

Message from an Outside Director

Building on Tradition for the Future: Expectations for the Seiko Group as It Enters a Period of Transformation

Shihoko Urushi
Outside Director

Supporting Corporate Value Improvement with Both External and Internal Perspectives

I believe an Outside Director's role is to view the Company from both external and internal perspectives. As representatives of shareholders, investors, and other stakeholders, outside directors objectively evaluate the Company from an external perspective, while ascertaining its internal circumstances through attendance at meetings of the Board of Directors and ongoing dialogue with the executive team. I believe that having both of these perspectives is a key requirement for an Outside Director.

With these perspectives in mind, I believe Outside Directors must fulfill two roles. One is to support the defensive mechanisms that enable governance to function. The other is to help establish a foundation for improving corporate value. I believe our mission is to enhance the effectiveness of the Board of Directors from both of these perspectives, and to continually question whether the Company is sufficiently prepared for the future, rather than merely monitoring its performance.

I am keen to focus on supporting the transformation process through which the Seiko Group, with history and brand strengths, pivots toward becoming a solutions company. From that perspective, I believe I have fulfilled a meaningful role through various opportunities, including giving lectures and participating in training at Group companies, in addition to attending meetings of the Board of Directors.

There are three ways in which I can contribute based on my background, with nearly 40 years of experience as an educator, experience leading organizational transformation as a school operator, and experience engaging with diverse values, including in terms of gender and age. I also hope to draw on three areas of expertise, namely talent development, organizational reform, and diversity, equity, and inclusion, to improve the Seiko Group's corporate value over the medium to long term.

Schools are organizations in which human capital forms the core of operations; I believe I can offer advice on the recently much-discussed theme of human capital management from that standpoint. In addition, with the Seiko Group standing at a critical turning point as it seeks to achieve further growth ahead of its 150th anniversary, I aim to provide support while sharing my understanding of the difficulties of decision-making faced by leaders during periods of transformation and the real-world challenges involved in mobilizing an organization, drawing on my experience in managing a founding-family organization that has endured for a century, albeit on a different scale and in a different business.

Evolving the Board of Directors and Further Improving Its Effectiveness

My impression of the Board of Directors is that it has changed significantly over the two years since I became an Outside Director. Issues identified at forums for discussion among Outside Officers and through Board effectiveness evaluations are shared promptly and reflected in agenda-setting for the following year, creating a virtuous cycle. A particularly significant advance is that the improvement cycle driven by the results of effectiveness evaluations now functions properly.

Proposals have been streamlined, allowing the Board of Directors to commit more time to focused deliberations on important matters, risk management, and internal controls, thereby deepening the quality of discussions. Non-financial topics including sustainability strategy have grown in prominence, and Outside Officers are increasingly involved in succession planning. In addition, regular meetings are held exclusively for Outside Officers, where individuals with diverse and expert insights engage in lively discussions on the latest trends and changes in the external environment. The views exchanged at these meetings are subsequently shared with the executive team. Since Mr. Shinji Hattori as CEO has demonstrated a willingness to proactively incorporate such views, I believe that these initiatives are functioning effectively.

On the other hand, while the current governance structure is functioning effectively in practice, I feel that its initiatives are not sufficiently articulated to external stakeholders. For example, although the Corporate Governance Committee is chaired by Mr. Hattori and operates with responsibility for functions including nomination and compensation, I believe the Company must remain mindful of how the effectiveness of this structure is perceived externally. In practice, Mr. Hattori's extraordinary commitment to transformation initiatives, including diversity, has been communicated strongly within the Company. As I see it, the current structure reflects a management decision to harness the driving force of the founding family to build a new foundation that does not rely solely on the Watches Business and to hand the business on to the next generation ahead of the Group's 150th anniversary. As Outside Officers, we will continue to focus on ensuring a highly transparent governance structure while constantly asking whether such decision-making genuinely contributes to future growth.

One issue that I regard as particularly important is Group governance. As M&A activity in the Systems Solutions Domain progresses and the number of consolidated subsidiaries grows, the key question is whether the Group can maintain unified governance across the organization. In addition, it will be important for the Company to take the lead in overseeing resource allocation, human resource development, IT security, branding strategy, and risk management, organizing them from the perspective of overall Group optimization to create synergies.

The Board of Directors is also discussing measures such as reexamining corporate functions to strengthen cross-organizational functions for overseeing the Group as a whole. The Board has also considered the idea of developing the Corporate Governance Committee in the future into a Nomination and Compensation Committee chaired by an Independent Outside Director. I believe that by clarifying timelines and establishing selection and decision-making processes for key themes such as nominations, compensation, succession, human capital, diversity, and capital efficiency, the Company can further enhance the quality of its governance and further strengthen stakeholder trust.

