

Emotional Value Solutions Domain

Further Increasing the Brand Value Cultivated Since Our Founding

Akio Naito

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



Message

In the EVS Domain, which comprises the Watches Business, Clocks Business, and Wako Business, we are engaged in a wide range of activities aimed at increasing the value of each of our brands.

In the Watches Business, which is the Group's core business, our global brand (GB) strategy, launched in 2017, is beginning to produce significant results. Performance has been rising, and brand presence in global markets has grown steadily in the past few years. In particular, Grand Seiko has experienced a dramatic sales increase in overseas markets, especially the United States, during the past decade. It is now highly regarded by watch enthusiasts around the world as a leading luxury watch brand from Japan. In recent years, the Seiko brand has also seen steadily expanding sales volumes together with a rise in average unit prices, reflecting substantially increased brand value.

In the Clocks Business, which was the founding business of the Seiko Group, the sales department was transferred from SEIKO Time Creation Inc., to Seiko Watch Corporation in April 2025. Our goal is to further strengthen its growth potential by leveraging the strong business foundation of the Watches Business.

The Wako Business continues to perform well thanks to strong support from our domestic customer base and expanding inbound tourist demand. More and more tourists now recognize Ginza as a symbol of Tokyo, and an increasing number of them want to visit the Wako Main Store, both as a traditional icon of Ginza and as a famous emporium of luxury goods. With the opening of the Arts and Culture area in the basement floor of the Main Store in 2024, Wako is undertaking a company-wide campaign to provide renewed value to Japanese customers and a uniquely rewarding shopping experience to overseas visitors.

It is no exaggeration to say that the Seiko Group, like other global businesses, faces a challenging economic environment. We are surrounded by risks, from the geopolitical to the geophysical, making it difficult to foresee the future with any certainty. However, the most important challenge we face in the EVS Domain is clarifying the uniqueness of our brands, enhancing their value, and communicating that value to the world.

Based on this understanding, each company in the Domain will strive to deliver increased emotional value through products and services of outstanding quality. We will continue to pursue innovation, further enhance our century-old brand value, and as our Group Purpose says, "create a future full of smiles."

8th Mid-Term Management Plan SMILE145 Highlights

Business Environment

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

Core Competencies

- Strong technical capabilities as a world-leading manufacturer
- Unique brand value symbolizing Japanese luxury and embodying a uniquely Japanese sense of beauty
- Brand communication based in Ginza, the birthplace of Seiko

Vision 1

Create products and services that excite customers with high functional, emotional, and social value, a distinctive sense of beauty, and meticulous attention to detail

Vision 2

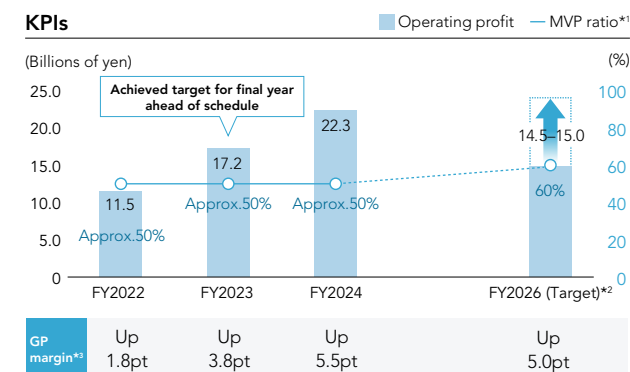
Steadily improve both brand and corporate value by creating products and services that provide superior customer experiences and become partners for life

Moving, Valuable, and Profitable (MVP) Strategy

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

* Customer relationship management

KPIs



*1 Luxury segment and products with high emotional value, such as Global Brands (GB), as a percentage of net sales

*2 Original target at the creation of SMILE145, the 8th Mid-Term Management Plan

*3 Gross profit margin, compared with fiscal year 2021

Policy for the Final Years of SMILE145

- | | |
|-------------------------|---|
| Watches Business | <ul style="list-style-type: none"> • Expand high-end products business, centered on Grand Seiko • Expand mid-range products business through Seiko Global Brand |
| Wako Business | <ul style="list-style-type: none"> • Increase profitability by targeting high net-worth customers and expanding the lineup of original Wako-only products |

Watches Business MVP Strategy

In the Watches Business, the Global Brands (GB)* strategy is the core of our growth strategy for SMILE145. We aim to create exciting products that deliver deep, long-term satisfaction to customers around the world. We will focus on high-added-value products and services that are also highly profitable and sustainable, with a focus on Grand Seiko.

Global Brands Strategy

Under our international GB strategy, we offer products with high technical capabilities and strong back stories. We employ marketing activities aligned with each GB's signature story to deliver excitement and satisfaction.

* GBs comprise the following brands: Grand Seiko, King Seiko, Seiko Prospex, Seiko Astron, Seiko Presage, and Seiko 5 Sports

Special Feature: Building the Future by Providing Unique Customer Experiences That Leverage the Strengths of the EVS Domain

Watches Business

Grand Seiko

Spring Drive and Grand Seiko's Brand Philosophy
"THE NATURE OF TIME"



Grand Seiko's Spring Drive, launched in 2004, features a unique mechanism not found in other brands. It is one of our flagship products and has earned high praise, both in Japan and overseas. Driven by a mainspring but also incorporating electronic watchmaking technology, this watch's greatest features are its outstanding accuracy and the smooth, gliding motion of its seconds hand. Unlike traditional mechanical watches, the Spring Drive's seconds hand moves in a smooth, continuous motion, evoking the natural flow of time, thanks to its unique regulating mechanism. Spring Drive embodies Grand Seiko's brand philosophy, THE NATURE OF TIME. It reflects the Japanese appreciation for the beauty of nature, with the seconds hand gliding smoothly to evoke the natural flow of time. In 2025, we launched products equipped with the new Spring Drive U.F.A. movement, which achieves a remarkable degree of accuracy, varying by no more than ± 20 seconds per year.

Spring Drive U.F.A.

Creating the World's Most Accurate Movement* Powered by a Mainspring

Following the Grand Seiko tradition of pursuing ever-higher precision, we created the Spring Drive movement Caliber 9RB2, which achieves an astounding accuracy of ± 20 seconds per year. We revised our key component design, manufacturing, and processing methods to achieve this unprecedented level of accuracy. In addition, we created a smaller and thinner design, which makes this the most compact Spring Drive product ever made. The movement surface has a frosted finish that creates a beautiful contrast with the mirror finish, which can be enjoyed from the case back.

* As of September 2025, based on Seiko Watch Corporation's research



VOICE | Comments from a Movement Developer

A Watch Designer Involved in the Development of Spring Drive since 1999 Discusses the "U.F.A."

The most challenging aspect of development was the energy balance. The Spring Drive mechanism generates a small amount of energy from the unwinding of a mainspring, which is then supplied to an electronic regulator, achieving a power reserve of more than three days. In developing the "U.F.A.", we focused on achieving a good balance between conflicting elements, such as size (we wanted a thin profile), durability, and longer power reserve. Our goal was greater accuracy over a full year's time, which requires more energy and makes achieving a perfect balance of qualities even more challenging.

Spring Drive was first conceived roughly half a century ago, and was launched a quarter century after that. We are all extremely proud of this unique, world-class mechanism, but we cannot stop aiming for even higher goals. I want to transmit not only our watchmaking know-how, but also the spirit of the Spring Drive development team to the next generation. We will continue to meet new challenges and create even more exciting products for our customers.

Eiichi Hiraya

Seiko Epson Corporation
WP Design & Engineering
Department



Ongoing Participation in the Watches and Wonders Geneva, Luxury Watch Exhibition

Conveying the Appeal of a Uniquely Japanese Luxury Watch Brand

Exhibition Space Showcases the Ice Forests That Inspired the Spring Drive U.F.A.



Demonstrations by a Craftsman from the Shinshu Watch Studio

At the back of our exhibition space, craftsmen from the Seiko Epson Shinshu Watch Studio demonstrated how Spring Drive is assembled and showed visitors how stones are precisely set in jewelry watches. Both of these demonstrations were very popular with visitors.

