

Message from the CEO

Shinji Hattori

Chairman, Group CEO,
and Group CCO

Transforming into a Solutions Business That Shapes the Future by Constantly Pursuing Innovation

In fiscal year 2024, the third year of SMILE145 (our 8th Mid-Term Management Plan), geopolitical risks and global economic uncertainty persisted, including the economic slowdown in China and the ongoing Russia–Ukraine situation. Despite such a challenging environment, we achieved a strong consolidated performance, largely centered on the Watches Business. I would like to express my sincere gratitude to our stakeholders for their unwavering support.

As part of SMILE145, we are accelerating our transformation into a solutions business. Going beyond simply providing products and services, this transformation means addressing social issues and customer needs and evolving into a Group that creates meaningful value to help resolve problems. By combining products, services, and technologies to offer comprehensive and sustainable solutions, we will fulfill our social responsibility as a company and aim to continue to be a truly valuable presence for our stakeholders.

Founder Kintaro Hattori's creed of being "always one step ahead of the rest" lives on today as part of our corporate DNA. We have long anticipated both the trends of the times and society's needs so as to consistently offer future-oriented solutions. The transformation we are now promoting is rooted in this DNA.

The fusion of technology and artistic sensibility represents the essence of Seiko's distinctive value. Leveraging our rare ability to integrate both hardware and software to provide comprehensive solutions, we are positioning the Systems Solutions Business as the Group's second core pillar, following the Watches Business. Through

these efforts, we will continue to pursue further value creation as we approach Seiko's 150th anniversary.

In the Watches Business, our Global Brands, including Grand Seiko, performed well in Japan, with growing brand value contributing significantly to sales growth. In overseas markets, Seiko Presage and other Seiko brands are driving the acceleration of our global expansion.

In the Devices Solutions Business, we are steadily enhancing our presence in growth markets. For example, our silver oxide batteries (made using watch technology) have earned praise in the medical field, and the batteries have achieved a global share estimated at over 70% for continuous glucose monitoring (CGM) devices.

In the Systems Solutions Business, we are capitalizing on synergies created through M&A to expand IT infrastructure and security-related businesses. In the Internet of Things (IoT) field, we are also achieving steady growth in areas such as telematics.

Additionally, we are proactively promoting the development of systems that will underpin social infrastructure, including time stamps and network time synchronization.

In the following section, I would like to outline some of our initiatives designed to harness the full capabilities of the Group and ensure the further evolution of Seiko.



1. Developing the Next Generation of Human Resources for Managerial Roles

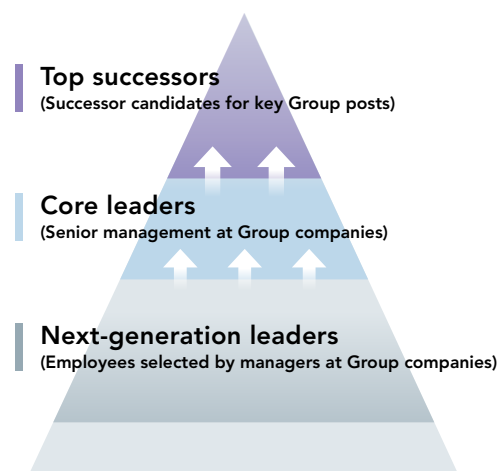
In order to realize its Group Purpose, the Seiko Group places its human resource strategy, which positions people as the Group's most important asset, at the core of its management thinking. Under this strategy, the Seiko Group focuses on creating an environment where every employee can fully demonstrate their individuality and abilities.

As we move forward with full-scale implementation of our Group-wide succession plan, we are enhancing both the identification and development of candidate pools across all organizational levels. Looking towards our 150th anniversary (in 2031) and beyond, we established the Next-Generation Leader Development Office, an organization under my direct supervision as CEO, and began accelerating next-generation human resources development for managerial roles. In 2024, we launched the Group Human Resources Strategy Meeting, where the presidents of operating companies and the officer in charge of personnel matters engage in lively discussions on Group-wide utilization of our human resources.

In parallel with developing the next generation of management talent, we are also implementing reforms to support employees' autonomous career

development as the culmination of the SWING Project, our organizational culture transformation initiative launched in fiscal 2023. We are expanding our internal job posting system, which allows applications across Group companies, as well as our self-assessment-based career challenge program. Through these initiatives, we aim to offer a diverse range of career options and opportunities unique to the Seiko Group, which operates businesses extending from manufacturing to retail.

By encouraging each employee to take initiative, explore their potential, and continuously take on new challenges, we seek to enhance motivation and engagement—transforming these into the driving force that will power Seiko to create a richer, more enjoyable future.



2. Communicating Japanese Culture to the World

For well over 1,000 years, Japanese people have based their way of life on coexistence with Nature. With deep roots as an agrarian society, Japanese culture is deeply connected with Time.

