



SEIKO

Moving ahead. Touching hearts.

Corporate Report
2019-2020

Top Message

Aiming to Be a Global Corporate Group That Shares Excitement with Our Stakeholders around the World



Shinji Hattori Chairman & Group CEO
Seiko Holdings Corporation



Yoshinobu Nakamura President
Seiko Holdings Corporation

Since our founding in 1881, Seiko has provided the world with trendsetting and innovative products and services that have continually led the times. Cherishing our Group slogan “SEIKO Moving ahead. Touching hearts.”, Seiko will continue striving for sustainable growth and aim to become a global corporate group that shares excitement with stakeholders around the world through our sports and music activities as we open the way to a new era.

Seiko started the 7th Mid-Term Management Plan, with fiscal 2019 as the first fiscal year. The new plan is positioned as an “Aggressive Approach.” Under this plan, our basic policies will be “With everyone fully committed and focused, we will strengthen investments for the future and leverage the strengths of the Seiko brand, our precision technologies and solutions-proposal capabilities to achieve sustainable growth.” Aiming for our ideal shape as articulated in the “Long-Term Vision,” Seiko will make group-wide unified efforts to further enhance our corporate value.

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SEIKO

Moving ahead. Touching hearts.

Seiko has continued to drive innovation since our founding while supporting the management position of “Always one step ahead of the rest.” We formulated our corporate slogan in an easy-to-understand expression to incorporate this long-standing idea as well as the new idea of wanting to appeal to customers’ sensitivities. The slogan conveys Seiko’s strong will and commitment to continue creating the future based on the technological expertise and sensitivities that have driven the times.

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.

Grand Seiko

Grand Seiko is a watch that has achieved the highest level of precision, beauty and legibility, which are the essence of watches. Grand Seiko is now aiming for new heights after becoming an independent brand in 2017. Marking its 20th year, Spring Drive is Seiko's unique movement that performs precision control through the accurate signals of a quartz crystal unit while utilizing a mainspring for mechanical watches as its power source.



Craftsperson at
the Shizuku-ishi Watch Studio
Sachie Kudo

The Shizuku-ishi Watch Studio

The Shizuku-ishi Watch Studio in Iwate Prefecture creates the mechanical movements for Grand Seiko. Cutting-edge innovation and the skills of master craftsmen with an abundance of experience are fused to support Grand Seiko. In commercializing a ladies' specialized small movement, the first to be developed in approximately 50 years, a female craftsperson performed minute adjustments with meticulous craftsmanship to realize high precision and long duration.



Grand Seiko Boutique GINZA

In February 2019, Grand Seiko Boutique GINZA was opened as the first Grand Seiko specialty store in Japan. This store becomes the world's third Grand Seiko Boutique along with stores in Beverly Hills in the Los Angeles area and in Seoul, Korea. The new store is designed based on a brand color of Grand Seiko and the Japanese traditional color of "deep blue" and features a full lineup of products in addition to specialist staff.

Seiko Global Brands



PROSPEX

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



PRESAGE

Seiko Presage is a watch brand that has inherited over 100 years of watch-making tradition and conveys a Japanese sense of aesthetics to the world.



ASTRON

GPS SOLAR

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.

From Ginza to the World



Seiko Dream Square

Serving as a new base for communicating the story of the Seiko brand, Seiko Dream Square is a four-story retail complex opened in Ginza, Seiko's birthplace. Seiko Dream Square allows visitors to "look, feel and experience" the history of Seiko's watchmaking through its museum, showrooms and entertainment functions. Welcoming with the spirit of *Omotenashi*, meaning the best possible service and hospitality, Seiko Dream Square is a center for directly communicating the story of the Seiko brand from the heart of Ginza to the world.



Seiko Prospex Boutique Ginza

The world's first Seiko Prospex specialty store opened in August 2019. The boutique changes its lineup of watches with each season and communicates information about Seiko sports.



Seiko Boutique GINZA SIX

Seiko Boutique GINZA SIX is a Seiko Boutique store operated in a uniform style worldwide. It features an abundant range of Seiko's main collection that is offered globally, beginning with Grand Seiko.



