

**SEIKO**

SEIKO HOLDINGS GROUP  
**VALUE  
REPORT 2020**



Kintaro Hattori, the Founder

## Cover Story

# 160th Anniversary of the King of Timepieces in the East



Follow your dreams and keep moving ahead, no matter what challenges you face.

That was the philosophy of Seiko's founder, Kintaro Hattori. Late 19th-century Japan was rapidly modernizing. But clocks were still a rarity, and young Kintaro was fascinated by them.

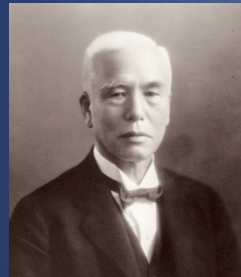


He dreamed of becoming a watchmaker to help people measure the passage of time. Day after day, he studied how the devices worked, and devoted himself to their repair.

When he was just 21, he opened his own small shop. A decade later, he set up a factory to make wall clocks. He named it "Seikosha," meaning "House of Precision."

## Inheriting the Spirit of the Founder

# Don't hurry, don't stop Always being one step ahead of the rest

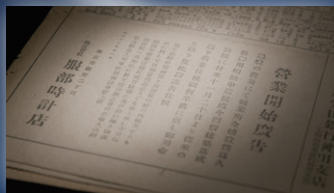


He built a store in the heart of Tokyo's Ginza shopping district to sell his products.

It was topped by a clock tower that tolled the hour, marking the exact time for everyone to see and hear.

Hattori also trained a new generation of watchmakers, and designed and built his own precision manufacturing machinery.

Step by step, Hattori had realized his dream of becoming a true watchmaker.



But then... On September 1, 1923, time stopped. The Great Kanto Earthquake rocked Tokyo, and the fires that followed ravaged the city. Everything was destroyed...

Hattori's store, factory, and machinery, as well as 1500 watches that customers had entrusted to him for repair. All of his grand dreams were reduced to ashes. Undaunted, Hattori was determined to start over again. His first step was to offer replacements to customers whose watches were lost when his shop was destroyed. It was Hattori's way of helping people return to normal life.



As the years went by, Hattori took on one last project. To rebuild the clock tower in Ginza, and create a new Tokyo landmark. As a symbol of Tokyo's recovery, it gave hope to the city and the nation. And it continues to mark the passage of time even today.



Anniversary movie

### THE STORY of KINTARO HATTORI

<https://www.seiko.co.jp/en/ginza2020/>

#### Scope of Reporting

Seiko Holdings Group including Seiko Holdings Corporation, its subsidiaries, and affiliates

#### Forward-looking Statements

Forecasts of future earnings performance in this document are based on information currently available to the Company and certain reasonable assumptions. Actual results may differ materially from these forecasts due to a range of factors.

More detailed information regarding financial information not included in this report and corporate governance information can be found on our website. <https://www.seiko.co.jp/en/>

#### Target Period

April 1, 2019 to March 31, 2020 (including some activities from April 2020)

#### Reference

"International Integrated Reporting Framework": International Integrated Reporting Council (IIRC)

"Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation": the Ministry of Economy, Trade and Industry



We offer our deepest sympathies to anyone currently suffering from COVID-19 or its after-effects, and our sincerest condolences to those who have lost friends or relatives due to the disease.

We also offer our heartfelt gratitude to medical professionals everywhere who are devoting themselves to combatting the virus and to all others helping to make society safer.

Various departments of the Seiko Holdings Group have collaborated to create this Value Report. By combining our financial and non-financial information, we hope to deepen the understanding of a wide range of stakeholders, including our shareholders and investors, regarding our efforts towards sustained value creation and our approach to contributing to the resolution of social problems through our business.

Fiscal year 2020 marks our second year publishing this Value Report, as well as the 160th anniversary of the birth of Seiko's founder, Kintaro Hattori. In this anniversary year, we return to Kintaro's founding spirit, aiming to strive more than ever to achieve sustained value creation based on our corporate philosophy, including adding information about the Group's efforts regarding ESG and SDGs and about product quality, which is one of the Group's strengths. Going forward, we will work to make this Value Report an increasingly effective tool for promoting dialog with all our stakeholders by incorporating your opinions about the content and messaging contained herein.



## Corporate Philosophy

# A Company that is Trusted by Society

**Offering high-quality products and services with the consistent emphasis placed on a customer-oriented approach.**

**Further enhancing the value of the Seiko brand that has been nurtured by its customers.**

**Further improving management transparency and fairness and focusing on environmental concerns.**

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# History of Value Creation

## History of the Seiko Holdings Group

The spirit of our founder having been inherited over 140 years creates a new future for society.



**1987**  
Official timer of the IAAF World Athletics Championships in Rome (ongoing)



**1970**  
Installed the world's first radio-controlled clock system at the Osaka Expo



**1964**  
Official timer of the Tokyo Olympic Games (later serving as official timer of five other Olympic Games)



**1932**  
Completed construction of current clock tower in Ginza



**1894**  
First clock tower in Ginza

Developed components for hard disk drives

**1999**  
Started CREPICO, Japan's first wireless credit card payment service

Developed precision turned parts for automobiles

**1985**  
Launched the world's first automated ordering system for the restaurant industry

**1984**  
Launched the world's first computer watch

**1982**  
Developed thermal printer mechanisms

**1983**  
Launched Pyramid Talk, the talking clock

**1988**  
Launched the world's first automatic power-generating quartz watch (later renamed as Kinetic)

**1999**  
Launched the world's first Spring Drive watch

**2000**  
Developed inkjet print head

**1999**  
Launched a high-precision standard time server

**2005**  
Developed mercury-free silver oxide battery

**2002**  
Started time stamp service

**2012**  
Launched the RP-E10, the smallest and fastest POS printer in the industry

**2012**  
Launched Seiko Astron, the world's first GPS solar watch



Kintaro Hattori, the founder

**Company established 1881**



**1892**  
Started manufacturing wall clocks

**1968**  
Launched the world's first quartz wall clock for home use

**1960**  
Launched Grand Seiko, the wristwatch achieved the world's highest standard in accuracy

**1913**  
Launched the first wristwatch made in Japan, Laurel





©Tokyo Marathon Foundation

**2007**

Official timekeeper of the Tokyo Marathon (ongoing)



**2013**

Launched wireless router supporting LTE/3G



**2016**

Started LINK TO ordering link service for the food service industry



**2009**

IAAF World Championships in Athletics Berlin

**2014**

Grand Seiko Hi-Beat 36000 GMT won "Petite Aiguille" watch prize at Grand Prix d'Horlogerie de Genève



**2017**

Launched ultra compact/ultra lightweight mobile printer for business use



**2018**

Seiko Prospex 1968 Diver's Re-creation won "Sports Watch" prize at Grand Prix d'Horlogerie de Genève



**2019**

Seiko Prospex LX line diver's won "Diver's Watch" prize at Grand Prix d'Horlogerie de Genève



**2014**

Launched the Space Link, the world's first satellite radio wave clock for home use



**2019**

Developed Seiko Block Cam new timing service material



**2020**

Introduced the "T0 Constant-force Tourbillon," the concept creation with a world's first mechanism



**Systems Solutions Business**

**Electronic Devices Business**

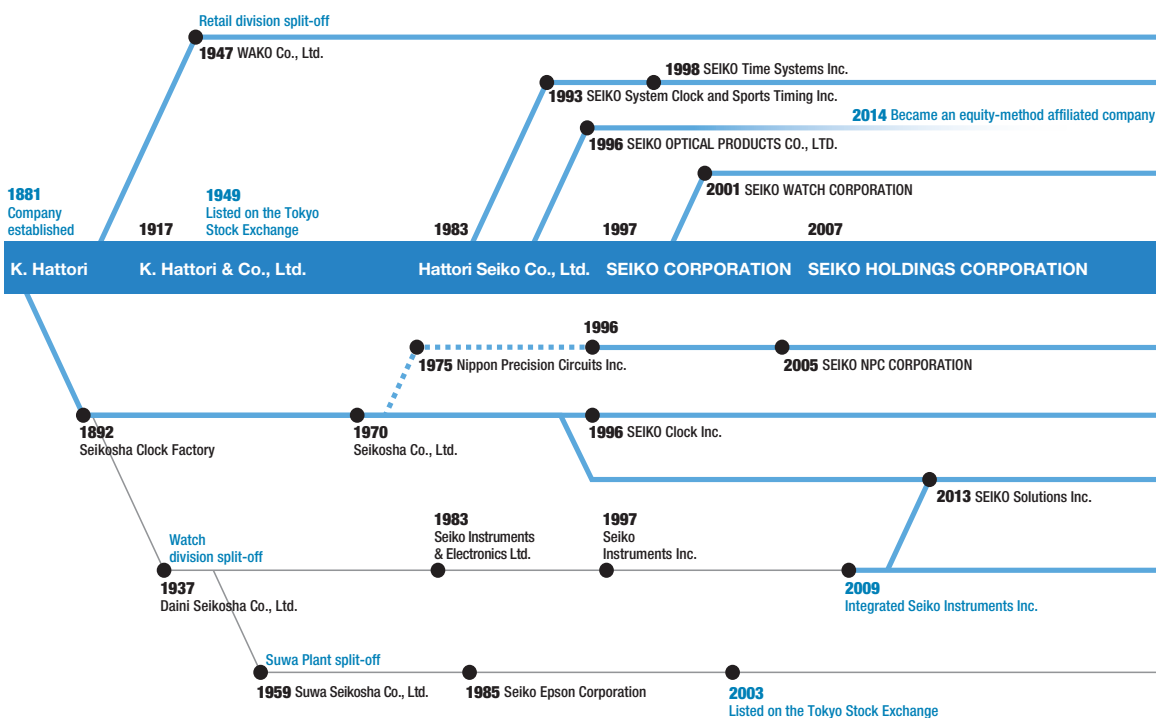
**Watches Business**

**Clocks/Wako/Time Systems Business**



**2019**

IAAF World Championships in Athletics Doha



## History of Value Creation

Three Strengths of  
the Seiko Holdings Group

We continue to create value  
by wielding three strengths  
born from technological  
ability and sensitivities  
accumulated  
over long years.

## Technology

cultivated via watch manufacturing  
Technological capability born from  
our spirit of "Craftsmanship,  
Miniaturization, Efficiency" creates  
further innovation

## Brand

trusted by the world  
Incomparable brand power  
obtained by continuously  
providing high-quality products  
and services

## Solution

for everything from manufacturing  
to experience creation  
Ability to propose designs that  
focus on user-friendliness



Hospitality and ability to propose products

Total solutions that don't miss heart-moving moments

Advanced solutions with a combination of soft and hard factors

Precise and delicate repair services

Photo by Kei Fujiwara



Technologies for assembling small items



Precision machining technologies that support high quality



Smaller, more eco-friendly manufacturing

Design technologies for precision mechanisms



Reliable quality that supports safety and security



A refined dignity



Globally recognized, uniquely Japanese sense of beauty

Attitude of continuously taking on challenges

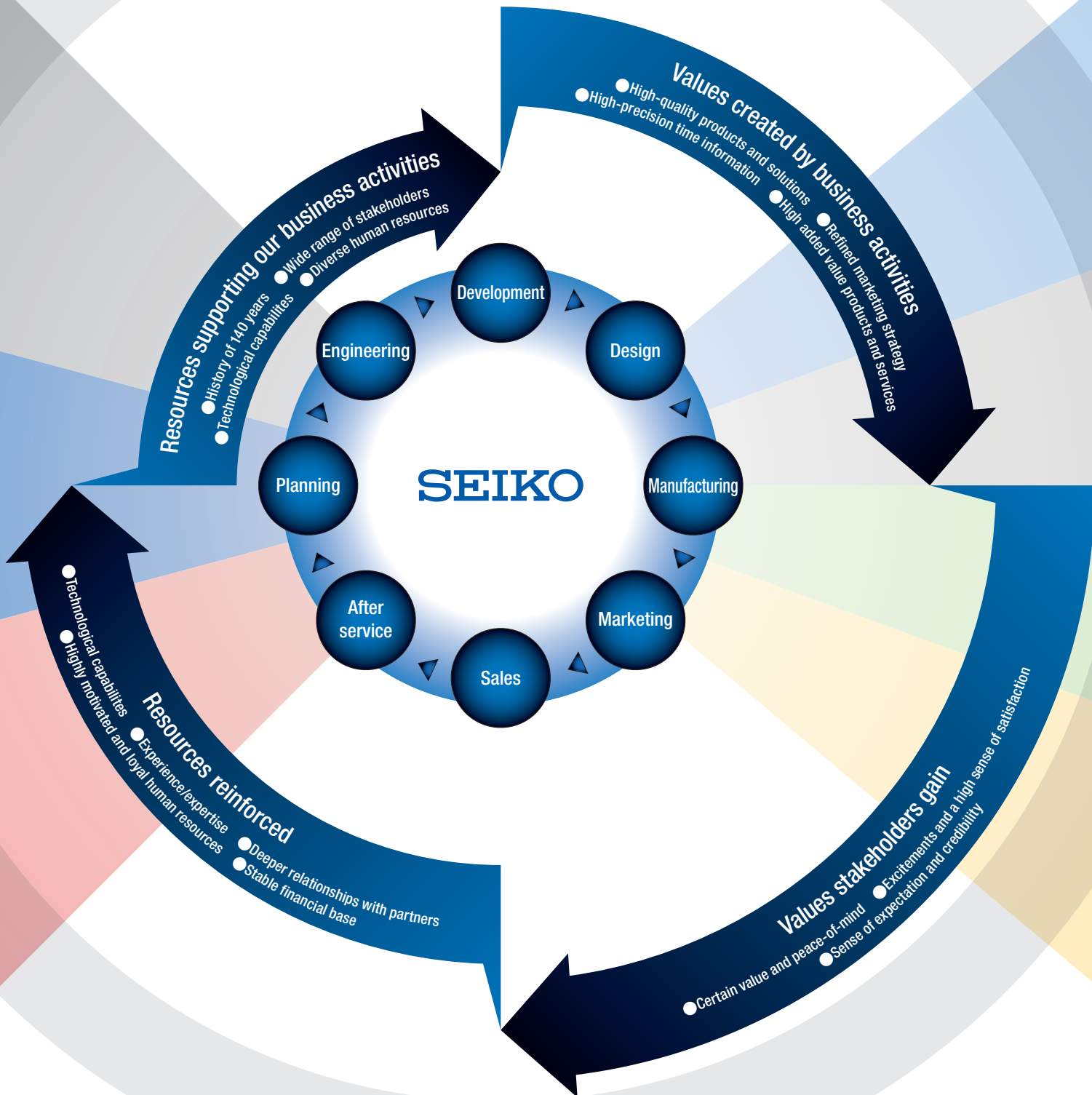


A pride in supporting challenges based on trust


## History of Value Creation

### Value Creation Process of the Seiko Holdings Group

We utilize outstanding technologies, brands, and solutions that have created traditions in order to provide our customers and society with new excitements and joy.







## Value provided to customers and society

### Connecting to the future with reliable quality

Visibility, robustness, and durability

### Products with sensibility

Providing the joy of holding, wearing, and giving

### Achieving high-density mounting

Compact, energy-efficient, and highly functional products

### Digital transformation

Providing efficiency, convenience, safety and security, reduced costs, improved quality, and reduced environmental impact

### Millisecond precision

Providing emotions via sports and music that connect people

# Value Creation Process of the Seiko Holdings Group

### 1. Resources supporting our business activities

We carry out stable management, on the background of a trusting relationship with shareholders and financial institutions that hold shares in the Group over the long term.

