

SEIKO

Moving ahead. Touching hearts.



Corporate Report 2018-2019

Top Message

Accelerating Growth with the Aim of Becoming a Leading Company in the Global Market

Seiko was established in 1881. In keeping with the spirit of our founder, “Always one step ahead of the rest,” we have been making our mark on history for 137 years together with all people.

Now, as a brand that shares satisfaction and excitement that touch customers’ hearts, Seiko aims to become a “global group that shares excitement with all our stakeholders around the world” under our Group slogan: “SEIKO Moving ahead. Touching hearts.”

We will provide products, quality and services that will be engraved in customers’ hearts by opening the passage to the next generation with a sense of thrill and excitement while responding to major social changes. We will also disseminate our brands and deepen our bonds with local communities and society in a range of communication activities through sports and music.

Shinji Hattori Chairman & Group CEO
Seiko Holdings Corporation

The degrees of variation in economic conditions and the market environment are further increasing due to the rapid advancement of globalization and information technology.

Initiatives for “strengthening profitability and investing for growth,” which we are undertaking with a view toward the Group’s future have been leading to positive results, such as measures for improving the global brand value of the Watches Business, including making Grand Seiko a fully independent brand, improving the profitability of the Electronic Devices Business and achieving the growth of the System Solutions Business.

Our efforts to reinforce the management foundation are also making steady progress, such as enhancing corporate communication, capital and financial policies, corporate governance, organizational and Group functions, and policies on human resources.

We will continue to aim for further growth in the global market and enhance our corporate value over the medium to long term by accurately grasping social changes.

Yoshinobu Nakamura President
Seiko Holdings Corporation



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Group Slogan

SEIKO
Moving ahead. Touching hearts.

The slogan expresses the Group’s aspiration to become an entity that is always ahead of the times and resonates with customers’ hearts by providing not only physical values but also emotional values such as playfulness, excitement and a sense of thrill.

Long-Term Vision

We aim to be a trend-setting and innovative global group that shares excitement with all our stakeholders around the world by providing products and services that exceed the highest expectations of our customers.

Watches Business

One of the World's Few "Manufactures d'Horlogerie"

In keeping with the spirit of our founder, "Always one step ahead of the rest," we have undertaken the Watches Business utilizing our innovative cutting-edge technologies and the tradition of master craftsmen. Seiko is one of the world's few "manufactures d'horlogerie" (in-house integrated manufacturers) that undertakes every process in house, from the production of parts to the assembly of finished products and adjustments.

Principal operating companies Seiko Watch Corporation / Seiko Instruments Inc.

GS
Grand Seiko

Grand Seiko is a watch that has achieved the highest level of precision, beauty and legibility, which are the essence of watches.

Having continually evolved since its birth in 1960, Grand Seiko is now aiming for new heights after becoming an independent brand in 2017.



Craftsperson at Shizuku-ishi Watch Studio
Sachie Kudo

Enhancement of Ladies' Models

Grand Seiko is focusing on ladies' models as part of its efforts to expand the brand. In 2018, a small mechanical model was launched for the first time in 50 years. The assembly and adjustments were handled by a female craftsman at Shizuku-ishi Watch Studio, Iwate, Japan, and this became news.



Grand Seiko Boutique

In November 2017, the world's first Grand Seiko Boutique, a shop specializing in luxury watches, was opened on Rodeo Drive in Beverly Hills, California, in the United States.

Offering the most extensive international collection of Grand Seiko, it welcomes customers who gather at Rodeo Drive from around the world. Dedicated staff with seasoned product knowledge are on hand to serve customers.

Seiko Global Brands



PROSPEX

Seiko Prospex is a sports watch brand with full-fledged functions for sports and outdoor activities, including diving and trekking.



ASTRON



Seiko Astron is the world's first GPS solar watch. With just one touch of a button, it provides the correct local time anywhere in the world by receiving time and location information from GPS satellites.



PRESAGE

Seiko Presage is a Japanese-made mechanical watch brand that has inherited Seiko's watch-making tradition and expertise.



Retail

Wako, an upscale specialty store that is a landmark in the Ginza district of Tokyo, offers a wide range of high-quality products and services, including watches, jewelry, men's and women's products, interior decoration products and foods.