Grand Seiko is the only non-European brand to have continuously participated in Watches and Wonders Geneva (W&W), the premier global trade show for luxury watches held annually in Switzerland. This presence, alongside the most famous names in watchmaking, further enhances our standing in the global luxury watch market. In 2025, at the fourth annual event, the Spring Drive U.F.A. dial motif of frost-covered trees was projected onto a massive wall to create an immersive atmosphere. At the center of our exhibition space stood a forest of crystals reminiscent of the quartz crystal controlling the accuracy of Spring Drive. This carefully crafted space enabled a great many visitors to experience the world of Grand Seiko and understand its brand philosophy, THE NATURE OF TIME.

CREDOR

A Luxury Dress Watch Displaying
Japanese Aesthetics, Craftsmanship, and Centuries-old
Manufacturing Culture to Discerning Global Customers

Credor is a luxury dress watch brand offering the very finest quality construction and a uniquely refined beauty. It displays the essence of both Japanese aesthetics and Japanese craftsmanship. Launched in 1974, the brand celebrated its 50th anniversary in 2024, and in 2025 began overseas expansion, taking on new challenges in the luxury watch market.

The Credor Locomotive was born in 1979, a result of the close relationship between the family that founded Seiko and Gérald Genta, a master watch designer who loved Japanese culture. In May 2025, we launched a model featuring a dial pattern based on Mr. Genta's iconic design but boasting superb modern technology. To commemorate this occasion, we organized an event in Paris to welcome Evelyn Genta, the wife of the late designer. The event was attended by several international media outlets and selected sales partners. It showcased the craftsmen's passion for precision manufacturing and the beauty of artistic design.



Special Feature: Building the Future by Providing Unique Customer Experiences that Leverage the Strengths of the EVS Domain

Seiko

KING SEIKO



A New Sporty Design Series from King Seiko The Rebirth of the VANAC

King Seiko was born in 1961, the year after Grand Seiko, and was also one of our top brands. In 1972, King Seiko introduced VANAC, which quickly attracted attention for its vibrant colors and multifaceted case design.

Recently, we relaunched a new VANAC series. The new VANAC maintains an innovative spirit while achieving the balance between functionality and comfort required by today's on-the-go consumers. This is truly the next generation of attractive, sporty watches.

The design concept for the new series is "Tokyo Horizon," evoking the seemingly endless horizon that stretches out from metropolitan Tokyo, the city where King Seiko was born. The dial is available in colors that express the passage of time, including evening twilight, midnight, and sunrise. It also features a horizontal stripe pattern and indexes that occupy a dedicated ring embedded in the dial to enhance both visibility and beauty. The case and bracelet feature a highly polished finish, providing a sense of solidity and comfort. The movement is Caliber 8L45, which combines a long power reserve with excellent accuracy. This series symbolizes the fusion of tradition and innovation that has made King Seiko, as its brand identity states, "The Newest Classic."



The Legacy of Seiko Diver's Watches Seiko Diver's Watch 60th Anniversary Limited Edition

In 2025, we commemorated the 60th anniversary of the first Seiko diver's watch, which was launched in 1965. This was, in fact, the first diver's watch produced in Japan. Since then, it has been standard equipment for four successive teams on the Japanese Antarctic Research Expedition. In addition, our 10-beat high-frequency 300m water-resistant diver's watch, which was launched in 1968 and achieved the world's highest standard at the time, supported Naomi Uemura and Teruo Matsuura of the Japanese Alpine Club in their ascent of Mount Everest. In 1975, we launched the world's first 600m water-resistant diver's watch for saturation diving with a titanium case, earning high praise from professional divers and adventurers around the world. Even now, divers and mountaineers continue to choose Seiko Prospex. This is the highest accolade a watch can receive — year after year people rely on its accuracy, functionality, and durability. Seiko will continue to innovate and evolve as a leader in dependable diver's watches.



The Marinemaster flagship model, equipped with Seiko's most advanced movement



This limited edition features a wave pattern on the dial, evoking the image of rugged seas.

Ensuring Our Watches Are Enjoyed for Years to Come



VOICE | Staff Comments

Yuichiro Kawamura

SEIKO WATCH CORPORATION
Customer Service Manager

We understand that the watches that customers bring to us for repair are not merely mechanical devices. They are life partners, each one a source of years, perhaps decades of precious memories. And so, we always try to create a relaxing atmosphere where customers can wait while we assess the products' condition and propose a variety of service options. At our Reception Desk, we know we are handling someone's memories, so we want to go beyond simply dealing with repair requests and provide customized services that will satisfy Seiko owners for many years to come.



Opening of Relocated Seiko Watch Customer Service Operation

On February 25, 2025, we opened our newly relocated customer services center in Marunouchi, Tokyo. For the first time, we set up a separate window for Grand Seiko and Credor luxury products. Qualified technicians are always on-site to handle repairs, and work in conjunction with our Group repair company SEIKO TIME LABS and other affiliated firms. In addition to responding to customer requests for repairs, we also answer any questions customers may have regarding watch operation, maintenance, repairs, and other issues.

Seiko Watch Customer Service

Shin-Nisseki Building 1F, 3-4-2 Marunouchi, Chiyoda-ku, Tokyo 100-0005

VOICE | Technicians' Comments

Two Repair Technicians from SEIKO TIME LABS Talk About How Customers' Feel About Their Watches

Sasagawa When we begin a repair job, we always assume that the watch is filled with important memories, and we approach the task with a sense of responsibility for the trust that the customer has placed in us. I am always just a bit nervous as I approach my work because I want to earn that special trust. My main responsibility is disassembling and assembling movements, which are the heart of any watch, the part that keeps it running accurately.

Toda My job is to restore damaged cases and bracelets to a condition as close as possible to their original state before use. I feel that customers cherish their watches more and more as time goes on. That's why I strive to improve my skills every day so that I can restore these works of art to the beautiful condition that customers expect.

Sasagawa For any kind of repair, we always treat the watches entrusted to us with the utmost care. We will continue to learn and enhance our skills so that we can repair customers' watches to the best of our ability and ensure that they can be enjoyed for many years to come. I feel it is also important to pass on the ideas and beliefs of our predecessors, as well as the skills and techniques we have acquired, to the next generation of technicians.

Toda When one of my seniors is teaching me, there are times when I feel that I will never be able to match his speed or technique, but that just motivates me to improve my skills further. I learn from veteran craftsmen every day, and I use that knowledge to improve my own skills. Eventually, when I am in a position to train the next generation of technicians, I want to pass on both my skills and my passion.

Osamu Sasagawa (left) and **Ryusei Toda** (right)

SEIKO TIME LABS CO., LTD.
Grand Seiko Service Studio/Credor Service Studio



Seiko's Case Repair and Polishing Service

We make old or heavily used watches look and feel new again. One technique involves repairing large scratches by using a pulse laser at a temperature of nearly 1,000°C to weld wire as thin as a strand of human hair along the scratch, then polishing the watch surface until it shines.

Special Feature: Building the Future by Providing Unique Customer Experiences Leveraging the Strengths of the EVS Domain

Wako Business

Providing a brand experience that exceeds customer expectations, realized through Wako’s discerning eye cultivated over many years in Ginza



Wako’s strengths are its discerning eye for recognizing true value, and its curatorial ability to select products of distinction. Wako’s unique sense of beauty and quality standards are consistently applied across a wide range of categories, from watches and jewelry to handbags and confectioneries. Our luxury watches feature advanced technologies combined with sophisticated designs. We are particular in selecting only the most carefully crafted handbags in terms of materials, stitching, and form, making for a timeless accessory cherished for generations. Our confectioneries are also popular as gifts or treats for oneself, and express the Wako world-view through limited edition products and seasonal flavors. Based on the AMAZING WAKO concept, these products create experiential value that emphasizes Japanese aesthetic sensibilities, craftsmanship, and sustainability. Furthermore, beyond simply being a point of sale, our sales-floor spaces and customer service go beyond the ordinary, providing a high-quality experience that appeals to all five senses, creating opportunities to share the story and passion behind our culture and products, and facilitating new discoveries and excitement every time customers visit. Going forward, we will continue to share our values and stories that resonate with customers from the special place called Ginza.

Wako’s Unique Ashoka Diamond Jewelry Shines a Light on the Wearer

For over 100 years, Wako has provided dignified, carefully selected products that have been cherished and handed down for generations. Ashoka diamonds, which are handled exclusively in Japan by Wako, are the embodiment of this philosophy. The brilliance created by the special Ashoka cut exudes an unparalleled allure, making it a popular choice for important gifts that will remain in the recipient’s heart for many years to come. Wako will continue to weave rich stories that become cherished memories for our customers. Our hope is that the light and emotion contained in each diamond will become a quiet, lifetime companion to support the lucky individuals who own them.