In 2021, we will **mark the 140th anniversary of our founding**. Over this long history, our businesses have grown to develop **manufacturing bases** in Japan and four other countries, as well as **large numbers of suppliers and partner factories**. We also operate business bases throughout Japan and **bases of sales subsidiaries** in 14 countries. Moreover, we have built **a global sales and after-sales service network** centered on the Watches Business, consisting of a large network of distributors. In addition, we develop various businesses in a number of our commercial properties, including **the Wako Main Building, a symbol of Ginza**, Japan's famed upscale shopping district.

We employ **a global and diverse workforce** of over 12,000 people (as of the end of June 2020). They work in the business divisions, which cover planning, engineering, development, design, manufacturing, marketing, sales, and after-sales service, and engage in our various businesses (the Watches Business, Electronic Devices Business, Systems Solutions Business, and Others). They also work in the administrative divisions of general affairs, human resources, legal & intellectual property, accounting, IT, PR, IR, and planning & administration, which support the business divisions, as well as the branding division. This **team of talented human resources** also includes many contemporary masterful

craftsmen and recipients of the Medal with Yellow Ribbon.

Our organizations, networks, and human resources with such a long history have created **intellectual property**, including patent, trademark, and design rights, as well as **technological capabilities and sensitivities that have led the times**, and vast experience and know-how. These have supported our businesses and are also important strengths for leaping forward.

The image of the Group and of the Group's products that have been cultivated during this time and the feelings and expectations toward that image by people inside and outside the Group truly embody **the Seiko brand**. It can be said that they also embody the Group's businesses. This creates strong ties between the Group and **its many users, business partners, and employees**.

In addition, businesses operated by affiliates accounted for by the equity method have been developing for many years, leveraging this same multitude of strengths, together with their **business partners** who are shareholders.

### 4. Resources reinforced

Our business activities have created the following: **Seiko fans** who like the Group's management policy and concept, its products, and other Seiko-like qualities; the Seiko **brand image** developed by branding activities that increase the number of Seiko fans; **new technologies** epitomized by advanced development of production technologies, **manufacturing facilities** with even greater productivity to be invested in, and the acquisition of new patents; the network of enhanced production, sales, and after-sales service by the Group that has engineering and development, technological, design, marketing, sales, and other capabilities with our suppliers and partner factories as well as distributors and retail stores, and their closer relationships; **employees** with increased motivation and loyalty with improved performance; the stronger **trusting relationship** and **ties** between our employees and the Group; and **the relationship of further growth** together with various industries and communities.

In addition, **the further improved value of the Seiko brand**, which is born of all of these things, creates **continued stability** and **growth expansion** for the Group over the long term. **The increased reliability from stable profitability and improved brand value** will further make our financial capital more sustainable.

### 3. Values stakeholders gain

The Group undertakes all manner of initiatives aimed at **sharing diverse emotions** with **Seiko fans around the world**, through the Group's **wide range of Seiko-like products, quality and service**, or other business activities. We carry out our business activities with the aim of giving our customers and users **the excellent function, quality, and technology** (precision, high strength, texture, durability, water resistance, long-term after-sales service, etc.) of our products and services, as well as **a higher sense of satisfaction** in them (through history, design, latest state of technology, dignity, lifestyle, trust, luxury, etc.) that is Seiko-like or Wako-like unparalleled feeling. We also conduct business activities for our BtoB customers to provide them with **the safety and security** of the Group's products and help them **further improve their value creation**.

Meanwhile, our business partners, including suppliers and partner factories as well as distributors and retail stores, can gain the same

**sense of pride** and **satisfaction** as the Group by handling Seiko-like products (having high quality, high performance, luxury, the latest features, global appeal, etc.). We also conduct activities with them so they can **expect improvements** in quality and in technical levels as well as stable growth. In addition, we create an environment where our employees can relish **the joy** and **sense of satisfaction** of being involved with Seiko-like businesses and products, feel **pride** in conducting Seiko-like operations, and **achieve personal growth** in their work **with future prospects**. We work continually to give our shareholders, investors, financial institutions, and business partners **a sense of satisfaction, expectation, and pride** for walking together with Seiko. Finally, we advance a wide range of activities at our various bases worldwide aimed at eliciting **a sense of pride** and **joy** at the presence of Seiko in their local communities and societies.



## 2. Values created by business activities

The Group's corporate philosophy is **"A Company that is Trusted by Society."** The founder's business attitude of **"Always being one step ahead of the rest"** has supported Seiko's innovation and advancement. In addition, we conduct our business activities under the Group slogan of **"SEIKO Moving ahead. Touching hearts,"** with the hope that we can walk together with all of our stakeholders, creating, enjoying, and resonating a new era full of hope with **excitement and joy.** We have set out **a long-term vision** for the future and **"what we aim to be"** for concretely shaping the vision. Under these management policies, the Group develops the Watches Business, Electronic Devices Business, Systems Solutions Business, and Others.

The Watches Business is the Group's core business. It is **one of the few manufacture d'horlogerie (full-scale manufacturers) in the world that consistently engages in everything from planning and development, design, engineering, and manufacturing in-house.** In addition to conducting sales in about 140 countries worldwide, including Japan, the Watches Business also creates

**a worldwide guarantee system** that provides after-sales service worldwide, no matter where our products were purchased. Completed watch business ranges from Credor, including FUGAKU, worth 50 million yen, as well as **Global Brands** centered on Grand Seiko and Seiko Prospex, to other domestic and international models. Moreover, in addition to developing **mechanical movements** equipped with **new or complicated mechanisms** requiring **advanced engineering** and manufacturing technology, we also operate an external sales business for movements. Through the sale of these Seiko-like products, the completed products business offers products that pursue **design** and function, such as **visibility, robustness, and durability,** in addition to delivering the function of high-precision time display. In the high-end/luxury field, the business offers **emotional value** and **the value of self-expression** that is not limited to functionality, by rendering **the joy of holding, wearing, and giving** products, which are added technological advancement, status, and dignity. In addition, by offering **after-sales service** with advanced repair technology and the latest facilities, we enable our customers to continue **enjoying** their favorite products **for a long time** and contribute to **the effective utilization of resources through long-term use. Providing a marketing policy for worldwide distributors** also plays an important role in the growth

of the business and brand. By handling other companies' products, the retail business is able to gather **a wide range of information** directly from our users and deliver greater satisfaction to them.

The Electronic Devices Business bases on **precision machining technologies** that have evolved based on Seiko's watch manufacturing technologies. This business offers devices and completed products, including crystal oscillators, rechargeable micro batteries and other micro-energy products, high-performance metals, precision processed metal parts, and printer-related products, based on core technologies that build on a technological philosophy of **"Craftsmanship, Miniaturization, Efficiency."** Through this, the business helps our customers achieve **high-density assemblies,** contributing to **miniaturization, lower power consumption, and greater functionality.** At the same time, it realizes **a stable supply to our customers** by thoroughly planning investments in production facilities in Japan and overseas.

The Systems Solutions Business offers data services (payment and order entry terminals, etc.), information network systems (legacy communication equipment, etc.), wireless communication equipment, computer performance management software, and other products and services to various customers such as diverse companies and public offices. Through these offerings, the business helps our customers to realize **work efficiency, improved convenience, improved safety and security, reduced costs, improved quality, and reduced environmental impact.**

As Others, the Clocks Business delivers **accurate time information** and a wide range of functions that meets our users' needs by offering a broad product lineup centered on Seiko. The Wako Business offers **select products** from Japan and around the world with **superlative hospitality** in the unmatched space of a store that is **a symbol of Ginza.** The Time Systems Business sells Seiko system clocks and timing equipment that satisfy our customers and users of these products through engineering and technological capabilities, as well as rendering higher **entertainment value** at sporting venues.

In addition, we aim at **improving the value of the Seiko brand** and broadening its penetration that support these business activities. To do so, we continue to work on **branding activities that share emotions** with a broad range of people, through not only the flagship products of our brand, but also **sports and music,** which are deeply involved with time. By further refining **"Craftsmanship, Miniaturization, Efficiency"** centered on the manufacturing division, we develop efficient, low-cost **high precision production and processing technologies** and conduct **research and development of new technologies** that further improve customer satisfaction to strive to further advance Seiko's technologies.

The human resources division leads our efforts to develop **Seiko-like human resources** through a wide range of training and seminars throughout the Group, as well as train **professional human resources** and **the next generation of executives** who can succeed in the global market. The division also makes efforts to secure human resources, including new hires, by using various opportunities to **vitalize the organization** and **prepare the working environment.** In order to **strengthen corporate governance** throughout the Group, we work to develop our internal control system and systems for corporate ethics and compliance with laws and regulations and conduct thorough risk management. We strive to **improve Seiko-like corporate communication** mainly targeting shareholders, investors, and financial institutions.

We work to **expand our watch fan base** by conducting **PR and social contribution activities,** including factory visits and museum exhibits, as well as assembly demonstrations at a wide range of venues including those targeting children. We contribute to **local revitalization and the development of the watch industry,** including launching the "Iwate Watch Meister" certification system, Iwate Prefecture's first technical evaluation system, jointly with the prefecture. We have continued concerts to support disaster areas in Eastern Japan and local welfare activities by overseas subsidiaries aimed at **co-existence with local communities and society.** We also designate biodiversity conservation areas at certain production bases and plant trees at the Seiko Instruments Forest based on a "Corporate Forest Agreement" with Chiba Prefecture. By doing so, we strive for **environmental conservation.**

Through these diverse Seiko-like business activities, we will **further enhance the value of the Seiko brand,** increase its recognition more broadly, and **grow together with our many stakeholders.** These activities truly embody the business activities of the Group.

Values created by business activities

Values stakeholders gain

# History of Value Creation

Global Expansion (as of September 30, 2020. Net sales ratios by region are results of FY2019)

## A global brand established over the world



### History of Global Expansion

#### Sales

1913: Shanghai  
Local office established

1968: Hong Kong  
Hattori (H.K.) LTD.\*1

1970: U.S.A.  
SEIKO TIME CORPORATION\*3

1971: United Kingdom  
Seiko Time (U.K.) LTD.\*4

1972: Germany  
Seiko Time GmbH\*5

1974: Taiwan  
HO CHIEN Trading Ltd.\*7

1977: Australia  
Seiko Service Centre (Australia) Pty. Ltd.\*8

1977: Panama  
Seiko Time (Panama) S.A.\*9

1981: U.S.A.  
Seiko Instruments U.S.A., Inc.

#### Established in 1881

1970

1980

#### Manufacturing

1968: Hong Kong  
Precision Engineering Ltd.\*2

1973: Singapore  
Singapore Time Pte. Ltd.\*6

\*1 Currently SEIKO Hong Kong Ltd. \*2 Currently Seiko Manufacturing (H.K.) Ltd. \*3 Currently Grand Seiko Corporation of America and Seiko Watch of America LLC  
 \*4 Currently SEIKO U.K. Limited \*5 Currently SEIKO Deutschland Branch of SEIKO U.K. Limited \*6 Currently Seiko Manufacturing Singapore Pte. Ltd.  
 \*7 Currently SEIKO Taiwan Co., Ltd. \*8 Currently SEIKO Australia Pty. Ltd. \*9 Currently SEIKO Panama, S.A. \*10 Currently Seiko Instruments Taiwan Inc.  
 \*11 Currently SEIKO France S.A.S. \*12 Currently Seiko Watch Europe B.V. \*13 Currently SEIKO Precision (Thailand) Co., Ltd. \*14 Currently SEIKO (Thailand) Co., Ltd.

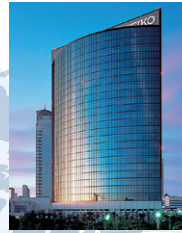


## Japan

Net sales ratio by region: **58%**  
 No. of group companies: **29**



Seiko Holdings Corporation  
 Seiko Watch Corporation



Seiko Instruments Inc.  
 Seiko Solutions Inc.



Seiko Instruments U.S.A., Inc.



SEIKO Australia Pty. Ltd.



## North / Central / South America

Net sales ratio by region: **7%**  
 No. of group companies: **5**

1983: Germany  
 Seiko Instruments GmbH

1984: Taiwan  
 Seiko Precision Co., Ltd.\*10

1986: France  
 Compagnie Generale Horlogere S.A.\*11

1986: Netherlands  
 SEIKO Nederland B.V.\*12

1988: Hong Kong  
 SEIKO CLOCK (Hong Kong) Ltd.

1991: Thailand  
 MUANG THONG SEIKO LTD.\*14

2006: P.R.China  
 SEIKO Watch (Shanghai) Co., Ltd.

2005: P.R.China  
 Seiko Instruments (Shanghai) Inc.

2007: India  
 SEIKO Watch India Private Limited

2008: Russia  
 SEIKO RUS Limited Liability Company

2011: P.R.China  
 SEIKO CLOCK (Shenzhen) Co., Ltd.

2018: Italy  
 Seiko Italia-  
 sede secondaria italiana di Seiko France SAS

1987: Singapore  
 Asian Electronic Technology Pte. Ltd.

1988: Thailand  
 SEIKOSHA (THAILAND) CO., LTD.\*13  
 Seiko Instruments (Thailand) Ltd.

1989: P.R.China  
 Dalian Seiko Instruments Inc.

1989: Malaysia  
 Instruments Technology (Johor) Sdn. Bhd.

2006: P.R.China  
 Seiko Instruments Technology (Shanghai) Inc.

2002: P.R.China  
 Guangzhou SII Watch Co., Ltd.

1990

2000

2010

Main Operating Companies

Watches Business



SEIKO WATCH CORPORATION

Electronic Devices Business



Seiko Instruments Inc.



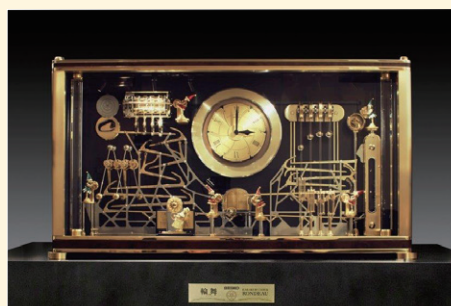
SEIKO NPC CORPORATION

Systems Solutions Business



SEIKO Solutions Inc.

Others



SEIKO Clock Inc.



WAKO Co., Ltd.



SEIKO Time Systems Inc.

56%

Consolidated performance

(fiscal year 2019)

Net Sales **239.1** billion yen

Operating Profit **6.1** billion yen

Operating Profit ratio **2.6** %

20%

Net Sales  
by Segment

13%

11%

## Description of Business

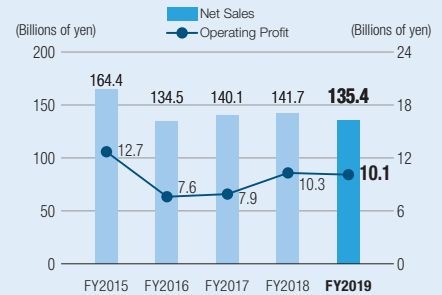
The core business of the Seiko Holdings Group. Centered on Global Brands such as Grand Seiko, we have remained one of the few manufacture d'horlogerie (full-scale manufacturers) in the world that consistently engages in parts production, assembly, and adjustment, and we sell watches manufactured by Group companies in Japan and overseas to places all over the world. We also operate watch retailers in Japan and sell watch movements (components) globally.

## Main Products and Services

### Completed watches

#### Watch movements

## Net Sales/Operating Profit



P.36

We manufacture and sell mechatronics devices and printer devices born from our history of watch development and manufacturing.