Human Capital Management and Diversity: Looking Ahead to the Future of the Seiko Group

I believe that human capital management and diversity will be the most important factors in shaping the Seiko Group's future growth. Projects to promote human resource development on a Group-wide basis are already underway, including the sharing of insights through the Group Human Resources Strategy Meeting and the expansion of career choice opportunities through initiatives such as the Seiko Group Internal Recruitment System and the Career Challenge System.

As for diversity, the continued implementation of initiatives such as the Seiko Woman Academy, a program for developing female leaders, is beginning to yield tangible results, including the acquisition of Eruboshi (three-star) and Platinum Kurumin certifications. In addition, the Company has not only provided training but has also made progress in appointing female Executive Officers (Senior Vice Presidents), thereby broadening diversity in management decision-making. At the same time, I feel that the current pace toward achieving the target 20% ratio of female employees in managerial positions by April 2027 could be a little faster. As some organizations within the Group, such as those in technical fields, have relatively low female representation, I have communicated the need to evaluate them based on ratios that reflect the characteristics of each organization, rather than on a simple headcount.

What should not be overlooked here is whether the involvement of diverse human resources in decision-making and business transformation contributes to the Company's sustainable growth. While the empowerment of women is often discussed as a human rights issue, it is also important to discuss it in the context of investment and position it as a management decision by highlighting its correlation with financial growth.

According to one survey, internal factors, such as women choosing not to pursue promotion of their own accord, account for only around 30% of the total, with the remaining 70% attributable to external factors. This means that there is still considerable scope for companies to address this issue using their systems. As Japan's population declines, the capabilities of women, who remain conspicuously underutilized compared with those in other developed countries, represent an untapped asset. If women are to account for half of the members of the Board of Directors in 30 years, the Company must first reexamine its approach to recruitment. I also believe the Company must incorporate a global perspective into every aspect of its operations, including product development, internal structures, and corporate values, and establish mechanisms that reflect numerical targets for human capital in performance evaluations.

Currently, the Group provides training for core leaders aimed at strengthening its leadership pool, with a focus not only on top successors but on succession in all areas and businesses. Outside Officers have suggested that in the future, the Group should go beyond training and provide selected personnel with early opportunities to gain management experience through measures such as challenging assignments that put them in entirely different businesses within the Group.

Since becoming a member of the Seiko Group, I have come to feel strongly that the Group's dignity and pride, rooted in its history, foster a culture in which employees respect and bring out the best in each other, regardless of gender. As the Group approaches its 150th anniversary, both Mr. Hattori and Mr. Shuji Takahashi as President continue to deliver a strong message for transformation with the aim of achieving further growth. With an earnings structure capable of supporting new challenges built on the foundation of its traditions, now is precisely the time for the Group to take the next leap forward. I am committed to co-creating new value by harnessing synergies across the Group and offering solutions to social issues that only Seiko can provide.

Directors and Officers (as of July 1, 2026)

Directors



Chairman, Group CEO, and Group CCO

Shinji Hattori

Significant concurrent positions:
Chairman, CEO, and CCO
of SEIKO WATCH CORPORATION
Chairman of WAKO Co., Ltd.
Number of Company shares held: 4,558,578



President

Shuji Takahashi

Number of Company shares held: 27,700



Director, Chief Executive Vice President

Jun Sekine

In charge of General Management,
Systems Solutions Domain, IT·DX Planning,
and New Business Creation
Significant concurrent positions:
President of SEIKO Solutions Inc.
Number of Company shares held: 5,100



Director, Senior Executive Vice President

Akio Naito

In charge of Emotional Value Solutions Domain, Legal,
and Intellectual Property
Significant concurrent positions:
President of SEIKO WATCH CORPORATION
Number of Company shares held: 22,200



Director, Senior Executive Vice President

Taku Yoneyama

In charge of Devices Solutions Domain,
Corporate Strategy Planning, Accounting,
and Financial Planning
General Manager of Corporate Management
Division
Significant concurrent positions:
Director, Chief Executive Vice President
of Seiko Instruments Inc.
Audit & Supervisory Board Member (Outside)
of OHARA INC.
Number of Company shares held: 17,400



Director, Executive Vice President

Yoichi Endo

In charge of Devices Solutions Domain
Significant concurrent positions:
President of Seiko Instruments Inc.
Number of Company shares held: 11,600



Outside Director

Noboru Saito

Significant concurrent positions:
Representative Director, President of BIPROGY Inc.
Number of Company shares held: 0



Outside Director

Hideki Kobori

Significant concurrent positions:
Chairman & Director of Asahi Kasei Corp.
Outside Director of Nomura Research Institute, Ltd.
Outside Director of Sumitomo Mitsui Trust Group, Inc.
Number of Company shares held: 0