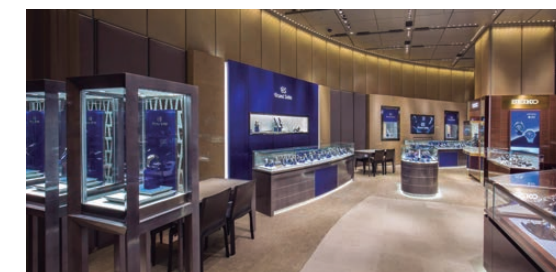
Retail

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.



System Clocks / Sports Timing

Seiko comprehensively carries out this business ranging from planning and development to manufacturing, sales and after-sales services of system clocks used in public spaces and sports timing equipment that can measure times as precise as 1/10,000th of a second.

Principal operating company Seiko Time Systems Inc.



System Clocks

Our system clocks are used at street corners and parks as well as at train stations and airports. These clocks not only convey accurate time but also create relaxing moments of time.



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.

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 the fusion of our high-quality manufacturing and leading-edge technologies, we are able to offer a wide variety of outstanding clocks.

Principal operating company Seiko Clock Inc.

World First Hybrid Radio Clock Seiko NexTime

This radio clock adds a function that performs time synchronization using a smartphone app. The function that synchronizes time between clocks also enables easy time management of multiple clocks.



Electronic Devices

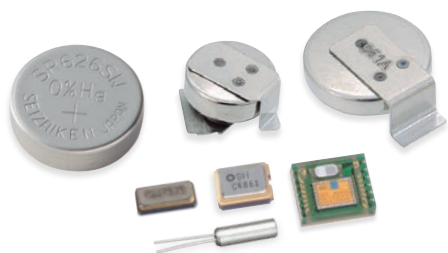
Seiko provides devices and precision turned parts that are used in a range of fields by utilizing its precise, solid processing technologies born through watch manufacturing and development.

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.

- ▶ Micro batteries / Quartz crystals / Crystal oscillator ICs / Sensor ICs / Rare earth magnets / Superior performance Co-Ni alloy products



Mechatronics

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

- ▶ Precision turned parts for HDD / Automotive parts / Miniature bearings / Internal grinders / FA systems



Printing Devices

Seiko is meeting diverse output needs by providing such printing devices as industrial-use inkjet print heads that can print on construction materials, cloth and other items as well as small-scale thermal printers used for printing receipts for point-of-sale registers.

- ▶ Inkjet print heads / Thermal printers



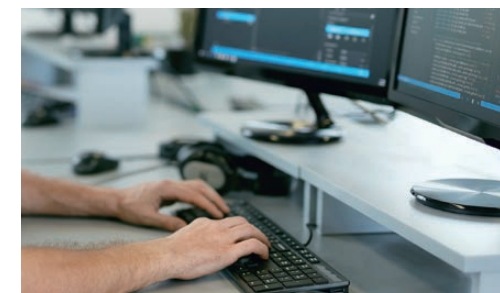
Systems Solutions

With the arrival of the age of digital transformation, Seiko responds to increasingly complex customer needs by providing one-stop optimal systems solutions ranging from consultations to building, operating and managing systems. Seiko's systems solutions support the transformation of customers' business models from the perspective of customers.

Principal operating companies Seiko Solutions Inc. / IIM Corporation

Digital Performance Management Solutions

Amid the growing move toward raising competitive advantages through business digitization, Seiko's digital performance management solutions support increasingly complex digital business and contribute to stable operation of services and improvements in user experiences, leading to higher levels of customer satisfaction and enhanced corporate value.



X-Tech (Cross-Tech) Solutions

X-Tech Solutions provide a wide range of solutions that include electronic contracts and ordering in addition to one-stop support for settlements, from terminals to center services, that help promote digitization and cashless transactions in customers' businesses and raise the level of user satisfaction.