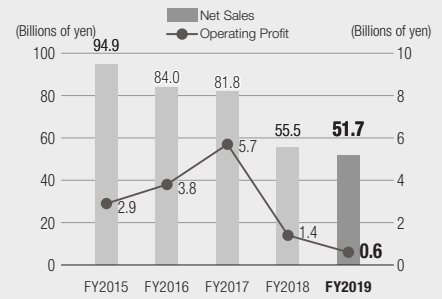
We offer a number of products, including compact batteries that feature low power consumption, crystal oscillators, integrated circuits for crystal oscillators, precision turned parts with sub-micron precision, industrial inkjet print heads, and thermal printers. We support advances in society and industry through precision processing and assembly in a wide range of fields, including medicine, information systems, and automobiles.

### Mechatronics Devices

- Micro batteries/chip capacitors
- Crystal oscillators
- Integrated circuits for crystal oscillators
- Integrated circuits for sensors
- High-performance metal products
- Rare earth magnets
- Hard disk drive components
- Automobile parts
- Other precision turned parts

### Printer Devices

- Inkjet print heads
- Thermal printer mechanisms
- POS printers ● Mobile printers

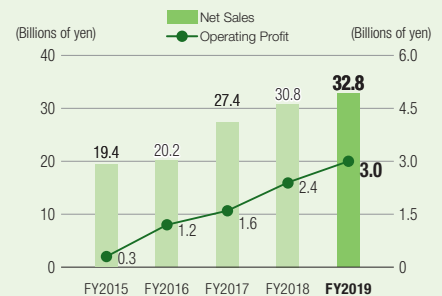


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We offer multi-faceted solutions that support the age of IoT, including digital contracts and ordering, payment solutions, IT system performance management, financial EDI, and contracted development and its support of hardware and software.

We respond to increasingly complex customer needs by providing one-stop optimal systems solutions ranging from consultations to building, operating and managing systems. Thereby we support transformation of customers' business models.

- IT system performance management / software
- Network equipment / services
- IoT embedded device
- Monitoring / control system
- Financial / distribution software
- Payment products / services
- System for restaurant industry
- Time Stamps / e-Signature
- IT products / service for consumer



P.42

As Others, the Clocks Business that provides everything from planning and production to after-sales services, the Wako Business that handles the Wako upscale specialty store that is a landmark in Ginza and provides high-quality services and products, the Time Systems Business that handles sports timing devices and system clocks used at public facilities and sports stadiums.

### Clocks

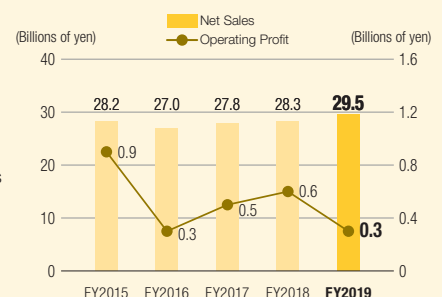
- Luxury mechanical clocks ● Wall clocks
- Table clocks ● Alarm clocks

### Wako

- Watches ● Clocks ● Jewelry
- Men's and women's products ● Handbags
- Interior decoration products ● Food, etc.

### Time Systems

- Systems clocks ● Sports timing devices
- Digital signage ● Large display boards
- Baseball field scoreboards

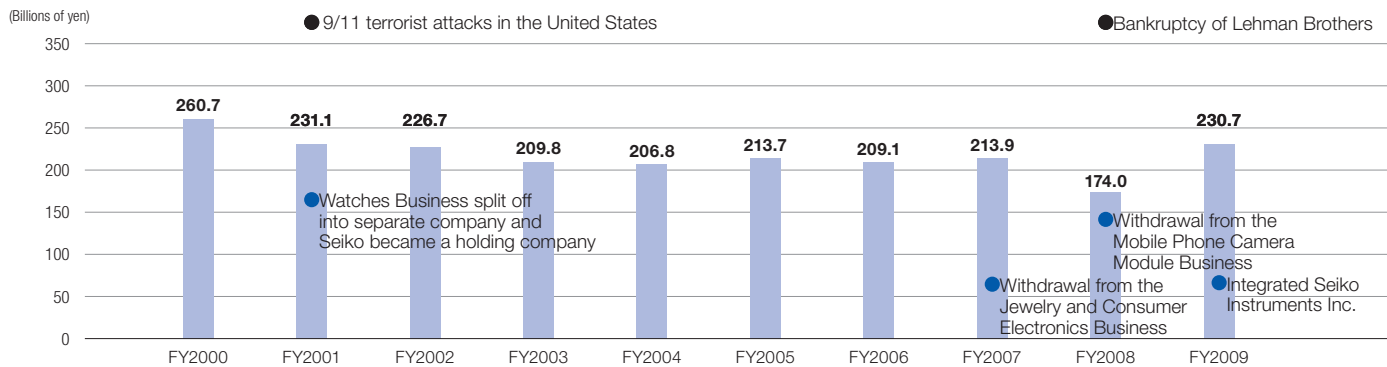


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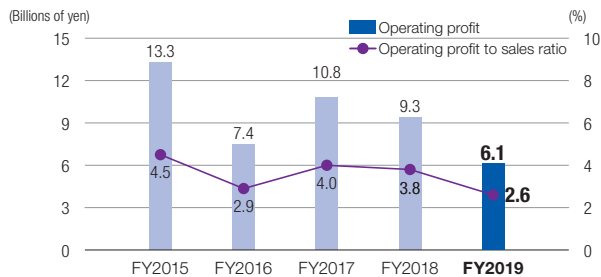
## History of Value Creation

### Financial/Non-Financial Review (as of March 31, 2020)

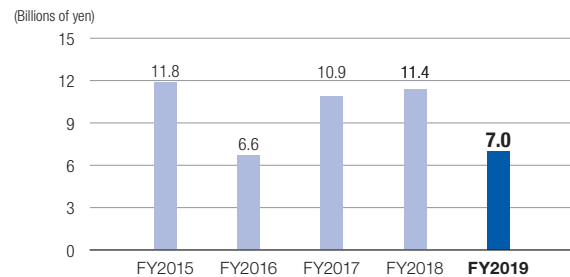
#### 20 year net sales transition



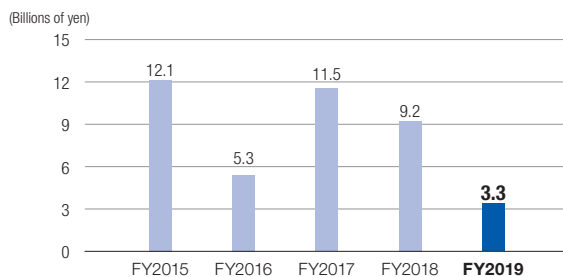
#### Operating profit/operating profit to sales ratio



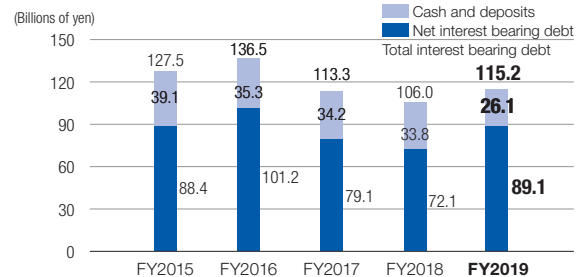
#### Ordinary profit



#### Profit attributable to owners of parent

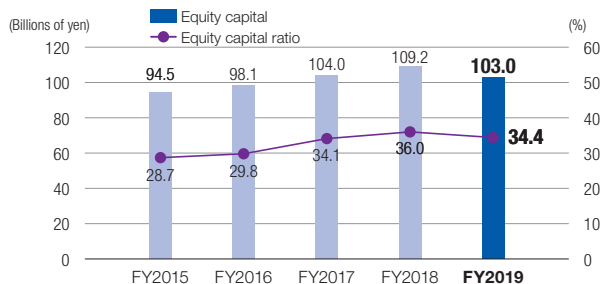


#### Net interest bearing debt



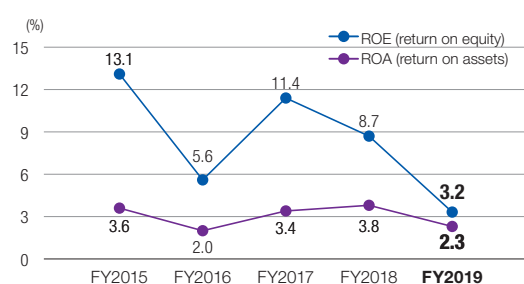
\*Net interest bearing debt  
= interest bearing debt - cash and deposits

#### Equity capital/Equity capital ratio



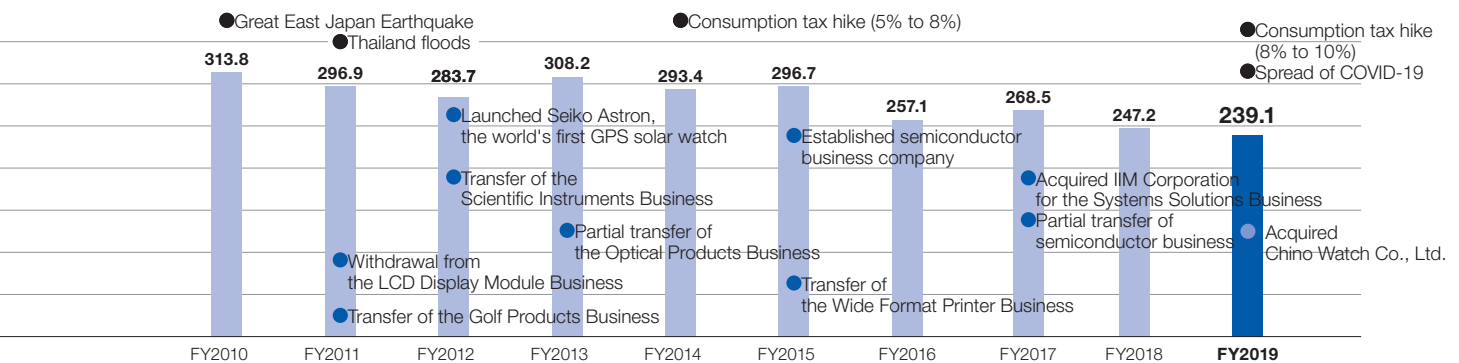
\*Equity capital ratio = equity capital / total assets x 100  
The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) applied from the beginning of FY2018, and the indexes for FY2017 are presented after reclassification

#### ROE / ROA



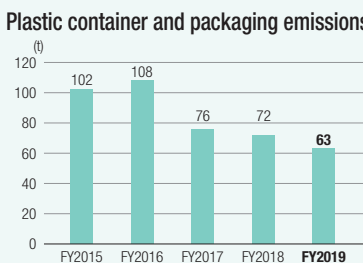
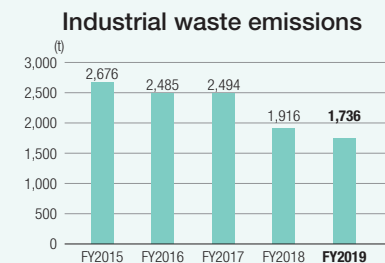
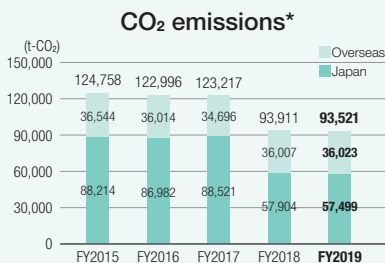
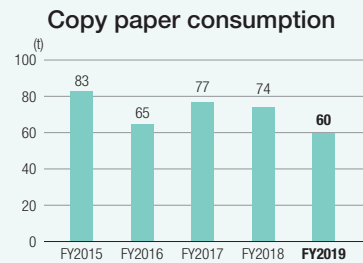
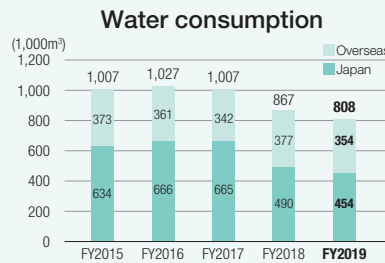
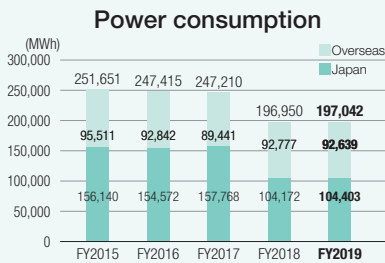
\*ROE = profit attributable to owners of parent / ((equity capital at beginning of fiscal year + equity capital at end of fiscal year) / 2) x 100  
\*ROA = ordinary profit / ((total assets at beginning of fiscal year + total assets at end of fiscal year) / 2) x 100





### Environmental Data

Scope of calculation: Seiko Holdings Corporation and 20 operating companies in Japan and overseas  
Semiconductor operating companies excluded from scope of calculation from FY2018 due to being excluded from the scope of consolidation in January 2018



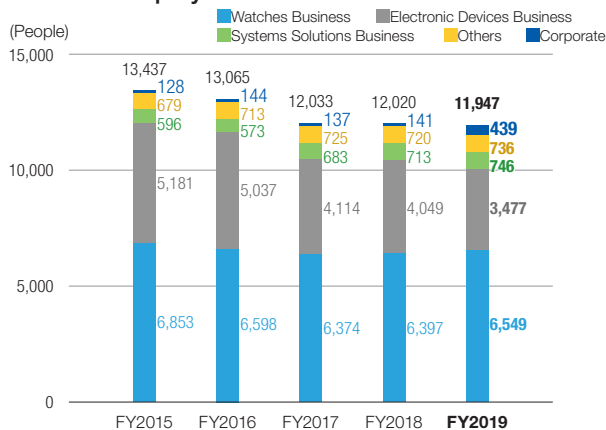
\* Domestic CO<sub>2</sub> emissions preceding FY2018 were also retroactively recalculated due to a revision to CO<sub>2</sub> emission coefficients. The following emission coefficients are used:  
Electric power: Emission coefficient by electric power company based on the Act on Promotion of Global Warming Countermeasures  
Fuel: Unit calorific value and emission coefficient by fuel type based on the Act on Promotion of Global Warming Countermeasures

INPUT

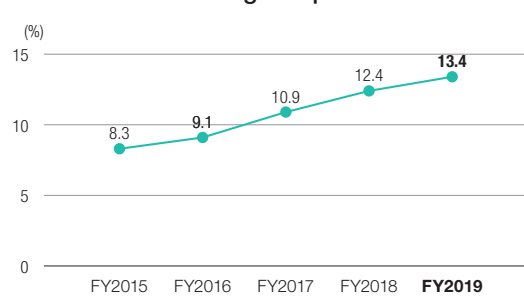


OUTPUT

### Number of employees



### Ratio of women in managerial positions



\*The ratio for April 1 in the following fiscal year is displayed as the ratio as of the end of that fiscal year  
\*Scope of calculation: Seiko Holdings Corporation and 14 operating companies in Japan

\*From FY2019, a method of considering expenses related to headquarters have changed in order to appropriately evaluate the results of each reported segment. Following this change, the classification of the number of employees has been changed.

