROE above 8.0% while reducing interest-bearing debt by optimizing assets, targeting ROIC of over 6.5%.

In fiscal year 2023, its gross profit margin improved 1.4 percentage points from the previous fiscal year. This was

primarily due to the success of the MVP Strategy in the EVS Domain, particularly the strong domestic performance of both the Watches Business and the Wako Business on the back of domestic and inbound demand. This resulted in a large increase in the MVP ratio (the percentage of net sales accounted for by MVP products and services). To improve profitability, the Group will further accelerate the MVP Strategy while continuing with other efforts, including making adjustments to its manufacturing system.

In the final three years of SMILE145, the Group will make efficient investments to spur growth by through

the strategic management of its business portfolio. The Group will use investments to achieve further growth in the Watches Business in the EVS Domain and in the SS Domain, which the Group view as central to the growth of the Group. In the Watches Business, the Group will strengthen investments in global marketing with the aim of quickly restoring the overseas performance of Grand Seiko (GS), which is being affected by a slowdown in the market for luxury goods. At the same time, we will invest primarily in M&As for the SS Domain to promote the further diversification of its businesses. Meanwhile, in the DS Domain, where the extreme volatility stemming from changes in the business environment poses challenges, we will make well-balanced investments after carefully evaluating the growth potential of the domain’s products.

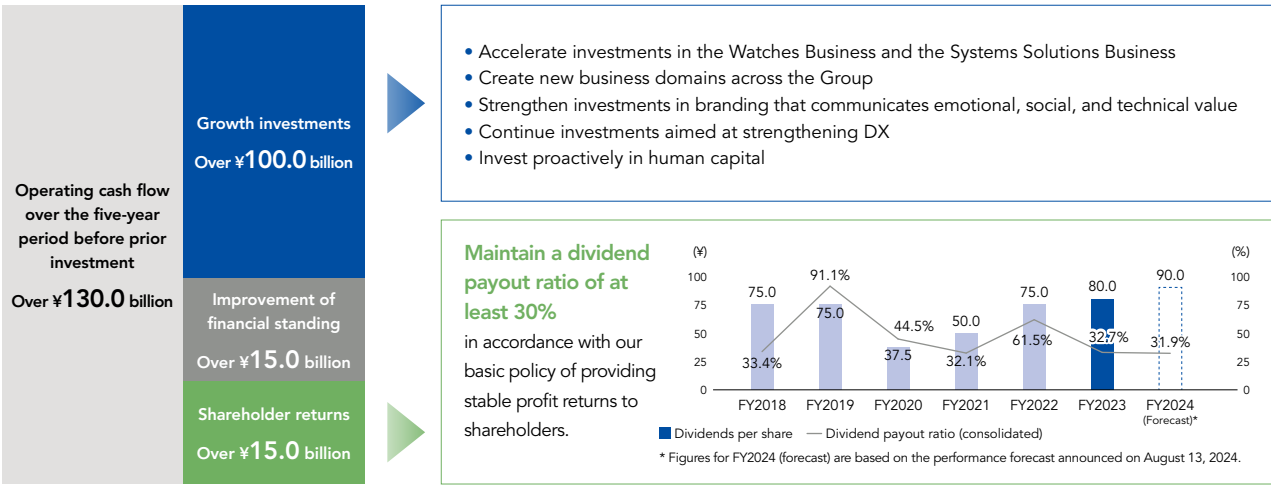
Along with making investments in existing businesses, the Group will invest to create new areas of business and also invest aggressively in R&D, branding, human resources, and digital transformation (DX) to bolster the foundations that underpin the growth of the Group.

In addition to improving profitability throughout the Group, we reduced interest-bearing debt by optimizing

inventory levels according to the state of each operation’s business. This led to a significant improvement in consolidated ROIC, which rose 1.1 percentage points from the previous fiscal year. Nevertheless, as the Group’s interest-bearing debt remains at a high level, the Group must continue working to improve our financial standing. The Group will strengthen balance sheet management, including control of cash at overseas subsidiaries and enhancement of the asset turnover rate globally, thus raising profitability in all our businesses and creating free cash flow.

With regard to shareholder returns, the Group maintain our basic policy of emphasizing stable profit distribution. To clearly demonstrate our commitment to this policy to our shareholders, we established a new consolidated dividend payout ratio of at least 30% as of fiscal year 2024. Guided by the financial policies set out in SMILE145, the Group will allocate cash efficiently, always aiming to maintain a balance between investing in future growth, improving its financial standing, and providing returns to shareholders.

Cash Allocation



Closing

Ensuring that all employees understand the significance of our KPIs is critical to achieving the targets for the final year of SMILE145. We hold a Group-wide meeting every six months in which President Takahashi provides an easy-to-understand explanation to all employees on each KPI and on the progress of SMILE145. In fiscal year 2024, the Group also held an in-house seminar for improving ROIC. Given that the Group is involved in a wide range of businesses, this seminar should help to

improve profitability and capital efficiency on a Group-wide basis by ensuring that management at our operating companies are aware of ROIC and are working to boost both ROIC and ROE.

In addition, the Group believe that communicating information in a timely and appropriate manner and engaging in constructive dialogue with stakeholders is essential to gaining proper recognition from the capital markets. We believe that its continuous efforts to clearly explain the Group’s potential for sustainable growth and sharing stakeholders’ views with management will lead to an increase in its corporate value.



Growth Strategy



Emotional Value Solutions Domain

SEIKO aims to become a brand that is cherished across generations worldwide by pursuing high functional, emotional, and social value to offer superior customer experiences as a leading Japanese brand.

Business Environment (Social Needs)

- Polarization of personal consumption (increasing expectations for products with high-added value)
- Growing interest in ethical consumption
- Changes in purchasing behavior focusing on “experiences”

Core Competencies

- Strong technical capabilities as a world-leading manufacturer
- Brand value symbolizing Japanese luxury that embodies a uniquely Japanese sense of beauty and spirituality
- Communication originating from Ginza, Tokyo, the birthplace of Seiko

Domain Vision for Transforming the Seiko Group into a Unique Solutions Company

- Vision 1

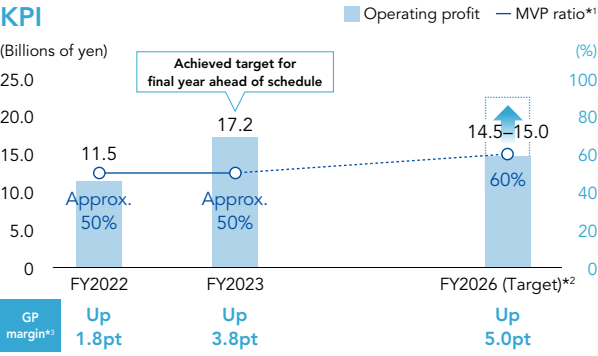
Create products and services with high functional, emotional, and social value that are filled with a sense of beauty and meticulous attention to detail that excite customers
- Vision 2

Improve our brand and corporate value by selling products that are partners for life and can be enjoyed together in times of joy and by providing superior customer experiences

Moving, Valuable, and Profitable (MVP) Strategy

- Offer products and services that create excitement and pursue high-added value
- Enhance data utilization through digital transformation (CRM\* system)
- Evolve customer experiences (CX)

\* Customer relationship management



\*1 Luxury segment and products with high emotional value, such as Global Brands (GB), as a percentage of net sales  
\*2 Target at the formulation of SMILE145, the 8th Mid-Term Management Plan  
\*3 Gross profit margin, compared with FY2021

Policy for the Latter Three Years of SMILE145

Watches Business	<ul style="list-style-type: none"><li>• Expand high-end products business centered on Grand Seiko</li><li>• Expand mid-range products business through Seiko Global Brands</li></ul>
Time Creation Business	<ul style="list-style-type: none"><li>• Expand the business through sports and facility solutions</li></ul>
Wako Business	<ul style="list-style-type: none"><li>• Increase profitability by growing business targeting the wealthy and expanding the lineup of Wako's original products</li></ul>

Watches Business

Unique Initiatives for the MVP Strategy

Growth Strategy Integral to SMILE145

In the Watches Business, we have positioned the Global Brands (GB) strategy at the heart of our growth strategy for SMILE145. We aim to create solutions that deliver deep excitement and great satisfaction to people around the world with high-added-value products and services centered on Grand Seiko (GS), while continuing to provide highly profitable and sustainable products and services.

Global Brands Strategy

Under the Global Brands (GB)\* strategy, we offer products on a global scale with technical capabilities and exceptional stories that deliver joy and excitement through marketing activities aligned with their respective signature stories.

\* GB comprise the Grand Seiko, King Seiko, Seiko Prospex, Seiko Astron, Seiko Presage, and Seiko 5 Sports brands.

Watches Business KPIs

		FY2019	FY2020	FY2021	FY2022	FY2023	FY2026 (Target)
GB ratio*	Japan	Approx. 60%	Approx. 60%	Approx. 65%	Approx. 70%	Approx. 75%	More than 85%
	Overseas	Approx. 45%	Approx. 60%	Approx. 70%	Approx. 75%	Approx. 75%	

\* Percentage of GB sales to net sales of completed watches

Strengthening the Global Brands (GB) Strategy

Since adopting the GB strategy as the growth driver of our Watches Business, GB sales have shown consistent growth, even amid the economic slowdown caused by the COVID-19 pandemic. In fiscal year 2023, the GB ratio reached approximately 75% both in Japan and internationally.

Grand Seiko (GS) has garnered strong recognition from the watch industry and customers worldwide in several ways. These include receiving several awards at the prestigious Grand Prix d'Horlogerie de Genève (GPHG) in 2014, 2021, and 2022, and GS has also introduced its products at Watches and Wonders Geneva, the world's largest high-end watch exhibition, as the sole brand outside those from Europe to exhibit continuously since 2022. GS is also strengthening initiatives to improve customer experiences, such as opening the Grand Seiko Flagship Boutique New York and the Grand Seiko Boutique Omotesando (in Tokyo) in 2024.

Meanwhile, the Seiko brand, which celebrated its centenary in 2024, aims to further enhance brand value by conducting global marketing activities based on the history and brand stories of each of its brands. As part of these activities, Seiko Prospex, with its origins in Seiko's sports timing, demonstrated its presence by conducting holistic marketing activities that capitalized on the opportunity of the 2023 World Athletics Championships in Budapest, at which we served as the official timer.

We will accelerate our GB strategy by continuing efforts to expand touchpoints and strengthen communication with customers with the aim of delivering deep excitement and great satisfaction to an even wider range of customers.



SLGH005, awarded the Men's Watch Prize at GPHG 2021



Seiko Brand 100th Anniversary Special Edition



Growth Strategy

Grand Seiko



Communicating the Appeal of Grand Seiko (GS) as a Uniquely Japanese Luxury Brand through Successive Participation in Watches and Wonders Geneva

In 2024, which marked the third year of GS's participation in Watches and Wonders (W&W) Geneva, we created an open-space booth that was designed to be easily accessible so that we could communicate the appeal of GS to a wider audience. As a result, many people visited our booth to experience the world of GS.

In the center of our booth, we arranged a display that evoked a thicket of Japanese white birch trees. The curved surface of the partition around the display projected the shadow of the branches of the trees swaying in the breeze. In this way, we created an immersive space that made visitors feel as if they were in a natural grove. That display strongly reflected Grand Seiko's brand philosophy, THE NATURE OF TIME, which embodies a uniquely Japanese sense of beauty.

Creating Unique Products with High-Added Value Through Continuous Evolution

Advent of a New-Generation Manual-Winding Mechanical Movement with 10 Beats per Second and a Power Reserve of 80 Hours  
—Connections with Timepieces That Users Can Feel at Their Fingertips—

This model is equipped with Caliber 9SA4, the first 10-beat manual-winding mechanical movement we have created in approximately 50 years. We designed the model with a new hand-wound movement that allows users to enjoy the tactile, aural and visual sensation of winding a watch by hand. Reflecting the design principles of the Evolution 9 Style, the design grammar of Grand Seiko's core Evolution 9 Collection, GS has created a refined hand-wound dress watch. With a slightly matte finish, the dial echoes the beauty of the bark of Japanese white birch trees. In addition to its high functional value as a watch, this model also combines emotional value that prizes the pleasant sensation of winding a watch by hand.



**Grand Seiko Kodo: Pushing the Boundaries of Mechanical Watchmaking**

Grand Seiko Kodo Constant-force Tourbillon incorporates a complication mechanism that is the first of its kind in the world to realize an unprecedented level of high and stable accuracy for GS. The new creation has an original design on the theme of daybreak, providing a counterpoint to the previous Kodo model, which came out in 2022 and evoked evening twilight.



**A Limited Edition Celebrating the 20th Anniversary of the Caliber 9R Series**

This commemorative edition celebrates the 20th anniversary of the creation of the 9R65 Spring Drive movement, which is exclusive to GS. Using a new technique for the dial, we were able to convey the constantly changing red sky at sunrise at the Hotaka Mountain Range in summer.



**Junichi Kamata**  
Design Director of Grand Seiko

**Comments from a Watch Designer**

**Designer Junichi Kamata discusses the Evolution 9 Collection, which is based on a uniquely Japanese sense of beauty.**

In April 2024, Design Director Junichi Kamata traced the uniquely Japanese sense of beauty that serves as the foundation of GS in a presentation to a large audience at the W&W exhibition hall.

After stating that GS bases its design on a uniquely Japanese sense of beauty, Mr. Kamata outlined the uniquely Japanese perspectives that the brand prioritizes in its design development, including the spirituality that appreciates the subtle shading that occurs between light and shadow, the richness of metaphors seen in Japanese gardens, and the creativity that arises from restrictions, in the manner of a “haiku,” a type of short form poetry. These design guidelines influenced Grand Seiko Evolution 9 Style, the new design principles created in 2020, which combine at a high level the spirit of Grand Seiko in its pursuit of the essence of timepieces and a uniquely Japanese sense of beauty nurtured over time.

The audience’s reaction suggests that they perceived an evolution in the 2024 new models, deeply rooted in Japanese culture and characteristic of GS.



Expanding Grand Seiko Boutiques Globally

Grand Seiko Flagship Boutique New York

Situated in a prime location in New York City's Madison Avenue, where high-end stores line the sidewalk, the world's largest Grand Seiko Flagship Boutique, which opened in February 2024, has a total floor area of 580 m<sup>2</sup> and an extensive lineup of products. The boutique's modern and refined interior and exterior, both of which embody “Alive in Time”—the brand message that incorporates the commitment to never-ending innovation that is at the core of GS—express craftsmanship, subtlety, and the unique appeal of the brand that is created from a uniquely Japanese sense of beauty. The New York boutique is determined to communicate that unique appeal not only in the United States but also to the world as the world's largest Grand Seiko Flagship Boutique.



Grand Seiko Boutique Omotesando

The Grand Seiko Boutique Omotesando, which opened in Omotesando Hills in April 2024, expresses Grand Seiko's brand message, “Alive in Time.” The interior is an immersive space that embodies the brand message, while the images projected on the LED wall along with the accompanying music beckon customers to GS's world. With a section of the store designed to allow people to see and touch models at first hand with a focus on the Evolution 9 Collection, a first for a Grand Seiko Boutique, customers can freely experience GS's refined craftsmanship and elegant subtlety.