Arts and Culture, a Hub for Sharing Japanese Culture

Arts and Culture, a completely remodeled area on the lower floor of the Wako main store, is a tranquil space with an aesthetic sense, decorated with carefully selected rare materials and Japanese designs that were produced with traditional artisanal techniques. Customers can engage in dialogues with the original artists as well as our sales staff to discover the background and inspiration behind any of these works, providing a unique experience in Ginza. Furthermore, the symbolic stage located in the center of the space serves as a place for expression beyond the boundaries of the exhibition, creating new encounters and new stories with each visit. This special area, where tradition and innovation intersect, is a hub where Wako weaves art and culture into the future. The Arts and Culture space enables visitors to enjoy an extraordinary experience that transcends shopping, another example of Wako’s unique offerings.



Conveying the Appeal of Japanese Luxury Through THE GIFT OF TIME

THE GIFT OF TIME is a project that rediscovers the wealth and value created by Japan’s unique culture, and communicates the appeal of Japanese luxury to the world. Since its launch in 2024, all businesses in the EVS Domain have been collaborating with this project to share the many facets of Japanese culture and the appeal of Grand Seiko and Wako with the world.

Promoting the Appeal of Japanese Luxury to the World

The GS9 Club is a private organization open to all customers who purchase Grand Seiko watches. In November 2024, we held a special GS9 event in New York City entitled *The GS9 Experience 2024*. It attracted 350 guests, who were entertained by a variety of presentations. Watchmakers from Grand Seiko Studio Shizukuishi conducted demonstrations, designers gave lectures, and we showed a short film created as part of this project. The film’s director, Paula Chowles, shared insights into its creation and the inspiration behind its theme. Through this series of programs, participants gained a deeper understanding of Japanese culture, including the importance of the seasons and reverence for natural beauty that inspire Japanese aesthetic sensibilities, as well as the exceptional craftsmanship that underpins Japan’s luxury industry. Attendees also experienced the unique appeal of Grand Seiko, which is unlike any other luxury watch on the market.



Providing One-of-a-Kind Experiences in Places Where Culture and People Meet

In February 2025, we held a special exhibition featuring Persian rugs at the Arts and Culture area on the lower floor of Wako’s main store. This exhibit, called “Woven Pearls, Sculpted Furniture, and Books,” combined the best of Japanese and Persian culture based on the themes of craftsmanship and sustainability. We also provided books related to this subject to help visitors deepen their understanding and appreciation of these works. Additionally, the harmonious space created by the artistic rugs, furniture, and books became an attractive venue for talks by creators from various fields. These activities offered visitors creativity, inspiration, and a range of new discoveries. All of this is in line with Wako’s aims for Arts and Culture to be a place where culture and people come together.



Devices Solutions Domain

We will continue working to address the many issues that both our customers and our society are facing — not simply creating great new products, but creating new value based on the superb craftsmanship and skills we have developed during a century of watchmaking.

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



Message

In fiscal year 2024, DS Domain sales grew significantly, driven by favorable sales of Seiko Instruments Inc.'s silver oxide batteries for medical use, as well as sales of high-performance Co-Ni alloy for semiconductor production equipment, which is experiencing rising demand related to generative AI investments. Solid demand also supported sales of crystal oscillators for electric power monitoring smart meters, communications modules, and notebook PCs. As we move into the latter years of SMILE 145, the DS Domain will increasingly focus on businesses such as these that take advantage of our core strengths.

Seiko Instruments Inc. (SII), which plays a central role in the domain, used its decades of experience in watch manufacturing to hone key technologies in areas such as miniaturization, low power consumption, high accuracy, and mass production. SII leverages those legacy skills to further advance key technologies, develop new products, and explore new applications in fields including mobility, medical equipment, and general industry, where the firm can demonstrate its prowess. In particular, the small batteries used in the continuous glucose monitoring (CGM) devices worn by diabetic patients take advantage of SII batteries' thin profile and high-output characteristics to help improve patients' quality of life. We will continue to develop products that meet and exceed customer expectations, and continue to expand our business.

SEIKO NPC CORPORATION (SEIKO NPC), which boasts the top global share in integrated circuits (IC) for crystal oscillators, leverages its years of accumulated know-how in analog LSI development, together with a technology platform that combines various software elements to provide solutions in the fields of communications, home appliances, and general industry.

In recent years, with the spread of AI, IoT, cloud services, and other technologies, there has been growing demand for stable, real-time data communication. At its core, this is high-speed optical communications technology. SEIKO NPC is strengthening its development of ICs for crystal oscillators that take advantage of its unique technologies, such as low noise and high accuracy, in order to support the growing information society.

Going forward, we will continue to create new products and provide added value based on the sophisticated technologies we have developed through precision manufacturing. As we strive to achieve sustainable growth, we will focus on meeting our customers' needs and helping to contribute to society in the challenging years ahead.

8th Mid-Term Management Plan SMILE145 Highlights

Business Environment

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

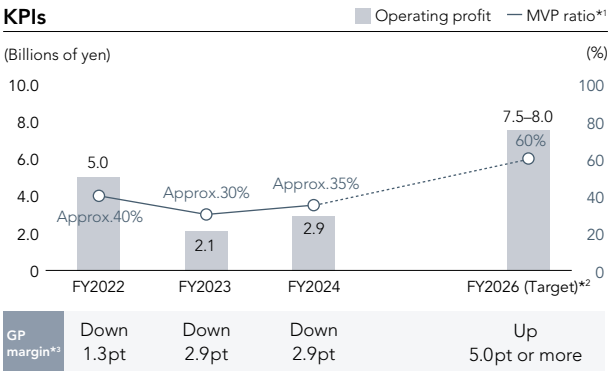
Core Competencies

- 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

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 Craftmanship, 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



*1 Percentage of net sales accounted for by sales in the digital and green economy
DS Domain reviewed MVP products in fiscal year 2024.
*2 Target at time of formulating SMILE 145, the 8th Mid-Term Management Plan
*3 Compared with fiscal year 2021

Policy for the Final 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

Leveraging the strengths of the DS Domain to build a better future

Examples of value creation leveraging strengths to achieve significant growth ①

Micro batteries

Seiko micro batteries—the small power supporting society

SEIKO INSTRUMENTS INC. (SII) began mass production of watch batteries in the mid-1970s and has been developing small batteries for many years. Today, this technology is used in a variety of electronic devices that support our daily lives, such as medical monitoring devices, security cameras, and dashcams.

Originally, watches were mechanical and powered by springs, but since Seiko developed the world's first quartz watch in 1969, the Quartz Astron, which uses an electronic oscillator regulated by a quartz crystal and a motor to move the watch hands, quartz watches have become mainstream. Subsequently, our factory in Sendai that manufactured watch springs began producing batteries for watches.

SII has a long track record of handling materials, having been involved in every aspect from the development of materials to the manufacture of watch mainsprings. For example, silver oxide batteries contain an electrolyte solution, and one of SII's unique strengths is its ability to seal this difficult-to-handle liquid material and mass-produce it. Another strength of SII is its ability to supply ultra-miniature batteries based on technologies cultivated in watch manufacturing.

At present, we offer two types of batteries: silver oxide batteries with stable voltage characteristics, and lithium rechargeable batteries. Silver oxide batteries are used in wristwatches and as power sources for continuous glucose monitoring (CGM) sensors enabling diabetic patients to constantly monitor blood sugar levels. Demand for these batteries is expanding worldwide due to their compact size, large capacity, excellent leak resistance, and safety.

At the same time, lithium rechargeable batteries are widely used as backup power sources for real-time clocks and memory in electronic devices, security cameras, and dashcams. Lithium rechargeable batteries are reflowable, and designed for harsh environments and mass production, with a wide operating temperature range, from -40°C to 85°C.

SII will continue to contribute to the evolution of IoT and wearable devices by leveraging the technologies it has cultivated in watch manufacturing. With the technology contained in these small batteries, we continue taking steady steps toward the realization of a sustainable society.