## History of Value Creation

### Ten-Year Financial/Non-Financial Table

<Financial>	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
<b>Consolidated Statement of Income</b>							
Net sales (by segment)							
Watches	106,965	112,452	121,022	150,739	159,075	164,453	134,592
Electronic Devices*1	167,454	147,165	125,267	93,038	96,137	94,900	84,077
Systems Solutions*2	—	—	—	22,868	21,142	19,455	20,287
Others*3	48,291	46,706	45,928	51,307	26,450	28,218	27,043
Adjustments	(8,831)	(9,386)	(8,427)	(9,668)	(9,332)	(10,323)	(8,885)
Consolidated total	313,881	296,937	283,790	308,286	293,472	296,705	257,115
Gross profit	96,638	90,195	87,053	103,540	104,266	108,540	96,292
Gross profit to sales ratio (%)	30.8%	30.4%	30.7%	33.6%	35.5%	36.6%	37.5%
Selling, general and administrative expenses	84,981	83,462	81,530	89,526	92,599	95,233	88,804
Operating profit (by segment)							
Watches	7,965	7,380	7,874	12,253	12,334	12,722	7,615
Electronic Devices*1	6,204	1,301	(1,513)	1,351	1,865	2,917	3,809
Systems Solutions*2	—	—	—	349	327	364	1,283
Others*3	(1,235)	(563)	(32)	761	633	907	304
Adjustments	(1,278)	(1,385)	(805)	(702)	(3,493)	(3,603)	(5,525)
Consolidated total	11,656	6,733	5,523	14,014	11,667	13,307	7,487
Operating profit to sales ratio (%)	3.7%	2.3%	1.9%	4.5%	4.0%	4.5%	2.9%
Ordinary profit	6,585	1,280	3,243	10,165	12,373	11,879	6,671
Ordinary profit to sales ratio (%)	2.1%	0.4%	1.1%	3.3%	4.2%	4.0%	2.6%
Profit attributable to owners of parent	2,181	(11,014)	5,527	7,422	21,778	12,142	5,392
Profit attributable to owners of parent to sales ratio (%)	0.7%	(3.7%)	1.9%	2.4%	7.4%	4.1%	2.1%
Advertising and sales promotion expenses	7,079	7,962	9,476	13,343	16,624	18,366	15,882
Salaries and wages	35,205	34,165	32,693	36,139	36,060	37,200	34,819
Provision for bonuses	949	901	1,113	2,007	2,202	2,074	1,867
Retirement benefit expenses	1,687	2,518	2,016	1,034	1,928	1,610	770
Research and development expenses*4	5,497	5,294	5,046	3,851	4,112	4,023	3,901
<b>Consolidated Balance Sheet</b>							
Cash and deposits	51,958	51,765	42,830	43,002	41,292	39,131	35,355
Inventories	60,974	59,370	60,638	57,022	62,910	65,196	66,177
Interest bearing debt*5	240,573	241,443	203,454	200,881	137,250	127,560	136,586
Net assets	46,270	31,965	40,801	64,766	92,589	102,692	107,161
Total assets	400,457	386,128	355,308	366,753	333,701	329,115	328,857
<b>Consolidated Statement of Cash Flows</b>							
Net cash provided (used in) operating activities	20,498	11,119	21,450	15,598	16,562	15,096	4,209
Net cash provided (used in) investing activities	(8,696)	(11,215)	(2,027)	(10,917)	46,254	(8,334)	(13,200)
Net cash provided (used in) financing activities	(14,394)	362	(29,274)	(3,517)	(66,816)	(6,645)	5,713
Free cash flow	11,802	(96)	19,423	4,681	62,816	6,762	(8,991)
Depreciation	16,845	15,078	12,886	12,242	10,892	10,325	10,959
Purchase of property, plant and equipment	(13,349)	(12,732)	(19,790)	(11,006)	(9,350)	(13,054)	(12,138)
<b>Management Indices</b>							
Overseas net sales	164,435	146,338	138,420	160,206	154,025	150,864	122,285
Overseas net sales ratio (%)	52.4%	49.3%	48.8%	52.0%	52.5%	50.8%	47.6%
ROE (return on equity) (%)*6	6.0%	(36.0%)	17.5%	14.6%	28.4%	13.1%	5.6%
ROA (return on assets) (%)*7	1.6%	0.3%	0.9%	2.8%	3.5%	3.6%	2.0%
PER (price earnings ratio) (times)*8	22.9	(3.3)	14.3	11.4	5.8	7.6	17.4
Equity capital	37,189	24,079	39,013	62,871	90,410	94,521	98,119
Equity capital ratio (%)*9	9.3%	6.2%	11.0%	17.1%	27.1%	28.7%	29.8%
Net interest bearing debt*10	188,614	189,678	160,623	157,879	95,957	88,428	101,230
Net D/E ratio (times)*11	4.1	5.9	3.9	2.4	1.0	0.8	0.9
Basic earnings per share (yen)*12*13	62.17	(301.26)	147.07	179.58	526.95	293.81	130.71
Net assets per share (yen)*12*14	1,019.87	658.26	943.82	1,521.18	2,187.60	2,287.18	2,380.50
Dividend per share (yen)*12	10.00	0.00	12.50	25.00	50.00	62.50	75.00
Dividend payout ratio (%)	16.1%	—	8.5%	13.9%	9.5%	21.3%	57.4%
<b>Exchange rate (fiscal year average) (JPY)</b>							
USD	85.7	79.1	83.1	100.2	109.9	120.1	108.4
EUR	113.2	109.0	107.1	134.3	138.7	132.6	118.8
<b>&lt;Non-financial&gt;</b>							
Number of employees (people)	18,442	15,968	14,712	13,439	13,565	13,437	13,065
Ratio of women in managerial positions (%)*15	—	—	5.3%	6.3%	7.1%	8.3%	9.1%
CO <sub>2</sub> emissions (t-CO <sub>2</sub> )*16*17	—	—	—	126,653	130,393	124,758	122,996

(Millions of yen)

FY2017	FY2018	FY2019
140,156	141,788	<b>135,475</b>
81,852	55,548	<b>51,749</b>
27,411	30,809	<b>32,839</b>
27,852	28,363	<b>29,582</b>
(8,743)	(9,215)	<b>(10,496)</b>
268,529	247,293	<b>239,150</b>
102,297	96,338	<b>94,928</b>
38.1%	39.0%	<b>39.7%</b>
91,461	86,943	<b>88,794</b>
7,902	10,391	<b>10,158</b>
5,793	1,414	<b>614</b>
1,605	2,401	<b>3,010</b>
551	697	<b>326</b>
(5,015)	(5,511)	<b>(7,975)</b>
10,836	9,394	<b>6,134</b>
4.0%	3.8%	<b>2.6%</b>
10,911	11,410	<b>7,004</b>
4.1%	4.6%	<b>2.9%</b>
11,541	9,249	<b>3,394</b>
4.3%	3.7%	<b>1.4%</b>
16,393	16,905	<b>18,845</b>
34,639	32,454	<b>32,163</b>
1,986	1,879	<b>1,913</b>
1,383	1,470	<b>1,371</b>
4,669	4,190	<b>4,607</b>
34,229	33,844	<b>26,112</b>
57,011	58,305	<b>65,734</b>
113,387	106,022	<b>115,261</b>
105,170	110,415	<b>104,273</b>
305,297	303,036	<b>299,990</b>
27,885	17,508	<b>2,704</b>
(17,430)	(7,093)	<b>(10,688)</b>
(11,759)	(10,670)	<b>678</b>
10,455	10,414	<b>(7,983)</b>
10,128	8,980	<b>10,315</b>
(6,954)	(6,341)	<b>(8,852)</b>
125,499	107,296	<b>101,635</b>
46.7%	43.4%	<b>42.5%</b>
11.4%	8.7%	<b>3.2%</b>
3.4%	3.8%	<b>2.3%</b>
9.2	11.7	<b>21.2</b>
104,010	109,221	<b>103,050</b>
34.1%	36.0%	<b>34.4%</b>
79,158	72,178	<b>89,148</b>
0.7	0.6	<b>0.8</b>
280.01	224.42	<b>82.36</b>
2,523.54	2,649.99	<b>2,499.97</b>
75.00	75.00	<b>75.00</b>
26.8%	33.4%	<b>91.1%</b>
110.8	110.9	<b>108.7</b>
129.7	128.4	<b>120.8</b>
12,033	12,020	<b>11,947</b>
10.9%	12.4%	<b>13.4%</b>
123,217	93,911	<b>93,521</b>

## Summary

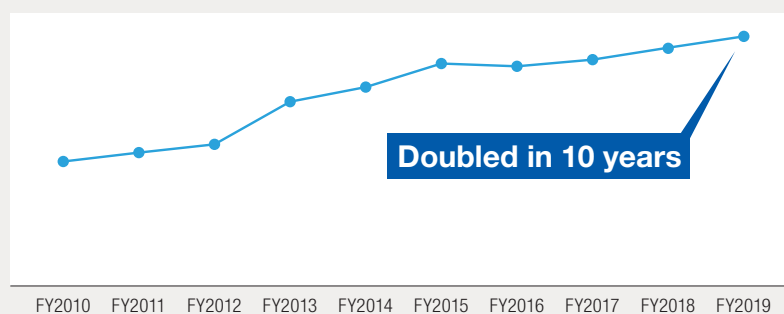
FY2011 and FY2012 saw lower net sales due to the Great East Japan Earthquake and flooding in Thailand in 2011. The Watches Business performed favorably after FY2013, mainly in the Japanese market, but from FY2016, net sales temporarily slumped due to changes in market conditions, including shifts in the theretofore booming consumption by foreign tourists in Japan and global stagnation in the market for affordable watches. Additionally, selection and concentration led by the Electronic Devices Business resulted in falling net sales by the business and others compared with FY2010. However, net sales by the Watches Business began to grow from FY2016 through an acceleration of a shift to mid-high priced watches. The Systems Solutions Business grew net sales by more than 60% over the four years since FY2016.

Meanwhile, with regard to selling, general and administrative expenses, branding investment and other advertising expenses increased. However, restructuring and improvement in unprofitable businesses increased consolidated operating profit starting in FY2017, excluding the impact of removing the semiconductor business from the scope of consolidation.

However, the worldwide spread of COVID-19 in the fourth quarter of FY2019 led to restrictions of business activities, significantly impacting each of the Seiko Holdings Group's businesses and resulting in flat performance.

Even amid these circumstances, the gross profit ratio improved for the eighth straight year. In addition to the selection and concentration we have carried out to date, the improvements to profitability by the Systems Solutions Business and the Global Brand strategy by the Watches Business have steadily yielded results. In the Watches Business, the average unit price of the completed watches business in Japan has doubled over the past 10 years.

### Average Unit Price: Completed Watches Business in Japan



\*1 Name changed to the Electronic Devices Business from FY2013

\*2 Separate segment from FY2013 (included in the Electronic Devices Business until FY2012)

\*3 Included the Optical Products Business until FY2013 (from FY2014, an equity method affiliated company)

\*4 Total of research and development expenses include in general and administrative expenses and manufacturing cost

\*5 Interest bearing debt = loans payable + lease obligations

The Company has applied IFRS 16 "Leases" at consolidated subsidiaries overseas, excluding those in the U.S., from Q1, FY2019

\*6 ROE = profit attributable to owners of parent / ((equity capital at beginning of fiscal year + equity capital at end of fiscal year) / 2) x 100

\*7 ROA = ordinary profit / ((total assets at beginning of fiscal year + total assets at end of fiscal year) / 2) x 100

\*8 PER = stock price / basic earnings per share

\*9 Equity capital ratio = equity capital / total assets x 100

The Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) applied from the beginning of FY2018, and the indexes for FY2017 are presented after reclassification

\*10 Net interest bearing debt = interest bearing debt - cash and deposits

\*11 Net D/E ratio = net interest bearing debt / net assets

\*12 The Company conducted a share consolidation of every five shares of its common stock into one share as of October 1, 2017. The value on the left reflect the share consolidation

\*13 Profit attributable to owners of parent pertaining to common stock / average number of shares of common stock outstanding during the period

\*14 Net assets at end of fiscal year related to common stock / number of common stock at end of fiscal year

\*15 The ratio started to be managed April, 1, 2013

The ratio for April 1, 2013, is shown as the ratio for FY2012 (Likewise, in subsequent reporting periods, the ratio for April 1 in the following fiscal year is displayed as the ratio as of the end of that fiscal year)

Scope of calculation: Seiko Holdings Corporation and 14 operating companies in Japan

\*16 Scope of calculation: Seiko Holdings Corporation and 20 operating companies in Japan and overseas

Semiconductor business company excluded from scope of calculation from FY2018 due to being excluded from the scope of consolidation in January 2018

\*17 Domestic CO<sub>2</sub> emissions preceding FY2018 were also retroactively recalculated due to a revision to CO<sub>2</sub> emission coefficients.

The following emission coefficients are used:

Electric power: Emission coefficient by electric power company based on the Act on Promotion of Global Warming Countermeasures

Fuel: Unit calorific value and emission coefficient by fuel type based on the Act on Promotion of Global Warming Countermeasures

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 "Moving ahead. Touching hearts"



## Review of the 6th Mid-Term Management Plan

### Strengthening Profitability and Investing for Growth

- Shrinking of affordable watches market in the global watch industry from FY2016
- Shifted to mid-high price range, mainly for Global Brands (GB)
- Developed overseas boutiques and strengthened e-commerce initiatives
- Increased profitability of the Electronic Devices Business
- Achieved plan ahead of schedule for strengthening profitability in the Systems Solutions Business

### Reinforcing the Management Foundation

- Equity capital ratio (35.0% or higher)
- Net interest bearing debt (JPY 75.0 billion or less)
- Continuing to pay stable dividends (JPY 75.0 per share for 3 straight fiscal years)

Achieved 6th MTP targets

## Target Figures

(Billions of yen)

	FY2018 Actual	FY2021 Target
Net sales	247.2	285.0
Operating profit	9.3	14.2
Profit attributable to owners of parent	9.2	12.5
Equity capital ratio	36.0%	40%
Net interest bearing debt	72.1	Maintain current level

## Strategies

**Branding Strategies** ● Continuing investment to enhance corporate brand value from mid- to long-term viewpoint **P.52**

**Human Resources Strategies** ● Preparing an environment where personnel with diverse senses of value can work enthusiastically, aiming for sustainable growth of the Group by creating a virtuous cycle of "recruiting," "cultivating," and "leveraging" human resources **P.54**

**Financial Strategies** ● Thoroughly implementing investment management to achieve "wins" through the generation of operating cash flow to support the "aggressive approach" period, well balanced investing cash flow, and cost controlled financing cash flow  
● Continuously improving equity capital ratio (to 40%) by accumulating profit, and maintaining stable dividends

## Policies by Segments

**Watches Business** ● Keep expanding GB sales and accelerate GB strategy to accomplish "Revolutionary (Extraordinary) Transformation" **P.36**

**Electronic Devices Business** ① Further evolve Craftsmanship, Miniaturization and Efficiency technologies and shift key product portfolio to areas of strength and growth markets  
② Carry out investments and strengthen management in new growth areas **P.40**

**Systems Solutions Business** ① Improve sustainable growth and reliability of business  
② Create business structure resilient to environmental changes and shift to high added value through diversification  
③ Continuously transform practices and strengthen organizational structure **P.42**

## Corporate & others

**SDGs** **P.30**

**R & D for new products** **P.46**

CEO Message

We will meet the expectations of a wide range of stakeholders in this new era. Taking the spirit of Seiko's founder to heart, we will accelerate our efforts toward achieving the SDGs.



**Shinji Hattori**

Chairman & Group CEO & Group CCO  
SEIKO HOLDINGS CORPORATION

## COVID-19: Now and Afterwards

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I would like to start by expressing my deepest condolences to the families of those we have lost due to COVID-19, and offer my heartfelt sympathies to everyone affected by this disease.

The coronavirus has had a significant impact on the Japanese economy and, in just a short time, has also caused unprecedented changes in our social systems and in people's values. We can truly call this the start of a new era.

Everyone in our Group remembers the principle of Seiko's founder, Kintaro Hattori: "Always being one step ahead of the rest." This spirit underlies our plans to aggressively roll out new initiatives that make full use of digital and other advanced technologies.

In addition, we will work on new ways to build even closer relationships with our customers. We have been working in the medium-to-long term on marketing approaches that appeal to our customers' sensibilities and on improving the quality of our personal interactions with customers in the areas of sales and service, and now we will apply those same ideas to the digital space as well. We will strive to make a new model of customer engagement.