Principal operating company Wako Co., Ltd.

Wako Main Building

Wako Co., Ltd. started its business as the retail segment of K. Hattori (present Seiko Holdings Corporation), which was founded in 1881, and commenced operations as a separate entity, Wako, in 1952. The Wako Main Building, which was built in 1932, has come to be loved by many as a symbol of Ginza for many years.



Clocks

For over 125 years since we began the production of wall clocks, Seiko has been involved in all areas of clock making, from planning and manufacture to the provision of after-sales services. Thanks to our manufacturing skills and leading-edge technologies and our passion for quality, we are able to offer a wide variety of exceptional clocks.

Principal operating company Seiko Clock Inc.

Color LCD Digital Clock Seiko Series C3

The Series C3 is a digital clock based on the theme of three Cs: Colorful, Clear and Cool. It offers outstanding visibility with digits in 70 colors.



Sports Timing

Seiko's high precision devices, which mobilize our technological strengths and expertise, measure records fairly and accurately at various sports competitions including swimming, track and field, skiing, skating and canoe sprint.

Principal operating company Seiko Time Systems Inc.

Seiko Timing Team Supports Sports Records

Athletes are challenging records as small as 0.01 second and 1 millimeter. The Seiko Timing Team has continuously inscribed the records of each and every athlete using the technologies and teamwork that have been inherited unceasingly since the Tokyo Olympics in 1964.





Electronic Devices

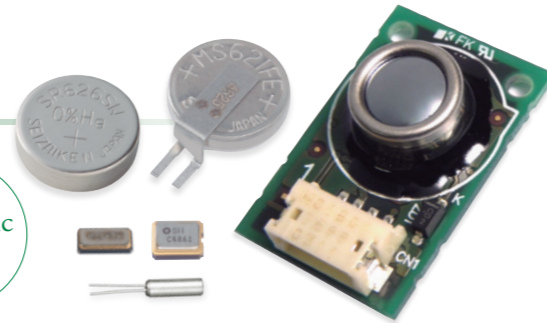
Seiko provides devices and precision turned parts that are used in a range of fields by utilizing its precise, solid processing technologies born through watch manufacturing and development.

Principal operating companies Seiko Instruments Inc. / Seiko NPC Corporation

Electronic Devices

Having achieved compactness, low power consumption and high functionality, our electronic devices play a key role in a broad range of fields including digital home electronic appliances, automobiles and industrial equipment.

Electronic Devices



Micro batteries / Chip capacitors / Quartz crystals / Rare earth magnets / Superior performance Co-Ni alloy products / Various sensors



Precision turned parts for HDD / Automotive parts / Internal grinders / High frequency spindle motors / FA systems

Mechatronics

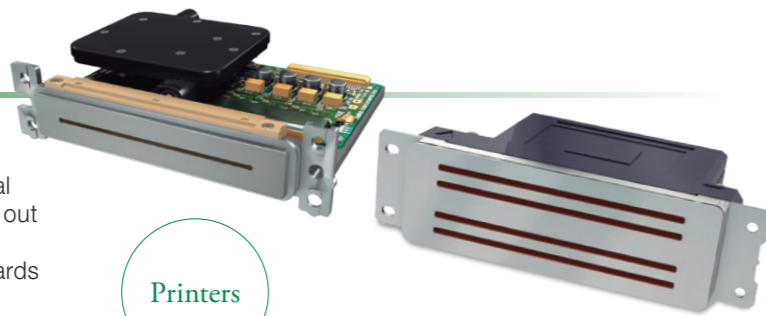
Industrial Equipment and Precision Processed Parts

Leveraging its high-precision processing technologies, Seiko provides highly accurate precision turned parts that are used in a wide range of fields including HDD, medical instruments, cameras, motors and automotive parts.

Inkjet Print Heads

Our inkjet print heads are key parts for industrial inkjet printers that perform printing by spraying out minute liquid droplets of ink. They contribute to improved productivity when printing on signboards as well as fabrics and building materials.

Printers



Thermal Printers

Thermal printers produce an image by applying a heating element to specially treated thermal paper. Taking advantage of features such as their compact size, high printing speed and easy maintenance, they are widely used in daily life, including point-of-sale registers, credit card payment terminals, and medical and measurement devices, among others.