Development of an agricultural greenhouse monitoring service utilizing wireless sensor networks

In recent years, extreme weather events such as intense heat waves and torrential rains have become more frequent, and climate change is having a serious impact on agriculture. Given these conditions, while the importance of plastic greenhouses is increasing to ensure a stable cultivation environment, there is a need to shift from human-dependent management based on experience and intuition, to efficient operations

and stable cultivation quality utilizing DX. SEIKO INSTRUMENTS INC. (SII) has developed KENNOU kun, an agricultural greenhouse monitoring service that utilizes wireless sensor networks with a proven track record in environmental sensing of buildings. With this service, wireless sensors are installed inside plastic greenhouses to measure temperature, humidity, light intensity, CO₂ concentrations, and other metrics, while the environment inside the greenhouse is visualized in real time using a smartphone. This system sends out alerts when certain temperatures or humidity levels are exceeded, indicating the risk of pests and disease. Our proprietary temperature and humidity sensors feature industry-leading dustproof and waterproof performance and a low-power design that extends battery life up to 10 years, helping greenhouse farmers ensure stable yields and improve productivity.



Wireless temperature and humidity sensors (right) are battery powered, can be installed anywhere, and offer monitoring of every corner with the placement of multiple sensors throughout the greenhouse

Examples of value-creation-leveraging strengths to achieve significant growth ③

Crystal oscillator integrated circuits

Strengthening the development of high-precision crystal oscillator integrated circuits supporting high-speed optical communication advances



With the spread of the internet and advances in cloud computing, the data center market has grown significantly in recent years, and the generative AI market is also expanding rapidly. Against this backdrop, internet traffic and data volumes are exploding, and optical communication technologies enabling the efficient collection, analysis, and processing of big data, as well as high-speed, stable data transmission, are attracting attention. Here, the SEIKO NPC high-precision differential SPXO IC/7070 (crystal oscillator IC) plays an important role. The high-precision differential technology minimizes jitter (fluctuations) in the reference clock, facilitating accurate data processing, and supporting stable quality in high-speed optical communications. Furthermore, high-precision differential SPXOs are used in network devices such as routers and

switches, as well as in automotive optical communications, and will contribute to the development of a digital society, which is expected to evolve even further going forward.

VOICE | employee Interview



Meeting expectations for smaller, thinner, and longer-lasting batteries

Rather than dramatic innovations, advances in batteries have been achieved through years of daily improvements based on reliable technologies and gradually improved performance. I think the demand for batteries that are smaller, thinner, and longer lasting will continue to grow in a wide range of electronic devices, including medical devices, as these have become increasingly miniaturized and sophisticated. We will continue listening carefully to customer needs, developing products that meet expectations, and contributing to the resolution of social issues.

Ayumi Hara
SEIKO INSTRUMENTS INC.
Electronic Components Business
Management Head Office

Image credit: Shiori Bansho

Systems Solutions Domain

We want to become a business that helps to resolve social issues. As our employees continue to grow, they will contribute to our customers' increasing success.

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



Message

In April 2025, SEIKO Time Creation Inc. was added to the SS Domain. This company's core business is the development of facilities solutions. With the integration of IT technologies developed over the years by the Seiko Solutions (SSOL) Group, SEIKO Time Creation is planning to provide innovative solutions in the facilities solutions field and accelerate its business expansion. We are confident that, because these two companies have different business areas, their collaboration will lead to the creation of substantial new value.

We also welcomed INFRONT Inc. to the SSOL Group, a company that we acquired through M&A in July 2025. INFRONT has extensive experience in building a variety of business systems in many different fields, including manufacturing, distribution, and finance. The deep expertise and advanced technological capabilities they have developed over the years will further enhance the value they can provide to customers, together with the SSOL Group. We will combine our respective expertise to rapidly respond to our customers' ever-changing needs.

We have always valued diversity as the driving force behind our continued success. By encouraging employees with different backgrounds and expertise to learn from one another, we have been able to regularly turn changes in the business environment into new opportunities for growth. By taking advantage of a diversity of ideas and perspectives, the SSOL Group has achieved 37 consecutive quarters of increased sales and profits (up to Q1 fiscal year 2024). Our real strength lies in the trust we have built with over 6,000 customers, and our extensive range of products and services, which form a solid foundation for the SSOL Group. By respecting each company's corporate culture and being willing to learn from each other, we will create new synergies that help us to provide even greater value to our customers.

We are making diverse values and the personal growth of every employee into a core part of our growth engine. We will continue seizing opportunities in the changing business environment, and working together to achieve even more impressive growth in the future.

8th Mid-Term Management Plan SMILE145 Highlights

Business Environment

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

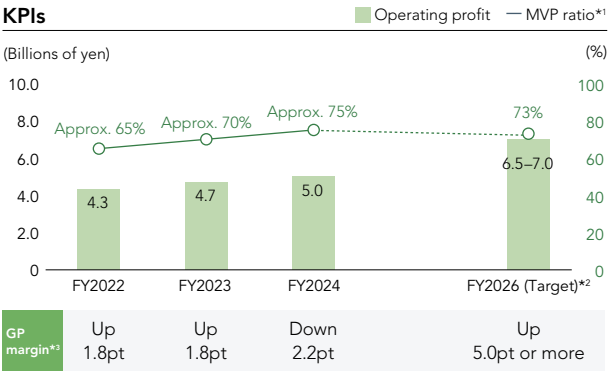
Core Competencies

- Hardware & Software Solutions
Providing one-stop solutions that leverage Seiko's strengths in manufacturing, including hardware, wireless technology, and sensors
- Digital Transformation (DX) Platform
Offering a new standard for the digital world just as Seiko has provided a yardstick for measuring "time"
Offering solutions that leverage the neutrality and credibility of the brand

Vision 1	Realize the growth of all employees
Vision 2	Realize continuous and long-term increases in revenue and profit
Vision 3	Realize a healthier, more humane, and more connected society (Society 5.0)

Moving, Valuable, and Profitable (MVP) Strategy

- Further promotion of stock-based business
- Expansion of diversification through M&A and alliances



*1 Stock business as a percentage of marginal profit in the SS Domain
*2 Target at time of formulating SMILE145, the 8th Mid-Term Management Plan
*3 Compared with fiscal year 2021

Policy for the Final 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)

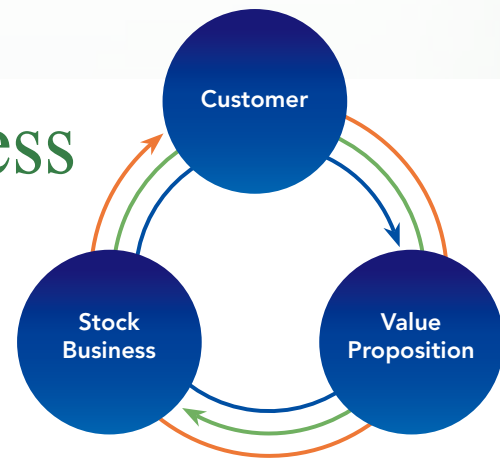
* SEIKO Solutions Group Information

■ Building on the strengths of the SS Domain to create a society-responsible future

Subscription-based business

Expanding the subscription-based business to establish a stable platform

In the rapidly changing IT industry, the SSOL Group aims to achieve long-term and sustainable growth. At the core of this is the creation of a virtuous cycle where the growth of each individual employee promotes the growth of our customers, which in turn leads to the development of the SSOL Group. An important strategy supporting the creation of a virtuous cycle involves strengthening our subscription-based business. We will build strong relationships of trust by providing continuous value to customers, which will lead to mutual growth. Having continuously engaged in efforts toward this goal, the subscription-based business now accounts for approximately 75% of marginal profit. The subscription-based business pursued by the SSOL Group is characterized by “evolving services.” We deepen relationships through close partnerships with our customers and strive for the continuous evolution of our services. By leveraging the diverse expertise of talented individuals in their respective fields, we provide customer-centric solutions and have built a solid foundation for our subscription-based business.



Diversification

M&A: Accepting our respective differences, learning from one another with humility

As part of its diversification strategy, the SSOL Group has been actively promoting M&A, welcoming nine companies into the Group by July 2025. These companies are growing through collaboration based on mutual respect for each other's cultures and unique characteristics, and SEIKO Solutions Inc. itself is evolving through the synergies generated by these partnerships. Rather than assimilating the acquired companies into its own ways, the SSOL Group places importance on respecting diverse values and principles of behavior, and on maintaining an attitude of humility and mutual learning. This approach is an essential element in ensuring the flexibility needed to adapt in the rapidly changing IT industry. In addition, the SSOL Group focuses on encouraging an open organizational culture and promoting collaborations among employees with different backgrounds. This fosters employee growth and the development of new insights, which in turn leads to the creation of new businesses. The Seiko Group's transformation into a solutions company as outlined in SMILE145 begins with understanding customers and building relationships of trust. By accurately understanding customer needs and promptly providing value that meets those needs, we aim to create a positive cycle in which we contribute to customer growth, as well as the growth of each and every employee.