ICT Solutions

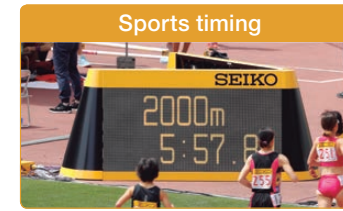
Seiko Solutions provides network communication and mobile solutions that support customers' business infrastructures in such areas as high-speed data communications, high-precision time synchronization and financial EDI. Seiko Solutions contributes to improved work efficiency and the resolution of labor shortages on site by promoting the realization of an IoT society.



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
- Clocks, Retail, System Clocks / Sports Timing



Sports timing
We measure times for a variety of sports competitions that include track and field and swimming events.



Settlement services
We provide items ranging from payment terminals to software and settlement services.



Watches
Seiko is an in-house integrated manufacturer that leverages its innovative cutting-edge technologies and the skills of master craftsmen.



Digital evidence
The reliability and safety of e-commerce are assured with time stamps and electronic signatures.



Industrial equipment
Machine tools, automated equipment, various types of sensors, FA systems



Inkjet print heads
Inkjet print heads print onto advertising billboards and construction materials.



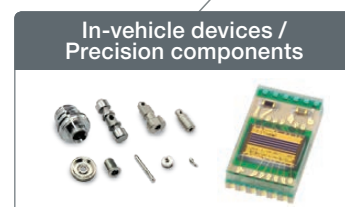
System performance management
System performance management ensures stable operations and customer satisfaction.



System clocks
System clocks are used at street corners and parks as well as at train stations and airports.



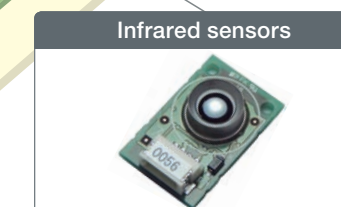
Network devices
Network devices connect a variety of devices with high reliability.



In-vehicle devices / Precision components
Our electronic devices and precision components fulfill a variety of roles in the electrification of vehicles.



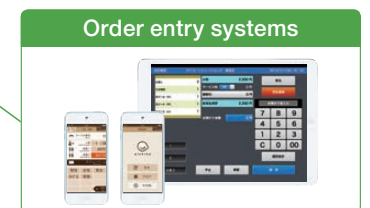
Clocks
Our clocks enrich each day with their convenience and designs.



Infrared sensors
Our infrared sensors control microwave ovens and air conditioners by detecting the temperature of cooked foods and the presence of human bodies.



Thermal printers
Thermal printers play a role in printing receipts for delivery services and at stores.



Order entry systems
We comprehensively provide support from restaurant ordering devices to systems.