Outside Director

Shihoko Urushi

Significant concurrent positions:
Director of SHINAGAWA JOSHI GAKUIN
Outside Director of Culture Convenience Club Co., Ltd.
Outside Audit & Supervisory Board Member
of Tokio Marine & Nichido Fire Insurance Co., Ltd.
Number of Company shares held: 0

Audit & Supervisory Board Members



Audit & Supervisory Board Member

Takashi Nishimoto

Number of Company shares held: 6,200



Audit & Supervisory Board Member

Minoru Nakao

Number of Company shares held: 1,600



Outside Audit & Supervisory Board Member

Hideki Amano

Significant concurrent positions:
Outside Auditor of Mizuho Leasing Company, Limited
Outside Member of the Board of Directors
(Audit and Supervisory Committee Member)
of NIDEC CORPORATION
Number of Company shares held: 0



Outside Audit & Supervisory Board Member

Masatoshi Yano

Significant concurrent positions:
Outside Audit & Supervisory Board Member
of FURUKAWA CO., LTD.
Number of Company shares held: 0



Outside Audit & Supervisory Board Member

Kenji Sakurai

Number of Company shares held: 0

Executive Officers

Senior Executive Vice President

Hiromi Kanagawa

In charge of Sustainability Promotion,
Corporate Branding,
and Public Relations

Executive Vice President

Makoto Ichimura

In charge of Secretaries, General Affairs,
and New Business Creation
General Manager
of New Business Creation Department

Senior Vice President

Hiromi Nakagawa

In charge of Human Resources
and Group HR Strategy Planning
Deputy General Manager
of Corporate Management Division

Senior Vice President

Kiyoko Niwasaki

In charge
of Emotional Value Solutions Domain

Senior Officers

Senior IT·DX Officer

Osamu Kurata

In charge of IT·DX Planning
General Manager
of IT·DX Planning Department

Senior Strategy Planning Officer

Kaoru Higashihara

In charge of Corporate Strategy Planning
General Manager
of Corporate Strategy Planning Department

Senior Legal Officer

Yoko Watanabe

In charge of Legal
General Manager of Legal Department

Senior HR Strategy Officer

Hirokazu Asami

In charge of Group HR Strategy Planning
General Manager
of Future Leaders Development Office
General Manager
of Group HR Strategy Planning
Department

Officers of Operating Companies (as of July 1, 2026)



SEIKO WATCH CORPORATION

Chairman, CEO, and CCO	President	Deputy Chief Operating Officer and CSO	Director, Senior Executive Vice President	Director, Executive Vice President
Shinji Hattori ■	**Akio Naito** ■	**Minoru Ishiguro**	**Yoshikatsu Kawada**	**Akira Takakura**
Director, Executive Vice President	Director, Senior Vice President	Director, Senior Vice President	Director, Senior Vice President	Director, Senior Vice President
Naoaki Tanimura	**Munehisa Shibasaki**	**Tatsuya Asami**	**Kiyomi Tanemura**	**Yukiaki Suganuma**
Director	Director	Director	Audit & Supervisory Board Member	Audit & Supervisory Board Member
Shuji Takahashi ■	**Kiyoko Niwasaki** ■	**Hiromi Kanagawa** ■	**Tetsu Matsuda**	**Taku Yoneyama** ■
Audit & Supervisory Board Member	Senior Vice President	Senior Vice President	Senior Vice President	Senior Vice President
Takashi Nishimoto ■	**Takeshi Ono**	**Yoshihiko Kano**	**Atsuko Hatori**	**Brice Le Troadec**



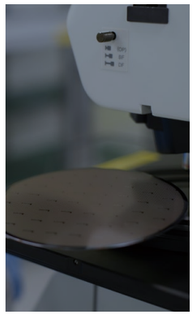
WAKO Co., Ltd.

Chairman	President	Director, Executive Vice President	Director, Senior Vice President	Director, Senior Vice President
Shinji Hattori ■	**Kiyoko Niwasaki** ■	**Naoki Tajima**	**Reiko Yamamoto**	**Takayuki Arai**
Director	Director	Audit & Supervisory Board Member	Senior Officer	Senior Officer
Shuji Takahashi ■	**Akio Naito** ■	**Takashi Nishimoto** ■	**Takashi Ono**	**Jun Musashi**



Seiko Instruments Inc.