Diversification strategy

Promoting diversification through M&A



April 2017: Performance management and security



April 2020: IoT, embedding, SES



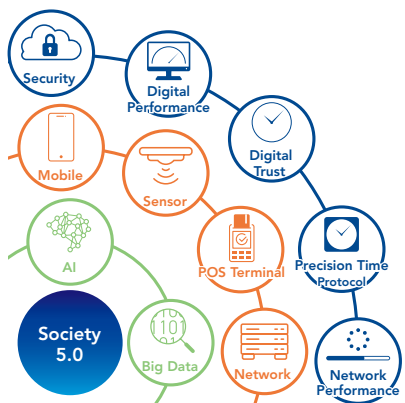
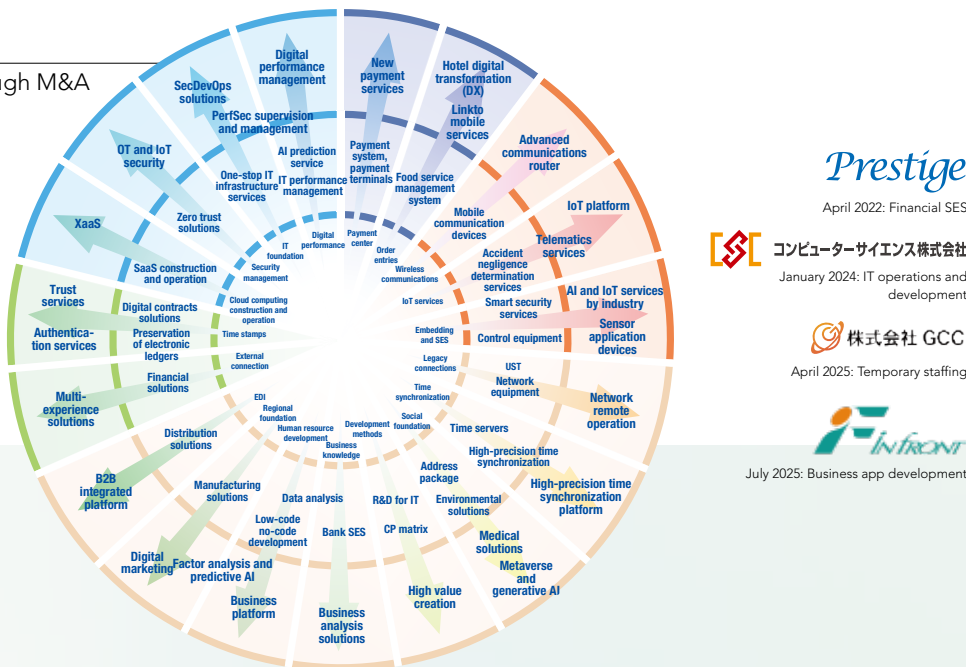
November 2021: B2B transactions



April 2022: Backup functions



April 2022: Cloud-use ware



Accelerating the expansion of the Hardware & Software Solutions business

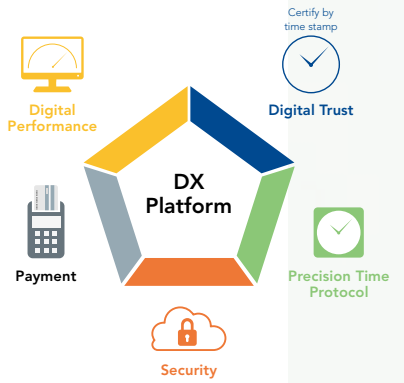
As labor shortages worsen, companies are increasingly incorporating IT into their business processes. Stable operations are particularly important in areas that require wide-area maintenance, such as electricity, as service outages significantly impact society. Seiko develops smart security solutions utilizing AI and IoT. By combining compact, energy-saving technologies with the sensor technologies held by CSM SOLUTION CO., LTD., acquired through an M&A, we are able to quickly build functions that meet customer needs. Furthermore, utilizing AI and sensor information, we have been able to pass on know-how that tends to be limited to specific individuals. This is an example of how synergies created through M&A have enabled us to provide optimal solutions for customer business environments, contributing to the expansion of our IoT service business.

IoT

Digital Transformation (DX)

Accelerating expansion of the Digital Transformation (DX) platform business

With the growing demand for DX, IT infrastructure has become a critical foundation for business growth and performance. Seiko is responding to this need by developing a DX platform that supports the stable operation of IT infrastructure. We provide a wide range of services, including performance management, security enhancements, data backups, and cloud construction and operation, in collaboration with companies that joined the SSOL Group through M&A. Recently, in addition to the provision of tools, there has been increasing demand for services that run parallel to customer business. Seiko is able to provide one-stop support, from initial development to full-scale operations. For example, for university hospitals, we provide comprehensive services that go beyond individual products to include security operations and monitoring, enabling us to respond quickly to customer needs.



Topics

Takeshi Ichikawa
President
Seiko Time Creation Inc.



Becoming an integrated solutions company in every time-related issue

Seiko Time Creation Inc. was moved to the SS Domain in fiscal year 2025. In collaboration with SEIKO Solutions Inc., which is responsible for IT business, we aim to strengthen and expand business through the integration of the IT and facilities solutions businesses. Going forward, through the facilities solutions business, we will create new value based on the theme of time in the high-quality social infrastructure, people-friendly lifestyles and societies, sports promotion, and regional revitalization fields. We will continue to take on the challenge of becoming an integrated solutions company in every time-related issue, utilizing cutting-edge technologies and high reliability to resolve various social issues and meet customer needs.

Financial Analysis

Consolidated Statements of Income

FY2024 Results (Compared with FY2023)				
	FY2023	FY2024	Increase/Decrease	Percentage Increase/Decrease
(¥100 million)				
Net sales	2,768	3,047	+279	+10.1%
Gross profit	1,226	1,370	+143	+11.7%
%	44.3%	45.0%	+0.7pt	
Operating profit	147	212	+65	+44.1%
%	5.3%	7.0%	+1.7pt	
Ordinary profit	158	207	+48	+30.7%
%	5.7%	6.8%	+1.1pt	
Profit before income taxes	151	202	+51	+34.0%
Profit attributable to owners of parent	100	133	+32	+32.5%
%	3.6%	4.4%	+0.8pt	

Net sales

In fiscal year 2024, net sales increased 10.1% from the previous fiscal year, to ¥304.7 billion, on an overall consolidated basis. In the Emotional Value Solutions (EVS) Domain, net sales rose significantly, with strong personal consumption and inbound demand fueling substantial growth in the Watches Business and the Wako Business for the Japanese market, and a favorable performance primarily driven by the Seiko brands among the Global Brands in the Watches Business for overseas markets. Both the Devices Solutions (DS) Domain and the Systems Solutions (SS) Domain posted higher revenue than in the previous fiscal year. In the DS Domain, certain products had been recovering from an adjustment phase since the fourth quarter of the previous fiscal year, while in the SS Domain, efforts toward business diversification and expansion of the stock business continued to yield positive results.

Ordinary profit

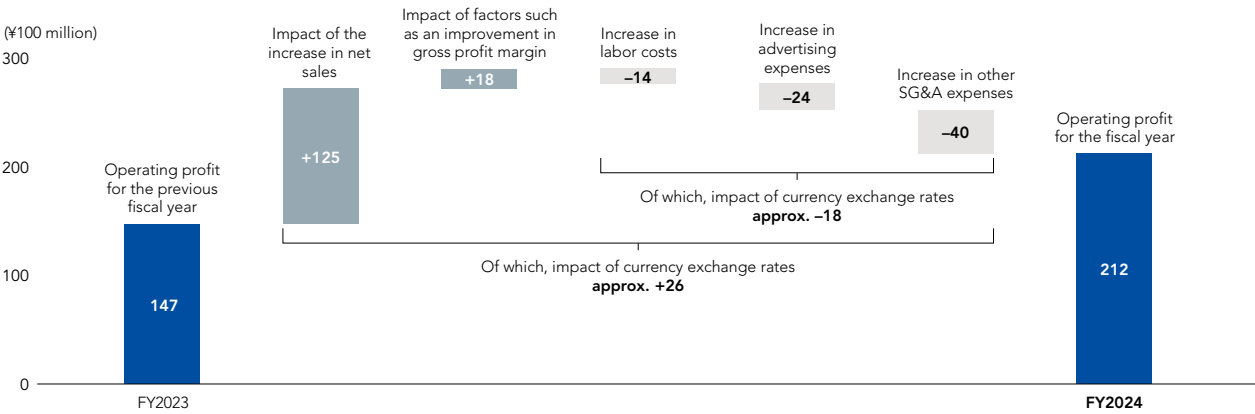
Despite a deterioration in non-operating income and expenses of ¥1.6 billion from the previous fiscal year due to the recording of foreign exchange losses resulting from significant fluctuations in the yen exchange rate, ordinary profit increased 30.7%, to ¥20.7 billion.