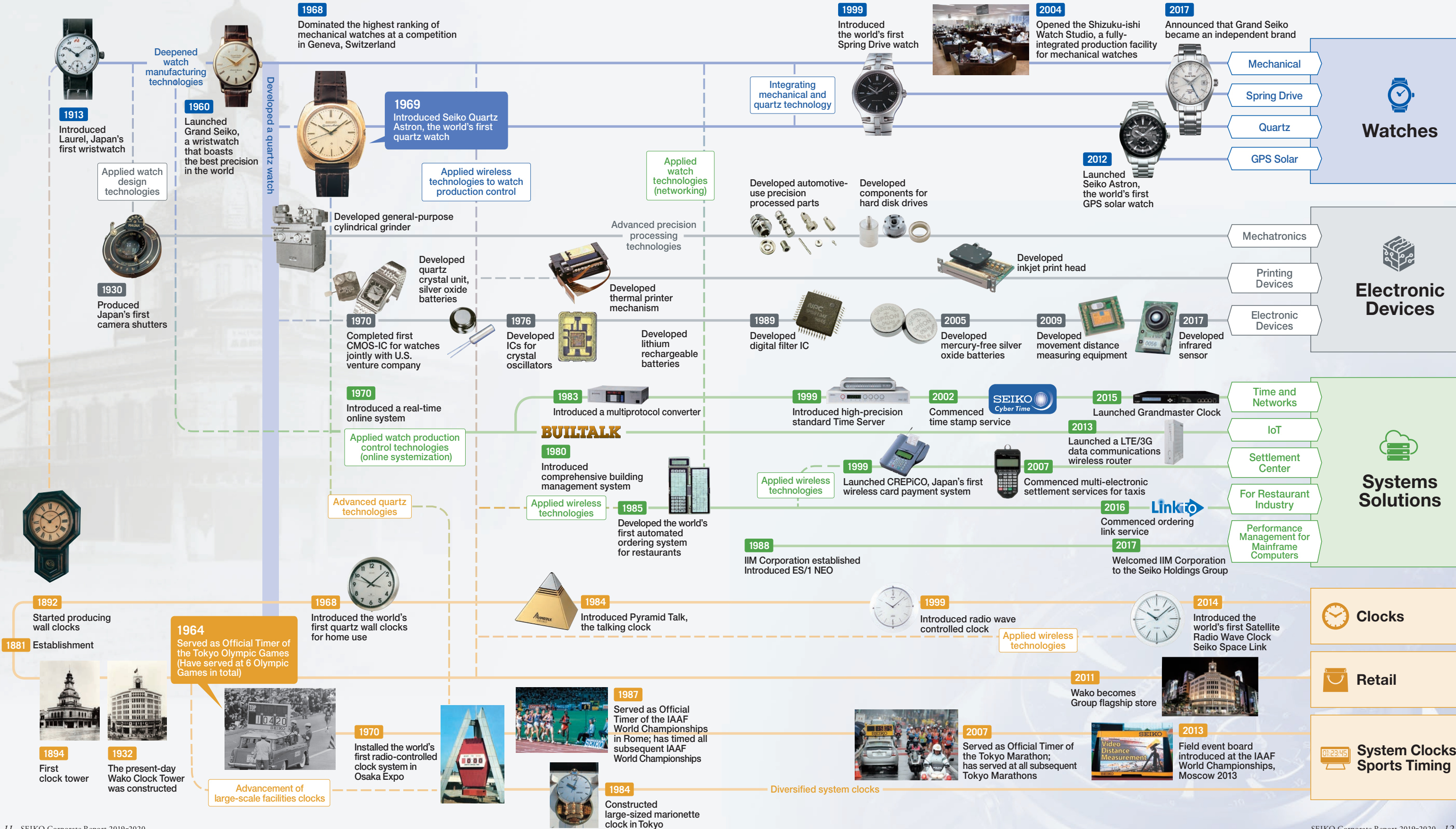


Wako Main Building (Retail)
The upscale specialty store Wako is the symbol of the Ginza district of Tokyo.

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.

• 1900 • 1960s • 1970s • 1980s • 1990s • 2000s • 2010s



Start of 7th Mid-Term Management Plan

Seiko has formulated its 7th Mid-Term Management Plan starting in the fiscal year 2019 to realize our long-term vision in the fiscal year 2025, based on the Group slogan "SEIKO Moving ahead. Touching hearts."

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.

Image of Value Creation Process

We strive for continuous growth and value creation through our business activities, based upon the Seiko brand and our technology.



2016 → 2019 → 2022 → 2025

Continuing organizational reform to take on an aggressive approach

FY2018 Actual

Net sales	247.2 billion yen
Operating profit	9.3 billion yen
Profit attributable to owners of parent	9.2 billion yen
Equity capital ratio	36.0 %
Net interest-bearing debt	72.1 billion yen

6th Mid-Term Management Plan

Recognized a certain degree of financial improvement and a need of taking a more aggressive approach toward growth

Aggressive Approach

7th Mid-Term Management Plan

Basic Policy

With everyone fully committed and focused, we will invest aggressively in scenarios for the future. Backed by the strength of the Seiko brand, our precision technologies and ability to propose solutions will provide us with sustainable growth.