President	Director, Chief Executive Vice President	Director, Senior Executive Vice President	Director, Senior Vice President	Director
Yoichi Endo ■	**Taku Yoneyama** ■	**Koji Tomitsuka**	**Tatsuo Sagami**	**Hideo Hattori**
Director	Director	Audit & Supervisory Board Member	Audit & Supervisory Board Member	Senior Vice President
Shuji Takahashi ■	**Jun Sekine** ■	**Satoru Ochiai**	**Minoru Nakao** ■	**Makoto Matsuda**
Senior Vice President	Senior Vice President			
Katsuki Matsushita	**Hiroshi Umemura**			



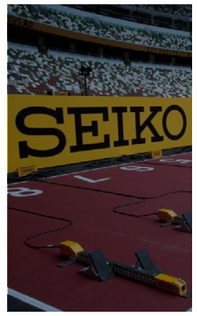
SEIKO NPC CORPORATION

President	Director, Senior Vice President	Director	Director	Audit & Supervisory Board Member
Shuji Sakamoto	**Hideaki Tadokoro**	**Yoichi Endo** ■	**Taku Yoneyama** ■	**Minoru Nakao** ■
Senior Vice President	Senior Vice President			
Toshimitsu Ogasawara	**Norio Suzuki**			



SEIKO Solutions Inc.

President	Director, Senior Executive Vice President	Director, Senior Executive Vice President	Director, Executive Vice President	Director, Executive Vice President
Jun Sekine ■	**Shimesu Takizawa**	**Nobuchika Matsuoka**	**Tomoyuki Nakayama**	**Hideto Nasuno**
Director	Director	Director	Director	Audit & Supervisory Board Member
Shuji Takahashi ■	**Makoto Ichimura** ■	**Taku Yoneyama** ■	**Hideo Hattori**	**Tsutomu Konomura**
Audit & Supervisory Board Member	Executive Vice President	Executive Vice President	Senior Vice President	Senior Vice President
Minoru Nakao ■	**Tsutomu Shinkawa**	**Shigeru Saeki**	**Masao Nakamura**	**Mitsuru Miyata**
Senior Vice President	Senior Vice President			
Hideo Nakasako	**Hiromichi Miura**			



SEIKO Time Creation Inc.

President	Director, Senior Executive Vice President	Director, Executive Vice President	Director, Senior Vice President	Director
Takeshi Ichikawa	**Kazuhiko Sakamoto**	**Hiromi Kanagawa** ■	**Hisaya Mito**	**Shuji Takahashi** ■
Director	Director	Audit & Supervisory Board Member	Senior Vice President	Senior Vice President
Jun Sekine ■	**Taku Yoneyama** ■	**Takashi Nishimoto** ■	**Seiki Kitagawa**	**Akio Abe**



Seiko Future Creation Inc.

President	Senior Executive Director	Director	Director	Director
Makoto Ichimura ■	**Akira Takakura**	**Hisashi Ujino**	**Takashi Nakagawa**	**Taku Yoneyama** ■
Director	Audit & Supervisory Board Member			
Yoichi Endo ■	**Takashi Nishimoto** ■			

■ The Company dispatches its executives to serve as Directors and Audit & Supervisory Board Members at operating companies as necessary, thereby conducting appropriate oversight and auditing.

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 to not only disclose appropriate information in compliance with relevant laws and regulations, but also 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

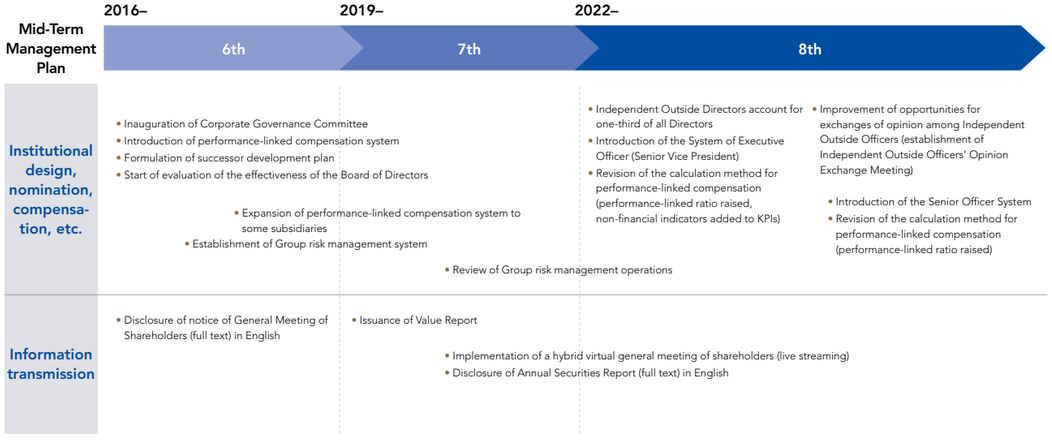
The Board of Directors will engage in free and constructive discussions and exchanges of opinions, and will appropriately fulfill its roles and responsibilities for the sustainable growth of the Company and the enhancement of corporate value over the medium-to long-term, including making decisions on 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 to 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