Profit attributable to owners of parent

Extraordinary income and losses amounted to negative ¥0.4 billion, an improvement of ¥0.2 billion from the previous fiscal year, comprising extraordinary income of ¥3.2 billion that included gains on the sales of investment securities and non-current assets, and extraordinary losses of ¥3.7 billion that included impairment losses and business restructuring expenses. Meanwhile, despite an increase in income taxes due to revenue improvement in the Group's businesses, profit attributable to owners of parent was up 32.5%, to ¥13.3 billion.

Factors Contributing to an Increase/Decrease in Operating Profit

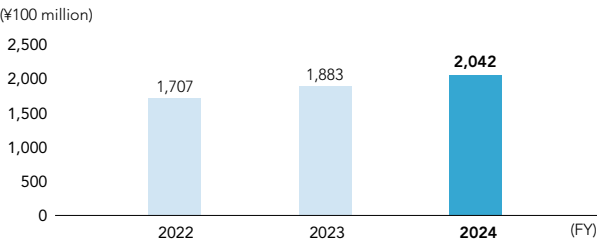
Operating profit climbed 44.1%, to ¥21.2 billion, an improvement of ¥6.5 billion from the previous fiscal year. This improvement was attributable to factors including an increase in net sales and an increase in the gross profit (GP) margin driven by the EVS Domain, which outweighed an increase in SG&A expenses of ¥7.8 billion, due in part to a rise in advertising expenses of over 10% and the impact of yen depreciation.



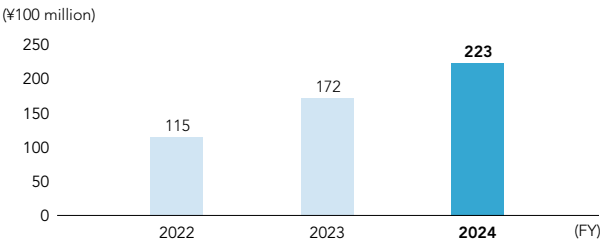
Earnings Performance by Domain

Emotional Value Solutions (EVS) Domain

Net Sales



Operating Profit



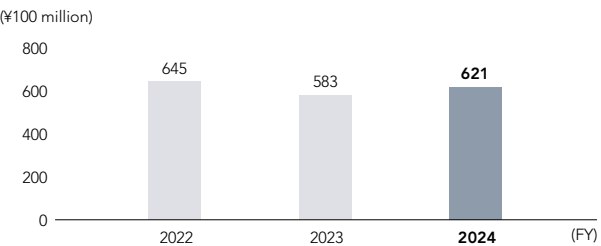
In the EVS Domain, net sales increased 8.4% year on year, to ¥204.2 billion. In the Watches Business in Japan, net sales grew significantly, reflecting the favorable performance of the Global Brands in general, including Grand Seiko. Overseas, Seiko Presage drove an increase in net sales. External sales of watch movements also grew steadily, resulting in an increase in net sales.

In the Wako Business, net sales increased substantially from the previous fiscal year, due in part to continued strong inbound demand. Although net sales in the Clocks Business declined slightly, primarily in Japan, the Facility Business performed solidly.

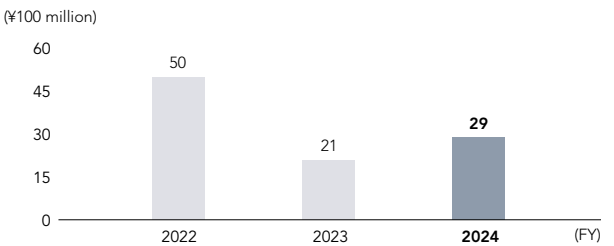
Operating profit increased significantly, to ¥22.3 billion, up 29.5% year on year, due to factors including an increase in net sales and an improvement in the GP margin.

Devices Solutions (DS) Domain

Net Sales



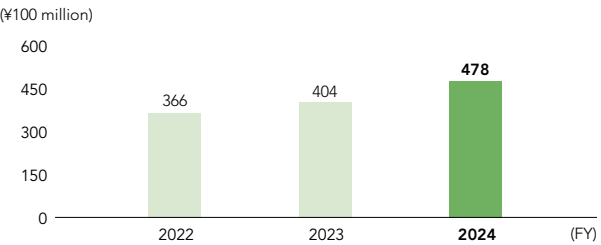
Operating Profit



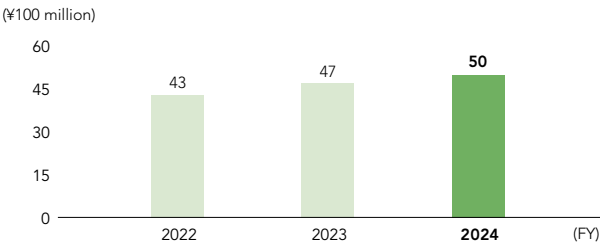
In the DS Domain, net sales increased 6.5% year on year, to ¥62.1 billion, and operating profit climbed 38.9%, to ¥2.9 billion. Net sales of micro batteries grew substantially as a result of the ongoing favorable performance of silver oxide batteries for medical use. Net sales were also up for products including quartz crystals, which had been recovering from an adjustment phase since the fourth quarter of the previous fiscal year, and high-performance metals for semiconductor production equipment, resulting in both revenue and profit growth.

Systems Solutions (SS) Domain

Net Sales



Operating Profit



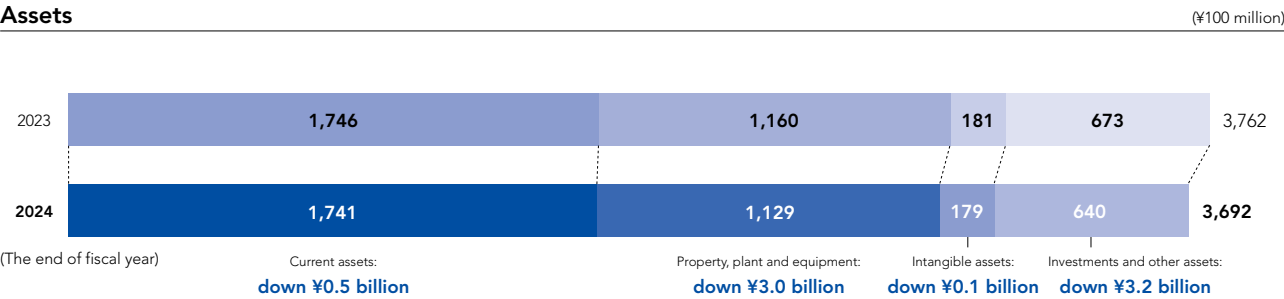
In the SS Domain, net sales increased 18.3% year on year, to ¥47.8 billion, and operating profit rose 7.2%, to ¥5.0 billion.

The IT infrastructure-related and security-related businesses expanded, reflecting the synergies created by the M&A conducted in the fourth quarter of the previous fiscal year, and the IoT-related business saw steady growth due to factors including the expansion of the telematics business, which led to year-on-year revenue and profit growth for the 36th consecutive quarter.