Since our founding, the Seiko Group has always embraced Time. From watches and clocks to time stamps that underpin the foundations of digital society, we have long provided social value through our interaction with time.

THE GIFT OF TIME, a short film we unveiled in October 2024, expresses the richness and value created by Japan's unique cultural awareness of seasons and micro-seasons, the subtle sense of beauty all around us, and the sublime traditions of expert craftsmanship. The film features various individuals who showcase Japanese culture, including world-renowned architect Kengo Kuma, the composer and Commissioner for the Agency of Cultural Affairs Shunichi Tokura, and the popular singer MISIA.

SEIKO HOUSE, located in Tokyo's Ginza district, is the birthplace of Seiko. As such, we consider it almost sacred ground for our Group. At SEIKO HOUSE, Wako's signature hospitality offers customers a uniquely refined experience. The lower floor of the Wako Main Store has been remodeled as "Arts and Culture," a base for communicating the essence of Japanese art and culture to the world. Featuring traditional materials collected from across Japan, "Arts and Culture" serves as a space where visitors can

We will continue communicating about Japanese culture to the world, focusing on the traditional Japanese sense of beauty and the rich aesthetic values underlying our culture.

experience the passage of time and come to appreciate Japan's unique sense of beauty.

The iconic SEIKO HOUSE Clock Tower, whose sides face due north, south, east, and west, has stood majestically above the main Ginza intersection for almost a century. The front of the clock tower faces due south, suffusing it with sunlight (the characters for the name Wako represent harmony and radiance). This symbolizes our strong commitment to be a beacon of hope to the world. From SEIKO HOUSE, we will promote Japan's rich culture, nurtured over time and now ready to be communicated to the world. In the not-too-distant future, we plan to expand the Wako brand globally, delivering Japanese beauty, quality, and unsurpassed service to people around the world.



3. Contributing to the World's Greatest Sports

At the World Athletics Championships Tokyo 2025, held in Japan's capital for the first time in 34 years, Seiko served as the official timekeeper. For us, this festival celebrating the world's greatest athletes was much more than an opportunity to measure athletes' times and personal records.



Photo by AFLO SPORT

In 1964, Blue Impulse drew five rings in the clear, blue Tokyo sky. On that day, the Seiko name came to be known as more than just a respected Japanese watchmaker — it suddenly represented a trailblazing innovator ready to make its mark on the world outside Japan.

Up until that time, the outcomes of competitive events were measured manually, with stopwatches and other equipment. Seiko provided a revolutionary approach, recording this data with split-second

accuracy using state-of-the-art electronics.

Since then, Seiko has served as the official timekeeper at the summer Olympics once, the winter Olympics four times, and at 19 consecutive World Athletics Championships, beginning in 1987 and including Tokyo in 2025.

The fair and accurate recording of the exciting efforts that athletes put forth in these competitions is fundamental to the success of sport and must be absolutely trustworthy.

Seiko not only provides reliable measurement technology, but also helps to enhance the enjoyment and entertainment value of competitions, for example, by providing real-time visualization of data from various events.

At the World Athletics Championships Tokyo 2025, the entire Group, including the timing team and the marketing team, worked as one, taking full advantage of this opportunity to raise global awareness of the Seiko brand.

Lastly, I would like to discuss Toki-iku, our activities designed to support the development of future generations.

Based on the themes of Time and timepieces, sports, music, and the environment, Toki-iku is a



SEIKO
OFFICIAL TIMER



program that supports the growth of children by communicating the importance of and enjoyment of Time.

With a cumulative total of over 12,000 children participating to date, Toki-iku is expanding worldwide. At activities held to coincide with the World Athletics Championships in Oregon and Budapest, local children had a chance to experience the athletes' passion. They also enjoyed seeing Seiko's hyper-accurate timing equipment, the same type used in actual sports competitions.

Toki-iku is an initiative for passing on Seiko's commitment to Time to future generations. As this initiative expands across the globe, we hope that people everywhere will enjoy Toki-iku and help to support it long into the future.

Inheriting the spirit that has guided the Seiko Group since its founding, we aim to ensure sustainable growth and enhance corporate value by adapting flexibly and quickly to changing times. We remain committed to contributing to society by always providing innovative solutions.

We all exist in Time, and Time is always moving us forward, into the future. As a business that embraces Time, the Seiko Group will continue striving to create a future full of smiles.