Growth Strategy

SEIKO



Seiko Brand Centenary  
A History of Continuously Taking on Challenges

Since its establishment as the K. Hattori Clock Store in 1881, Seiko has innovated continuously, maintaining founder Kintaro Hattori's creed of being "Always one step ahead of the rest."

During that time, Seiko launched the first domestically produced wristwatch in Japan in 1913, and the first wristwatch to bear the SEIKO name in 1924. This year, the 100th anniversary of the SEIKO brand was celebrated. The history of the SEIKO brand, which has navigated countless difficulties, is one of continuously taking on challenges.

With gratitude for the past century, Seiko will continue to be a brand that brings trust and inspiration to people and society with the aim of creating a future full of smiles for the next century.



**Seiko Brand 100th Anniversary  
Seiko Astron GPS Solar Kintaro Hattori Limited Edition**

Named after founder Kintaro Hattori, this watch is a limited edition that marks the milestone of the 100 years of the SEIKO brand and incorporates the brand's commitment to pursuing innovation with the aim of creating a bright future. Its all-black case and bracelet, gradation dial with radial pattern, and yellow-gold accented color evoke the dazzling beauty of the Earth at night against a jet-black background. In addition, the bezel has a design that heightens its radiance and a binary structure that combines a multi-faceted ceramic bezel and a polygonal titanium overlay.



**Seiko Brand 100th Anniversary  
Seiko Prospex 1965 Heritage Diver's Special Edition**

This special edition features a charcoal gray dial and a bezel accented with gold coloring to commemorate the 100th anniversary of the SEIKO brand. As a special feature, the watch comes with an additional fabric strap made completely from recycled plastic bottle materials. The vivid, three-dimensional expression of its woven pattern, which was created using a traditional Japanese braiding technique called "Seichu," is the strap's distinguishing feature.

Seiko Quartz Chariot Registered as an Essential Historical Material for Science and Technology  
A Timeless Showcase of Technical Mastery

The Seiko Quartz Chariot Cal. 5931, the first wristwatch to be equipped with Seiko's adaptive drive control system, was registered in 2024 as an Essential Historical Material for Science and Technology, selected by the National Museum of Nature and Science. This control system is a fundamental technology that facilitates smaller sizes, thinner bodies, and longer battery life in analog quartz wristwatches. Through continuous improvements, the system has been used in Seiko's GPS solar watches and other analog quartz wristwatches to this day.



Prospex: Advancing Seiko's Legacy of Innovation and Technology



A Sports Watch Brand That Inspires People to Take on Challenges

Prospex is a sports watch brand that carries on the tradition of Seiko's first field watch and the first diver's watch to be produced in Japan, which was launched in 1965. The Prospex name incorporates the brand's commitment to providing support to people who continuously strive to move forward and to remaining a brand that challenges itself.

Prospex: Advancing Seiko's Legacy of Endless Innovation and Challenge



Historic Model

**Alpinist**  
A field watch designed for trekking and mountain climbing, inspired by the original Seiko Alpinist—Seiko's first sports watch, launched in 1959. Introduced just as mountain climbing and skiing were gaining popularity, it anticipated the leisure boom of the 1960s.



Historic Model

**Diver's Watch**  
From the first diver's watch made in Japan released in 1965, Prospex has developed numerous models that can be used in deep waters and the polar regions. Today, the iconic designs created in the 1960s and 1970s are carried on in models equipped with modern technology.



Historic Model

**Speedtimer**  
In 1969, Seiko introduced the Seiko Speedtimer, the world's first automatic chronograph to be equipped with a vertical clutch mechanism. The Speedtimer name carries on in the Seiko chronograph, along with Seiko's commitment to accurate timekeeping.

Comments from Watch Designers

Two Designers Discuss Their Commitment to Manufacturing with an Eye to the Future

Creation Honoring the First Wristwatch to Bear the Seiko Name



Tomoko Tomita

**Tomita** Creating a watch that captures the vintage character of the original gave me a renewed sense of our founder's strong determination—to recover from the devastation of the Great Kanto Earthquake and build for the future. I wanted to convey that the reissued model would inherit not just the original's shape or color, but its legacy and spirit.



**Goda** After gaining an understanding of the determination of our founder, I took part in the development with the idea of paying respect to our predecessors from a century ago and delivering a watch for our successors a century from now. Although it was a difficult challenge, Ms. Tomita and I attempted to evolve the watch in accordance with the times, revising all the sizes, movements, and materials rather than simply recreating it as it was originally, with the aim of achieving an optimal balance for modern customers.

Carrying on the History of Taking on Challenges into the Future

**Tomita** I feel that developing this watch alongside my colleague, Ms. Goda, allowed us to preserve Seiko's cherished values—carrying forward the resourcefulness, techniques of traditional craftsmanship, and strong relationships with artisans—while expressing these ideals through our design.

**Goda** I received a lot of advice from more experienced colleagues, including Ms. Tomita, on creating a model that would not lose its luster, even in a century's time. I verified the font for the SEIKO logo repeatedly and explored refined design options that would be valid for a modern watch. I feel that the completed watch, which combines the knowledge of everyone involved, will retain its luster eternally.

**Tomita** This project gave me a solid sense that the spirit of continuously taking on challenges produces progress for the future. I will continue taking on challenges with my colleagues to connect Seiko's craftsmanship to its future.



Kiko Goda



Time Creation Business

Unique Initiatives for the MVP Strategy

Aiming to Offer Solutions through Time and Beyond

The Time Creation business handles various timekeeping devices other than watches, such as clocks, system clocks, and timing devices used in sports competitions and in broadcasting stations, as well as display equipment such as signage, operating a wide-ranging business with the aim of offering solutions through time and beyond. We have adopted “high-quality social infrastructure,” “people-friendly lifestyles and societies,” “sports promotion,” and “regional revitalization” as our fields for offering solutions. With accurate timekeeping information as our starting point, we expand the scope of the information we handle as much as possible while offering functional and emotional value by adding a touch of color with music and visuals to the spaces where our products and services exist. To realize our goals, we work with an emphasis on creating new markets, innovating our marketing activities, and incorporating appropriate resources.



Positioning the sports and facility business as a growth field in particular, we will expand the adoption of our medium-sized and large display boards at sports facilities, strengthen the digital signage business, and promote the creation of a network for the products we provide by linking them to websites and enabling cooperation between facilities. For example, in digital signage we propose solutions that enhance the convenience of buildings. We underpin the creation of spaces that make those who visit and work there feel comfortable, such as visualizing Zero Energy Building initiatives using signage by integrating it with central monitoring equipment and providing congestion information in real time.

We will promote the MVP Strategy in SMILE145 by expanding these initiatives significantly to the business-to-government (BtoG) and business-to-business (BtoB) fields.

Wako Business

Unique Initiatives for the MVP Strategy

Aiming to Be a Japanese Luxury Brand

Under SMILE145, the 8th Mid-Term Management Plan, the Wako Business is in the process of rebranding with the aim of making “WAKO” a Japanese luxury brand. With “AMAZING WAKO” as keywords, we will offer brand experiences that exceed the expectations of customers through products, services, and events available only from Wako, reflecting the richness of Japanese culture. In particular, we focus on watches, jewelry, handbags, and atelier confectionery. Above all, we engage in the full-scale promotion of ASHOKA® diamond jewelry—which only Wako is authorized in Japan to purchase directly from the brand for wholesale—as WAKO×ASHOKA®.



Meanwhile, “Arts and Culture,” which occupies the basement floor of the Wako Main Store, offers products unique to Wako. The basement was reopened in July 2024 after refurbishment on the theme of “the stage of time” as part of Seiko’s THE GIFT OF TIME project. “Arts and Culture” offers products—developed in cooperation with creators and artisans in Japan and overseas who appreciate a uniquely Japanese sense of beauty and are one step ahead of the rest—in a special space created by employing carefully selected, rare materials and making full use of Japanese craftsmanship and traditional techniques. This space provides customers with a special experience while serving as a base for communicating new Japanese culture to the world.

With a focus on craftsmanship, a uniquely Japanese sense of beauty, and sustainability, Wako offers products, services, and experiences that communicate the essence of richness.

MESSAGE  
Aiming to Enhance Long-Term Brand Value by Pursuing Functional, Emotional, and Social Value

SEIKO WATCH CORPORATION, SEIKO Time Creation Inc., and WAKO Co., Ltd., the three companies that comprise the EVS Domain, aim to enhance their brand value and corporate value by offering superior customer experiences to a wide range of customers. We believe that superior customer experiences are created by functional, emotional, and social value that customers can truly feel through our products and services. Based on this belief, each of the three companies makes extensive use of analog and digital technologies, promoting its business to realize these values at a high level. Meanwhile, as a leading Japanese brand and in collaboration with SEIKO GROUP CORPORATION on its project “THE GIFT OF TIME” to communicate to the world the concept of time in the Japanese culture, as well as of the uniquely Japanese luxury, we aim to become a brand that is loved by consumers of all generations all over the world by inspiring them and delivering smiles to them.



**Akio Naito**  
Director, Senior Executive Vice President  
Emotional Value Solutions Domain  
(President, SEIKO WATCH CORPORATION)

THE GIFT OF TIME

Communicating the Appeal of the Culture of Time and Japanese Luxury to the World

While the Seiko Group has long contributed to Japan’s luxury culture through its brands, as showcased by Grand Seiko, Credor, and WAKO, in July 2024 it rediscovered the richness and value created by Japan’s unique culture from the perspective of time, including the uniquely Japanese sense of beauty fostered by Japan’s four seasons and nature, as well as its craftsmanship, to promote THE GIFT OF TIME, a project to communicate the appeal of Japanese luxury to the world.

Under the project, we refurbished the basement floor of the Wako Main Store in SEIKO HOUSE, which serves as a symbol of this project, reopening the store in July 2024 as Arts and Culture. In addition, we produced “THE GIFT OF TIME”, a movie for the project that traces the path of a uniquely Japanese luxury culture from the perspective of time, with various leading creators who drive Japanese culture. In October 2024, we held a world premiere to commemorate the movie’s completion.

Through this project, we will communicate the richness and value of Japanese culture, including the appeal of the Group’s luxury brands, to the world.







# Devices Solutions Domain

The Devices Solutions (DS) Domain addresses the changing times, offering devices solutions that are preferred and utilized by customers to contribute to the creation of a sustainable society.

### Business Environment (Social Needs)

- Market expansion in the digital and green economy
- Building of a safe and secure society
- Realization of a recycling-oriented society

### Core Competencies

- Advanced miniaturization and assembly technologies and precision machining technological capabilities cultivated through the manufacture of watches and precision components
- Capabilities in developing highly reliable products that lower power consumption and extend product lifespan

## Domain Vision for Transforming the Seiko Group into a Unique Solutions Company

Vision 1

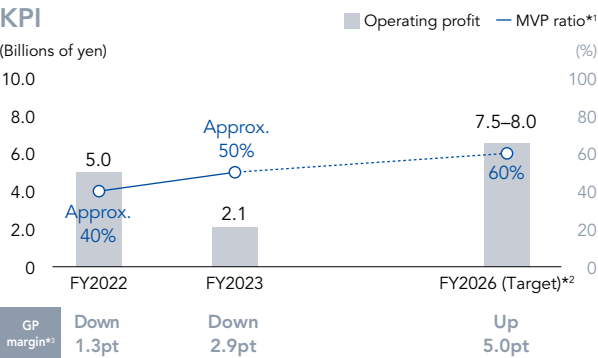
**Capitalize on opportunities in the digital and green economy with the aim of creating a sustainable society and improving corporate value**

Vision 2

**Offer highly functional, high-quality devices solutions through technological innovation by evolving Craftsmanship, Miniaturization, and Efficiency**

### Moving, Valuable, and Profitable (MVP) Strategy

- Actively expand into growth markets in the digital economy (industry, medical, and mobility sectors)
- Expand sales to the green economy market by leveraging technologies for miniaturization, lower power consumption, and long lifetime
- Accelerate product development in wellness and social/environmental fields



### Policy for the Latter Three Years of SMILE145

- Carefully assess the growth potential of products and make well-balanced investments
- Expand market shares of growth-driving batteries for medical devices and crystal resonators with strengths in miniaturization
- Ensure the growth of the encoders (sensors that detect location and measure travel distance) business, which has industry-leading advanced technologies

## Unique Initiatives for the MVP Strategy

### 1. Revising and Strengthening MVP Products

In the latter three years of SMILE145, the DS Domain will revise and further strengthen MVP products from perspectives including the profitability, growth potential, and differentiation of electronic components, such as micro batteries and crystal oscillators; precision components, such as automotive components and miniature ball bearings; and printing devices, such as thermal printers and inkjet heads. In addition, the domain will clarify target markets for products by application based on market size, share, and other factors, and accomplish its plans by monitoring the progress of such products from the dual perspectives of revenue and development. The DS Domain has also established an organization under the direct supervision of the President geared toward creating new businesses. The organization will aim to achieve growth by proposing new customer value that capitalizes on the domain's strengths, with a focus on the industry, medical, and mobility sectors.



### 2. Responding Quickly to Customer Needs through Semi-Custom-Made Products

The rapid progression of technological innovation in every industry in recent years has made responding quickly to change an urgent priority. Seiko Instruments Inc. and SEIKO NPC CORPORATION, which offer electronic and precision components, have strengthened their development of semi-custom-made products through common designs and flexible user options to help reduce customer lead times and raise productivity. SEIKO NPC CORPORATION draws on its long history of manufacturing integrated circuits for crystal oscillators to provide products that address customer-specific needs. Each product offers multiple variations with the option to choose freely among the variations, allowing customers to select the functions and performance they prefer simply by specifying the variation.



## Initiatives to Expand and Develop with an Eye to Seiko's 150th Anniversary

As various social issues, including the aging of society, labor shortages, and resource depletion, become evident, new technologies, products, and services are emerging through advances in AI, robotics, next-generation communications technology, and other fields. Amid such circumstances, the DS Domain is committed to contributing to the creation of a sustainable society by offering devices solutions that extend the lifespan of customer products and raise productivity. These efforts include extending the operating times of devices using high-energy-capacity micro batteries, reducing the noise and extending the lifespan of motors through miniature ball bearings with high lubrication performance, and enhancing printing throughput for building materials, cardboard boxes, and other materials through high-powered inkjet heads.



**Yoichi Endo**  
Director, Executive Vice President  
Devices Solutions Domain  
(President, Seiko Instruments Inc.)

Growth Strategy

# Systems Solutions Domain

The Systems Solutions (SS) Domain contributes to the ongoing success of its customers and delivers solutions unique to Seiko that address social issues by strengthening and diversifying the stock business and promoting the growth of all employees.