Financial Analysis

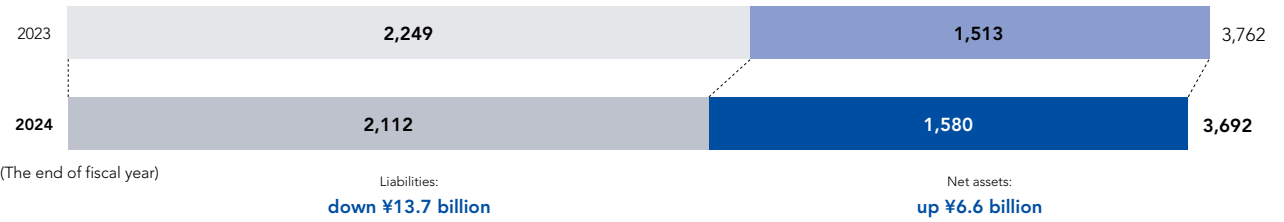
Balance Sheets

FY2024 Results (Compared with the end of FY2023)



Total assets came to ¥369.2 billion, a decline of ¥7.0 billion from the end of the previous fiscal year. Total current assets stood at ¥174.1 billion, down ¥0.5 billion. This outcome was attributable to decreases of ¥4.7 billion in accounts receivable–trade and ¥2.8 billion in merchandise and finished goods by optimizing inventory levels, which outweighed an increase of ¥6.7 billion in cash and deposits. Total non-current assets amounted to ¥195.0 billion, down ¥6.5 billion, reflecting decreases of ¥3.0 billion in total property, plant and equipment, ¥0.1 billion in total intangible assets, and ¥3.2 billion in total investments and other assets.

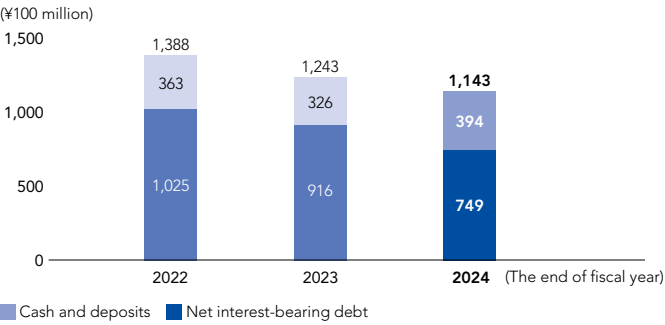
Liabilities and Net Assets (¥100 million)



For liabilities, total borrowings declined ¥10.1 billion from the end of the previous fiscal year, to ¥107.6 billion. This decline reflected a decrease of ¥13.8 billion in short-term borrowings, which offset an increase of ¥2.3 billion in long-term borrowings. In addition, total liabilities came to ¥211.2 billion, a decrease of ¥13.7 billion compared with the end of the previous fiscal year, due to factors including decreases of ¥2.4 billion in electronically recorded obligations–operating, ¥3.2 billion in accounts payable–other, and ¥1.5 billion in deferred tax liabilities.

Looking at total assets, total net assets increased ¥6.6 billion from the end of the previous fiscal year, to ¥158.0 billion. This increase was attributable to an increase of ¥9.9 billion in shareholders’ equity, which outweighed decreases including a decline of ¥3.1 billion in the valuation difference on available-for-sale securities.

Interest-Bearing Debt



Interest-bearing debt was down ¥9.9 billion from the end of the previous fiscal year, owing to the creation of free cash flow through the optimization of inventory levels and strong business performance. Regarding asset liquidity, the balance of cash and deposits at the end of March 2025 was ¥39.4 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

FY2024 Results (Compared with FY2023)

(¥100 million)

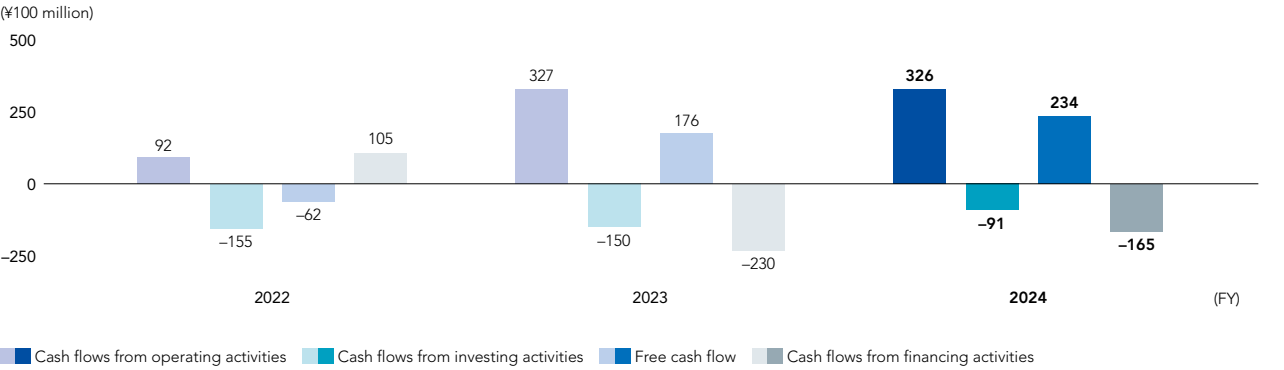
	FY2023	FY2024
Profit before income taxes	151	202
Depreciation	133	143
Other, net	43	(19)
Cash flows from operating activities	327	326
Purchase of property, plant and equipment	(110)	(103)
Other, net	(40)	12
Cash flows from investing activities	(150)	(91)
Free cash flow	176	234
Proceeds from and repayments of borrowings	(156)	(101)
Dividends paid	(31)	(36)
Other, net	(42)	(27)
Cash flows from financing activities	(230)	(165)
Effect of exchange rate change on cash and cash equivalents	18	(2)
Net increase (decrease) in cash and cash equivalents	(35)	67
Cash and cash equivalents at end of period	326	394

Cash flows from operating activities
Net cash provided by operating activities came to ¥32.6 billion (compared with ¥32.7 billion for the previous fiscal year). This outcome was the result of the Company posting ¥20.2 billion in profit before income taxes and factoring in profit depreciation of ¥14.3 billion, in addition to adjustments such as trade receivables of ¥4.8 billion (posted as an increase) and income taxes paid of ¥6.6 billion (posted as an increase).

Cash flows from investing activities
Net cash used in investing activities came to ¥9.1 billion (compared with ¥15.0 billion for the previous fiscal year) due to cash outflows including ¥10.3 billion in purchase of property, plant and equipment (posted as a decrease), which outweighed cash inflows such as ¥2.5 billion in proceeds from sale of property, plant and equipment and ¥2.4 billion in proceeds from sale of investment securities.

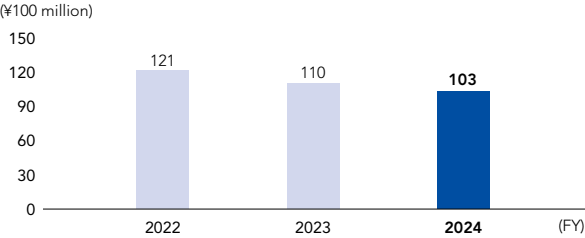
Cash flows from financing activities
Net cash used in financing activities came to ¥16.5 billion (compared with ¥23.0 billion for the previous fiscal year), due mainly to repayments and long- and short-term borrowings that combined for a net amount of ¥10.1 billion (posted as a decrease), as well as ¥2.3 billion in repayments of lease liabilities (posted as a decrease) and ¥3.6 billion in dividends paid (posted as a decrease).

Cash Flows Trends



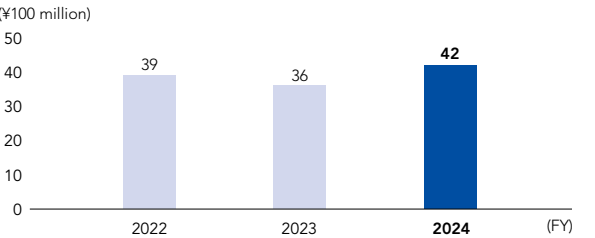
Capital Expenditures and R&D Expenses

Capital Expenditures



In fiscal year 2024, the Seiko Group invested ¥3.3 billion in the EVS Domain mainly for the expansion and renewal of manufacturing facilities, among others; ¥3.1 billion in the DS Domain; and ¥2.1 billion in the SS Domain mainly for the acquisition of software for the purpose of sale on the market.

R&D Expenses



In fiscal year 2024, R&D expenses came to ¥4.2 billion, primarily consisting of research and development activities related to the DS Domain, which amounted to approximately ¥3.3 billion. R&D expenses related to businesses other than the DS Domain were roughly ¥0.9 billion.

Message from the CFO



Maximizing Corporate Value by Accelerating Our Growth Strategy and Improving ROE

We will continue to grow ROE, looking to surpass 10.0% in the medium-to-long-term.