Systems Solutions

With the approaching Internet of Things (IoT) era, Seiko Solutions provides one-stop optimal Information and Communication Technology (ICT) solutions from a customer's perspective, from consultations to operations management, to respond to a variety of customer needs.

Principal operating company Seiko Solutions Inc.

Financial Solutions

Seiko Solutions assists customers in strengthening their competitiveness by improving their business efficiency and automation with the latest technologies such as artificial intelligence (AI) and the cloud.



Distribution Solutions

Seiko Solutions facilitates the operation of stores and promotes a cashless society in response to the diverse payment methods to increase the convenience of business operations.

Industrial Solutions

Seiko Solutions contributes to improved work efficiency and the resolution of labor shortages on site by promoting the realization of an IoT society through networking and smartification.



System Performance Management Solutions

IIM Corporation, with 30 years of success, joined the Group in 2017. IIM provides our customers with performance management for IT systems, supporting their stable operation and cost reduction.

Seiko Products and Services in Use All around Us

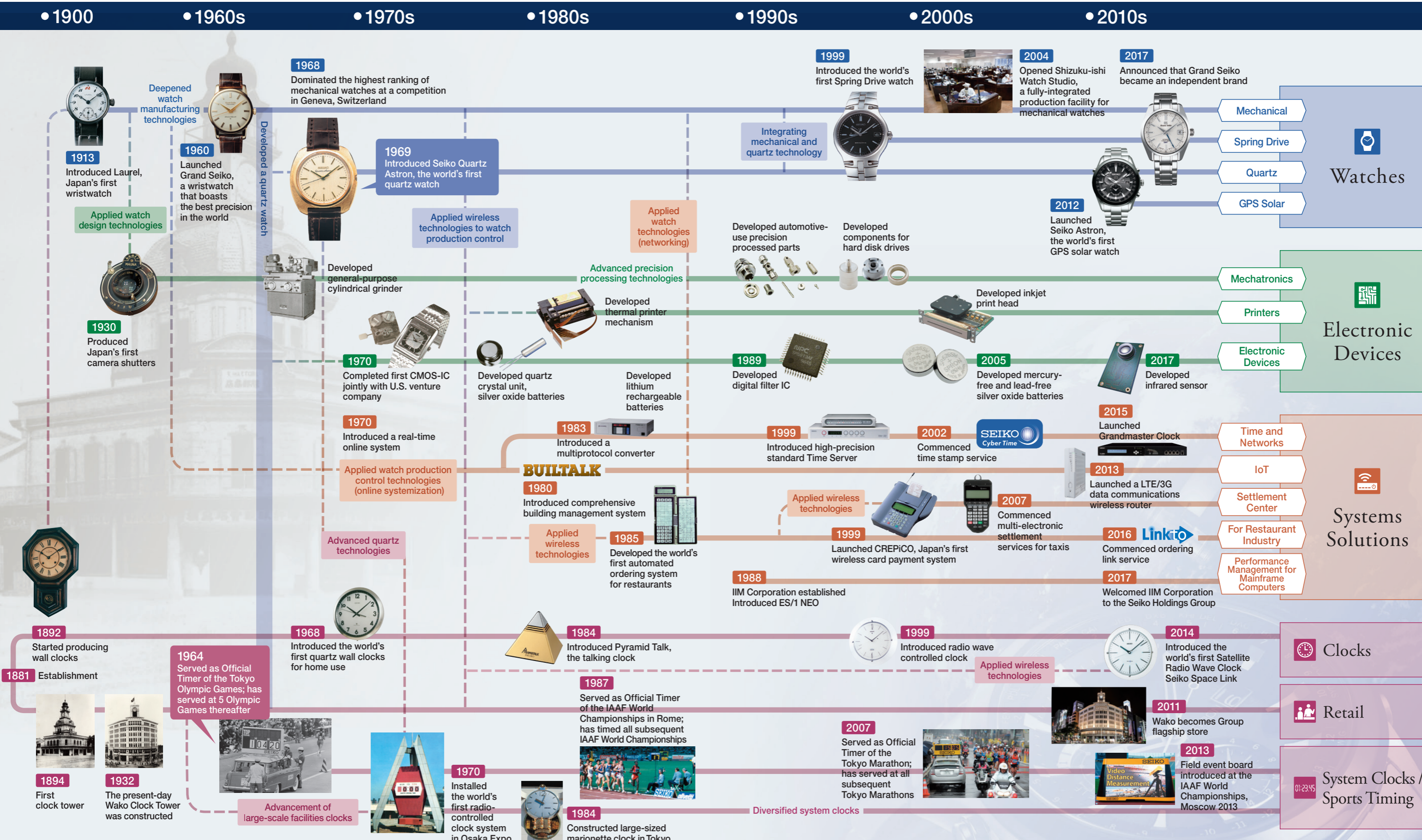
Seiko's products and services play roles in a variety of forms all around us such as in local communities, stores, offices and homes.