### Business Environment (Social Needs)

- Realization of a recycling-oriented society
- Provision of high-quality products and services
- Building of safe and secure social infrastructure

### Core Competencies

- Hardware & Software Solution
- DX Platform Solution

Domain Vision for Transforming the Seiko Group into a Unique Solutions Company

Vision 1

Realize the growth of all employees

Vision 2

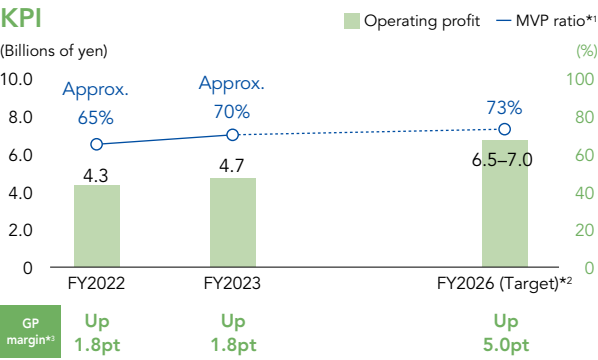
Increase both revenue and profits continuously over the long term

Vision 3

Realize Society 5.0

### Moving, Valuable, and Profitable (MVP) Strategy

- Strengthen the stock business
- Promote diversification through M&As and alliances



### Policy for the Latter Three Years of SMILE145

#### Aiming to Grow the Domain through Solutions That Capitalize on Seiko's Strengths

- Provide IoT and AI solutions that integrate hardware and software to tackle social issues
- Provide platform solutions that support the efforts of client companies to realize digital transformation (DX)

Unique Initiatives for the MVP Strategy

1. Hardware & Software Solution

The Group offers hardware, including high-quality wireless and sensor devices that leverage Seiko's manufacturing strengths, and one-stop solutions that combine original software. For example, in telematics in the automotive IoT field, the Group offers Drive Cloud+, a service that supports safe driving in telematics for automotive IoT. In addition to enhancing vehicle control, this service enables the visualization of driving conditions by analyzing drive recorder images using AI. Going forward, the Group will offer more advanced services by making further use of data with the aim of establishing next-generation mobility solutions as safer methods of transportation.

Moreover, to address the critical issues of an aging society and increasing labor shortages, the Group will work to realize a safe and secure society through IoT and AI solutions that integrate hardware and software.



2. DX Platform Solution

Today, digital technology not only permeates society but has become an indispensable element of social infrastructure. Without high-precision time synchronization, 5G mobile communications would stop, making communication impossible. In addition, the slightest time discrepancy in fields including broadcasting and securities interferes with these services.

In the same way that Seiko has provided the yardstick of time, the Group will provide yardsticks for the digital world, offering solutions that leverage the neutrality and credibility of the brand. Leveraging this strength, the Group will aim to realize a more appealing and enriched social infrastructure by visualizing the non-visible digital world to underpin the further development of a digital society.



MESSAGE  
Initiatives to Expand and Develop with an Eye to a Decade Ahead

Given that human capital is the essence of the SS Domain, we view the promotion of diversity as indispensable to our corporate growth. By continuously pursuing an M&A strategy, we have welcomed many new colleagues, which has enabled us to consistently expand our operations and increase both revenue and profits. Today, eight companies and over 1,600 employees engage in their duties from their own unique perspectives while respecting each other's outlooks. In this way, we have developed a culture that encourages employees to follow each other's positive examples while valuing their own uniqueness. We will continue to expand our diversity and size, accelerating the growth of our customers and of our own businesses through the growth of our employees, all of whom underpin our businesses.



**Jun Sekine**  
Director, Senior Executive Vice President  
Systems Solutions Domain  
(President, SEIKO Solutions Inc.)



Group-wide Initiatives and Solutions to Social Issues

Group-wide Initiatives

Promoting the Brand and Providing Customer Experiences in Ginza, the Birthplace of Seiko



The Seiko Group has numerous locations in Tokyo's Ginza district, where the Group was founded. The most famous of these is SEIKO HOUSE, a building featuring a clock tower that is a famous Ginza landmark. SEIKO HOUSE is Seiko's information hub and is also used as a forum for business negotiations. Wako Main Store, located inside SEIKO HOUSE, offers a top-quality selection of products and services that deliver excitement to our customers.

In Ginza, an area that combines tradition with the latest trends and where luxury brands stand side by side, the Seiko Group promotes the Seiko brand through its various business operations and provides special customer experiences through Grand Seiko and other Group products and services. The entire Group will continue to leverage its Ginza base to work toward enhancing the Group's brand value.



This is a new boutique featuring interior design based on the Grand Seiko (GS) brand philosophy, allowing visitors to experience the masterful craftsmanship, sophistication, and Japanese flair that GS has continued to perfect.



This is an experiential hub for SEIKO WATCH CORPORATION that directly promotes the SEIKO brand. Customers can experience the unique worldviews of each brand as well as enjoy a wide range of products.



A museum exhibiting the history of Seiko and timepieces. Visitors can experience the spirit of the founder through the history of Seiko. Grand Seiko Museum opened on the sixth floor in April 2024.

Achieving Visualization of Employee Attendance Tracking through Intra-Group Collaboration

SEIKO Time Creation Inc. has a long history of providing attendance tracking and other such business management support solutions. Recently, in response to the needs of customers seeking to visualize the status of complex shift work in the manufacturing industry, or staff clock-in/clock-out times and attendance status at government offices, the company has also begun offering attendance display systems using digital signage. Intra-Group collaboration by SEIKO Solutions Inc. and SEIKO Time Creation Inc. has also resulted in a system by which simply flashing an IC card, such as an entrance pass, over a dedicated terminal, displays information on a monitor in real time, and the system periodically uploads time-stamping information to an attendance tracking server.

Visualization in offices and factories is an important measure for improving work efficiency and productivity. We use the time management know-how we have cultivated over many years to respond to the needs of each customer in a precise manner and contribute to solutions to the issues they face.



Note: Photos are for illustrative purposes only.

Addressing Social Issues in Three Strategic Domains

**EVS Domain** Plenty Seishin Chuo's Mechanical Clock Renovation

"The Nadeshiko Orchestra" is a marionette clock that has long been a beloved symbol of the region. It was reborn with a new look in October 2023 as part of the renovation of the "Plenty" commercial complex in the city of Kobe's Nishi Ward in Hyogo Prefecture. The renewal effort reduced waste and costs by making use of existing resources such as the original mechanisms and figurines. With the clock's enjoyable seasonal performances, it continues to bring smiles to the faces of the locals.



**DS Domain** Helping Improve Quality of Life for Diabetes Patients through the Steady Supply of Silver Oxide Batteries

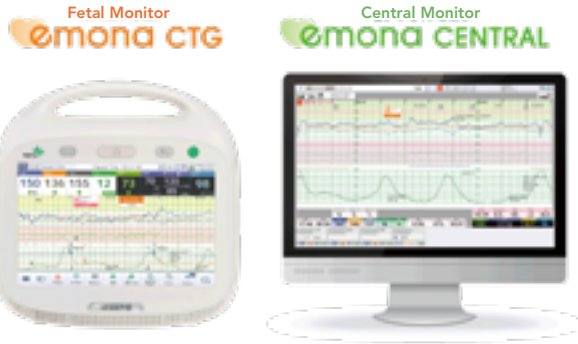
In recent years, along with the growing number of diabetes patients, the number of people using continuous glucose monitors (CGMs) is also on the rise. Seiko Instruments Inc. supplies miniature, high-quality silver oxide batteries for CGM sensors. Since it began manufacturing watch batteries in 1975, the company has accumulated 50 years of manufacturing experience and has been producing silver oxide batteries that offer superior quality and performance. The Company will continue working to provide a stable supply of silver oxide batteries so that diabetic patients can manage their blood sugar levels with peace of mind, and thus help improve their quality of life.



Note: Photos are for illustrative purposes only.

**SS Domain** Contributes to Reconstructing the Medical Environment amid the Aftermath of the Noto Peninsula Earthquake


Many medical institutions were heavily affected by the Noto Peninsula earthquake in January 2024. CSM SOLUTION CO., LTD., a company in the SS Domain, developed Emona fetal monitoring system which contributed to the prompt improvement of the medical environment in the affected areas with its customer TOITU Co., Ltd. Emona central monitor is cloud-based, enabling fetal monitoring anytime, anywhere, and the fetal monitoring device is battery-powered, so data can be transmitted in real time even when there is no power available. Thanks to the efforts of TOITU, the fetal monitoring system was deployed and made operational in just four business days in the disaster-stricken areas where infrastructure was lacking. We will continue to work to expand the value we provide in order to contribute to the stability and advancement of team-based medical care.



Five Group Core Strategies

SDGs Strategy

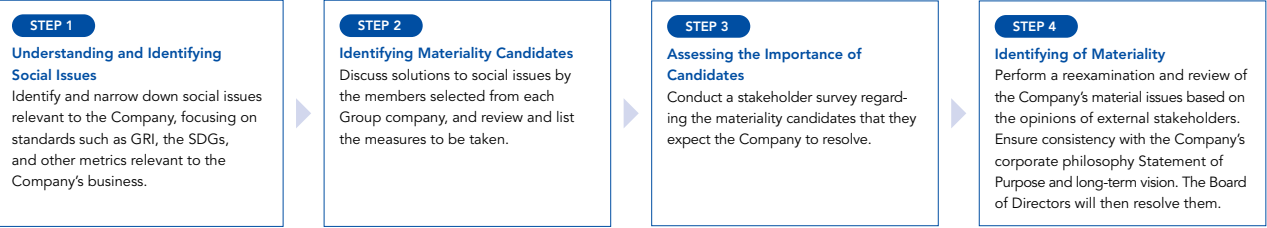


 Sustainability  
<https://www.seiko.co.jp/en/csr/>














Promotion Structure



The Process to Determine Material Issues



Materiality

Materiality Overview		Key Actions		Major Initiatives	
Well-being—A Better Life					
Contribute to greater job satisfaction and active participation by diverse individuals		Develop human resources as a pillar of our growth strategy, and work to improve engagement and promote diversity		<ul style="list-style-type: none"><li>• Develop human resources (take measures to develop entrepreneurial and digital transformation resources, and pursue environmental improvement initiatives, including systems)</li><li>• Conduct engagement surveys</li><li>• Emphasize diversity in hiring and set goals to promote active adoption</li><li>• Promote health management</li></ul>	
Promote mental and physical health and achieve social welfare		Develop products to enter medical and healthcare businesses		<ul style="list-style-type: none"><li>• Enter healthcare field through the development and sale of devices and materials for medical applications in cooperation with third parties</li></ul>	
Implement initiatives for respecting human rights		Conduct thorough investigations regarding human rights		<ul style="list-style-type: none"><li>• Establish and continuously promote a due diligence system for human rights</li><li>• Promote in-house education on human rights</li></ul>	
Cultivate and support the next generation		Support the growth and development of the next generation through hands-on events, classes, etc.		<ul style="list-style-type: none"><li>• Ongoing implementation of the Seiko Exciting School</li><li>• Hold Seiko Summer Jazz Camp</li></ul>	
Inclusion—For All People					
Contribute to the creation of a safe, secure, and inclusive social infrastructure		Create and provide digital solutions to help realize a new age of society, where all people and goods are connected		<ul style="list-style-type: none"><li>• Provide cloud-/AI-/IoT-enabled platforms to improve social infrastructure</li><li>• Provide products and services that bring about an inclusive world</li></ul>	
Contribute to a prosperous society through support for culture and sports		Promote sports, music, and cultural activities that enrich people's lives and enhance our corporate value		<ul style="list-style-type: none"><li>• Share THE SEIKO MUSEUM GINZA's concept of Time Culture with the world</li><li>• Continue sports timing activities, sponsorship of sporting events, and support for athletes</li><li>• Host concerts to support the recovery of East Japan</li></ul>	
Contribute to local communities		Support activities in local communities that promote social revitalization at all our facilities, both inside and outside Japan		<ul style="list-style-type: none"><li>• Promote socially beneficial sports events and beautification activities in collaboration with local residents and communities</li></ul>	
Trust—Certainty and Trust					
Provide high-quality products and services that are trusted by society		Develop high-quality, high-added-value products and services by leveraging the strengths of each business domain to increase sustainable business activities		<ul style="list-style-type: none"><li>• Provide highly reliable product and service infrastructure that generates digital trust (trust in the security, privacy, safety, etc., of our services)</li><li>• Enhance after-sales service system and expand quality improvement program globally</li><li>• Strengthen quality assurance system</li><li>• Pass down technical skills and techniques</li></ul>	
Promote responsible procurement and supply chains		Establish and operate a sustainable supply chain management system that addresses social issues, including human rights and the environment		<ul style="list-style-type: none"><li>• Revise Procurement Policy</li><li>• Establish and implement procurement guidelines</li></ul>	
Strengthen corporate governance and the compliance structure		Maintain and improve corporate governance and compliance operations based on respect for all relevant laws and regulations		<ul style="list-style-type: none"><li>• Further strengthen the operations of the Corporate Governance Committee, Corporate Ethics Committee, Risk Management Committee, and other bodies</li></ul>	
Harmony—Harmony With the Earth					
Implement initiatives for climate change and decarbonization		Plan and promote reduction measures in line with the Seiko Group's long-term goal of reducing greenhouse gas (GHG) emissions		<ul style="list-style-type: none"><li>• Promote Group-wide energy conservation and active introduction of renewable energy</li></ul>	
		Provide products and services that contribute to realizing a decarbonized society		<ul style="list-style-type: none"><li>• Introduce environmental support systems</li></ul>	
Help to realize a recycling-oriented society		Create and expand the lineup of environmentally friendly products and services		<ul style="list-style-type: none"><li>• Create resource-saving and eco-friendly products</li><li>• Simplify packaging materials and shift to using renewable materials</li></ul>	
		Promote the 3Rs (Reduce, Reuse, Recycle)		<ul style="list-style-type: none"><li>• Reduce losses in raw materials and waste products</li><li>• Increase use of reusable parts and recycled materials</li></ul>	
Coexist and harmonize with nature		Aim for coexistence with nature by increasing activities to conserve biodiversity and natural capital in each of our business locations		<ul style="list-style-type: none"><li>• Work together with local residents and outside experts to promote nature conservation (e.g., tree planting and preservation of marine resources)</li></ul>	



Five Group Core Strategies

Climate Change

(Information Disclosure Based on TCFD Recommendations)



Governance

Important matters related to climate change are discussed and resolved by the Sustainability Committee and reported to the Board of Directors. The Board of Directors is responsible for the oversight function of the Sustainability Committee and regularly discusses important matters related to climate change.

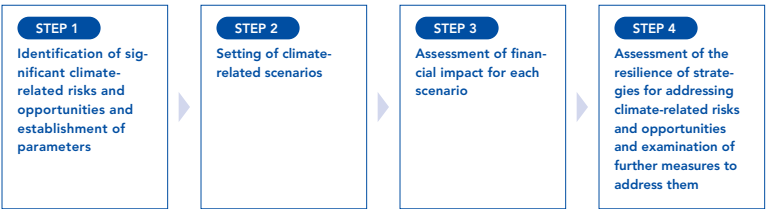
In addition, the rate of GHG emissions reduction is included as a “non-financial (ESG) assessment” in the performance evaluation index as a KPI for performance-linked executive compensation.

Governance Promotion Structure  
<https://www.seiko.co.jp/en/csr/environment/tcfd/>

Strategy

The Seiko Group conducts a scenario analysis of all Group businesses according to the following steps, assessing climate-related risks and opportunities with a high level of importance and formulating and promoting measures to address them.