FY2021 Targets

Net sales	285.0 billion yen	(Approximately 15% growth in 3 years ↗)
Operating profit	14.2 billion yen	(Approximately 50% growth in 3 years ↗)
Profit attributable to owners of parent	12.5 billion yen	(Approximately 35% growth in 3 years ↗)
Equity capital ratio	40.0 %	
Net interest-bearing debt	Maintain current level	

What We Aim to Be in FY2025

- Being a leading global player, Seiko continues to strive beyond all expectations.
- Growing our fields of expertise and meeting challenges in new areas with the highest level of reliability.
- Being expected by the world to create the future.
- We will grow with our sophisticated structures and human resources, as a solid and united group.

Basic Policies by Segment

Segment	Basic Policy	Key Initiatives	What We Aim to Be in FY2025
Watches Business	Keep expanding Global Brand (GB) sales and accelerate GB strategy to accomplish "Revolutionary (Extraordinary) Transformation"	<ul style="list-style-type: none"> Growth in the U.S. and Asia, and also in Japan Investment in advertising, manufacturing and after-sales service 	By the year 2025, Seiko will be a major global brand, known for cutting-edge technology, expert craftsmanship, and a uniquely Japanese sense of beauty. We will be a leading player in the world watch market.
Electronic Devices Business	Further evolve Craftsmanship, Miniaturization and Efficiency* technologies and shift key product portfolio to areas of strength and growth markets	<ul style="list-style-type: none"> Carry out investments and strengthen management in new growth areas 	Develop "Craftsmanship, Miniaturization and Efficiency" technologies to "influence" the future and enrich time for people
Systems Solutions Business	<ul style="list-style-type: none"> Improve sustainable growth and reliability of business Create business structure resilient to environmental changes and shift to high added value through diversification 	<ul style="list-style-type: none"> Continuously transform practices and strengthen organizational structure 	Achieve long-term, continuous increase in earnings and profit
Clocks, Retail, System Clocks/ Sports Timing Business	Selection and concentration, and reinforcement of the foundation to contribute to the brand and further growth		Creating significant value as legacy business that contributes substantially to the Seiko brand

* "Craftsmanship" creates new value based on our advanced techniques and know-how. "Miniaturization" reduces product size through precision processing and high-density assembly technologies. "Efficiency" promotes the most efficient use of all resources including energy.

Seiko Holdings Group CSR

Seiko has established an individual philosophy and a long-term vision and formulated various basic policies, including our fundamental philosophy of corporate ethics, in addition to practicing risk management, guided by our corporate philosophy of being “A Company that is Trusted by Society” and founded on corporate governance. On this basis, we will engage in business activities with targets that are shared throughout the entire Group.

We believe that our corporate social responsibility (CSR) is to contribute to the sustainable development of society and pursue enhancement of corporate value through these business activities.



Corporate Governance

Basic Principles of Corporate Governance

As a company based on the principles to being a company that is trusted by society, Seiko Holdings Corporation positions as a core business challenge compliance with all laws and regulations, implementation of management transparency and fairness, and honoring social ethics and to realize these goals by striving to apply and reinforce its corporate governance framework.

Please refer to the “Basic Principles of Corporate Governance” for details.

URL <https://www.seiko.co.jp/en/ir/management/governance/>



SDGs of Seiko Holdings Group

The Seiko Holdings Group’s basic approach to product development is to develop “products that never break” and “products that last” in order to maintain the reputation for reliability of the Watches Business and other segments. This is at the root of our spirit of commitment to sustainable social development.

Furthermore, our development technologies based on our technological philosophy of Craftsmanship, Miniaturization and Efficiency help save power and space, and make a significant contribution to society by reducing resource waste.

We are also taking action centered on our production sites to effectively use resources, reduce CO₂ emissions and preserve the natural environment.

Meanwhile, we have been making efforts for many years to encourage vitality among employees by promoting the active participation of women and all employees.



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/>



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.

Environmental Protection Initiatives through Products

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.



GPS solar watch
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 97.6% in the fiscal year ended March 31, 2019.



Green Products
Certification logo

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.