■ Watches ■ Electronic Devices ■ Systems Solutions ■ Others



Seiko's Business Genealogy Spans over 135 Years

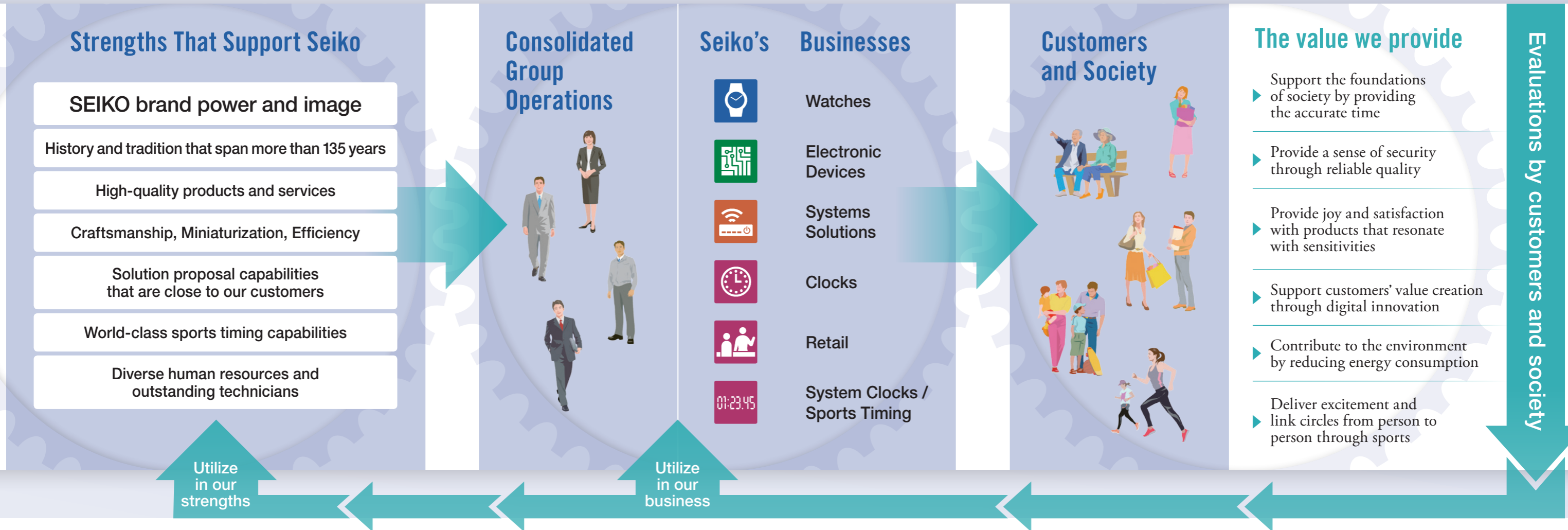
Since its establishment in 1881, Seiko has adhered to the spirit of "Always one step ahead of the rest" and has continually provided innovative products and moved ahead to touch the times and people's hearts. Seiko has also independently created what is needed to produce these products and provided its products throughout the world.



Offering Value to Customers and Society Seiko's Business Process

Seiko has adhered to the management position of "Always one step ahead of the rest" since its founding and has consistently provided the world with innovative products and services. Seiko formulated the Group slogan "SEIKO, Moving ahead. Touching hearts." to incorporate this founding concept as well as the new concept of "wanting to appeal to customers' sensitivities."