Scenario Analysis Steps



Climate-Related Risks

Risk Category		Risk Description	Business Impact (2030)*1	
			Less than 2°C scenario	4°C scenario
Transition risk	Policy and regulation	Increased costs due to introduction and strengthening of carbon tax	¥450 million*2 Medium	¥350 million*2 Medium
	Technology	Increased manufacturing and transportation costs due to higher energy prices	Medium	Medium
	Market	Decreased sales due to inability to respond to requests from customers for climate-related measures	Medium	Medium
		Increased procurement costs due to higher raw material prices	Medium	Medium
Physical risks	Urgent	Decreased sales due to supply chain disruptions and distribution delays caused by extreme weather conditions	Small	Medium
		Decreased sales due to interruption of factory and/or store operations and/or difficulty in securing personnel due to extreme weather conditions	Medium	Large
	Chronic	Rising nonlife insurance premiums due to increase in extreme weather conditions	Medium	Medium

Climate-Related Opportunities

Opportunity Category	Opportunity Description	Business Impact (2030)*1	
		Less than 2°C scenario	4°C scenario
Energy source	Cost reduction by introducing renewable energy	Medium	Medium
Products and services	Increased sales of low-power-consumption-compatible products due to expansion of cyber-physical systems (CPS) and the Internet of Things (IoT) society	Medium	Medium
	Increased sales of related parts to automobile sector due to ongoing shift to electric vehicles (EVs)	Medium	Medium
	Increased sales of low-carbon products and services that can help customers reduce their environmental impact	Large	Large
	Increased sales of products that respond to consumers' growing environmental awareness	Small	Small
Market	Creation of new products and services related to the IoT, manufacturing, and distribution that will accompany the promotion of energy conservation	Medium	Medium
	Increased sales due to improved brand value through decarbonized management	Medium	Small

\*1 Large business impact: Extremely significant impact on business, such as a profit impact of ¥1 billion or more, withdrawal from a business, or an interruption of business for several months or more  
Medium business impact: Significant impact on business, such as a profit impact of between ¥100 million and ¥1 billion, negative impact on business plans, downsizing of a business, or business interruption of one week to one month  
Small business impact: Minor or negligible impact on business, such as a profit impact of less than ¥100 million, little or no impact on business plans, and little or no business interruption

\*2 We calculated the 2030 greenhouse gas (GHG) emissions (Scope 1, 2) based on growth forecasts and reduction plans. The calculations were done by multiplying the International Energy Agency (IEA) forecasted carbon prices for both the less-than-2°C and 4°C scenarios. We used an exchange rate of 1\$ = ¥140.

Risk Management

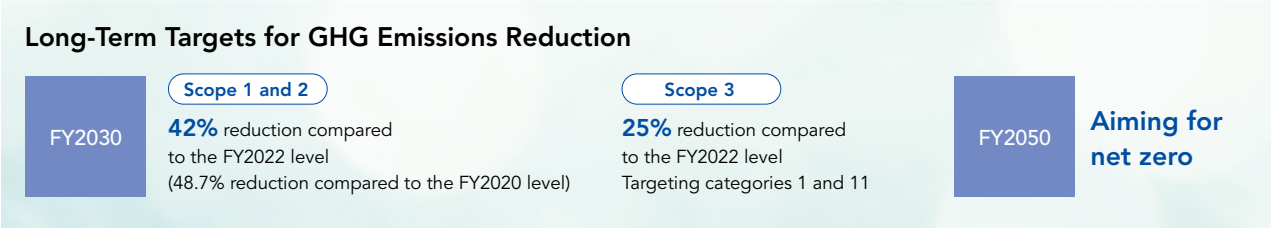
In order to centrally manage risks that may have a significant impact on the Group's business, the Seiko Group Risk Management Committee, chaired by the President of the Company, plays a central role in addressing risks that must be addressed across the Group.

Group Risk Management Promotion Structure  
<https://www.seiko.co.jp/en/csr/environment/tcfd/>

Indicators and Targets

Long-Term Targets for Greenhouse Gas (GHG) Emissions Reduction

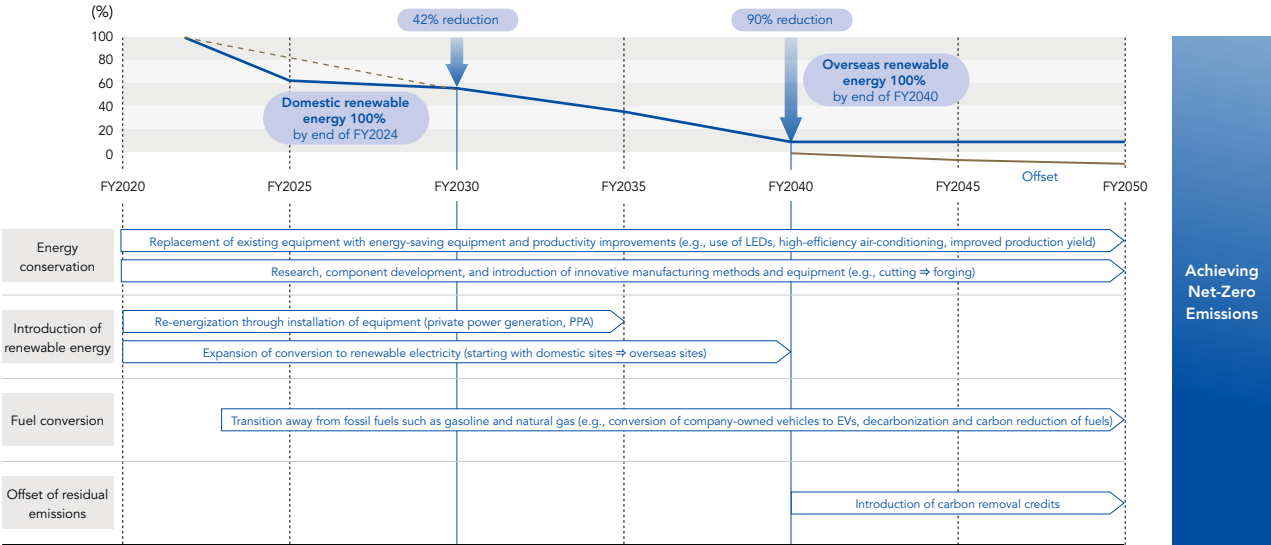
In November 2023, the Seiko Group revised its long-term targets to expedite its GHG emissions reductions. Regarding our targets for fiscal year 2030, we have obtained certification from the Science Based Targets initiative (SBTi), confirming that our targets align with the 1.5°C target set out in the Paris Agreement.



Decarbonization Transition Plan (Scope 1 and 2)

The Seiko Group revised its decarbonization road map to align it with its updated long-term targets for reducing greenhouse gas emissions. The Group continues to promote various measures for conserving energy and adopting renewable energy at its business sites, with plans to achieve 100% renewable electricity at domestic sites by the end of FY2024 and at all sites, including overseas, by the end of FY2040. The Group aims to switch from fossil fuels to decarbonized or low-carbon alternative fuels. The residual emissions will be offset through the introduction of carbon removal credits, with the aim of achieving net-zero emissions by fiscal year 2050.

Greenhouse Gas Emissions

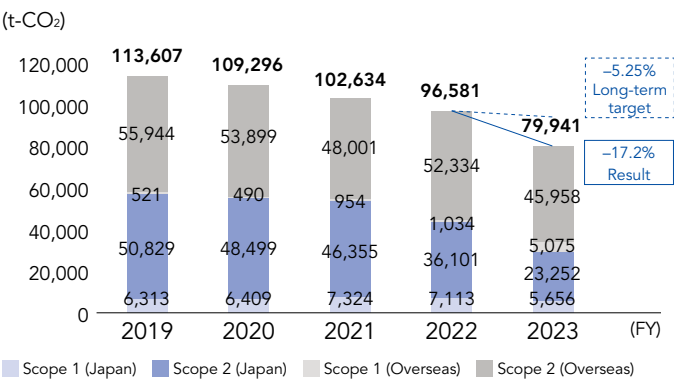


GHG Emissions in Fiscal Year 2023

Scope 1 and 2

In fiscal year 2023, the Seiko Group's greenhouse gas emissions amounted to 79,941 t-CO<sub>2</sub>, achieving a reduction of 17.2% compared to fiscal year 2022. This surpassed our target of 5.25%, which is the amount necessary to achieve our long-term target. This achievement was largely due to ongoing energy-saving activities and the introduction of renewable energy. The ratio of renewable energy power reached 18.9%.

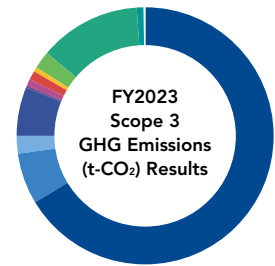
GHG Emissions (Scope 1 and 2)



Five Group Core Strategies

Scope 3

The Seiko Group began calculating Scope 3 emissions on a Group-wide basis in fiscal year 2021. Our long-term target is to reduce Scope 3 emissions by 25% (compared with fiscal year 2022) by fiscal year 2030. In fiscal year 2023, the Seiko Group's Scope 3 emissions amounted to 555,178 t-CO<sub>2</sub>, a reduction of 3.0% compared to fiscal year 2022.



Category	Item	GHG Emissions (t-CO <sub>2</sub> )	%
Category 1	Purchased goods and services	367,709	66.2%
Category 2	Capital goods	36,082	6.5%
Category 3	Fuel and energy-related activities not included in Scope 1 or Scope 2	12,399	2.2%
Category 4	Upstream transportation and distribution	34,037	6.1%
Category 5	Waste generated in operations	2,464	0.4%
Category 6	Business travel	4,508	0.8%
Category 7	Employee commuting	5,483	1.0%
Category 8	Upstream leased assets	122	0.0%
Category 9	Downstream transportation and distribution	3,476	0.6%
Category 10	Processing of sold products	12,469	2.2%
Category 11	Use of sold products	71,111	12.8%
Category 12	End-of-life treatment of sold products	4,610	0.8%
Category 13	Downstream leased assets	708	0.1%
Category 14	Franchises	–	–
Category 15	Investments	–	–
Total		555,178	100.0%

Conservation of Water Resources

Based on the Group's view that water is a precious natural capital, our goal from FY2024 to FY2026 is to maintain water withdrawal intensity (the volume of water withdrawal per revenue unit) below the baseline year of FY2021 (0.33 thousand m<sup>3</sup> per ¥100 million) in each fiscal year. Due to ongoing efforts to recycle water resources, water intake in fiscal year 2023 was 740.6 thousand m<sup>3</sup>, a reduction of 50.6 thousand m<sup>3</sup> (down 6.4%) from fiscal year 2021. Water intake per unit of sales decreased to 0.27 thousand m<sup>3</sup> per ¥100 million compared with 0.33 thousand m<sup>3</sup> per ¥100 million in fiscal year 2021, enabling us to achieve our target. Meanwhile, we conducted a water risk evaluation of all Group production sites in fiscal year 2023. We will continue endeavoring to use water resources effectively and steadily promote water intake reduction measures.



Part of a pure water recycling system

Conservation of Biodiversity

All businesses will have to increase their environment-related efforts in order to achieve these goals. As a company whose business activities both benefit from and affect the ecosystem, the Seiko Group believes that biodiversity conservation is a vitally important issue for environmental management. Each business unit is actively promoting biodiversity activities tailored to its own location and the surrounding environment. Activities include land use that takes into account biodiversity, awareness-raising campaigns, and incorporating biodiversity considerations into product design. The goal is to contribute to the realization of a "society in harmony with nature." Morioka Seiko Instruments Inc. has created a Biotope and insect hotels in Waku-Waku (Exciting) Forest on its premises and is promoting biodiversity initiatives together with the local community.




Insect survey at a biotope

Human Rights

In line with the Group Purpose to create a "future filled with smiles" and its corporate philosophy of always being "a company trusted by society," the Seiko established the Seiko Group Human Rights Policy. Based on the United Nations Guiding Principles on Business and Human Rights, the Group's human rights policy applies to all personnel within the Seiko Group. It outlines our commitment to respect the basic human rights of all individuals, and emphasizes its responsibility to protect these rights in the course of its business activities.

The officer in charge of ESG and SDGs serves as the person responsible for promoting measures related to human rights, including conducting due diligence activities. Going forward, the Group will continue working to promote a broad spectrum of activities in accordance with the Seiko Group Human Rights Policy.




Seiko Group Human Rights Policy  
[https://www.seiko.co.jp/en/csr/society/human\\_rights.html](https://www.seiko.co.jp/en/csr/society/human_rights.html)

Human Rights Due Diligence

The Seiko Group established and operates a human rights due diligence framework based on the Seiko Group Human Rights Policy. Human rights due diligence involves identifying, preventing, and mitigating any negative impacts on human rights related to its business activities, as well as taking corrective measures and disclosing its human rights initiatives to third parties.

Our Human Rights Risk Assessment (an evaluation of the impact of our business activities on human rights), conducted in fiscal year 2022, identified significant human rights risks requiring special attention and the Group established a policy for preventing and correcting these risks. Based on this response policy, the Group currently takes measures to address significant human rights risks on an ongoing basis while promoting human rights due diligence processes, including monitoring improvements, disclosing information, and establishing a grievance redress mechanism.



Human Rights Due Diligence  
[https://www.seiko.co.jp/en/csr/society/human\\_rights.html](https://www.seiko.co.jp/en/csr/society/human_rights.html)

Significant Human Rights Risks and Response Policies

In the process of our Human Rights Risk Assessment, in order to conduct an initial assessment of the significance of human rights issues that could occur in the Group's supply chain (including the Company, suppliers and contractors, raw materials suppliers, and sales channels), the Group identified all the human rights risks (including potential and actual risks) that the Group should consider based on (1) the results of interviews and questionnaires to assess the risk perceptions of each operating company, (2) the issues pointed out by international organizations and NGOs, and (3) examples of risks that have materialized within the industry. Subsequently, we identified 14 highly significant human rights risks that require special attention in terms of severity (the severity of damage to human rights if such risks materialize) and likelihood (the likelihood of occurring within the Group), and established response policies for the prevention and remediation of each one. Among these, the Group is prioritizing responses to seven significant human rights risks that require immediate preventative and corrective measures. At the same time, the Group conducts regular monitoring and reports on the progress of its efforts on its website.