## Initiatives toward ESG and SDGs

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The Seiko Holdings Group's corporate philosophy of being "A Company that is Trusted by Society" is a continuation of the stakeholder-oriented management style practiced by Kintaro Hattori, which has been passed down to every employee in the Group to this day.

When the Great Kanto Earthquake struck in 1923, Kintaro's shop and factory were destroyed by fire, along with about 1,500 watches that had been left in his care for repair. Kintaro immediately offered to replace all of those items at no charge. As soon as his factory reopened, he rehired his employees and went back to work. Even amid the unprecedented turmoil following the earthquake, and despite his own significant losses, Kintaro's primary focus was always on key stakeholders—his customers and his employees. I

believe that his insistence on installing Wako's Clock Tower in a stone building (in 1932) was his response to the possibility of another massive disaster in Tokyo. Kintaro wanted to be sure that the tower's chimes would continue to toll out the correct time in the Ginza area no matter what happened. This was part of his commitment to helping the local community.

COVID-19 has both highlighted and magnified the already grave issues facing global society and our global environment. I believe that in order to aim for sustainable growth, in addition to responding to risks, we should constantly ask ourselves what role we should play in solving social and environmental issues. In that way, we can move forward as a useful and integral part of society.

The Group's products and services emphasize durability and long-term usefulness, and are deeply rooted in a spirit of contributing to the development of a sustainable society. We always aim to conserve resources and provide our customers with peace of mind.

One SDG target area where Seiko companies are active is the provision of good health and well-being. Because of the COVID-19 pandemic, measuring body temperature has become increasingly important, not only for medical reasons, but also to alleviate anxiety. SEIKO NPC CORPORATION has begun to increase production of infrared array sensor modules for non-contact thermometers, which are now in wide use.



Pocket watches brought in for repair destroyed by fire caused by the Great Kanto Earthquake

### CEO Message

In most places, workers are required to wear face masks to prevent the spread of infection, but in certain environments that may lead to heatstroke or other conditions. In response, Seiko Instruments Inc. has accelerated its rollout of watch-type vital sensors that can alert wearers to physical problems before they become serious. And Seiko Solutions Inc. sells thermometer-equipped system time recorders and offers companies a system to manage temperatures appropriately when employees arrive at the office. In supporting the “Thanks for your Courage - Bells for Life” action, we decided to play a special chime at the Wako Clock Tower in Ginza to show our support for medical professionals on the front lines of the battle against COVID-19. I believe that our Group can help to communicate a message to society through the active use of our contacts with customers in stores and various media, as well as our legacy of attention-grabbing installations, such as the Wako Clock Tower. Our management philosophy of being “A Company that is Trusted by Society” expresses our desire to be of use to society as well as our gratitude for all the support our company has received. Yet even if our employees want to help achieve the SDG targets, no one person can do that on their own. However, if we function as an organization, creating initiatives that draw out these individual desires, combine them and expand their focus, we can turn them into a powerful force that is useful to society. We have established the ESG & SDGs Promoting Office specifically to realize such initiatives. Seiko Watch Corporation proposed and is implementing a plan to update the design of its tactile watch, which enables the visually impaired to tell time by directly touching the dials. This is the first update in 25 years. I want us to be a Group in which each employee thinks not only about their Company’s profits, but also the public good. To achieve this, we must further develop both our organization and our human resources.

In recent years, we have seen the Systems Solutions Business become a core business alongside the Watches Business and Electronic Devices Business. Led by Seiko Solutions Inc., this business unit has a wide range of technologies and services that help solve social problems. We are expanding its scope of activities while using alliances and open innovation so that we can put into practice the “Society 5.0 for SDGs” concept advocated by KEIDANREN (the Japan Business Federation) and work towards creating a better future.

### Chief Culture Officer (CCO)

In June 2020, I became the Group CCO, in addition to my positions as Chairman and Group CEO. As a Seiko brand evangelist, the CCO’s role is to communicate and share the corporate culture that the Group has built over the past 140 years both internally and externally, including our stance toward ESG and SDGs, while building ties with a wide range of stakeholders around the world.

We preserve culture and tradition, and yet we also help them to evolve. By communicating, reflecting, and dreaming with many people both inside and outside the Company, we are working to build a corporate culture that will give birth to a new vitality in our business.



Seiko Holdings Group Media Reception Party held in 2019



## The Seiko Group and Value Creation

By acting as a leading reference for Time, as well as supplying a variety of equipment and services worldwide, Seiko has continued its efforts to contribute to society and support its positive growth.

We are pleased and proud that we have come to be loved by so many users around the world. Not only in the Watches Business, but in the Electronic Devices Business, the Systems Solutions Business, and other fields, we have earned the trust of many customers by providing accuracy and precision.

The Seiko Holdings Group's commitment to quality is shared by each and every employee, and we have built a culture that absolutely does not tolerate compromises on quality. In recognition of our efforts, we earned first place in the "Quality of Products and Services" category of the 32nd NIKKEI Corporate Image Survey announced in February 2020. All our employees were excited about this independent evaluation, which further strengthened their commitment to excellence.

In an effort to build upon the image of quality, accuracy, and precision that our customers have long embraced, we wanted to share our feelings of pride and excitement with our stakeholders. And so, in 2014, we established a new Group slogan: SEIKO: Moving ahead. Touching hearts. While no slogan can capture our feelings about our products, our heritage, and our dedication to quality, we hope that these words will resonate at multiple levels with our stakeholders worldwide.



The museum of time and timepieces: The Seiko Museum Ginza

Through our businesses, we strive to offer products and services that exceed our customers' expectations, as well as sharing moments of great excitement and joy with our stakeholders through our participation in such fields as sports and music. In all of these efforts, we are working to help enrich people's lives and make society itself richer in the process.

I believe that the role of Seiko, as a brand recognized and respected by people around the world, is to try to fulfill our stakeholders' hopes and dreams and to grow our circle of trust year by year.

## Progress in Fiscal Year 2020

Fiscal year 2020 marks the 160th anniversary of the birth of Seiko's founder, Kintaro Hattori, the 60th anniversary of Grand Seiko, and the 55th anniversary of the first diver's watch made in Japan. We have prepared a wide range of events to commemorate these anniversaries.



The 55th anniversary of the first diver's watch made in Japan

### CEO Message

First, Grand Seiko (GS) released two innovative calibers, the 9SA5 (Mechanical Hi-Beat 36000, 80 Hours) and the 9RA5 (Spring Drive, 5 Days), which have followed a long path from concept to design and development. Each one utilizes a unique structure to deliver longer power reserves and greater wearing comfort through thinner profiles and lower centers of gravity. I am confident that these two innovative calibers will give GS a competitive advantage in the global luxury watch market during the coming decade.

Other events in 2020 highlighted even more forward-looking developments. In September, we announced a new concept creation, the “T0 (T-zero),” which achieves the highest precision ever for a GS mechanical watch by integrating a constant force and a tourbillon mechanism on the same axis, a world first.

We also built the Grand Seiko Studio Shizukuishi in the pristine northern countryside of Iwate Prefecture. The extensive use of wood construction for the studio is a rarity in manufacturing sites such as this, but for Seiko, the studio’s harmony with nature is symbolic of our traditional ethos. Surrounded by a thicket of trees and designed by award-winning architect Kengo Kuma, the studio allows visitors to experience GS craftsmanship in a warm, natural environment. It has a workshop devoted to the crafting and fine-tuning of each product by expert watchmakers. A special display area allows visitors to learn about and appreciate the brand’s history. An adjoining lounge provides a panoramic view of beautiful Mt. Iwate. This studio is more than a facility to build great products—it is a special place where we can communicate our feelings about hand-made quality and precision to visitors from around the world.

Furthermore, we started the Ginza 2020 Project on the occasion of the 160th anniversary of Kintaro Hattori’s birth. This project expresses the legacy of the Seiko brand, and in the very location where Kintaro created and built up both his business and his reputation. In that sense, Ginza and Seiko are inseparable.

As part of this project, we moved the Seiko Museum from Tokyo’s Sumida Ward, and reopened it as the Seiko Museum Ginza. Of course, the museum tells the story of Seiko, but it also features displays about the history of watches and timepieces around the world. We want this facility to actively contribute to society, not only by offering passive displays, but also featuring a menu of activities such as workshops for adults and children (now under development).

In addition, we redesigned the display window of the iconic Wako store in Ginza, which looks out over the world-famous Ginza 4-chome intersection. Inside, in Wako Watch Square on the second floor, we created the Grand Seiko Boutique Flagship Wako, an area designed to resemble the living space of an imaginary GS owner. Another space, called the Library, displays several valuable historical models that are important in telling the GS story. In the Lounge, designed on the theme of an owner’s relaxing space, visitors can enjoy a wealth of brand content, including the latest brand movies and books.

In this way, we are enhancing our product appeal as well as communication about our craftsmanship, refined sales floors, and corporate culture in general. Despite the effects of the global pandemic, fiscal year 2020 will prove to be a major leap forward for GS and our other Global Brands in the global watch market.



The T0 Constant-force Tourbillon: our concept model featuring a unique, first-ever mechanism



Grand Seiko Boutique Flagship Wako

The impact of COVID-19 forced us to make a course correction from our initial plan. However, we will appeal to stakeholders around the world by accurately grasping these changing times and aggressively meeting the challenges of digital marketing and online sales. We are confident that leveraging the digital transformation will help us to increase the presence of GS and Seiko in the global watch market. In closing, I would like to describe our organizational reforms, with a view to the coming 10 years. Our main Watches Business has over a century of uninterrupted history in precision manufacturing. In April of 2019, Seiko Instruments Inc. (SII) transferred the design and development functions of the Watches Business to Seiko Watch Corporation. Then, in April 2020, all manufacturing functions, including overseas manufacturing subsidiaries, were also consolidated under Seiko Watch Corporation. We further strengthened our ability to respond to rapid changes in the market by integrating our core manufacturing and sales companies into a single organization, speeding up decision-making and making more effective use of our human resources.

We also transferred SII's R&D and production technology functions to Seiko Holdings Corporation, enhancing the technological capability of the entire Group by expanding their scope of activities. Going forward, we will more actively promote efforts to enhance ESG and meet the SDGs by consolidating our intellectual-property management, quality control, procurement planning, and environmental promotion functions within Seiko Holdings Corporation.

We will continue to hone our strengths, achieve results that exceed stakeholders' expectations, and work diligently to earn the trust of people around the world. In short, you should expect great things from Seiko! I thank you for your continued support.



## Evolving Faster in an Era of Change



**Yoshinobu Nakamura**  
President  
SEIKO HOLDINGS CORPORATION

### Introduction

Before we start, I would like to express my heartfelt sympathies to all those affected by the COVID-19 pandemic.

**Q.**

**How would you characterize the results from the first fiscal year of the 7th Mid-Term Management Plan announced in 2019?**

**A.**

In the fiscal year ended March 31, 2020, we started our 7th Mid-Term Management Plan, which lays out an aggressive approach for achieving what we aim to be as a global group in FY2025. We accelerated the expansion of our overseas businesses by enhancing our branding investments, and broadened our business fields through M&A. We also promoted the development of high added-value products and services that could lead to improved brand value. As a result, in the Watches Business, we saw steady growth in Grand Seiko (GS), Seiko Prospex (Prospex), Seiko Presage, and other Global Brands. These are exactly the brands that we named in the Mid-Term Management Plan

as our growth engine, with a special focus on overseas markets. The growth of GS was particularly striking in the United States, and we will expand this initiative to other regions as an example of success.

The Electronic Devices Business advanced the Mid-Term Management Plan's basic policy of shifting the key product portfolio towards areas of strength and to growth markets. Although sales of micro batteries and quartz crystals grew favorably, the overall global market stagnated, particularly due to trade friction between the United States and China, and several other factors. As a result, sales of printer-related products and integrated circuits for oscillators remained sluggish. Meanwhile, the Systems Solutions Business worked in accordance with the basic policy in our Mid-Term Management Plan of improving the sustainable growth and reliability of the business. The IT and telecommunications markets were both strong against a backdrop of increasingly severe labor shortages and support for cashless transactions in Japan due to a hike in the consumption tax. As a result, sales grew favorably, mainly for digital contract solutions, application performance management software, and mobile payment devices and services.

However, as COVID-19 infections began to spread toward the end of January 2020, restrictions on economic activities worldwide had a significant impact on our results. The number of visitors to Japan began to fall in January, the latter half of the Chinese New Year. By March, restrictions on international travel were in place and demand from overseas visitors virtually disappeared. Cities around the world were locked down, retail stores both at home and abroad either closed or shortened their business hours, and large numbers of people in Japan and elsewhere simply decided to stay at home. As a result, the fourth-quarter performance in the Watches Business, Wako Business, and other retail areas deteriorated significantly. B2B businesses were also affected, as some of the Group's overseas manufacturing bases curtailed activities and both our suppliers and customers in these areas also reduced their operations. However, even under such difficult circumstances, our multi-year effort to diversify and expand our stock-type businesses enabled the Systems Solutions Business to grow steadily.

In the first few months after the start of the new fiscal year on April 1, our businesses were significantly affected by the Japanese government's declaration of a state of emergency and continued lockdowns overseas. However, starting in June, businesses in Japan and many cities overseas reopened, and our operations began to recover. Then in August the number of infections in Tokyo, the U.S., Europe and elsewhere began to increase rapidly. As the future spread and scale of COVID-19 infections remains unpredictable, the pandemic will again pose a challenge to our expected growth.

**Q. Since this is such an important topic, could you please tell us about your response to COVID-19?**

**A.** The Group's top priority is always the safety and health of our employees. With COVID-19, that concern extends to all of our stakeholders. When we began seeing signs that the coronavirus was spreading in February, we encouraged staggered work shifts and working from home. In areas where the risk was highest, we closed entire offices and told all employees to work from home. Parents of preschool and elementary school children affected by school closures

needed to stay home to care for their children, but as a result could not work. We provided special treatment for them, including paid leave.

At first, we did not have the infrastructure to enable all employees to work from home, but by the time the government declared a state of emergency in April, we had made the necessary preparations. Early on, when we expected the 2020 Tokyo Olympics and Paralympics to be held, we started promoting projects aimed at diversifying working styles, both to help employees and to improve efficiency. When COVID-19 hit, we simply accelerated these projects.

The virus has also caused major changes in our businesses. The year 2020 marks the 60th anniversary of GS and the 55th anniversary of the first diver's watch made in Japan. To commemorate these occasions, we were planning various events to start from the beginning of the year. Needless to say, the spread of COVID forced us to postpone or cancel events that would have involved large gatherings of people. As a result, we greatly increased our use of digital communications.

Until now, the luxury watch industry was mostly reliant on analog media, but the advent of COVID encouraged us to go digital. We had already started moving in this direction – for example, GS had announced new products online in collaboration with retail stores, and Prospex had run promotions using augmented reality (AR). Going forward, we will accelerate the digital transformation of our business. This is vital not only for Watches, but for all of the Group's businesses, including B2B.

The changes brought by the coronavirus pose a great business opportunity for the Systems Solutions Business. This unit is aiming to create new value by supporting the needs of the new digital era, with a focus on key concepts such as contactless (energy) and remote (operation).



Grand Seiko Boutique London

Interview with the President

**Q.** The corona situation has greatly changed the external environment for many businesses. Can we expect to see changes in the 7th Mid-Term Management Plan as a result?