We will value the great trust we have built during our history that spans more than 135 years while providing customers and society with value using our technological strengths that have led the times as well as our spirit of challenge and our sensitivities that will open the way to the next generation.



Sixth Mid-Term Management Plan (FY2016-FY2018)

Seiko defined a long-term vision based on its Group slogan and formulated the Sixth Mid-Term Management Plan as a roadmap for realizing this vision.

Group Slogan

SEIKO

Moving ahead. Touching hearts.

Basic Policies

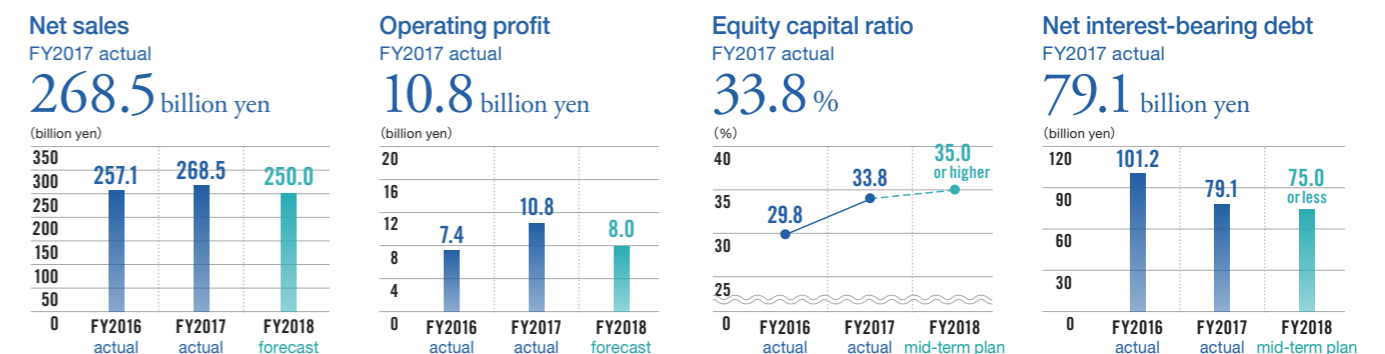
Aiming to be a highly profitable group with the Watches Business at its core:

- 1) Strengthening profitability and investing for growth
- 2) Reinforcing the management foundation

Consolidated target figures for FY2018

Net sales 310.0 billion yen	Operating profit 17.0 billion yen	Equity capital ratio 35% or higher	Net interest-bearing debt 75.0 billion yen or less
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Progress status towards achieving target figures



*Forecast of financial results are figures announced on May 11, 2018.

Sustainability

The Seiko Holdings Group is implementing the following initiatives to realize a sustainable society by basing all its policies and actions on the concept that Seiko should be “A Company that is Trusted by Society.”

1

We will contribute to the creation of an even better society by providing innovative technologies and high-quality products and services.

2

We will always conduct our business in a way that has a positive impact on society, and does not damage the environment, in line with the expectations of our stakeholders.

3

We will comply with all laws, regulations and international norms that are relevant to our business and manage the company in a transparent and fair way, holding an open, honest dialogue with all our stakeholders.

Corporate Governance

Regarding compliance with laws, management transparency, business fairness and respect for social ethics as important management issues, we are working to strengthen and promote our corporate governance system to ensure these issues for the purpose of achieving the sustainable growth of the Group and increasing our corporate value.

Please refer to the “Basic Principles of Corporate Governance” for details. [URL https://www.seiko.co.jp/en/ir/management/governance.html](https://www.seiko.co.jp/en/ir/management/governance.html)

Corporate Governance Committee

In April 2016, we established the Corporate Governance Committee in which outside directors form a majority of the members and act as an advisory committee to the Board of Directors to enhance the objectivity and transparency of our management. The Committee strives to strengthen the corporate governance system by deliberating on subjects concerning the nomination of director candidates, compensation for directors and governance.



Outside Directors

Main Subjects to be Deliberated

■ Matters concerning the nomination of Director candidates

The Committee deliberates a nomination policy of Director candidates and candidates for Director and Corporate Auditor proposed by the representative directors.