A Save the Ocean event featured guest Fabien Cousteau (Phuket, Thailand)

Initiatives for Conservation of Biodiversity

Supporting the Maintenance of Ecosystems through Handmade Insect Hotels

Morioka Seiko Instruments Inc. is focusing its efforts on preserving biodiversity within its plant premises. As part of these efforts, the families of employees made insect hotels that attract and gather a diversity of insects.



Insect hotel built using vegetation and other natural materials

Promoting Greening at Precision Components Plant in Dalian, China

Dalian Seiko Instruments Inc. (China) established a biodiversity area within its premises and planted tall trees, including acacias and ginkgo, and shorter trees, including lilac and forsythia. Circulation is achieved by using no pesticides or herbicides and turning dead branches and fallen leaves into compost.



Dalian city flower “acacia” planted within the expansive premises



A concert to support eastern Japan in the spirit of "harmony" in 2019 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 late renowned composer Norio Maeda. The concert held in Matsushima City, Miyagi Prefecture, in September marked the 33rd occasion.



A concert to support eastern Japan in a spirit of "harmony" 2019 in Matsushima

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 fourth camp was held over four days in August 2019. On the last day, an open concert was held to enable the students to demonstrate the results, and the Seiko awards presentation was held. The Most Outstanding Student Award included an admission to a jazz camp to be held in the United States. Some of the alumni debuted already as professionals.



Seiko Summer Jazz Camp 2019 Award Ceremony

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 timepieces 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 watches"



Session at an elementary school

Seiko Time to Shine

During the IAAF World Athletics Championships Doha 2019, an event was held to inspire interest in athletics among young people. Boys and girls of ages 15 to 18 participated in races held in the same stadium used by the world's top athletes, utilizing the same equipment while receiving explanations about that equipment. The young participants were thrilled to experience such a realistic event, which even included an entrance performance. Long-jump world record holder Mike Powell also participated, adding to the excitement.



Participants with the Long Jump Legend Mike Powell

Overseas Social Contribution Activities

300 Clocks Donated to Elementary Schools in Laos

To overcome poverty and build a foundation for modernization, Laos is putting a tremendous effort into education. To support this effort, the Japan International Cooperation Agency is cooperating in the creation of arithmetic textbooks. Although the textbooks include the topic of reading the time, many schools do not have clocks. For this reason, Seiko has donated 300 wall clocks to be put in classrooms. These clocks have now been placed in schools, where they are already helping with children's education.



Clock donation ceremony

Social Welfare Activities in Communities

In Malaysia, as part of Safety and Health Month activities carried out by Instruments Technology (Johor) Sdn. Bhd, a subsidiary of Seiko Instruments, employees have been donating blood to the local national hospital since 2013. In 2018, 217 employees joined this initiative.



Blood donation drive in Malaysia

Seiko Holdings Group Overview

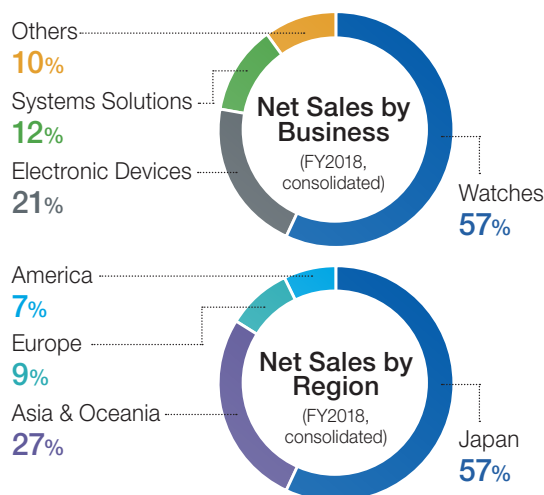
Through a network of subsidiaries, Seiko produces and markets its products on a global scale.

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



Seiko Holdings Corporation Corporate Information

Year of establishment	1881
Capital	10 billion yen
Number of employees	141 (as of March 31, 2019) 12,020 (as of March 31, 2019, consolidated)
Net sales	11.3 billion yen (fiscal 2018) 247.2 billion yen (fiscal 2018, 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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