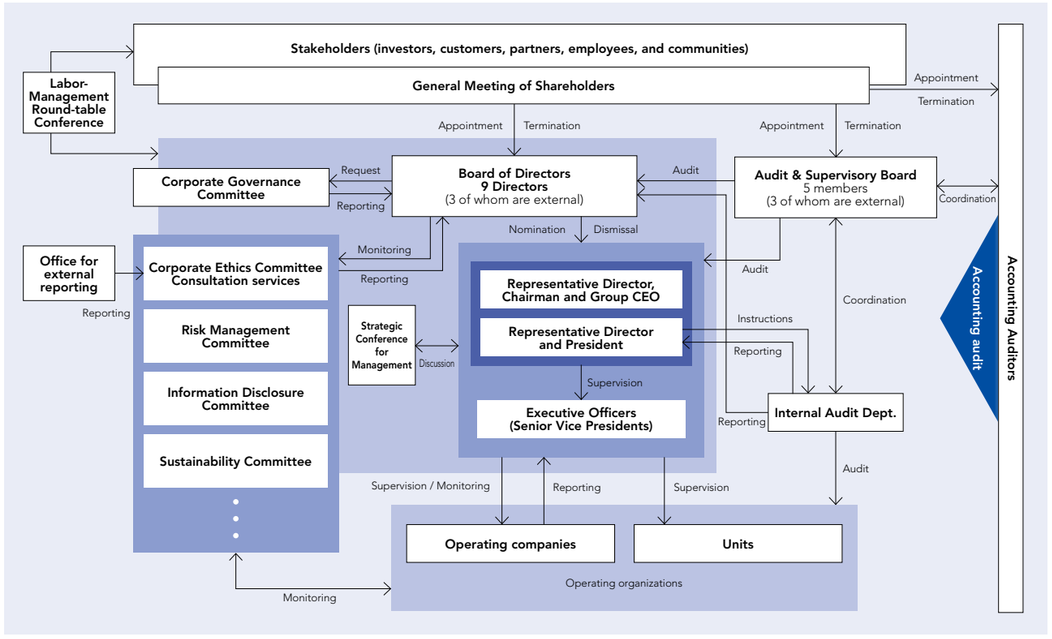


Corporate Governance Structure

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



Board of Directors

The Board of Directors is composed of nine Directors (including one female Director), of whom three 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 a System of Executive Officer (Senior Vice President) 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. The Outside Directors have broad experience and considerable insight in business management and in their respective fields of specialization. From their independent positions, they contribute to the improvement of management's monitoring functions.

In fiscal year 2025, the Board of Directors focused on discussing 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 planned development of senior management candidates; the evaluation of the effectiveness of the Board of Directors; revisions to certain aspects of the compensation system for Officers; and the share split and other related matters.

Audit & Supervisory Board

The Audit & Supervisory Board is composed of two Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members. Its role is to engage in discussions and make decisions on important matters relating to its audit of the Company. Audit & Supervisory Board Members audit the compliance and validity of the Directors' business execution by participating in the Board of Directors' meetings and other important meetings. Outside Audit & Supervisory Board Members offer necessary advice, suggestions, and opinions, making use of their broad experience and insight in business management and in their respective fields of specialization.

In fiscal year 2025, the Audit & Supervisory Board mainly discussed matters including 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; and discussions on Key Audit Matters (KAM) and prior approval of non-audit services provided by the audit firm.

Corporate Governance

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 2025, the Corporate Governance Committee focused on deliberating the selection of candidates for Directors and other Officers, as well as the succession plan. The committee also discussed revisions to certain aspects of the compensation system for Officers and the amount of performance-linked compensation to be paid to Officers according to their positions.

Corporate Governance Committee Members

Chairperson Chairman, Group CEO, and Group CCO	Shinji Hattori
President	Shuji Takahashi
Independent Outside Director	Noboru Saito
Independent Outside Director	Hideki Kobori
Independent Outside Director	Shihoko Urushi
Independent Outside Audit & Supervisory Board Member	Hideki Amano
Independent Outside Audit & Supervisory Board Member	Masatoshi Yano
Independent Outside Audit & Supervisory Board Member	Kenji Sakurai

Sustainability Committee
https://www.seiko.co.jp/en/csr/sustainability_policy/#title02

Corporate Ethics Committee / Risk Management Committee
https://www.seiko.co.jp/en/ir/management/governance/system.html#anc03

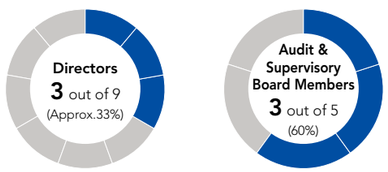
Skills Matrix for Directors and Audit & Supervisory Board Members

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	●		●	●				●
	Jun Sekine	●		●	●			●	
	Akio Naito	●		●			●		●
	Taku Yoneyama			●	●	●		●	
	Yoichi Endo	●		●	●				
	Noboru Saito	●		●	●				●
	Hideki Kobori	●	●	●			●		
	Shihoko Urushi	●		●				●	
Audit & Supervisory Board Member	Takashi Nishimoto					●	●		
	Minoru Nakao					●			●
	Hideki Amano					●	●		●
	Masatoshi Yano	●					●	●	
	Kenji Sakurai	●		●					●