■ Matters concerning compensation for Directors

The Committee deliberates a decision policy of compensation for Directors and the adequacy of the compensation system and level.

■ Matters concerning corporate governance, etc.

The Committee deliberates matters concerning corporate governance such as how to respond to issues based on the evaluation results of effectiveness by the Board of Directors.

Members

Outside Director	Carsten Fischer
Outside Director	Nobuhiro Endo
Outside Corporate Auditor	Yoshiaki Yamauchi
Outside Corporate Auditor	Yoshiro Aoki
Outside Corporate Auditor	Tomoyasu Asano
Chairman & Group CEO	Shinji Hattori
President	Yoshinobu Nakamura

Detailed information is available on our website

This report communicates the essence of the CSR activities of Seiko Holdings Corporation and its operating companies, and more detailed information is posted on our website. Because the content is changed as required, please see the following website for the latest information. Our editorial policy is posted on the website.

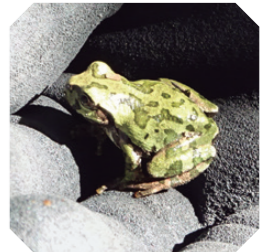
[URL https://www.seiko.co.jp/en/csr/](https://www.seiko.co.jp/en/csr/)



Nature observation meeting



Morioka Seiko Instruments Inc. has renewed the ABINC (Association for Business Innovation in Harmony with Nature and Community) certification®.



Bioassessment

Environmental Protection

Recognizing the protection of the global environment as the most critical issue facing humankind, Seiko cares deeply about the environment and takes action to protect it in every aspect of its activities.

Prevention of Global Warming / Initiatives for Energy Conservation

The Seiko Holdings Group is working to reduce greenhouse gas emissions in a range of processes by promoting the greater visibility of the Group’s performance through the introduction of environmental accounting and the disclosure of CO₂ emissions.

Continuation of Forest Maintenance Activities in the Seiko Instruments Forest

Seiko Instruments Inc. (SII) plants trees and provides forest environment education in the Seiko Instruments Forest to preserve and maintain the prefectural forest in Sousa City, Chiba Prefecture, based on the Cooperative Forest Agreement concluded with the prefecture in August 2014.

Support for Marine Protection Activities “Save the Ocean”

Seiko Watch Corporation donates part of its sales of Seiko Prospex divers’ watches to a marine environment protection organization established by Fabien Cousteau, an ocean explorer and ocean conservationist.



Fabien Cousteau

Products That Are Kind to the Environment

■ Seiko Astron

Seiko Astron, the world’s first GPS solar watch launched by Seiko Watch Corporation, is an eco-friendly watch that runs solely on solar light by reducing power consumption with its own technologies.



Seiko Astron

■ SII Green Products Certification System

Seiko Instruments Inc. has created a large number of products that are kind to the environment and products that make a contribution to the environment. The ratio of sales of green products was 98.3% in the fiscal year ended March 31, 2018.



Green Products Certification logo

Conservation of Biodiversity

Planting of Japanese White Pine, an Endangered Species

Seiko Instruments Inc. works to conserve biodiversity through activities that are appropriate for the characteristics of each unit in nine locations in Japan, including the planting of Japanese white pine (*pinus parviflora*), an endangered species, by registering as “Supporters for Conserving the Strain of Japanese White Pine (*Pinus Parviflora*)” under Chiba Prefecture’s Japanese white pine restoration project.



Nursery tree of Japanese white pine grown at the Makuhari Unit



A concert to support eastern Japan in the spirit of "harmony" in 2018 in Tokyo

Initiatives through Music

A concert to support eastern Japan in a spirit of "harmony"

Seiko has continuously held concerts every year since just after the disaster in 2011 to support recovery. Based on a desire to provide a place to join hearts and strengthen bonds between people in disaster-affected areas and supporters, Seiko has held concerts to support eastern Japan in a spirit of "harmony" in the three prefectures of Tohoku and in Tokyo since 2013. A number of artists have performed as a way to send their best wishes to people in disaster-affected areas, including renowned composer Norio Maeda. The concert held in Kamaishi City, Iwate Prefecture, in July 2018 marked the 29th occasion.