**We aim to create a future
full of smiles.**

Future

Message from the President



Shuji Takahashi

President and Group COO

By steadily promoting our MVP Strategy, we are accelerating toward the goals of SMILE145

Evolving the MVP Strategy to Achieve Further Growth

Three years ago, the Seiko Group created SMILE145, its 8th Mid-Term Management Plan, which is set to conclude in fiscal year 2026. In fiscal year 2024, the third year of the plan, the Group displayed strong consolidated performance. For example, we have already surpassed our original fiscal year 2026 targets for key performance indicators such as operating profit and return on equity (ROE). We are also making steady progress, as called for in the plan, for indicators such as gross profit margin and return on invested capital (ROIC). In terms of environmental and sustainability metrics as well, we have scored positive results, such as the success of Group-wide efforts in Japan and overseas to reduce CO₂ emissions.

In light of these achievements, we are already revising some targets upward, and we will aim for greater heights as we move toward the final year of the SMILE145 plan.

The MVP Strategy is a key component of SMILE145, and our central strategy to support the Group's sustained growth. It entails both addressing social issues and improving profitability by offering customers products and services that are moving (delivering excitement), valuable (providing high-added value), and profitable.

The international business environment looks increasingly uncertain, particularly in terms of growing geopolitical risks and increasing natural disasters. Despite such a challenging environment, Seiko Group companies are advancing confidently toward our SMILE145 goals by refining the MVP Strategy and adapting it to their own circumstances, then accelerating its deployment.

Watches Business: Spreading a Japanese Sense of Beauty to the World

The Emotional Value Solutions (EVS) Domain includes world-class luxury watch brands, such as Grand Seiko and Credor, as well as Wako Co., Ltd., Japan's luxury specialty store. Ever since Grand Seiko became an independent brand in 2017, the Watches Business has promoted a strategy we call Global Brands (GB). The GB strategy clearly defines the history, story, and concept of each brand to ensure consistent global rollouts. It encompasses everything from product planning to marketing and after-service. In addition, by combining smart digital marketing that leverages social media, and the creation of luxurious Grand Seiko boutiques in the most fashionable cities in the world, the Watches Business has expanded its engagement with customers in both the digital and physical realms. I am pleased to say that our efforts for Global Brands to deliver emotional and experiential value to customers are producing solid results in terms of rising sales and profits. Moreover, with manufacturing and sales now working together smoothly to streamline production and minimize global procurement risks, the Watches Business has significantly increased its profitability.

These approaches create synergies that contribute to the strong performance of the business as a whole.

In recent years, we have seen significant changes in the structure of the watch market due to the rise of smart-watches. And yet, the market for luxury mechanical watches has steadily expanded, driven by factors such as beautiful design, expert craftsmanship, and emotional value, things that transcend digital functionality. Among our Global Brands, Grand Seiko has established a unique image based on the Japanese sense of beauty and traditional craftsmanship – a brand identity that European

We aim to become a solutions business that delivers the kind of value demanded by both customers and society.



makers cannot rival. This approach has garnered strong support from watch lovers around the world.

Mid-priced Seiko brands, including Seiko Presage, have also achieved remarkable growth, particularly in the European and North American markets. This growth reflects the strong global recognition for Seiko's manufacturing prowess, superb design, and technical excellence, regardless of price range.

Going forward, we will continue to strengthen our product development, which takes advantage of our cultural heritage as well as our corporate legacy, and we will further advance the communication of our brand stories.

In 2024, we launched THE GIFT OF TIME project to communicate Japanese culture to the world. As part of that project, we created a short film called THE GIFT OF TIME and conducted showings in several countries around the world. This film helps to communicate Seiko's special appeal by explaining a bit about Japanese culture and aesthetics. Through outstanding products and outstanding service, we will steadily raise global awareness of the emotional value we provide, and the enormous potential of the EVS Domain.

Systems Solutions Business: Making "Seiko" Synonymous with Systems

The Systems Solutions (SS) Domain has continued to deliver steady growth by engaging in strategic M&A, actively promoting integration with existing businesses, and driving strong synergies across Group companies. As of the first quarter of fiscal year 2025, the Seiko Solutions Group had achieved 37 consecutive quarters of year-on-year revenue and profit growth.

The origins of the SS Domain lie in Seiko's development of production control systems at its watch factories. Seiko Solutions Inc. is the core company within this domain, which has grown to comprise 11 companies, nine of which were acquired from outside the Group. With so many colleagues from different backgrounds coming together, the domain has established a corporate culture that respects diversity and enables employees to learn from each other. This culture is part of the SS Domain's identity and serves as a powerful driving force supporting its continued growth.

The domain, which focuses on B2B operations, has transformed from short-term assignments into a steady, stock-based business, and diversified its services, offering optimal solutions to customers in a wide range of industries.

The track record that Seiko established in previous decades, and the trust it built up with corporate customers, has helped the SS Domain to secure large assignments from major companies. The domain is proud to support the Seiko brand and contribute to its further success.