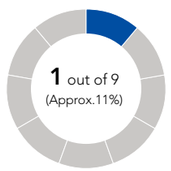
Independent Outside Officer

Composition of the Board of Officers (as of June 25, 2026)

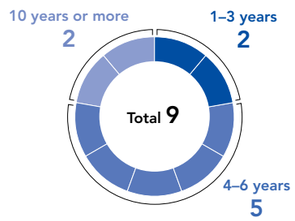
Ratio of Outside Officers



Ratio of Female Directors



Breakdown of Directors by Length of Service



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 Audit & Supervisory Board Members 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.

The analysis was conducted by the external consultants based on the process and content outlined on the left, 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 2025, due to taking the following measures, improvements to the issues were confirmed.

Evaluation Items
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 Officers
4. The Corporate Governance Committee
5. Relationships with investors and shareholders

Issues for FY2025	Status of Measures
(1) Further enhancement of deliberation time of the Board of Directors meetings	• Setting agenda items concerning important matters related to the corporate value of the entire Company Group, and reviewing the treatment of several topics whose explanations had previously been omitted at the Board of Directors meetings • Clarification of discussion points in the executive summary • Setting up free discussion sessions in the Board of Directors meetings
(2) Promotion of strengthening information sharing and collaboration with Outside Officers	• Holding of informal gatherings between Outside Officers and Representative Directors • Offering opportunities for Outside Officers to participate in internal training, meetings, and events of the Company • Establishing opportunities of dialogues between Outside Officers and employees of the Company Group

Issues and Future Initiatives

Based on the aforementioned results of the evaluation, opinions were expressed by Directors and Audit & Supervisory Board Members calling for discussions to enhance the function of Board of Directors and reviewing the operation system of the Corporate Governance Committee to increase its effectiveness.

Therefore, the Company has set these as fiscal year 2026 initiatives and aims to further improve the effectiveness of the Board of Directors.

The Company will strive to further strengthen its corporate governance system by addressing the issues outlined on the left.

Issues Raised Thus Far and Our Responses

	FY2021	FY2022	FY2023	FY2024
Issues	(1) Discussions of medium-to-long-term issues by the Board of Directors (2) Composition of the Board of Directors as a whole (3) Feedback by investors on the Company's evaluation, etc.	(1) Enhance information sharing regarding the capital market's evaluation of the Company (2) Improvement of the Board's discussion on non-financial items such as human capital and sustainability	(1) Further strengthening of IR measures (2) Enhancing understanding of the Company and communication among Outside Officers	(1) Further shortening of time spent on giving explanations and enhancing time for deliberation at Board of Directors meetings (2) Further strengthening of overseas IR activities
Responses	(1) • Prioritizing and scheduling key issues • Clarifying the discussion points of the key topics (sharing the background for being placed on the agenda and discussion points, etc.) • Further reviewing the allocation of discussion time and improving prior explanations (2) • Conducting discussions on the diversity of the expertise, experience, etc., of the members comprising the Board (3) • Improving the reports on the status of IR activities at the Board of Directors	(1) • Reporting the status of IR activities, including communication with investors, to the Board of Directors, and discussing future IR measures, etc. • Sharing analyst reports issued after financial results announcements with Outside Officers on a quarterly basis (2) • Reporting and discussing the progress of the Mid-Term Management Plan on human capital and sustainability to the Board of Directors	(1) • Reporting IR measures to the Board of Directors and discussing further strengthening of IR measures (2) • Tours of major facilities, meetings with employees to exchange opinions, etc. • Holding of Independent Outside Officers' Opinion Exchange Meeting solely for Outside Officers (held regularly twice a year) • Sharing of internal training for Officers with Outside Officers	(1) • Creation of an executive summary of materials for the Board of Directors meetings • Clarification of main materials and reference materials for Board of Directors meetings (2) • An IR activity plan, including overseas IR activities, was reported to the Board of Directors and discussions were conducted aimed at further strengthening overseas IR activities.

Corporate Governance

Compensation for Officers

Basic Policy of Compensation for Officers

For determining compensation for Officers of the Company, the basic policy is as stated on the right.

The level of compensation shall be determined based on results of surveys on compensation for Officers by a third party that target peer companies similar in terms of business activity and scale.

Basic Policy

- 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 the sustainable growth of the Company and the Group and to enhance corporate value in the medium- to long-term.