A concert to support eastern Japan in a spirit of "harmony" 2018 in Kamaishi

Activities for Children and Youth Who Will Be Responsible for the Next Generation

Seiko Summer Jazz Camp

At this event, instructors who are active on the world stage provide talented young Japanese people who want to be jazz musicians with guidance in performance technique, theory and how to enjoy jazz. The third camp was held over four days in 2018, with talented musicians who are popular in New York as instructors. On the last day, an open concert was held to enable the students to demonstrate the results, and the Seiko awards presentation was held.



Seiko Summer Jazz Camp 2018 GALA CONCERT

Seiko Exciting Clock School

In 2017, Seiko Holdings Corporation began providing the Seiko Exciting Clock School, where Seiko employees visit elementary schools to give lectures. They communicate the fun of manufacturing things and the importance of team cooperation to the students, in addition to teaching them the principles and history of clocks and watches through lectures and experiments. They received a lot of feedback from those who participated that showed the children's interest in time and timepieces, such as "I became fascinated in the mechanisms of clocks" and "I would like to assemble a wristwatch."



Session at an elementary school

Seiko Touch & Learn

"Seiko Touch & Learn" took place during the IAAF U20 World Championships, Tampere, Finland, 2018. The event gave local youngsters an opportunity to learn and operate firsthand the same equipment which times international competitions and actually experience a race using it.



Introducing measurement methods

Overseas Social Contribution Activities

Chaipattana Foundation

In 2017, after His Majesty King Bhumibol Adulyadej of the Kingdom of Thailand passed away, Seiko (Thailand) Co., Ltd. reissued and sold the King's favorite Seiko watch, which was sought after by numerous people in Thailand, and donated the total profit of 9.2 million Thai baht (approximately 30.9 million yen) to the Chaipattana Foundation established by the King to improve the quality of life for Thai people.



Presentation of donation

Social Welfare Activities in Singapore and Malaysia

Three employees of Seiko Instruments Singapore Pte. Ltd. visited a nursing home and spent time talking with residents. They also donated funds they had raised.

In Malaysia, as part of Safety and Health Month activities carried out by Instruments Technology (Johor) Sdn. Bhd, employees have been donating blood to the local national hospital since 2013. In 2017, 187 employees joined this action.



Blood donation activity

Seiko Holdings Group Overview

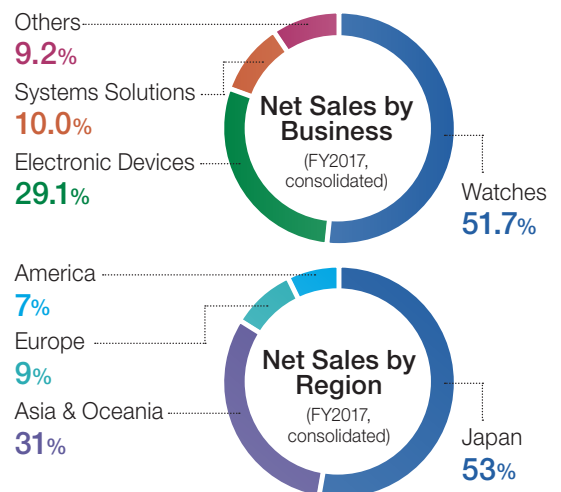
Through a network of subsidiaries, Seiko produces and markets its products on a global scale.

- Holding company
- Watches
- Electronic Devices
- Systems Solutions
- Others



Seiko Holdings Corporation Corporate Information

Year of establishment	1881
Capital	10 billion yen
Number of employees	137 (as of March 31, 2018) 12,033 (as of March 31, 2018, consolidated)
Net sales	11.2 billion yen (fiscal 2017) 268.5 billion yen (fiscal 2017, consolidated)
Overview of business	Management and control of its consolidated subsidiary companies which are engaged in the following business domains: watches, electronic devices, systems solutions, clocks, high end apparel, fashion accessories and system clocks, etc.



SEIKO

- Seiko Watch Corporation
- Seiko Instruments Inc.
- Seiko Precision Inc.
- Seiko NPC Corporation
- Seiko Solutions Inc.
- Seiko Clock Inc.
- Wako Co., Ltd.
- Seiko Time Systems Inc.

Seiko Holdings Corporation

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