**A.** Despite the challenges we have experienced due to the coronavirus, and others that we may encounter from here on, the policies and long-term goals of the current Mid-Term Management Plan remain unchanged. As I described earlier, each of our businesses is steadily advancing the strategies of the Mid-Term Plan in order to achieve our ideal form for the future, regardless of the coronavirus. While the content remains the same, we need to change the pace of implementation in order to respond to changes caused by COVID-19. We urgently need to keep up with the rapid changes in people’s behavior and values, and we must redefine our role with a flexible stance that is unconstrained by preconceptions. In the world of what is now called the “new normal,” we need to change ourselves in order to help solve social problems. We will work to help solve those problems in line with the basic policy of the 7th Mid-Term Management Plan: “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 sustained growth.”



Online product briefing in the U.S. by Grand Seiko Corporation of America

**Q.** It’s clear that Seiko has strengthened its ESG profile as well as making efforts to realize the SDGs. Could you tell us a little about future initiatives?

**A.** In my message in last year’s Value Report, I explained that our approach to corporate social responsibility (CSR) is based on our corporate philosophy — to be “a company that is trusted by society.” I also said that we would expand our efforts towards achieving the SDGs. This year, we consolidated the functions of Seiko Instruments, including quality control, procurement planning, and environmental promotion, within Seiko Holdings Corporation in order to further enhance the entire Group’s functions. We also established dedicated departments for ESG and the SDGs at our operating companies rather than only at Seiko Holdings. The entire Group is united in its commitment to deeply examine existing social problems that we should act on and make constant efforts to solve them.

In addition, the Company took measures against the spread of COVID-19, including having regular online meetings, which has made it faster and easier to share information. We will use this environment to strengthen each employee’s awareness of our responsibilities regarding ESG and the SDGs, including holding frequent internal seminars.

Solving social problems is an obvious and vital mission for our company. That is the founding spirit of our Group, which has grown together with society over our long 140-year history. As part of our ESG activities, we will continue our active commitment to respecting the environment, contributing to solving social problems, and maintaining a corporate essence that is trusted by society. By doing all these things and more, we aim to further increase our corporate value.



Tactile watches

**Q.** As we approach the third and final fiscal year of the firm's Mid-Term Management Plan, do you have any message for stakeholders?

**A.** Of course, we never expected anything like COVID when we created the Mid-Term Management Plan. The pandemic has greatly changed our business environment. However, as I just mentioned, the policies and long-term direction of the Plan are unchanged. We will continue to implement measures based on correct information and with a sense of urgency. We will identify which methods are best suited to the current business environment as well as the best timing to achieve maximum effects and generate even greater results. We must truly adapt to the new era of VUCA (volatility, uncertainty, complexity, and ambiguity). Over the next 10 years, we must think seriously about the role we should play in society and about the kind of company we will create beyond the 150th anniversary. In order to achieve that future form, I think it is important to develop flexible human resources who can respond to the needs of an increasingly diverse society and create a corporate culture where each individual can be active and tackle changes themselves.

Prospex is one of our Global Brands. Prospex's brand philosophy is very instructive, so I will share it here. We have continuously developed Prospex with the aim of creating watches that can function well even under harsh conditions. Its brand philosophy is "Keep Going Forward." This message conveys the importance of deciding on a goal and then single-mindedly pursuing it, taking up whatever challenges may appear along the way. It also

evinces the unwavering belief that, no matter what people say or what difficulties you may encounter, sometimes you must forget about everything else and push ahead on the path you believe in. This message matches our current times perfectly. I believe our company must forge ahead in the same way, adopting the same determination to achieve its goals.

The year 2021, the final fiscal year of the Mid-Term Management Plan, marks the 140th anniversary of the founding of our company. Over our 140-year history, we have built a relationship of trust with stakeholders worldwide, and made the Seiko brand beloved around the world. We will strengthen both this relationship and our brand-building, and as we continue to grow, we will share our feelings of achievement with our stakeholders.



Exhibition titled "Feel the 'Keep Going Forward' Spirit: The 55th anniversary event of Seiko's iconic diver's watch."



## Aiming for New Environmentally Friendly Manufacturing New Grand Seiko Studio Shizukuishi Opens



### **Toward Sustainable, Recycling-Oriented Manufacturing that Coexists with Nature**

Morioka Seiko Instruments Inc. (Morioka Seiko) took root in the soil of Shizukuishi-cho, Iwate Prefecture, 50 years ago as an ideal place for watchmaking. The location always enjoys the blessings of the seasons with green spaces occupying one-third of the entire site, covered by almost 1,000 wild-grown trees. On July 20, 2020, the new Grand Seiko Studio Shizukuishi, which manufactures Grand Seiko's mechanical watches, was opened in the Shizukuishi Watch Studio of Morioka Seiko. The new studio is one of the few manufacturing sites in the world to use wood abundantly in its construction, such as the wooden cleanroom, and it carries out various initiatives for coexistence with nature, marrying the beautiful nature of Shizukuishi with the spirit of manufacturing.

\* The Studio has not been open to the public as of October 2020 to prevent the infection of the novel coronavirus. For when reservations will resume, please visit Grand Seiko official website.





### Promoting the Use of Green Electricity from Solar Power

In July 2020, Morioka Seiko signed a green power purchase agreement (PPA service) for solar energy. Solar panels installed on the factory roof provide green electricity that is used for manufacturing. The power supplied from these solar panels each year is expected to far exceed the annual power consumption of the new Grand Seiko Studio Shizukuishi, despite winters when the panels produce less electricity due to a reduced amount of sunlight.

### Received the “Chairman’s Award for Urban Greenery” in the Green City Award Recognition

In 2019, Morioka Seiko received the “Chairman’s Award for Urban Greenery” during the “39th Green City Award Recognition” sponsored by the Organization for Landscape and Urban Green Infrastructure. The purpose of the Green City Award Recognition is to create environmentally friendly living environments. The awards recognize community groups, corporations, and other organizations that make outstanding achievements in the preservation and creation activities of green spaces. Morioka Seiko received the award in recognition of initiatives including appropriate maintenance of green spaces on the site by employees themselves, internal and external environmental education, and active communication.

### Pursuit of Sustainable Manufacturing

The studio produces mechanical watches, which are, in a sense, a representation of sustainability, as its energy comes from the natural power generated by the unwinding mainspring, and also as the lifetime of the product may exceed that of its owner’s. It is no wonder that everyone here shares the idea of sustainability through every area of manufacturing.

- Through practicing Reduce, Reuse and Recycle initiatives, the studio strives to promote effective use of resources and waste reduction.
- To minimize the impact on the environment and to use resources in the most efficient way possible, the studio practices its wastewater treatment to reuse its water.
- As an approach to prevent global warming, the factory strives to reduce CO2 emission levels by setting target values and carrying out continuous reduction activities.
- We have installed a self-developed wireless sensor network system “Mr. Sho-Ene” or “Mister Energy Saving” in the facility to monitor the temperature, humidity, illuminance and current levels, to promote energy saving.



### Certificates (Initiative of Morioka Seiko)

In 2015, Morioka Seiko acquired the first factory version of the “Association for Business Innovation in harmony with Nature and Community certification” (ABINC certification). The ABINC certification system evaluates and certifies facilities working on green space development that considers biodiversity on a third-party basis. (updated certification in 2018)



Grand Seiko Studio Shizukuishi special website

<https://www.grand-seiko.com/global-en/special/studio-shizukuishi/>

## Seiko's Initiatives to Solve Social Problems through ESG Activities

Never break, can be used for a long time, environmentally friendly

We continually create friendly products that benefit society through a passion for and philosophy of manufacturing that is kind to the environment.

### ESG Activities and SDGs of the Seiko Holdings Group

Based on its corporate philosophy of "A Company that is Trusted by Society," the Group strives to further increase its corporate value with ambitious initiatives aimed at the continuous growth of society and the Group in the areas of environmental consideration (E), helping to solve social problems (S), and maintaining governance that is trusted by society (G).

#### 1. Environmental consideration (E)

In addition to our unceasing efforts to use resources effectively throughout the product lifecycle, reduce CO2 emissions, and reduce waste, we provide information on preserving the natural environment and carry out initiatives to raise awareness.

#### 2. Helping to solve social problems (S)

We are working to solve a wide range of social problems in many parts of the world, including the least developed countries, in order to enable people to live fulfilling lives.

#### 3. Maintaining governance that is trusted by society (G)

In order to maintain the trust of all of our stakeholders, we are strengthening our corporate governance systems and working throughout the Group to raise awareness of the quality of all of our products and services.

#### The SDGs We Promote to Achieve



### Environmental Philosophy

Seiko is cognizant that the protection of the global environment is the highest priority issue of humankind and takes actions by giving considerations to preserving the environment as a good corporate citizen.

### Environmental Policy

1. We set environmental targets, systematically implement measures and confirm the results leading to continuous improvements.
2. We comply with relevant environmental laws, rules and regulations in Japan and other countries, as well as industrywide initiatives, and undertake efforts to prevent environmental pollution.
3. We ensure the effective use of resources and reduction of greenhouse gases and waste throughout the lifecycle, from manufacturing to sales, by such measures as green purchasing, environmentally friendly production processes, management of chemical substances, products, packaging materials and transportation methods, and thereby contribute to the conservation of biodiversity.
4. We share the Company's environmental policy, environmental issues and trends with our employees, and encourage their understanding and participation in environmental activities.
5. We strive for communication with society by conveying our policies and activities regarding environmental issues.

## Initiatives that are Kind to the Environment in Manufacturing Processes

### Manufacturing with Awareness of Reducing Environmental Impact from the Product Development Stage

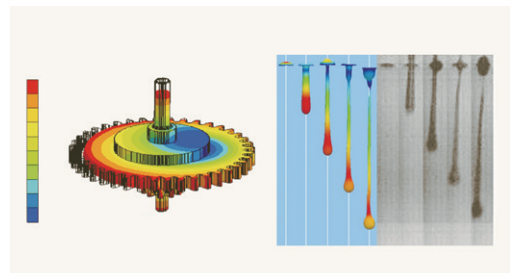
Seiko Instruments Inc. evaluates each of its products for various environmental consideration categories using its own five-point evaluation standard by product, and it certifies products meeting the standard as “SII Green Products.” In fiscal year 2016, it added “consideration of biodiversity” to its environmental consideration categories, thereby strengthening its evaluations of environmental consideration.

Design personnel from other divisions are also involved in the SII Green Product certification review to conduct an objective review with a broad perspective. Through these initiatives, we maintain awareness of our manufacturing that is kind to the environment in processes from the design and development stage.



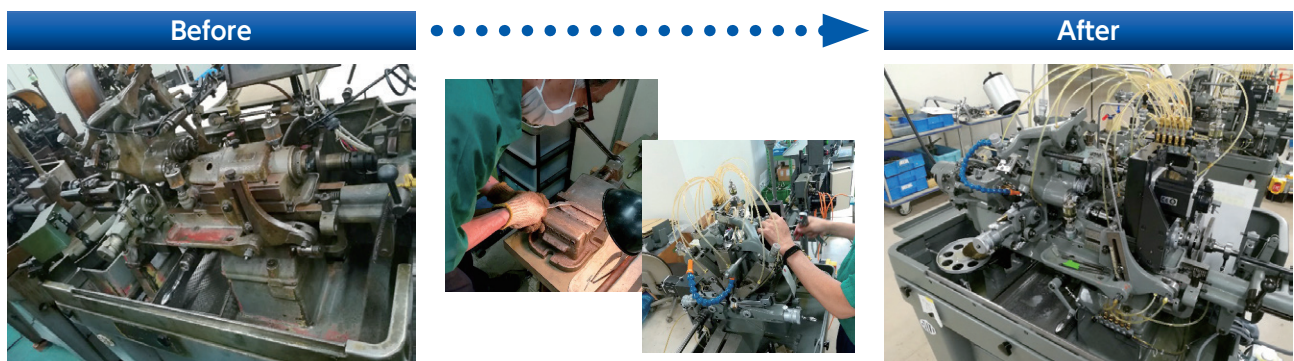
### Conserving Energy and Resources with Precision Design Using Cutting-Edge Technologies

During the product development and design stages, we use computer simulations to analyze physical phenomena that cannot be seen with the naked eye, such as the stress state of component materials and the resin flow state of molded parts. We use this analysis to verify designs and product performance. In addition to simulations of products and parts themselves, we also use fluid analysis of (fluid) ink emitted from inkjet printer heads and 3D analysis combining supercomputers with parallel processing software to improve product performance, reduce design time, and use less energy and materials by eliminating prototypes.



### Maintaining and Reusing Facility Machinery to Both Effectively Use Resources and Conserve Energy

We overhaul aging production equipment and keep it running continuously by repairing and replacing worn-out parts. This enables us to dispose of less equipment and make effective use of resources. We also match modern technologies to old production equipment in a process called “retrofitting,” as part of our active efforts to improve functionality and maintainability while saving energy. Prototype models on our cam-operated automatic lathe, which is one of our main pieces of equipment, are expected to cut energy use by up to 20%.



## Seiko's Initiatives to Solve Social Problems through ESG Activities

### Design Concept that Enables Long-Term Use and Repair

The Group releases products and services on the market based on a basic approach to product development of products that never break and can be used for a long time and an engineering philosophy of craftsmanship, miniaturization, and efficiency. We maintain this fundamental stance throughout, from the development and manufacturing sites to after the products and services have made it into our customers' hands.

Watches are expected to be used for a long time with maintenance, and we design our products with maintainability in mind from the development and design stages. We also focus on enhancing our repair services to meet the recently rising demand for eco-awareness and ethical consumption, aiming to create a society where things are valued and used for a long time.



Mechanical watches that can be used semi-permanently with regular maintenance.



Accurate, speedy, high-quality repair services utilizing the latest equipment and technological capabilities



Mobile thermal printers: Designed to be durable with drop and moisture resistance, envisioning a wide range of use scenarios

### Even More Compact and Power-Saving

We pursue our strength of making smaller designs that run on less power, which the Group has developed in watch manufacturing, in our product development. Making things smaller naturally prevents wasted resources, and enabling high-density mounting increases the product's value without requiring new resources. Our initiatives to save power improve energy efficiency and also help use resources effectively and reduce waste. The miniature precision components that we offer are currently used in a wide range of products and services in society, thereby helping our customers improve their environmental performance, save energy, and conserve resources.



Hard disk drive components and miniature ball bearings (for servers)



Automobile precision turned parts (for ABS brake components)



Crystal oscillators (for electronic devices such as smartphones and wearables)



Lithium rechargeable cells (for monitoring cameras and other industrial devices)

## Social Contribution Activities

### Supporting Earthquake Reconstruction via Music

Since great earthquake attacked east-Japan area in 2011, Seiko has been holding concerts to support reconstruction in disaster areas. We have also been holding the sound of "wa" Concert to Support Eastern Japan in a Spirit of Harmony in three prefectures of the Tohoku region and in Tokyo from 2013, in order to provide an opportunity for people in disaster areas and their supporters to deepen ties.

The 2020 Tokyo performance was streamed live online and connected people's hearts with the power of music.



## Solving New Social Problems

The Group has taken up a wide range of issues that society faces and is working on a variety of development and other initiatives to make contributions through its products and services, in order to help create a society where people can live with safety and security. Meanwhile, new social problems will appear daily. In order to solve these problems, we are actively creating alliances and collaborating with a wide range of corporate partners and organizations across business and industry boundaries, with the aim of providing solutions to these problems as quickly as possible.



Infrared array sensor modules for contactless thermometers



ESTEN TE-C800T, a system time recorder with a thermometer feature



Watch-type vital sensor for applications such as managing heat stroke risk at construction sites

## Environmental Activities in Collaboration with Communities

The Group works actively to make effective use of resources and reduce CO2 emissions and waste at its manufacturing sites worldwide. Each site ensures legal compliance by controlling its water and air emissions with voluntary standards that are stricter than local regulations. They also focus on conserving the local natural environment through their business activities together with participating local communities and stakeholders.