Taku Yoneyama

Director,
Executive Vice President
Group CFO

the Watches Business, solid performance of MVP products along with ongoing efforts to improve production efficiency boosted profitability. We will continue to steadily promote the MVP Strategy in all our business domains, while actively pursuing structural reforms, including the revision of our global manufacturing structure.

In terms of cash allocation, we will actively promote growth investments while considering the balance between strengthening our financial base and providing appropriate shareholder returns. In the first three years of SMILE145, our strong performance led to an increase in cash inflows, which has enabled us to make growth investments at a faster pace than we initially planned. As a result, we have revised our plan for growth investments upward by ¥10.0 billion over the five years of SMILE145. In the Watches Business, we will bolster investments to grow Grand Seiko overseas; in the SS Domain, we will promote business diversification through M&A; and in the DS Domain, we will pursue well-balanced investments with a focus on areas with substantial growth potential, such as silver oxide batteries for

medical use. In addition, we will actively invest in creating new business domains, as well as R&D and branding activities designed to strengthen our business foundation.

ROIC showed an increase of 1.3 percentage points compared with the previous fiscal year, a significant improvement. This gain was attributable to higher profitability across the Group, as well as progress in reducing our interest-bearing debt by optimizing inventory levels and selling fixed assets. Our equity capital ratio has now exceeded 42%. To further enhance financial stability, we will strengthen global cash management and optimize interest-bearing debt by generating free cash flow.

The Group's basic policy on shareholder returns is to emphasize stable profit distribution, primarily through dividends. In accordance with this policy, we have positioned a consolidated dividend payout ratio of at least 30%. We will continue to allocate cash efficiently, in line with the financial policies set out in SMILE145. At the same time, we remain committed to achieving an ideal balance between providing returns to shareholders, boosting our growth investments, and strengthening our financial base.

Achieving Some of the SMILE145 Final-Year Targets ahead of Schedule

Fiscal year 2024 was highly significant for the Seiko Group, marking the mid-point of SMILE145, our 8th Mid-Term Management Plan. All three domains achieved revenue and profit growth, enabling the Group to record its highest operating profit since our transition to a pure holding company structure back in fiscal year 2001. In particular, the Watches Business in the Emotional Value Solutions (EVS) Domain underpinned the Group's performance. In addition to the strong domestic market, which was supported by both robust inbound demand and strong personal consumption by Japanese consumers, the steady progress of our Global Brands strategy contributed significantly to sales growth and improved profitability. The Systems Solutions (SS) Domain also performed favorably, and the Devices Solutions

(DS) Domain recovered from its challenges in the previous fiscal year. As a result, the Group achieved its fiscal year 2026 (SMILE145 final-year) targets for operating profit and ROE two years ahead of schedule.

In light of these achievements, when we announced our fiscal year 2024 financial results in May 2025, we also raised the SMILE145 final-year targets. We are now targeting operating profit of ¥25.0 billion and ROE of more than 9.0%. In addition, we committed to achieving an ROE of more than 10.0% in the medium-to-long-term.

In the remaining portion of SMILE145, we will accelerate the Moving, Valuable, and Profitable (MVP) Strategy and strive to improve both return on invested capital (ROIC) and ROE.

Progress of Financial KPIs under SMILE145, the 8th Mid-Term Management Plan

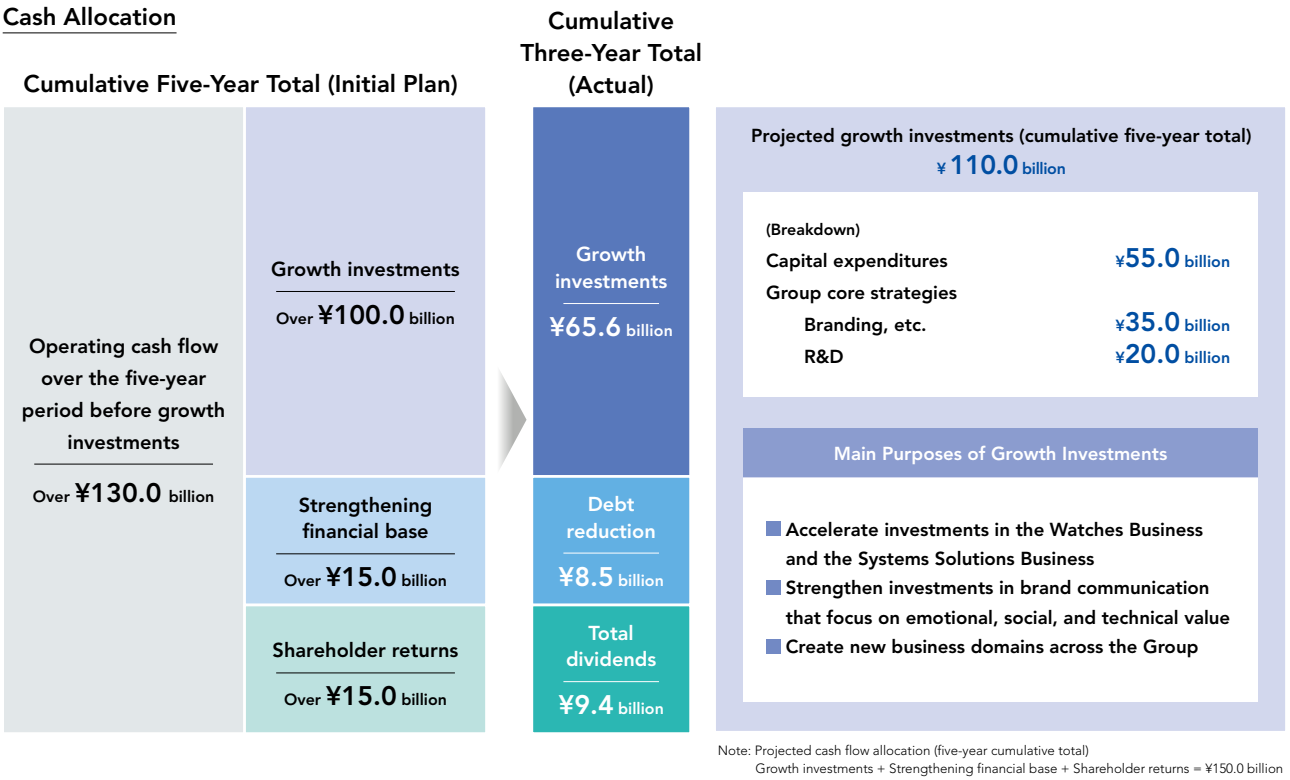
	FY2024 Results	FY2026 (Final Year) Targets	
		May 2024 Projection	May 2025 Projection
Operating profit	¥21.2 billion / Up 44.1% year on year ↗	¥20.0 billion	¥25.0 billion
Gross profit margin	45.0% / Up 0.7pt. year on year ↗ (Up 3.2pt. vs. FY2021) ↗	46.8% (Up 5.0pt. vs. FY2021)	46.8% (Up 5.0pt. vs. FY2021)
ROIC	6.0% / Up 1.3pt. year on year ↗	Over 6.5%	Over 6.5%
ROE	8.7% / Up 1.5pt. year on year ↗	Over 8.0%	Over 9.0%

Toward Achieving Our ROIC and ROE Targets

The Seiko Group aims to achieve its ROIC and ROE targets by improving profitability through the promotion of its MVP Strategy and making efficient investments through business portfolio management.

In fiscal year 2024, our gross profit (GP) margin increased 0.7 percentage point compared with the previous fiscal year, in line with our mid-term plan. The EVS Domain, in particular, the Watches Business, contributed significantly to this increase. In

Cash Allocation



Focusing on IR Activities to Achieve Sustained Growth in Corporate Value

The Seiko Group aims to strengthen its business foundation and further improve profitability while stepping up investor relations (IR) activities to increase corporate value. Specifically, we aim to increase our corporate value by actively communicating our growth strategies and steps to improve ROE, as well as deepening our dialogue with stakeholders. Through these efforts, we will strengthen our engagement with institutional

investors worldwide and provide better information to individual investors.

As CFO, I will strive to maximize shareholder value by raising ROE and ROIC, and by communicating all relevant information in a timely and appropriate manner. My top priorities are to earn the trust of all stakeholders and to gain proper recognition for our Group from the global capital markets.