Five Group Core Strategies

Significant Human Rights Risks Requiring Special Attention and Our Policies for Prevention and Correction

	Significant Human Rights Risks Requiring Special Attention (Potential & Actual Risks)			Policies for Prevention and Correction	
Our Company	Working Hours		Long working hours and excessive overtime	➡	Strengthening efforts to mitigate long working hours and excessive overtime (existing initiatives)
	Power Harassment		Power harassment and moral harassment	➡	④ Expanding and strengthening training related to harassment awareness
	Occupational Health and Safety		Inadequate safety and hygiene in the internal work environment	➡	Continued and enhanced efforts to provide product explanations to recipients (existing initiatives)
	Consumer Safety and Right to Know		Consumer health and safety risks due to defects in Seiko products or services	➡	Strengthening efforts to improve labor safety and hygiene (current initiatives)
	Discriminatory Practices		Discriminatory treatment of customers during the provision of company service	➡	④ Identification and mitigation of indirect human rights risks associated with Seiko B2B products
	Discriminatory Practices		Discriminatory practices toward company employees in terms of job evaluation, compensation, promotion, etc.	➡	④ Expanding and reinforcing programs aimed at increasing the number of women in leadership positions
Suppliers and Contractors	Complicity in Conflicts, etc.		Contributing to conflicts and human rights abuses through the use of conflict minerals	➡	
	Forced Labor		Significant forced labor and slave labor conditions at suppliers and contractors (mainly overseas)	➡	④ Establishment of supplier management systems based on procurement guidelines
	Child Labor		Serious child labor abuses in supplier and contractors factories (mainly overseas)	➡	④-1. Promotion and full implementation of procurement guidelines for suppliers
	Working Hours		Long working hours and excessive overtime at supplier and contractors facilities	➡	④-2. Using self-assessment questionnaires (SAQs) and similar measures to monitor compliance with procurement guidelines
Raw Materials Suppliers	Forced Labor		Significant forced labor and slave labor at raw materials production sites (mainly overseas)	➡	④ Strengthening measures to identify and eliminate high-risk raw materials
	Child Labor		Significant child labor at raw materials production sites (mainly overseas)	➡	④-1. Promoting and implementing responsible mineral sourcing practices
	Occupational Health and Safety		Inadequate safety and hygiene at raw materials production sites (overseas)	➡	④-2. Developing and distributing to suppliers a "Watchlist of Critical Materials"
Sales Channels, etc.	Complicity in Conflicts, etc.		Complicity in conflicts and human rights violations through the use of Seiko products	➡	④ Identification and mitigation of indirect human rights risks associated with Seiko B2B products

(Note) ④ to ⑥: Responses to seven significant human rights risks that require urgent preventative and corrective measures

Specific response policies from ④ to ⑥.  
[https://www.seiko.co.jp/en/csr/society/human\\_rights.html](https://www.seiko.co.jp/en/csr/society/human_rights.html)

Procurement

The Seiko Group believes that by working with its suppliers to address sustainability challenges throughout the entire supply chain, the Group can build long-term trust with local communities and contribute to the creation of a sustainable society. In addition, the Group revised the Seiko Group Procurement Policy and established the Seiko Group Procurement Guidelines. These guidelines are based on the Responsible Business Alliance Code of Conduct and take the Group's business environment and materiality into consideration while referencing various international standards, and as such, the Group has requested that its suppliers fully endorse these guidelines.

Seiko Group Procurement Policy and Seiko Group Procurement Guidelines  
<https://www.seiko.co.jp/en/csr/society/supplier/>

To further promote supplier engagement, a Responsible Procurement Liaison Meeting was established under the Sustainability Committee in fiscal year 2023. Under this promotion structure, the Seiko Group identified significant suppliers and suppliers with high human rights risks, held briefings for our suppliers, and had suppliers conduct self-assessment questionnaires (SAQs). The Group received responses from over 150 companies for the SAQs, which brought to light suppliers with risks by incorporating a three-level (low risk, medium risk, and high risk) risk ranking judgment based on overall average score and responses to critical questions. Going forward, we will communicate our efforts with a focus on suppliers designated as high risk and endeavor to make more appropriate risk judgments. At the same time, when risks come to light, the Group will strive to mitigate risks throughout the Group together with suppliers, including by conducting and requesting corrective measures.

Responsible Procurement Activities

Between December 2023 and February 2024, operating companies held briefings on Seiko Group Procurement Guidelines for suppliers, which saw the participation of many suppliers. An external expert gave a lecture on the background to demands for sustainable procurement activities, after which employees of operating companies provided an explanation on the contents of the Seiko Group Procurement Guidelines and initiatives and requests to be promoted in the future.



Responsible Sourcing of Minerals

The Seiko Group formulated the Seiko Group Responsible Mineral Procurement Policy in November 2023 to ensure that it does not use minerals that were mined in conflict zones which may be complicit in human rights infringements and conflicts by armed groups. The policy stipulates the promotion of the responsible sourcing of minerals based on the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as established by the Organisation for Economic Co-operation and Development (OECD). Going forward, the Group will carry out initiatives to identify, assess, alleviate, and reduce risk based on this policy.

Commitments and External Evaluations

Participation in External Initiatives

United Nations Global Compact

The Valuable 500

Task Force on Climate-related Financial Disclosures (TCFD)

Japan Climate Leaders' Partnership (JCLP)

Japan Climate Initiative (JCI)

Science Based Targets initiative (SBTi)

External Evaluations

A- (A minus) rating from CDP (climate change disclosure)

FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

Morningstar Japan ex-REIT Gender Diversity Tilt Index

MSCI Nihonkabu ESG Select Leaders Index

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Five Group Core Strategies

Human Resource Strategy

Basic Policy

Adopt the goal of working together as a group to become a solutions company through proactive efforts to develop human resources, improve diversity, and build organizational culture, thereby enhancing job satisfaction among employees and driving innovation

Practicing Human Capital Management to Realize the SEIKO GROUP PURPOSE

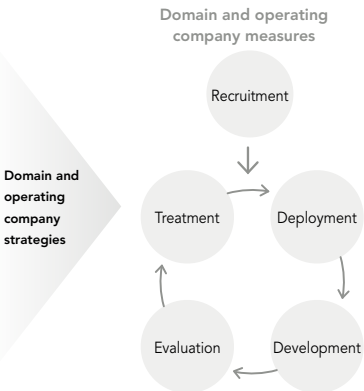
The Seiko Group's human capital management contributes to the achievement of its medium- to long-term vision through the development of human resources who drive innovation by challenging themselves and achieving growth. From this perspective, the Group invests in a human resource strategy focused on developing human resources and building a culture that embodies its GROUP PURPOSE. At the same time, the Group promotes human capital management based on the idea of a cycle in which it generates funds for further investment in human capital management by increasing corporate value.



A Human Resource Strategy Linked to its 8th Mid-Term Management Plan, SMILE145

As the basic policy of its human resource strategy, the Seiko Group has adopted the goal of working together as a group to become a solutions company through proactive efforts to develop human resources, improve diversity, and build its organizational culture, thereby enhancing job satisfaction among employees and driving innovation. As part of these efforts, the Group has established the development of human resources, the promotion of diversity, equity, and inclusion (DE&I), and the building of its organizational culture as priority themes while designating the pursuit of health management and respect for human rights as fundamental activities. In these ways, the Group is working on Group-wide initiatives and measures in its domains and operating companies.

Priority Themes	Group-wide Initiatives
Human Resource Development	1. Developing human resources for managerial roles 2. Supporting management 3. Enhancing DX skills
Promoting DE&I	1. Promoting the empowerment of women 2. Recruiting and promoting personnel with experience outside the Group 3. Supporting the active participation of older employees
Organizational Culture Reform	1. Reforming organizational culture 2. Supporting autonomous career development 3. Improving employment conditions and ensuring the appropriate allocation of compensation
Fundamental activities	1. Health management 2. Respect for human rights



Group-wide Priority Themes Human Resource Development

Developing Human Resources for Managerial Roles

In an increasingly complex operating environment, the Seiko Group pursues a variety of development programs based on its belief that the early and systematic development of human resources for managerial roles, who will lead the promotion of the Group's management and businesses, is vital to increasing corporate value and achieving sustainable growth.

In fiscal year 2024, the Group introduced succession plans for senior management positions at operating companies and began conducting its Next-Generation Leader Development Program. The program, which is for leader candidates in the younger demographic, effectively runs a development cycle that creates a pool of candidates, provides management literacy training, and facilitates promotions to more challenging roles.



Next-Generation Leader Development Program



Supporting Managers

As workplace diversity progresses, the attitudes to work and values of employees are becoming increasingly disparate, rendering one-size-fits-all management theories untenable. At the same time, with the roles required of managers continuing to mount from the perspective of risk management and compliance, the workload of supervisors in charge of organizations and team members is increasing.

For these managers, the Seiko Group has introduced a platform that provides useful information on an ongoing basis for maintaining smooth communication and appropriate dealings with their team members.

Through this platform, the Group provides support to managers by creating and regularly streaming original videos that feature practical know-how, such as the key to motivating team members and points to bear in mind in the personnel evaluation process, and discuss experiences of success and failure through interviews with senior management.

Going forward, the Group plans to conduct measures to share concerns, issues, and measures in other departments through in-person workshops for managers to adopt in the management of their own organizations.



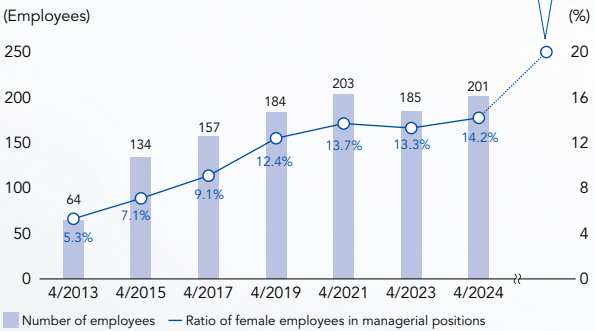
Group-wide Priority Themes Promoting Diversity, Equity, and Inclusion

Promoting the Empowerment of Women

Since fiscal year 2013, the Group has been working to promote the empowerment of women in various ways, including introducing various systems for improving the working environment and endeavoring to change attitudes. The Group believes that it is important to change the attitudes of all employees, not just women. That is why in its approach to promoting the advancement of women, the Group carries out educational programs that target all employees.

In fiscal year 2024, the Group introduced the SEIKO WOMAN ACADEMY as a measure to encourage female employees to aim positively in advancing their careers. At the SEIKO WOMAN ACADEMY, female leaders from Group companies who will steer the next generation assemble with the aim of establishing their own unique vision of the ideal leader through efforts including changing their mindsets by becoming aware of their own strengths, learning essential skills, and interacting with a variety of role models. The participation of women from all Group companies helps facilitate horizontal connections and foster a sense of solidarity among employees. The Group will continue to create a working environment where female employees seek to advance their careers while engaging in collegial rivalry.

Ratio of Female Employees in Managerial Positions



SEIKO WOMAN ACADEMY

Initiatives to Support Work-Life Balance

The Group is also actively providing support for balancing work and childcare. In terms of encouraging male employees to take childcare leave, along with introducing paid childcare leave at birth, the Group has worked to create a culture that is conducive to balancing work and childcare. For example, the Group has arranged for members of the management team to communicate messages and hold seminars on the theme of encouraging male employees to take childcare leave.

In fiscal year 2023, the Group began an initiative under the name of SEIKO×DIVERSITY Group Employee Interviews to promote understanding of those engaged in childcare among supervisors and fellow colleagues by introducing a series of articles in which Group employees who had taken childcare leave recount their personal experiences.

As a result of these efforts, the rate of male employees taking childcare leave increased from 23.1% in fiscal year 2021 to 87.9% in fiscal year 2023. The Group will continue to develop an environment where employees facing a variety of life events, including childcare, can build their career with a high level of motivation by choosing a workstyle that suits them while using the systems on offer.



SEIKO×DIVERSITY Group Employee Interviews

Group-wide Priority Themes Organizational Culture Reform

Initiatives for Reforming the Organizational Culture throughout the Group

The Seiko Group believes that building an organizational culture that allows diverse employees to transcend physical and psychological organizational boundaries to engage in free and broad-minded discussions and take on challenges without fearing failure is essential if it is to work together as a group to drive innovation. Continuing from fiscal year 2023, in addition to maintaining face-to-face meetings with senior management as an initiative to ensure that employees take greater ownership of management and business activities, in fiscal year 2024 the Group introduced a new program supporting the autonomous career planning of employees. The Group encourages employees to take on challenges on their own initiative by holding career seminars according to career stage and offering a program for supervisors to support the development of the careers of the members of their teams.



Face-to-face meetings with senior management

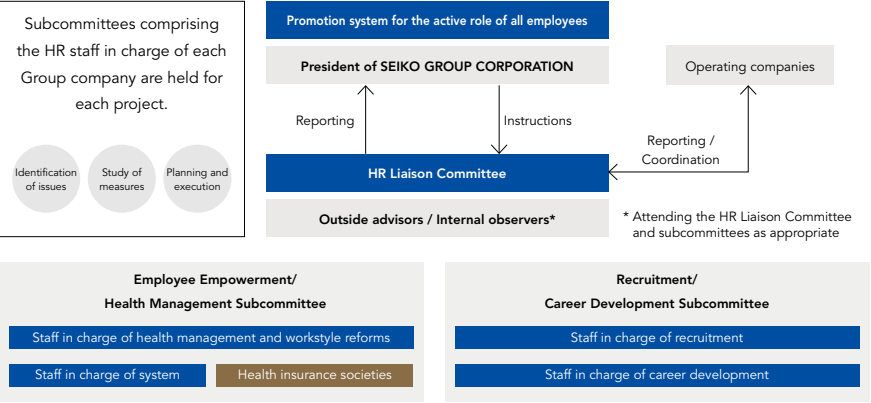


Career support program for supervisors

Fundamental Activities: Promoting Health Management

The Seiko Group unveiled its Declaration of Health Management in fiscal year 2019. Based on this declaration, it established a Health Management Promotion System and promotes initiatives to maintain and improve the health of employees across the Group. Meanwhile, the Seiko Group was recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program (Large-Enterprise Category) for the fifth consecutive year since fiscal year 2019. In addition, four Group companies—SEIKO WATCH CORPORATION, Seiko Instruments Inc., SEIKO Time Creation Inc., and WAKO Co., Ltd.—were also recognized under the large-enterprise category while two—SEIKO NPC CORPORATION and Human Capital Co., LTD.—were recognized under the small and medium-sized enterprise category.

Going forward, the Group will continue to conduct health seminars and work with health insurance societies and occupational health staff to further improve employee health awareness.



Declaration of Health Management

Each and every one of our employees is the driving force that enables Seiko to continue its relentless pursuit of innovation. Without our people, Seiko would not be able to produce such strong emotions in our customers or such a high level of trust in society. We consider our staff to be our single greatest asset, and we constantly strive to maintain and improve their health and well-being. We will continue to aim for the sustainable growth of our group by creating an environment in which all our employees can enjoy their work and enjoy being part of the Seiko community.

Shuji Takahashi  
President  
SEIKO GROUP CORPORATION



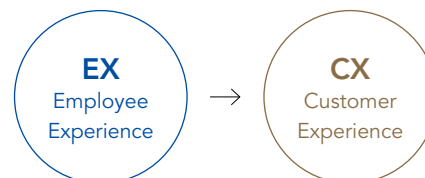
## Digital Transformation Strategy

### Basic Policy

Make full use of digital technology and data to create high-added-value business that is customer-centric and that places an emphasis on the customer experience

### The Seiko Group uses digital technology to deliver products and services from the customer's perspective that provides a better customer experience

The Group believes that digital transformation (DX) consists of understanding customers' pains and gains and using digital technology to improve assets, both internal and external, to supply products and services with even better customer experience (CX). Enriching employee experience (EX) is vital to providing superior CX. Going forward, led by its basic policy, the Company is more dedicated than ever to utilizing digital technology and data to create high-added-value business. We will thus focus our efforts on contributing to achieving what the Group aims to be in the following three areas.



#### Digitalization

By utilizing digital technology and data, each of Seiko's operating companies will proactively address issues so as to accomplish the Group's Mid-Term Management Plan.

#### Infrastructure/Security

To make more sophisticated use of IT, the Group will build an advanced IT infrastructure and reinforce information security.

#### Business Systems

To respond to the rapid changes in the business environment, the Group will aim to update core business systems that form the foundation of its businesses.