Compensation System for Officers

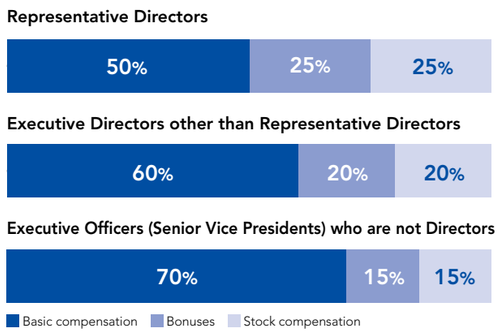
Compensation for Directors who execute business duties consists of "basic compensation," which is a fixed compensation, and "bonuses" (short-term incentive compensation) and "stock compensation" (medium-to long-term compensation), which are performance-linked compensation.

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 the five 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
Fixed compensation	Basic 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.	—
Performance-linked compensation, etc.	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.	❶ Consolidated operating profit ❷ Consolidated gross profit margin ❸ Evaluation of individuals
	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%).	❶ Consolidated operating profit ❷ Consolidated gross profit margin ❸ Consolidated ROIC ❹ Evaluation of ESG: CO_2 emissions reduction rate (Scopes 1 and 2), etc.

Compensation Ratio of Each Type

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



Appointment and Dismissal of Senior Management and Nomination of Candidates for Directors and Audit & Supervisory Board Members

The Company believes that it is essential that candidates for senior management, Directors, and Audit & Supervisory Board Members have the character and knowledge suitable for their respective duties. Based on this concept, in the appointment of senior management and the nomination of candidates for internal Directors, comprehensive consideration is given from the standpoint of appointing the right person for the right position, so that talent is appointed in a well-balanced manner to cover functions of the Company as a holding company as well as the Group's business fields, while ensuring accurate and timely decision-making. In the nomination of candidates for internal Audit & Supervisory Board Members, 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 a high degree of knowledge of corporate management and specific fields. In the nomination of candidates for Outside Audit & Supervisory Board Members, 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 a 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 Audit & Supervisory Board Members

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 Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members, 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 September 2026. With regard to certain shares, which were determined to be of no significance or lacking in rationale to justify their continued holding, the Company is proceeding with discussions toward their disposal.

Based on the above policy on cross-shareholdings, the Company sold three stocks among the cross-shareholdings held by its subsidiaries in fiscal year 2025.

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 whether the proposal contributes to the sustained growth and the medium-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 Audit & Supervisory Board Members
- 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 selects Group Significant Risks to be addressed across the Group 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. 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 through close cooperation and coordination between the Company and each Group company, 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 put in place 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 risks, and promotes measures to address these risks together with each Group company.

The Corporate Ethics Committee selects 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 with each Group company while cooperating with them.

Business Risks

Risks that may seriously affect the operating results or financial position of the Group are outlined below. 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) Impacts of natural disasters and infectious diseases
(15) Compliance risks

Annual Securities Report
https://www.seiko.co.jp/en/ir/library/securities.html

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 Group 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 them.

In addition, 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 for Fiscal Year 2026

The Seiko Group has designated the following three risks as Group Significant Risks. In fiscal year 2026, the Group will establish and implement measures to prevent and address them.

① Operational Risks Arising from Increasingly Sophisticated Cyberattacks

In recent years, advances in AI technology have resulted in increasingly sophisticated attack methods, leading to a growing number of business disruptions caused by cyberattacks globally. Although the Group has worked continuously to bolster security, it recognizes the need to further enhance its response in light of these changes in the operating environment.

Activities to Address Risks

- Strengthen technological capabilities of cybersecurity
- Reinforce organizational response capabilities to ensure business continuity
- Improve security governance and personnel readiness

② Risk of Dependence on Specific Suppliers for Critical Components and Raw Materials

Risks that could disrupt the procurement of components and raw materials are beginning to materialize due to rising geopolitical risks and other factors. Under such circumstances, the Group believes that it must examine fundamental alternative measures for critical components and raw materials that would significantly impact Group operations in the event of procurement disruptions.

Activities to Address Risks

- Identify suppliers with a particularly significant impact on Group operations
- Examine countermeasures, including alternative sourcing and supplier diversification, in cooperation with operating companies in the event that risks materialize

③ Reputational and Corporate Value Risks Arising from Quality Issues in Products and Services

In recent years, as quality requirements have become more stringent and regulatory compliance has become increasingly complex, there have been instances where quality issues have triggered significant damage to brand value. In light of this situation, the Group recognizes the need to reassess and enhance its quality assurance system on a Group-wide basis.

Activities to Address Risks

- Ascertain the status of quality assurance operations and systems at Group companies
- Verify and review whether each Group company has plans to bolster and enhance its quality assurance system
- Share issues and examine corrective and strengthening measures through the Quality Assurance Liaison Committee

Corporate Ethics and Compliance

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

Basic Principles of Corporate Ethics

With adherence to laws and respect for social ethics as its starting point, the Company has created sound and sensible corporate ethics to enable it to fulfill its social responsibilities as a company. The Company has set forth its Basic Principles of Corporate Ethics, which takes this approach as its basic stance.