Initiative by Dalian Seiko Instruments Inc.: Investment in state-of-the-art factory wastewater treatment facility



Building energy management system to reduce CO2 (e.g. converting to LED lighting)

Initiative by Seiko Instruments (Thailand) Ltd.: Level 3 certification by the Green Industry Project sponsored by Thailand's Ministry of Industry



Initiative by Morioka Seiko Instruments Inc.: Creation of green area with consideration of biodiversity through the Green Wave Project

## Cultivating a Rich Spirit via Music

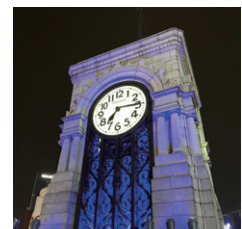
Seiko Summer Jazz Camp is a special co-sponsored event where instructors who are active on the world stage teach talented young Japanese people who want to be jazz musicians.

Due to the effects of COVID-19, the fifth camp in 2020 changed its format to a "Web Jazz Camp," streaming online video lessons free of charge. We will continue this initiative to support young people aiming to be active globally and connect the next generation to the power of music.



## Supporting Medical Professionals Fighting COVID-19

WAKO Co., Ltd., which is located in the center of Ginza, Tokyo, supports the "Thanks for your Courage—Bells for Life" action. From April through June 2020, we played a special chime from the clock tower every evening at 7 p.m. and illuminated the clock tower with blue lighting in order to express our support and gratitude for medical professionals battling the COVID-19 pandemic. In order to alleviate the shortage of alkaline button cell batteries for electronic thermometers, caused by increased demand for temperature measurement, SEIKO TIME LABS CO., LTD., which repairs watches, and Seiko Instruments Inc., which manufactures micro batteries, donated 10,000 silver oxide watch batteries, which can serve as substitutes in electronic thermometers, to medical institutions, government agencies, and other groups in the Tokyo metropolitan area.



# Watches Business

## Aiming to be a leading player in the world watch market



In April 2020, we integrated the watches business of Seiko Instruments Inc., moving forward with a new business structure that integrates manufacturing and sales. The impact of COVID-19 has greatly changed our business environment. As we look ahead to 2025, we will further advance our Global Brand strategy, with a special focus on Grand Seiko (GS) and Seiko Prospex (Prospex), working to be recognized as a leading player in the global watch market. To further strengthen this strategy, we will accelerate our digital marketing and communicate our brand stories globally, as we strive to further improve our brand value and continually expand our sales. We will also accelerate our business by promoting a company-wide digital transformation in all of our business processes.

**Shuji Takahashi**  
President & COO & CMO  
SEIKO WATCH CORPORATION

### What We Aim to be in FY2025

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.

### Basic Policy for the 7th Mid-Term Management Plan

Keep expanding GB sales and accelerate GB strategy to accomplish “Revolutionary (Extraordinary) Transformation”

- (1) Increase overseas sales as well as in Japan: Growth in the U.S. and Asia, and also in Japan
- (2) Investment in advertising, manufacturing and after-sales service

	Target Figures			
	FY2018 Actual	FY2019 Actual	FY2020 LE	FY2021 MTP
Net Sales	141.7	135.4	110.0	165.0
Operating Profit	10.3	10.1	4.5	14.5

(Billions of yen)

### Business Overview

In the global watch market, growth is continuing for mid-high price watches, where emotional value is required, the 7th Mid-Term Management Plan will continue to focus on expanding sales of Global Brands.

In the fiscal 2019, net sales under the Watches Business came to 135.4 billion yen, a year-on-year decrease of 6.3 billion yen, or 4.5%. In Japan, despite the effects of sluggish personal consumption following the consumption-tax hike and spread of the novel coronavirus, net sales of GS grew year on year and net sales of Prospex were at the same level of the previous fiscal year. Overseas, Global Brands continued to grow, mainly for GS and Prospex, and net sales in the watches business increased year on year, excluding the impact of changes in the distribution of some products and exchange rates. In the U.S., GS performed steadily, and net sales in China grew year on year. The watch movements business enjoyed favorable sales of mechanical movements, while demand for analogue quartz movements continued to be stagnant. Operating profit was 10.1 billion yen, a decrease of 0.2 billion yen, or 2.2%, mainly due to the decrease in net sales.

## Value Created by the Watches Business

As a manufacturer that has been operating continuously for over 100 years, the Watches Business delivers a wide range of value worldwide through the watch planning, development, manufacturing, marketing, sales, and after-sales service cycle that it has developed over its long history. A watch sparkling on its customer's wrist not only provides the functional value of accuracy, but also the emotional value of peace of mind, satisfaction, and joy, as well as its value as a means of self-expression, enriching the customer's heart and life.



## Major Efforts

### Planning and Development Developing Attractive Movements

We have launched many watches adopted movements that have completely new functions, including quartz, Kinetic, Spring Drive, and GPS solar. Today, when we develop new watch movements, we focus on day-to-day research and development that aims to create attraction, bringing out various forms of joy, not only in functional aspects but also appealing to people's sensibilities. The 9SA5 and 9RA5 movements, first adopted in new GS in 2020, are a new generation that realizes a high degree of comfort, ease of use, and high-quality sensibility value. The 9SA5, the new mechanical movement, was developed with a new high-efficiency escapement and has achieved significantly longer power reserves by adopting twin barrels. The new Spring Drive movement 9RA5 achieves an even more comfortable fit on the wrist, while successfully providing shock resistance that meets the ISO standard for diver's watches. The designers and engineers worked together on the movements from the conceptual stage with the aim of achieving a sophisticated and beautiful appearance. The designs' motif reflected the beautiful nature of the locations where they were developed: Shizukuishi-cho, Iwate Prefecture, and Shiojiri City, Nagano Prefecture.

### Manufacturing Leading manufacture d'horlogerie

The watch manufacturing process masterfully fuses cutting-edge technologies with craftsmanship, creating a variety of values demanded of watches by giving shape to ideas of engineers and designers. At Shizuku-ishi Watch Studio, located at Morioka Seiko Instruments Inc., and Shinshu Toki-no-Waza Studio, located at Seiko Epson Corporation, experienced engineers and technicians, including contemporary masterful craftsman with outstanding skills, assemble, engrave, and work on luxury watches, creating functional as well as emotional value.

In July 2020, Grand Seiko Studio Shizukuishi opened its doors in Shizukuishi Watch Studio. The studio will be home to the watchmakers who assemble and adjust Grand Seiko's mechanical watches and has been created with a view to greater production capacity in the future and the expansion of the collection.

In addition, we incorporate MEMS processing technology\* into the production process, which is an application of precision exposure technology for semiconductor production, thereby improving the precision and durability of parts and reducing their weight. This technology adds value to our watches by improving their performance and reliability. The supply volume is among the highest in the world, ensuring stable supplies both in Japan and overseas.

\*MEMS stands for Micro Electro Mechanical Systems. It is a technology for manufacturing precision machine parts and components that integrates machinery and electric circuits.

## Watches Business

### Marketing and Sales

#### The Next Step after Digitalization

We sell watches in roughly 140 countries and operate Seiko Boutiques and Grand Seiko Boutiques on high streets around the world. In June 2020, we opened Grand Seiko Boutique Paris Vendôme at Place Vendôme in Paris, which is full of luxury brand stores. In August, we opened Grand Seiko Boutique Flagship Wako, making it the world's largest GS showroom, on the second floor of the Wako Main Building in Ginza, Tokyo. We believe that seeing our products first hand is the best way to understand the "Seiko-like."

Meanwhile, the spread of COVID-19 has spurred us to accelerate our ongoing DX initiatives. In addition to opening and operating Boutiques, we are applying digital technologies to marketing as well as sales around the world. In China, we are actively incorporating live streaming and other technologies. In the United States, we are using web conference tools to announce new products linked in with announcers from multiple countries and implementing a trial service to "try on" new products using augmented reality (AR). Through these ongoing initiatives, we are striving to maintain our relationships with consumers.

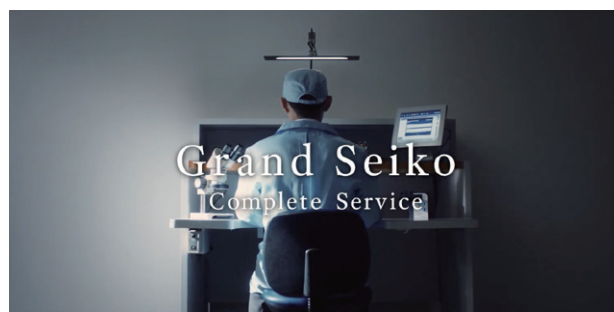
Fusing the real with the digital is essential for providing the value of genuine articles. We believe that this fusion is enabling us to communicate information more broadly than ever before. We are also considering and advancing a variety of measures focused on the next step after digitalization. Our aim is to let customers feel the Japanese "Seiko-like" hospitality as much as possible, even online, which has fewer limitations than physical stores.

### After-Sales Service

#### Watches that Can Be Used for a Long Time

Recently, there are increasing efforts toward consumption that is kind to the environment and society, called "ethical consumption" and "eco-consumption." At the same time, people always value the expression of their unique selves. Our engineers and technicians put great care into making watches, and we take responsibility for enabling our customers to keep using their watches, which are filled with their feelings and memories, for as long as possible. We strive to improve our service by supporting repairs of luxury products centered on our after-sales service network, which includes our subsidiaries and distributors worldwide, as well as holding skill training sessions. In September 2019, SEIKO SERVICE CENTER CO., LTD., which handles repairs of GS and other watches, changed its name to SEIKO TIME LABS CO., LTD. As it marks the 55th anniversary of its founding, the name change represents our commitment for a further leap forward by improving our service quality, which is built upon our reliable watch repair technologies and research and development. SEIKO TIME LABS CO., LTD. provides Grand Seiko Complete Service\* by leveraging the sophisticated and exquisite skills of our engineers to offer our customers even greater satisfaction. We publish videos of this service on YouTube and the Grand Seiko website in order to gain universal recognition.

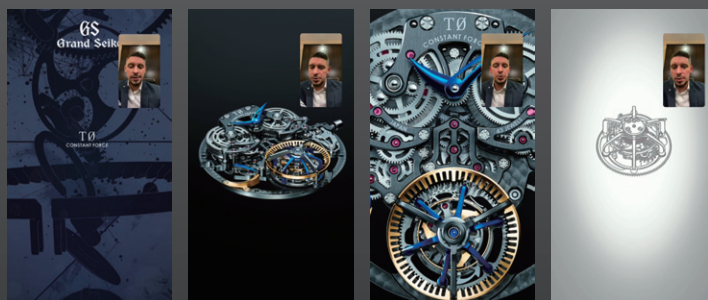
\* Grand Seiko's repair service, in which an interior/overhaul is performed together with a "light polish" as part of a set.  
<https://www.grand-seiko.com/global-en/support>



Grand Seiko Boutique Paris Vendôme



A Seiko staff in the U.S. explaining the mechanism of T0 Constant-force Tourbillon on Instagram Live





## Global Expansion of Grand Seiko

The year 2020 marks the 60th anniversary of Grand Seiko (GS). During this time, GS has earned a strong global reputation. Grand Seiko Corporation of America, a wholesale company in the United States, has stood out for its growth. We asked the President, Brice Le Troadec, about the company's initiatives.

### **Tell us about your major initiatives of GS in challenging the U.S. market and its achievements.**

The U.S. consumer is very open to changes and new technologies, but it is a matter of how these are communicated to them. They are learning not only through the medias, blogs and forums, but also and almost mainly through social medias, virtual presentations and video platforms. Now more than ever, with COVID-19 having totally changed what would have been a great but traditional year for GS, we have been able to capture and use these platforms totally adapted to our need for "education" and increase its awareness very quickly in the U.S. markets thanks to the contagious affection of our core collectors who are using these platforms to learn and communicate their appreciation for the brand. GS has been able to create a new "need for excitement", some disruption in the comfort zone of the traditional watchmaking, bringing a fresh spirit and a product that is perfectly in line with the era, bringing an extreme quality and strong personality product to the market place, associated to its genuine messaging.

### **What do you think of the reason GS has kept growing in these years in the U.S. market?**

Distribution is not only about sales but also about education and awareness. So the selection of new dealers has been made predominantly based on the quality of the sales teams, their passion for watchmaking and their pioneering spirit. Our partners are our allies in this educational phase with GS in the market place.

Our mission is to bring GS the closest possible to the end-consumer, using our retail and media partners but also our core collectors who are promoting the brand as the "coolest", most relevant discovered brand of the new decade!

### **What type of people enjoy GS? And what value do you think the people find and enjoy from wearing a GS?**

In the past 10 years in the U.S., GS was an underrated "exotic" brand for a small community of watch nerds. Since 2017, we have enlarged our clientele to a much broader range, including not only mature watch collectors usually buying at a much higher price point timepiece, also reaching the younger generation (20-30 y.o.) Our clients are seeing GS as a very desired and "cool" brand and are so participative and crucial to increase our awareness organically. The GS community and clients do recognize the uniqueness of its features such as the purity of the designs, being timeless and so beautiful, as

well as the extreme degree of quality with the finishing of our watches that is surpassing the top luxury brands, and also the proven reliability and accuracy of our different technologies. GS is a conversational brand for educated watch collectors that is now reaching the wider popularity it deserves.

### **What do you think GS would be in the next ten years in the U.S. market? What initiatives do you think we need for GS to achieve further success in the U.S. market (and also a future success in the global market) from your point of view?**

The past 3 years have proven that GS has a huge potential in the U.S. market, ranked 4th brand in its price category in 2019, and being the #1 performing brand year-over-year 2017-2019. There is currently a great momentum with GS! We have just started our offensive and haven't yet reached all the layers of clients that are still to be educated on GS. The interest continues to grow exponentially and very quickly. We definitely see GS positioned as a solid top 3 global luxury brand within the coming 10 years!

One of our fields for expansion and next challenge will be the ladies' category.

Also, as we become a global leading brand in the luxury watch industry, we should always remember that the respect of our clients is tight to how we respect GS from the source up. Another area to focus on in priority is our after sales service so we can make sure we are also competitive vs the long-established brands.

GS will quickly be globally recognized as a leading luxury brand thanks to its uniqueness, been a Japanese based manufacture (symbolizing extreme quality and attention to detail, deep traditions...), and it is important for GS to profile itself as a global brand as well, using other territories, still respectful to our brand pillars (history and heritage, challenger and innovation spirit, vertically integrated manufacturing, and uniquely Japanese) and our brand personality (intelligent, confident, perfectionist, technical, understated, and refined), but in a more universal manner.



**Brice Le Troadec**

President  
Grand Seiko Corporation of America

# Electronic Devices Business

Achieving “Craftsmanship, Miniaturization, Efficiency” via precision design, machining, and assembly technologies, and the ability to propose solutions



The technologies we have accumulated through watch manufacturing and then evolved further are creating new value along with the ongoing changes in society. For example, electronic components, such as micro batteries and crystal oscillators, will be a key part of “Society 5.0,” a forthcoming fusion of cyberspace and physical space. More immediately, our precision parts created through advanced machining technologies help to improve the safety and reliability of automobiles and other products, as well as the energy efficiency of industrial machinery. Looking toward the post-COVID era, we are continuing to create products that meet the needs of a changing society, including mobile printers that can respond to changes in service businesses, and industrial inkjet print heads that will help to improve productivity.