### Progress in Fiscal Year 2023

To share the latest information on digital transformation throughout the Group, the Company continued to hold "DX Update" events in fiscal year 2023, inviting external experts in the field of digital transformation to give lectures and hold discussions. Seiko learned about the cutting-edge initiatives of companies including Japan's premier general contractors, pharmaceutical companies, and department stores, and applied them to its own initiatives.

In the area of digitalization, the Group continued to promote digital marketing at SEIKO WATCH CORPORATION and WAKO Co., Ltd. Additionally, SEIKO Time Creation Inc. has opened its own online store selling clocks.

In the area of infrastructure/security, the Group transferred its data center to address the issue of legacy systems, strengthen security measures, and stabilize the supply of services. It also strengthened endpoint security by adopting endpoint detection and response (EDR) and two-factor authentication, and rebuilt its monitoring and operating systems. In addition, a third-party evaluation was conducted by an external specialist organization to objectively evaluate the current state of security measures of the Group.

In the area of business systems, the Group improved operations by upgrading the core system of the Time Systems business of SEIKO Time Creation Inc.

### Initiatives for Fiscal Year 2024

In fiscal year 2024, each operating company will continue to advance projects in the digitalization field and plans to begin providing numerous services to customers.

Additionally, to improve operational efficiency, the Group will carry out initiatives to understand generative AI and make it usable in the field. It will also introduce a system to support employees who have ideas for using digital technology to close the gap between the current state of operations and the ideal way they should be.

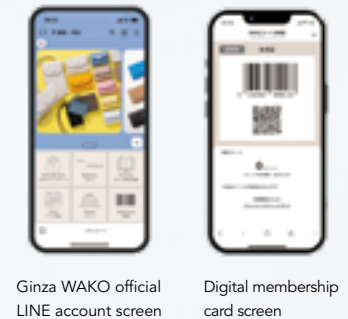
In the area of infrastructure/security, the Group will adopt solutions to strengthen network security measures and improve monitoring against unauthorized access, thereby improving its ability to respond to security incidents.

Also, in the area of business systems, the Group will proceed with the introduction of SAP functionality expansion packages and implement system upgrades to support stable and continuous operations.

## 01

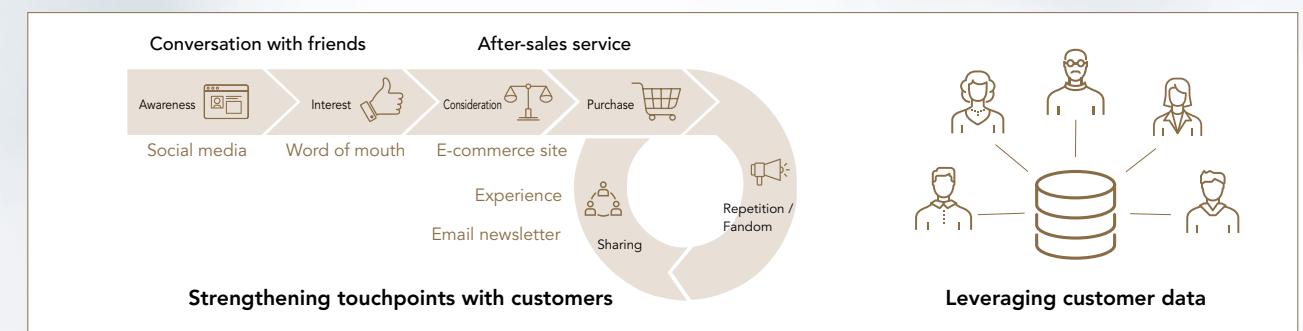
### "Digital Membership Card" Service That Improves Customer Convenience and Provides Advanced Customer Contact, "Setsugu," by utilizing data

WAKO Co., Ltd. places great importance on building long-term relationships with its customers. The introduction of the membership card app will reduce the number of cards its customers need to keep track of, enable the linking of customer information with purchasing information, which is necessary for centralizing customer data, and improve customer experience (CX) by linking with loyalty points and other services. In addition, the app will enable the implementation of advanced marketing within a consistent flow, from adding friends on the LINE mobile messaging app to member registration and then using purchasing data to communicate with customers on LINE.



The Group will continue to provide superior CX by leveraging digital technology and data to stimulate communication at the individual and organizational levels, strengthen relationships with its customers, and achieve more advanced one-to-one communication.

### One-to-one communication that understands each and every customer

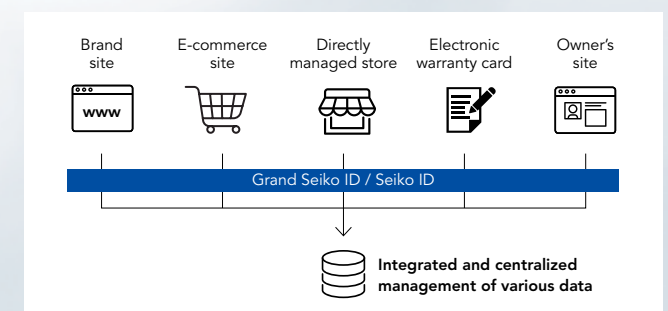


## 02

### Building a Digital CRM Platform to Offer Greater Customer Convenience

To improve customer convenience, SEIKO WATCH CORPORATION is currently building a CRM\* system that will enable information sharing between various services by introducing Grand Seiko ID and Seiko ID.

The Group will work to further improve CX by standardizing customer IDs and integrating its management of customer data.



\* Customer relationship management

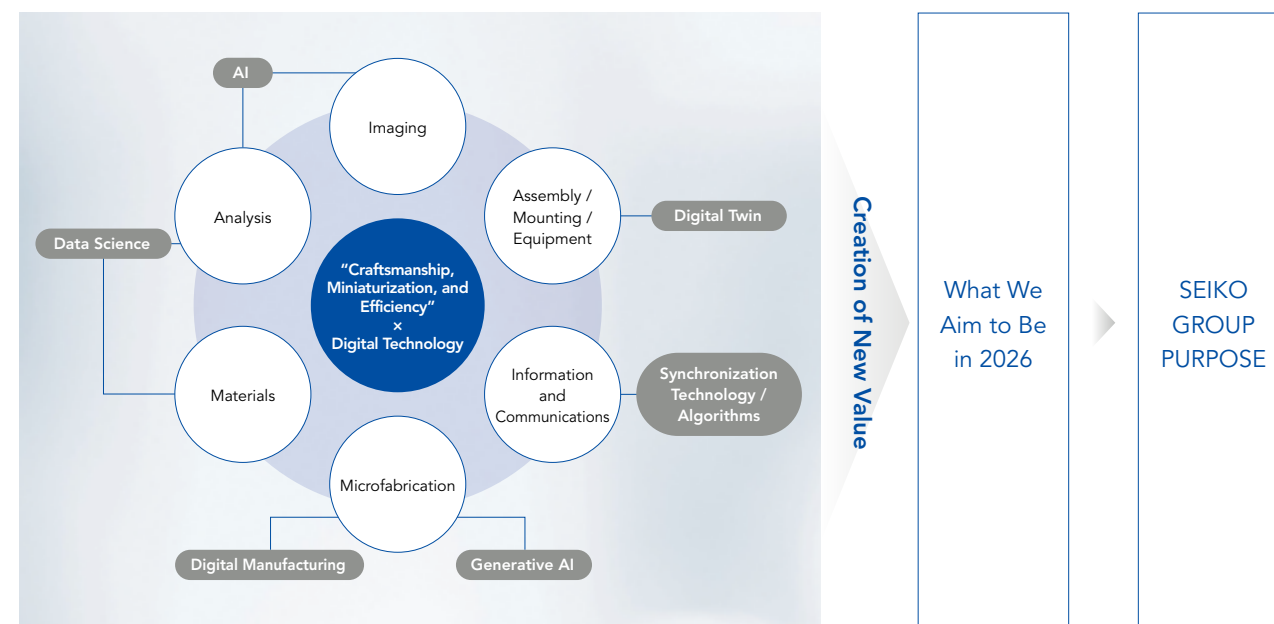


## R&D Strategy

### Basic Policy

Further evolve our technology and create new value by combining our long-cultivated technological philosophy of "Craftsmanship, Miniaturization, and Efficiency" with digital technology

### The Role of Our R&D Strategy in Achieving the SEIKO GROUP PURPOSE



Based on the basic policy of its SMILE145 R&D strategy, the Seiko Group is pursuing research and development and the establishment of production technologies that contribute to products and services conducive to becoming a "solutions company." Based on its MVP Strategies of each business domain, the Group will strengthen collaboration with the planning departments of its operating companies and aim to develop high-added-value products and services that create excitement and generate healthy profits, as well as technology that will contribute to growth in Society 5.0. Furthermore, to remain a sustainable company together with society, the Group is actively working to reduce the environmental impact of its operations by conserving resources and manpower and improving the efficiency of its processes through a streamlined approach, which are strengths of the Group.

The Group has established six fundamental technologies that represent the "Craftsmanship, Miniaturization, and Efficiency" cultivated over the years: analysis, materials, microfabrication, information and communications, assembly/mounting/equipment, and imaging. By deepening each and every one of these fundamental technologies and pursuing "Craftsmanship, Miniaturization, and Efficiency" as well as by combining AI and digital technologies to advance these fundamental technologies, the Company aims to provide solutions that resolve the issues its customers face.

#### Initiatives

- Contribution to the expansion of the luxury/premium sector
- Ultra-miniature IoT modules that contribute to the achievement of Society 5.0
- Solutions to social issues using generative AI
- Cultivation of human resources and enhancement of development capabilities

## 01

### Contribution to the Expansion of the Luxury/Premium Sector

Seiko develops new elements to enhance the functional and emotional value of mechanical watches. To improve functional value such as timekeeping accuracy and power reserve, the Group is developing hairspring materials and micro electro-mechanical systems (MEMS) technology that enables high-precision component processing. Furthermore, it has undertaken the development of sophisticated exteriors that enhance emotional value and has commercialized Grand Seiko watches that use the high-performance material Ever-Brilliant Steel. The Group aims to leverage the latest production technologies to enhance manufacturing efficiency to provide its customers with a superlative experience through the development of mechanical watches.



## 02

### Ultra-Miniature IoT Modules That Contribute to the Achievement of Society 5.0

The Group is developing ultra-miniature IoT modules that will contribute to the achievement of the kind of world put forward by Society 5.0. By making full use of hardware and software technologies, the Group has achieved the ultimate in miniaturization and low power consumption. This module will provide solutions to the issues that customers face, in situations where measurement has previously been abandoned due to difficult environments, size, or issues with energy management. The Group will expand the range of applications to include biosensing modules that can constantly monitor conditions without stress and keep up with even the most intense movements, sensor loggers that record the status of infrastructure invisibly, and more.



## 03

### Solutions to Social Issues Using Generative AI

The use of generative artificial intelligence (AI) has raised concerns about security and related issues. However, SEIKO Solutions Inc. (SSOL) has developed an app platform that prevents the leakage of information from companies using generative AI and ensures accurate decision-making based on company policies. SSOL plans to establish an environment within this platform that can process a variety of data simultaneously and employ a new "roundtable discussion" style, visualizing experts' internal deliberations through a computer interface. By leveraging the support of multiple generative AI systems, the Group aims to eventually reach a level that can serve as an alternative to human experts.



## 04

### Cultivation of Human Resources and Enhancement of Development Capabilities

The Seiko Group has developed and manufactured equipment that embodies the concept of "Craftsmanship, Miniaturization, and Efficiency." By retrofitting equipment to enhance its functionality, the Group aims to pass on the technology it has cultivated and enhance productivity. The skills required to carry out overhauling and retrofitting will be passed on from experienced employees, and, at the same time, video manuals and other materials will be used to clarify the skills, thus laying the foundation for passing these skills on to the next generation.



## Branding Strategy

### Basic Policy

Seiko will face social issues with the aim of enriching the hearts of people around the world, and create a future full of smiles through our social, technical, and emotional value.

Photo by AFLO SPORT

### The Seiko Group's Vision for Its Branding Strategy in Achieving the SEIKO GROUP PURPOSE



The Seiko Group's contributions to the world are not limited to products, services, and technology.

Over our long history, we have created immense value for society through reliable technologies that we have built up and products and services that excite people. We will continue to deliver smiles to people around the world by conducting branding activities that place greater emphasis on the social value that we create through our technical and emotional value.

#### Initiatives from a Medium- to Long-Term Perspective

### Areas of Focus in the Second Half of SMILE145

In fiscal year 2024 and beyond, which coincides with the second half of the 8th Mid-Term Management Plan, we will continue to pursue both branding activities and activities to develop and support the next generation through sports and music with the aim of capturing even more Seiko fans. In addition, we will focus on branding activities aimed at contributing to our operating companies, such as branding activities to facilitate expansion into the luxury sector within the Emotional Value Solutions (EVS) Domain and efforts to strengthen PR in the Systems Solutions (SS) Domain. We will use SEIKO HOUSE, which is also a well-known Ginza landmark, as a base for communicating these branding activities.



## 01

### Eliciting Empathy with Seiko and Capturing New Fans through Support for Sports

Seiko's initiatives and support for competitions thus far, which have capitalized on its affinity with sports, have helped garner recognition for the Seiko corporate brand among people around the world. Going forward, we will elicit empathy from people of all ages who love sports by strengthening branding activities through sports with an emphasis on realizing the SEIKO GROUP PURPOSE, including inspiring people and bringing smiles to their faces, thereby creating new Seiko fans.



Photo by AFLO SPORT

## 02

### Seiko Next-Generation Development Activities (Toki-iku)

The vision for "Toki-iku", the next-generation development activities unique to Seiko, entails learning about time to create the future. In addition to a program that allows participants to learn about time and timepieces in a fun way, the activities have a wide-ranging menu that includes sports, music, and the environment. We will continue to address social issues through sustainable activities that bring smiles to children's faces around the world by offering them precious experiences to encounter all things authentic.



## 03

### Seiko's Social Contribution Activities—Connecting the Hopes of People through Music

The "Wa" Concert to Support Eastern Japan, first held soon after the Great East Japan Earthquake, has grown around Seiko's social contribution activities through music. Connecting hearts through the power of music, each iteration of the concert allows us to sense the spreading of a spirit of harmony among people. The concert to be held at NHK Hall on March 12, 2025 will mark its 50th iteration. We remain committed to pursuing its own reconstruction support activities.



## 04

### Introducing the History of Time and Timepieces at THE SEIKO MUSEUM GINZA and Grand Seiko Museum

THE SEIKO MUSEUM GINZA, which provides an extensive introduction to both the history of our products and the history of timepieces, including Japanese timepieces, comprises part of our contribution to society, including through programs for children. In April 2024, we established Grand Seiko Museum within THE SEIKO MUSEUM GINZA to deepen the empathy of visitors with both Grand Seiko and watch manufacturing. We will further enhance our brand value by communicating the history of timepieces from Ginza, the site of our founding.