Under these principles, the Company has established the Corporate Ethics Action Guidelines to create and practice corporate ethics that can be learned and embraced by every officer and employee and accepted by society at large.

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

Compliance Promotion Structure

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

Compliance Promotion Activities

Corporate Ethics Training

The Company holds corporate ethics training on an ongoing basis 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 2025, the Company conducted training for officers and employees at Group companies on the topics of harassment prevention and the Amended Subcontract Act, as well as training for employees in charge of contact points for internal reporting on the topic of addressing corporate ethics cases. In the first half of fiscal year 2026, the Company will work to strengthen its compliance structure through training on customer harassment.

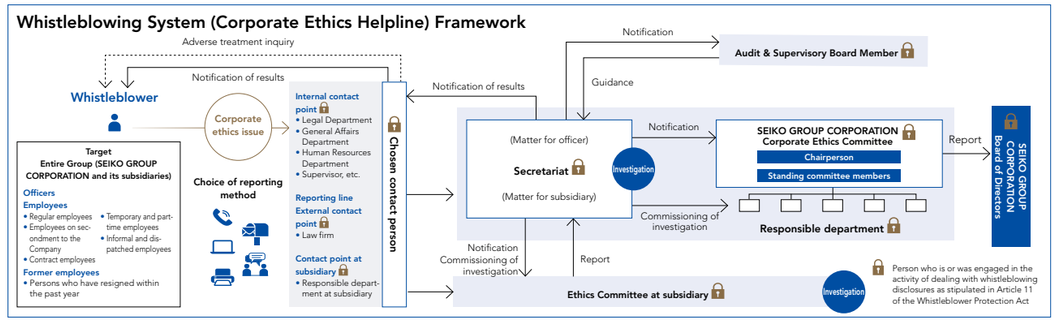
Confirming the Maintenance and Promotion Status of the Compliance Structure Through Audits

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 covered by the whistleblower system stipulated in the Whistleblower Protection Act and strives 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's information and the details of consultations and reports.

Whistleblowing System (Corporate Ethics Helpline) Framework



Dialogue with Shareholders and Investors

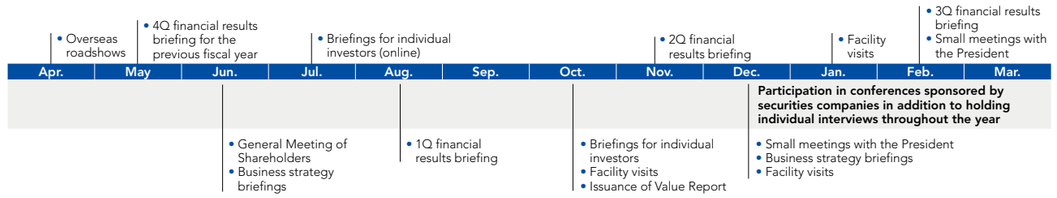
Building Strong Relationships of Trust with Shareholders and Investors

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 strives 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.

Major IR Activities (FY2025)



Regular Dialogue with Shareholders and Investors

Target	Activities	Frequency	Responsible Person	Holding Method, Theme, etc.
Shareholders	General Meeting of Shareholders	June 2025	—	Implementation of a hybrid virtual General Meeting of Shareholders (live streaming)
Institutional investors / Analysts (Japan and overseas)	Financial results briefings	4 times	CEO, President, CFO, Officers in charge of domains	The financial results briefing in May 2025 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 strategy briefings	Twice	Presidents of operating companies	Theme (June): Watches Business Theme (December): SS Domain
	Small meetings with the President	Twice	President	Enhancement of dialogue between the President and institutional investors
	Individual interviews	276 times	CFO	In-person and online dialogue
	Investor relations (IR) activities overseas (individual visits)	Once	CFO	Holding of interviews for senior management to meet with overseas institutional investors
	Conferences sponsored by securities companies	3 times	Presidents of operating companies CFO	Participation in IR conferences held by securities companies to create opportunities for dialogue with new domestic and overseas investors
	Facility visits	5 times	Facility manager	Various facility tours held to promote understanding of the Group
				Visited "Grand Seiko Studio Shizukuishi" and THE SEIKO MUSEUM GINZA's "Grand Seiko Boutique"
Individual investors	Briefings for individual investors hosted by securities companies	Twice	CFO	Participate in investor briefings for individual investors hosted by securities companies to identify new individual investors

Case Study **Initiatives to Enhance the Effectiveness of Stakeholder Engagement and Strengthen Disclosure**

- Enhancing communication on management strategies
- Promoting overseas IR activities
- Conducting IR activities for individual investors aimed at acquiring Seiko fans



Grand Seiko boutique tour, December 2025

Shareholders and Investors Feedback Based on Dialogue with Management

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

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

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