One aim of the SS Domain is to ensure that the Seiko brand, already famous for watches, becomes equally well-known for systems development. Within the systems field, the domain is working tirelessly to raise awareness of the quality and reliability of the Seiko brand. In addition to building relationships with customers, it has worked to strengthen ties with the media. In 2024, a respected financial newspaper ran a special feature on Seiko as a "two-sword" group, powered by strong B2C (watches) and B2B (systems) businesses. The domain has also been actively placing advertorials in business magazines, highlighting specific projects that it provided to clients.

Devices Solutions: Meeting Customers' Expectations Through Manufacturing That Leverages Seiko's Strengths

Originally, the Devices Solutions (DS) Domain was largely focused on the manufacture of components for watches. Over time, however, the technological capabilities it

developed opened the door to fields other than watches, and the quality of its products became a decisive competitive advantage in entering these new markets.

Consider, for example, silver oxide batteries, which were originally manufactured as a power source for quartz watches. When demand for these batteries dipped years ago, the domain began exploring new applications for these small, powerful units. It ultimately identified a large and fast-growing market in continuous glucose monitoring (CGM) devices, which diabetes patients use to monitor their blood sugar levels. Attached to the upper arm or abdomen for up to two weeks, CGM sensors continuously measure blood sugar levels and transmit the results wirelessly to smartphones and other devices. They are important tools that help to improve patients' quality of life.

With the number of diabetes cases still increasing rapidly worldwide, demand for CGM sensors should rise steadily for the foreseeable future. Because Seiko's tiny, lightweight batteries produce high voltage output and meet the strict quality standards expected of a device that comes into contact with human skin, they have become the choice of several major manufacturers of CGM devices.

By smartly re-purposing one of its industrial products for medical use, the DS Domain tapped into a powerful new market for its technology. This is exactly the kind of

thinking that Seiko encourages in all Group companies. We will continue to identify market needs for smaller, thinner, high-quality devices, and this domain will play a key role in meeting those needs.

Looking ahead, we are planning to undertake a bold restructuring of the DS Domain, redefining the distinctive strengths of each business within it, and ensuring that the value each one creates is delivered to the most appropriate markets.



CGM device (image)

Our Vision of a Solutions Business

In 2021, we formulated our Group 10-Year Vision leading up to 2031, which will mark the 150th anniversary of our founding.

By harnessing the synergies of analog and digital technologies, we will create products and services that connect people, things, and time around the world, while delivering solutions that contribute to a sustainable society.

In our Mid-Term Management Plan called SMILE145, we announced our goal of becoming a solutions business. We created the plan by starting with that vision, then projecting five years ahead (fiscal year 2026), and then backcasting to fiscal year 2022. Once we started working on SMILE145, we accelerated our efforts to identify the value and solutions that each of our businesses should offer.

The solutions business that the Seiko Group is now becoming is one in which its strengths, value propositions, and MVP Strategy move in sync with market expectations and customer needs.

The individual strengths possessed by each Group company include technological capabilities, an extensive list of products and services, and well-established brand power. While each operating company conducts its business independently, all business activities operate under the oversight and shared banner of the Seiko Group.

By leveraging its diverse strengths, the Seiko Group provides three fundamental types of value to stakeholders: emotional, functional, and social value. Our mission is to use functional value to lay the foundation for trust in our brand, then to deliver emotional value that touches people's hearts, and add social value that addresses serious issues that our customers are facing.

Our strengths, value propositions, and MVP Strategy create true value when they are all in alignment with market expectations and customer needs. Seiko's founder called on the Company to be "always one step ahead of the rest." With this in mind, I believe that always staying close to our customers, working together with them, and aiming to be just one step ahead (not three or four) will help us to deliver the value that they need from us. I believe this reflects the unique essence of Seiko.

SMILE145 has less than two years left to run. While acknowledging the solid progress we have made so far, we are steadily moving toward the next stage in our growth.

Seiko's still-developing solutions business will continuously offer value to society as a united Group, not a mere collection of successful companies. Working closely with our customers to respond to their challenges, we aim to deliver exceptional results through products and services that combine outstanding technology, innovative ideas, and aesthetic sensibilities.

More than just our vision, it is the individual talents of our employees that lie at the heart of this transformation. Hundreds of people with diverse backgrounds create unique value by working together as colleagues, and enhancing team achievements by contributing their respective strengths to produce superior outcomes. Cultivating a culture that allows employees to work together, learn from their mistakes, and shape the future without fear of criticism or failure is one important key to achieving sustainable growth.

I would like to express my sincere gratitude to our stakeholders for their unwavering support. Every member of the Seiko Group is committed to working tirelessly to meet their expectations and share our growth with them. I am thankful for your backing in the past, and grateful for your ongoing support in the coming years as we build an even stronger, more profitable Group on the road to our 150th anniversary.



The Seiko Group as a Solutions Business