# 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)



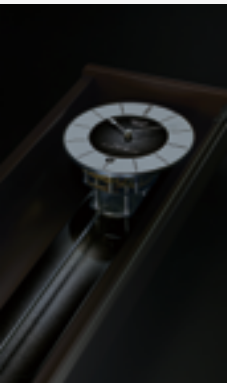
SEIKO GROUP CORPORATION

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				



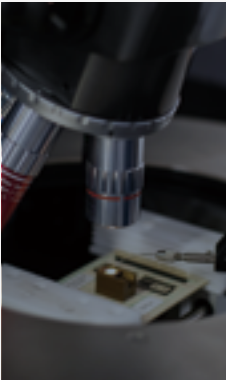
WAKO Co., Ltd.

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

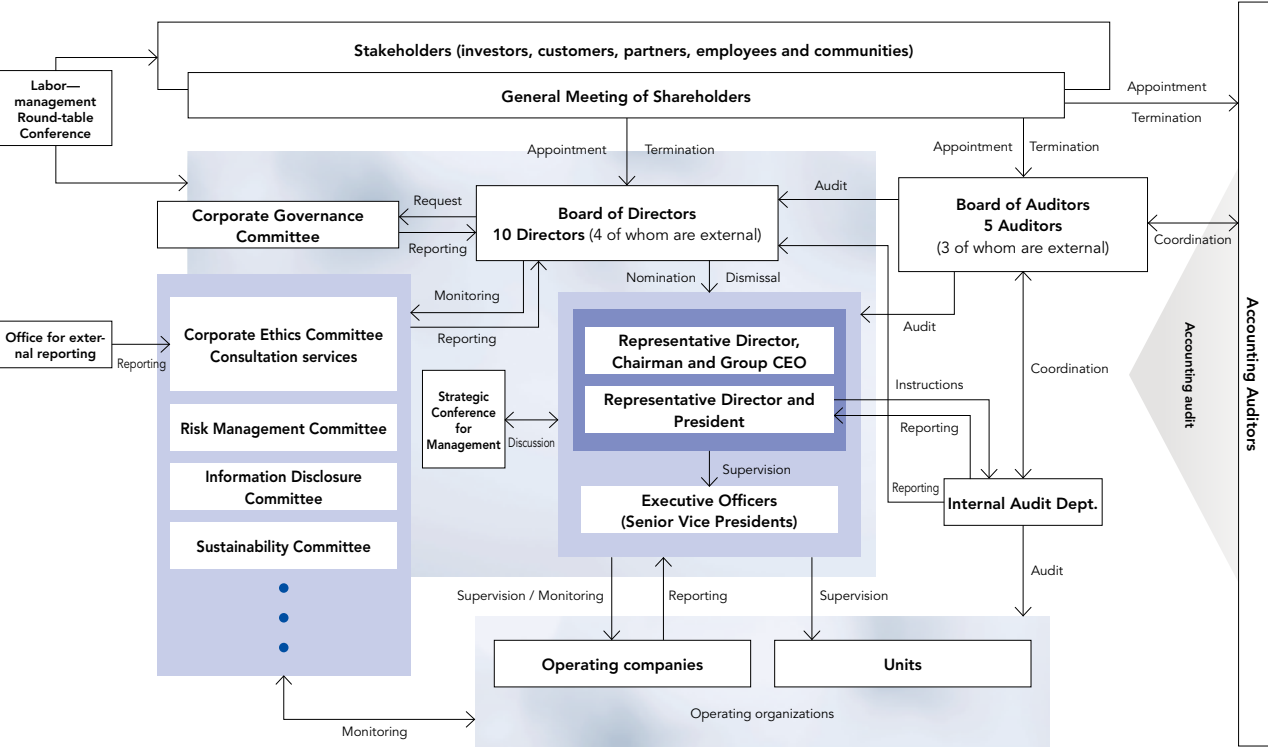
Mid-Term Management Plan	2016–	2019–	2022–	2024–
	6th	7th	8th	
Institutional design, nomination, compensation, etc.	<ul style="list-style-type: none"><li>Inauguration of Corporate Governance Committee</li><li>Introduction of performance-linked compensation system</li><li>Formulation of successor development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

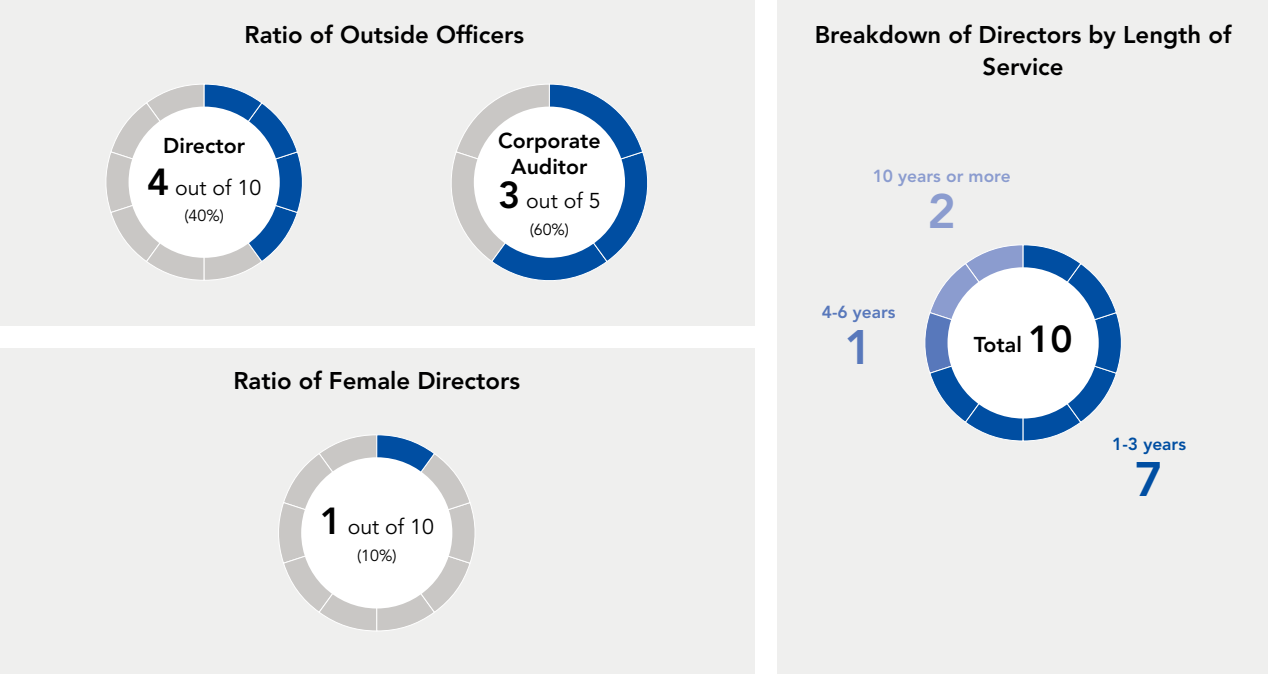
Chairperson President	Shuji Takahashi	Independent Outside Director	Noboru Saito	Independent Outside Corporate Auditor	Hideki Amano
		Independent Outside Director	Hideki Kobori	Independent Outside Corporate Auditor	Masatoshi Yano
Chairman, Group CEO, and Group CCO	Shinji Hattori	Independent Outside Director	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"><li>Reporting IR measures to the Board of Directors and discussing further strengthening of IR measures</li></ul>
(2) Enhancing understanding of the Company and communication among Outside Officers	<ul style="list-style-type: none"><li>Tours of major facilities, meetings with employees to exchange opinions, etc.</li><li>Holding of “Independent Outside Officers’ Opinion Exchange Meeting”, solely for Outside Officers (scheduled to be held twice a year in the future)</li><li>Sharing of internal training for Officers with Outside Officers</li></ul>

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>
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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 <sub>2</sub> 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%):

Representative Directors



Directors who execute business duties other than Representative Directors and Executive Officers (Senior Vice Presidents)



Basic compensation Bonuses Stock compensation

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.

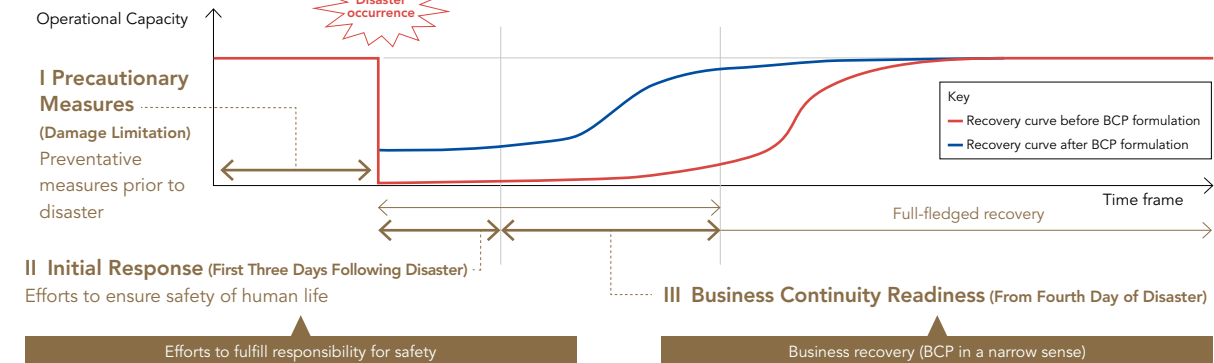
Group Significant Risks in FY2024

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"><li>Examination of the state of security and IT organizations</li><li>Examination of the state of the Company-wide management of information assets to be protected</li><li>Measures to address information security in the management of personal information</li><li>Examination of integrated monitoring to detect incidents</li><li>Revision of structure and regulations for security</li></ul>
Leaks and theft of personal information	<ul style="list-style-type: none"><li>Systematic examination into the outsourcing of storage methods and the handling of personal information within the Group</li><li>Revision 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</li></ul>
Natural disaster and accident risks that require business continuity plans (BCPs)	<ul style="list-style-type: none"><li>Implementation of Group joint regular drills to enhance initial response effectiveness</li><li>Implementation of Group business continuity management (BCM) to continuously enhance the effectiveness of BCPs at major Group companies</li><li>Evaluation 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</li></ul>

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](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.

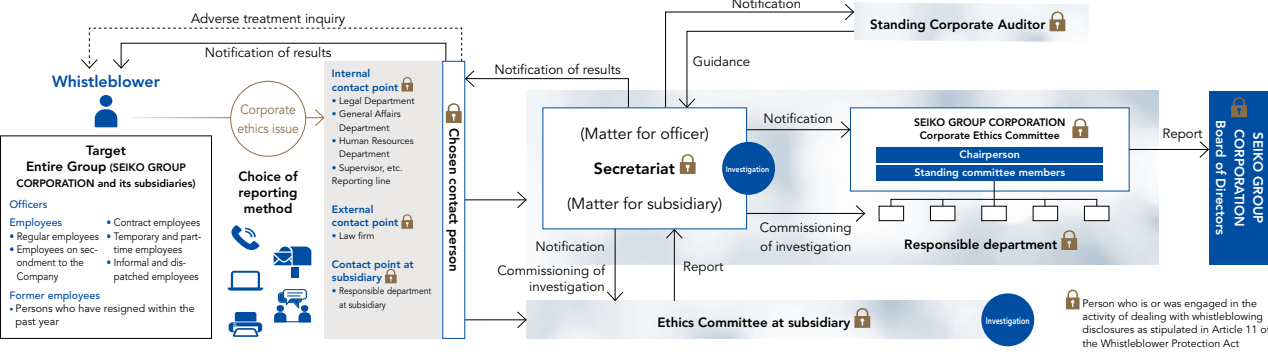
Confirming the Maintenance and Promotion Status of the Compliance Structure through Audits

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



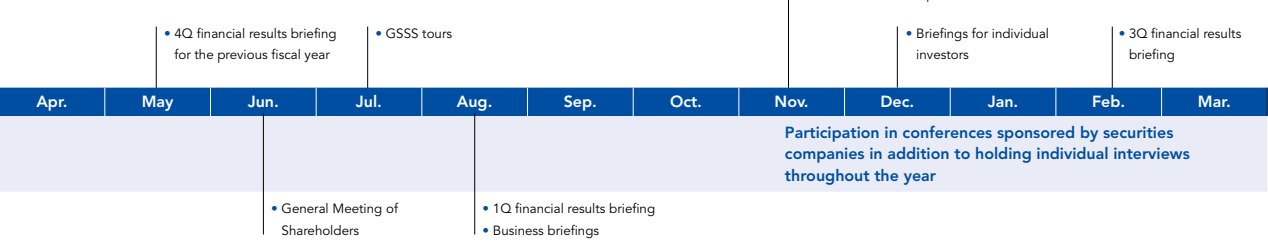
Dialogue with Shareholders and Investors  
Building Strong Relationships of Trust with Shareholders and Investors

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.

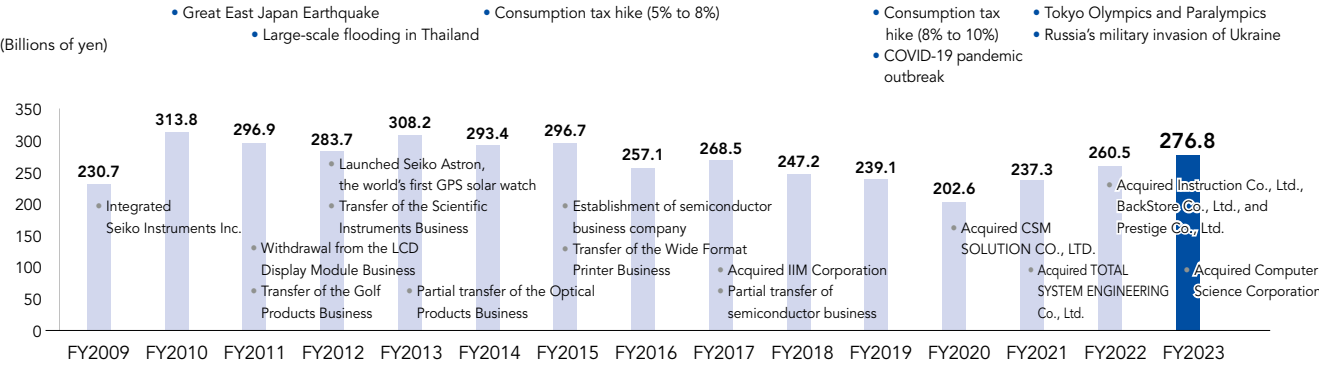
Under the ongoing SMILE145, the 8th Mid-Term Management Plan, the Group have also considered the opinions of investors and analysts in disclosing cash allocation and setting ROIC and ROE as KPIs, and the Group have worked to expand the disclosed information in financial results briefing materials and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



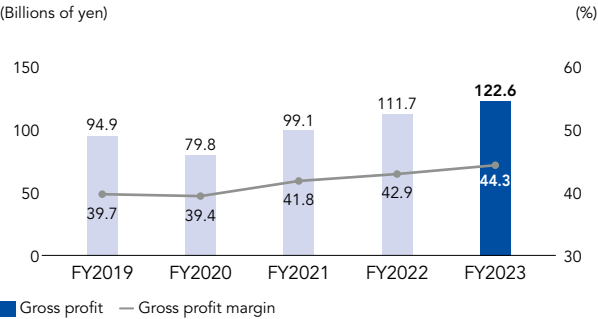
Investor Relations  
<https://www.seiko.co.jp/en/ir/>

Financial Highlights

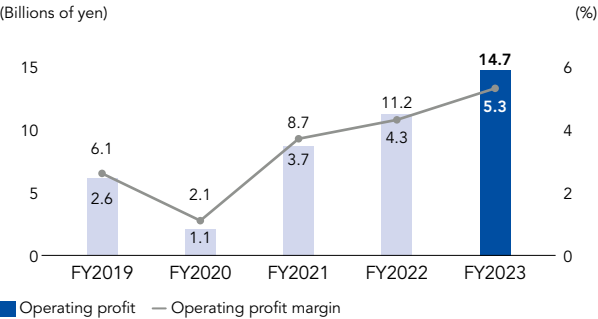
15-Year Net Sales Transition



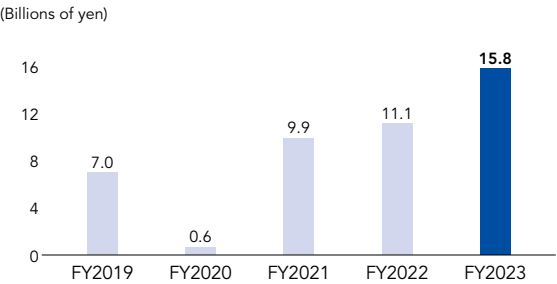
Gross Profit / Gross Profit Margin



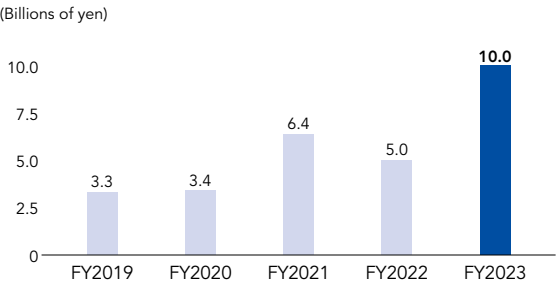
Operating Profit / Operating Profit Margin



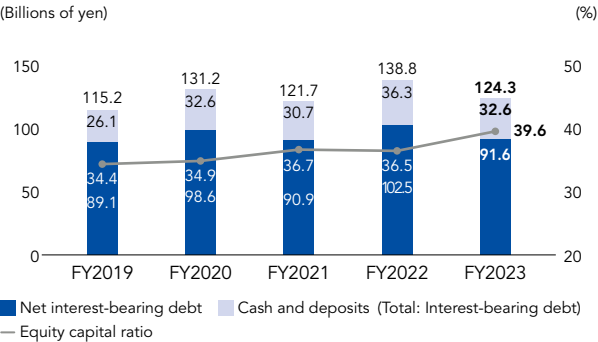
Ordinary Profit



Profit Attributable to Owners of Parent

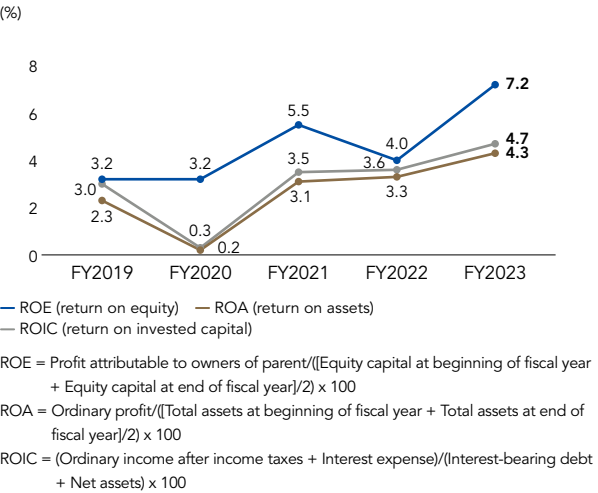


Net Interest-Bearing Debt / Equity Capital Ratio



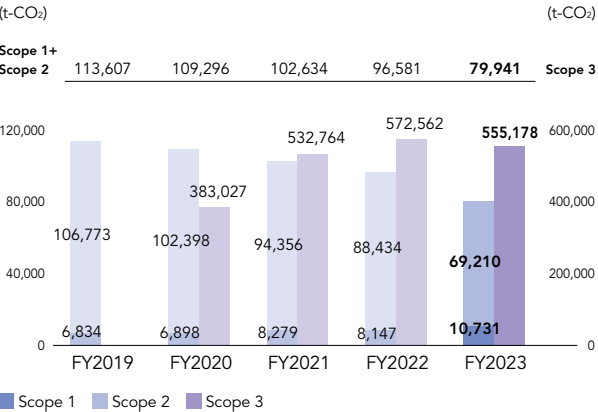
Net interest-bearing debt = Interest-bearing debt – Cash and deposits  
Interest-bearing debt = Borrowings + Lease obligations  
The Group has applied IFRS 16 "Leases" at consolidated subsidiaries overseas, excluding those in the U.S., from 1Q FY2019.  
Equity capital ratio = Equity capital/Total assets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

ROE / ROA / ROIC

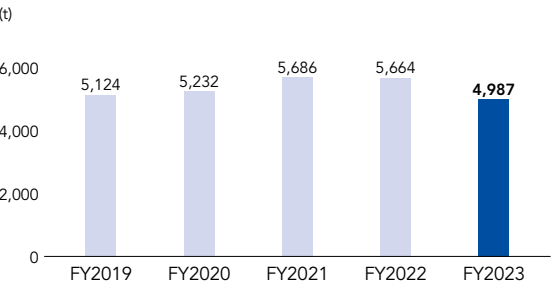


Non-Financial Highlights

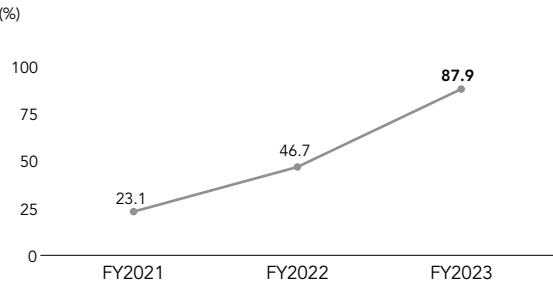
Greenhouse Gas Emissions\*1, \*2, \*3



Waste Output\*1



Rate of Male Employees Taking Childcare Leave\*6

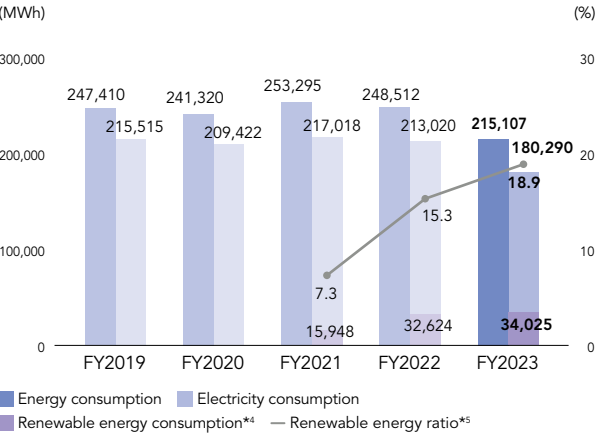


Employee Composition

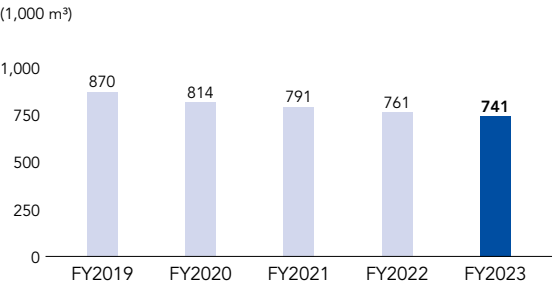
Percentage of overseas employees*7	Ratio of male and female regular employees*8
47.7%	Male 70.0% Female 30.0%

\*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 CO<sub>2</sub> 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

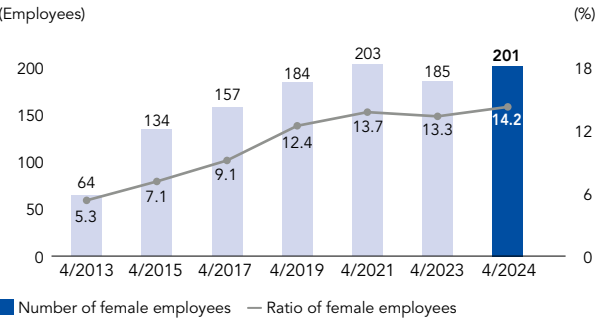
Energy Consumption\*1



Water Withdrawal\*1



Ratio of Female Employees in Managerial Positions



	FY2019	FY2020	FY2021	FY2022	FY2023
Average years of employee service*9 (years)	17.9	19.8	20.0	19.5	18.8
3-year turnover rate*10 (%)	5.8	10.6	3.4	9.7	13.0
Ratio of employees with disabilities*11 (%)	2.3	2.7	2.3	2.4	2.4

\*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)										
<b>Consolidated Statements of Income</b>										
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
<b>Consolidated Balance Sheets</b>										
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
<b>Consolidated Statements of Cash Flows</b>										
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)
<b>Management Indicators</b>										
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%
<b>Exchange Rate (fiscal year average) (JPY)</b>										
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

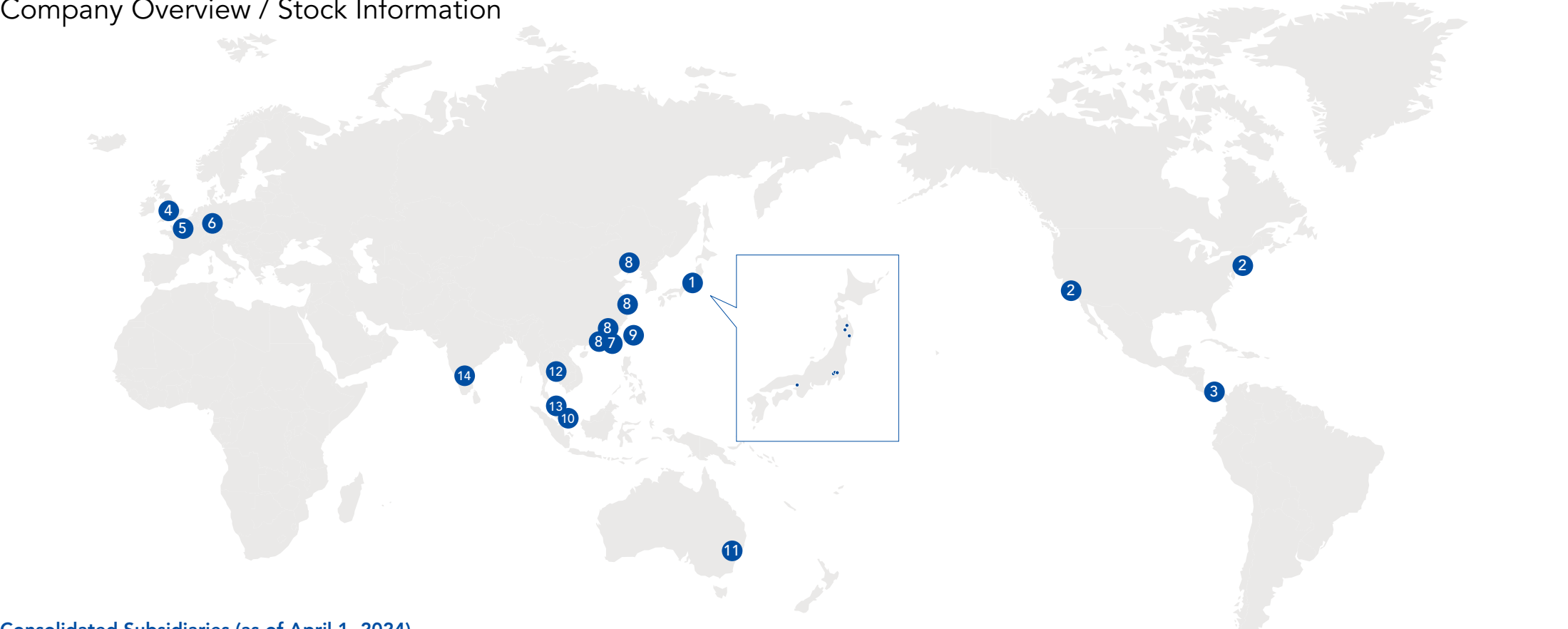
\*14 Net D/E ratio = Net interest-bearing debt/Net assets

\*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)

<b>1 Japan</b>			
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			
<b>Equity-Method Affiliates (as of April 1, 2024)</b>			
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	
<b>2 USA</b>			
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.			
<b>3 Panama</b>			
SEIKO Panama, S.A.	Panama City, Panama	EVS	
<b>4 United Kingdom</b>			
SEIKO U.K. Limited	Maidenhead, U.K.	EVS	
<b>5 France</b>			
Grand Seiko Europe S.A.S.	Paris, France	EVS	
Seiko Watch Europe S.A.S.	Neuilly-sur-Seine, France	EVS	
<b>6 Germany</b>			
Seiko Instruments GmbH	Neu-Isenburg, Germany	DS	
<b>7 Hong Kong</b>			
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	
<b>8 China</b>			
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	
<b>9 Taiwan</b>			
SEIKO Taiwan Co., Ltd.	Taipei, Taiwan	EVS	
Seiko Instruments Taiwan Inc.	Taipei, Taiwan	DS	
<b>10 Singapore</b>			
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	
<b>11 Australia</b>			
SEIKO Australia Pty. Ltd.	Macquarie Park, Australia	EVS	
<b>12 Thailand</b>			
SEIKO (Thailand) Co., Ltd.	Bangkok, Thailand	EVS	
SEIKO Precision (Thailand) Co., Ltd.	Pathumthani, Thailand	EVS	
Seiko Instruments (Thailand) Ltd.	Pathumthani, Thailand	DS	
<b>13 Malaysia</b>			
Instruments Technology (Johor) Sdn. Bhd.	Johor Bahru, Malaysia	EVS	
<b>14 India</b>			
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

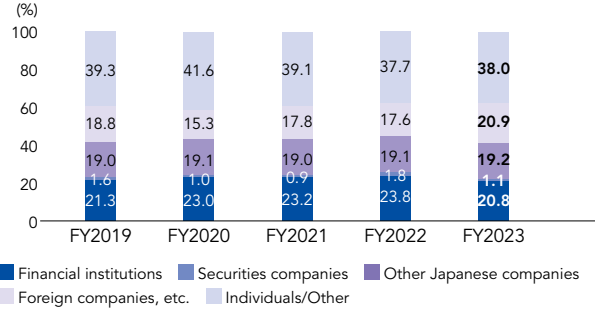
Stock Information (as of March 31, 2024)

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

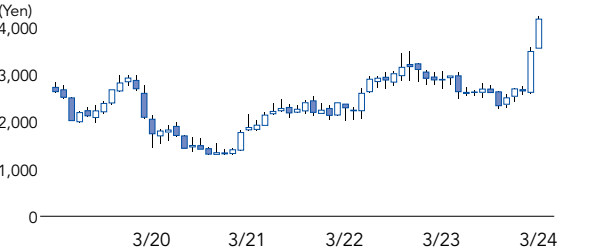
Status of Major Shareholders (as of March 31, 2024)

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





# SEIKO GROUP CORPORATION

26-1, Ginza 1-chome, Chuo-ku, Tokyo 104-8110, Japan

Phone: +81-3-3563-2111

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

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