**Tetsu Kobayashi**  
President  
Seiko Instruments Inc.

## What We Aim to be in FY2025

Develop “Craftsmanship, Miniaturization and Efficiency”\*\* technologies to “influence” the future and enriching time for people

## Basic Policy for the 7th Mid-Term Management Plan

- (1) Further evolve Craftsmanship, Miniaturization and Efficiency technologies and shift key product portfolio to areas of strength and growth markets
- (2) Carry out investments and strengthen management in new growth areas

	Target Figures			
	FY2018 Actual	FY2019 Actual	FY2020 LE	FY2021 MTP
Net Sales	55.5	51.7	50.0	63.0
Operating Profit	1.4	0.6	0.8	3.0

(Billions of yen)

\*\* “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.

## Business Overview

Industries and social lives are changing due to innovations known as the fourth industrial revolution, which includes fields such as IoT, artificial intelligence (AI), and robotics. The fiscal year ended March 31, 2020 began while economic growth slowed and the market for electronic devices stagnated in many countries, especially in China, due to the impact of trade friction between the United States and China, among other factors. Although we saw a recovery in quartz crystals and micro batteries starting around the third quarter, COVID-19 began to spread around the end of January 2020, which caused year-on-year declines in both net sales and operating profit. COVID-19 was continuing to spread at the beginning of the fiscal year ending March 31, 2021. The Electronic Devices Business has been impacted greatly, including reduced operations at our delivery destinations due to restrictions on activities, mainly overseas. However, even amid the spread of COVID-19, we continue to receive solid orders for such products as high-performance metal for semiconductor production equipment and precision components for data centers. Furthermore, as various countries’ economies reopened, we have sensed a strong recovery in quartz crystals, micro batteries, and inkjet print heads for construction materials.

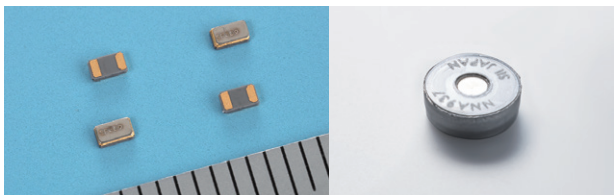
## Major Efforts

### Mechatronics Devices –electronic components-

We utilize our technologies based on watches to provide the industrial, medical, and automobile business areas with devices that support decentralization, energy-saving, and high-reliability in the expanding field of IoT.

In the medical field, mobile devices are essential for providing optimal care to each patient. For example, portable glucose monitors for administering insulin to diabetes patients have begun to gain popularity. However, there is demand to make the devices smaller, operate longer, and have permanent network connections.

Our quartz crystals and micro batteries respond to these needs by ensuring reliability through accurate communication timing, reducing power consumption, and enabling stable operation for a long time. We are building on the trust we have built in the medical field to further expand to IoT devices and other markets.



In addition, the manufacturing processes for semiconductor memory chips require control valves that accurately control the flow of gases that are highly reactive and difficult to handle. With its excellent corrosion resistance, our high-performance metal is used in metal diaphragms that are the heart of these control valves. Although this is a niche market, we will continue to support the stable production of semiconductor memory with our high-performance metal, which enjoys a large market share.

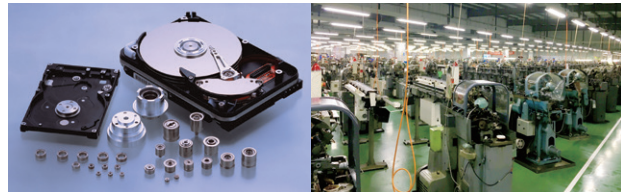


### Mechatronics Devices -precision parts-

We deploy the precision machining and assembly technologies that we have established with sub-micron precision to the automobile and industrial markets in order to apply them in growth industries.

The COVID-19 pandemic has given rise to new lifestyles, typified by the “STAY HOME” movement. Internet shopping, teleworking, and online lessons have grown rapidly, and the consequent increase in transactions and continuous video communications have caused

permanently high traffic. Our products, such as hard disk drive devices for data centers and miniature ball bearings for fan motors that control rising temperatures in equipment, are supporting the stability of these new lifestyles.



Our precision components for automobile also have a solid reputation. For example, our parts for the anti-lock braking system (ABS) already have a more than 20-year history since they were first adopted.

As prime movers continue to shift to electric vehicles and hybrid vehicles, we will support safe land transportation by providing trustworthy components.



### Printing Devices

The digitalization of manufacturing is being advocated to both use time and resources more efficiently and reduce environmental impact. Many industries have high expectations for the application of inkjet printers as a device that achieves digitalization. We successfully commercialized an inkjet print head model that supports water-based ink, contributing to reductions in environmental impact.

Furthermore, we will expand our lineup of thermal printers, which boast one of the world's highest market shares, in mobile models featuring a compact, robust, and low-voltage operation, thereby further accelerating our expansion in growth markets such as mPOS (mobile point of sales) and labels.



# Systems Solutions Business

## Creating Sustainable Customer Value



Based on our founder’s spirit of “Always being one step ahead of the rest,” we have provided ICT solutions to support the transformation of our customers’ business models. Many of our customers businesses were affected by the COVID-19 pandemic, so we are providing new services to support them based on core concepts defined by these 5 keywords: remote, contactless, speed, collaboration, and visualization. To respond to the remarkable changes in the business environment, we are accelerating moves toward digitalization and examining our future vision of ourselves as a business. In order to support our customers’ digital transformation and continue to grow sustainably along with those customers, we will respond to their increasingly complex needs by providing one-stop optimal systems solutions ranging from consultation to building, operating, and managing systems in a creative and efficient manner.

**Jun Sekine**  
President  
SEIKO Solutions Inc.

### What We Aim to be in FY2025

Achieve long-term, continuous increase in earnings and profit

### Basic Policy for the 7th Mid-Term Management Plan

- (1) Improve sustainable growth and reliability of business
- (2) Create business structure resilient to environmental changes and shift to high added value through diversification
- (3) Continuously transform practices and strengthen organizational structure

	Target Figures (Billions of yen)			
	FY2018 Actual	FY2019 Actual	FY2020 LE	FY2021 MTP
Net Sales	30.8	32.8	35.0	35.0
Operating Profit	2.4	3.0	3.5	3.0

### Business Overview

In the fiscal year ended March 31, 2020, the Japanese market related to IT and telecommunications was strong, with continued corporate investment sentiment against a backdrop of exacerbating labor shortages, demand for updates to aging equipment, and support for a shift to cashless transactions in response to a hike in the consumption tax.

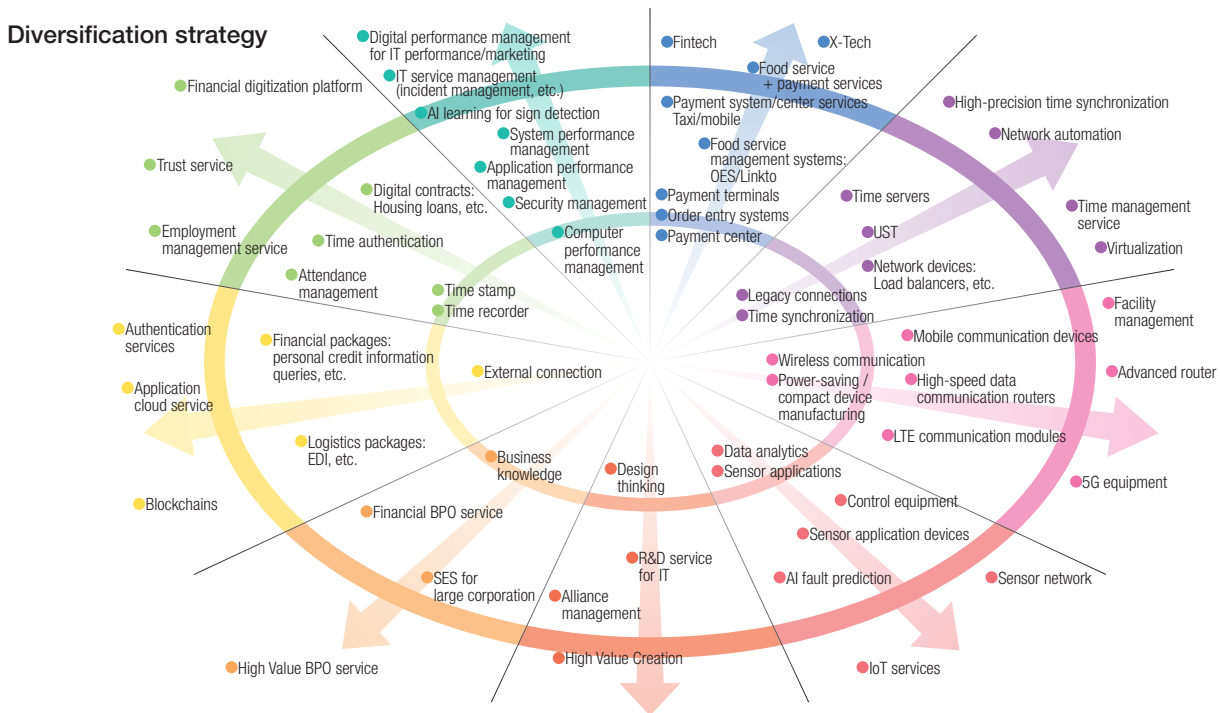
Under these circumstances, in addition to favorable sales of digital contract solutions, application performance management software, and mobile payment devices and services, net sales of products for individuals also grew. As a result, net sales under the Systems Solutions Business came to 32.8 billion yen, a year-on-year increase of 2.0 billion yen, or 6.6%. And profit increased year on year by continuing to improve profits for each product, by which operating profit came to 3.0 billion yen, a year-on-year increase of 0.6 billion yen, or 25.4%. As we support food service industry and other customers affected by COVID-19, we will aim to grow further by firmly supporting the needs of society in businesses that are expected to grow at an accelerated pace, including further promotion of cashless transactions, an excessive load on networking environments due to a rapid increase in working from home, and increased demand for security measures.



IIM Corporation (Head office)

## Major Efforts

The 7th Mid-Term Management Plan aims for long-term sustainable growth by expanding our stock-type business, diversifying including the use of M&As, and building business structure resilient to environmental changes. In order to achieve these goals, we will work continuously to enhance our diversity and strengthen and foster design thinking.



## M&A Strategy

We made IIM Corporation a subsidiary in 2017. In addition to the synergy from integrating technologies and customers, we are aiming to achieve synergy from integrating our cultures, including expanding IIM Corporation's motto of "sales is support" to the business as a whole. IIM Corporation is driving the Systems Solutions Business as one of our drivers of continuous business growth by further strengthening our relationships with major customers. Furthermore, in April 2020, we made COSMO CO., LTD. a subsidiary in order to accelerate the growth of our business in the growing IoT market.

Moving forward, we will utilize M&As and alliances to enhance diversification, actively incorporate the strengths of each company, and create strong synergy, thereby further growing the organization as a whole.



COSMO CO., LTD. (Tokyo office)

## Initiatives Aimed at the New Normal

The COVID-19 pandemic is bringing major changes to our business environment and values, and new demand for things like digitalization is growing rapidly. We value on ascertaining these changes accurately, making decisions swiftly, and shifting into action. In response to these new needs, we see the COVID-19 pandemic as a new business opportunity and are aggressively implementing proactive initiatives by rolling out solutions from new angles, such as offering digital contracts and time recorders with a contactless thermometer feature. Moving forward, we will strive to roll out solutions to support our customers' continuous growth from three perspectives of increasing importance: (1) enhancing applications; (2) ensuring the reliability of information and data; and (3) creating new value.



"SDGs WEEK" November 9-13, 2020: Jointly hosted COMPUS (COMputer Performance User Study group) and SDGs webinars online

# Clocks/Wako/Time Systems Business

Together with the Seiko brand



## Wako Business

Wako views the growing diversification of sales methods being spurred by the current pandemic as an opportunity, and we are actively promoting the digital transformation of our business. We will use this opportunity to further refine Wako's unique products and services. In addition, by leveraging digital technologies, we will make it possible for even more people to enjoy the experience of visiting Wako, which continues to be a leading symbol of Ginza.

**Shuntaro Ishii**

President  
WAKO Co., Ltd.

### What We Aim to be in FY2025

Creating significant value as legacy business that contributes substantially to the Seiko brand

### Basic Policy for the 7th Mid-Term Management Plan

Selection and concentration, and reinforcement of the foundation to contribute to the brand and further growth

	Target Figures (Billions of yen)			
	FY2018 Actual	FY2019 Actual	FY2020 LE	FY2021 MTP
Net Sales	28.3	29.5	25.0	31.0
Operating Profit	0.6	0.3	0.0	1.0

## Wako Business

### Major Efforts

We assign Wako as a base for directly communicating the Seiko brand to the world from the center of Ginza and enhance collaboration between the Wako and Seiko brands, which are both outstanding luxury brands in Japan. Wako remodeled the first-floor display window into a see-through window. And the first and second floors reopened as the Wako Watch & Jewelry Square: We started a new stage in 2020.



## Clocks Business

The COVID pandemic has led people to spend much more time at home, and that in turn has promoted interest in time management and comfort in the home. The clock market, which had been shrinking for a few years, has benefited from this trend. As we take up the challenge of full-scale digitalization, the Clocks Business will continue to move forward, always remembering that we, too, carry on the legacy of our founder and his spirit of “Always being one step ahead.”

## Time Systems Business

Despite the massive changes in our business environment caused by the pandemic, we will continue to offer uncompromising reliability and constantly evolving, innovative technologies. Going forward, we will continue to provide system clocks and sports timing devices that capture dreams and heart-pounding excitement, and automation devices that support precision manufacturing, together with services that provide increased peace of mind.

### Kenji Hagiwara

President  
SEIKO Clock Inc. and SEIKO Time Systems Inc.



## Clocks Business

### Major Efforts

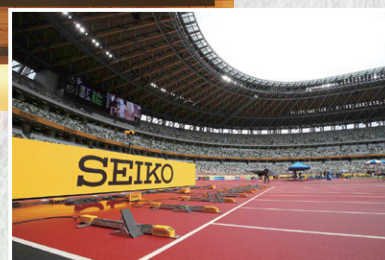
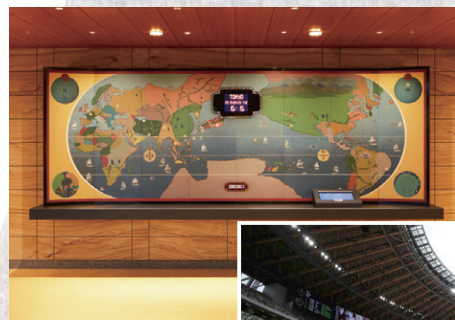
We will strengthen our expansion in Japan and overseas in order to further enhance the Seiko brand and contribute to society. Following up on “SEIKO RONDEAU,” a marionette clock that gorgeously announces the arrival of the hour, we released the DECOR SEIKO “RONDEAU MAISON” with the same mechanism in fiscal year 2020.



## Time Systems Business

### Major Efforts

We will strive to expand our value chain from device sales to a solution business. We will also contribute to improve the Seiko brand value with system clocks that mark irreplaceable time, sports timing that marks the records of each person, and information display systems that enable dramatic, swift, and accurate displays.



## Creating new value by technologies of "Craftsmanship, Miniaturization, Efficiency"



"Craftsmanship, Miniaturization, Efficiency" is a technological philosophy that means: "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 creates new value with "Craftsmanship, Miniaturization, Efficiency" technologies, and continues to contribute to the creation of a prosperous society.

### Craftsmanship

Creativity through traditional techniques and cutting-edge knowledge



Making the Future by  
**"SYO" ism**

### Miniaturization

Innovation through precision technologies

### Efficiency

Potential to create a future prosperous planet

### Toward a new stage for "Craftsmanship, Miniaturization, Efficiency"

The many technologies we have created in our involvement in the manufacture of clocks and watches since our founding in 1881 support the current Group. Craftsmanship, which creates new value through advanced techniques and know-how, Miniaturization, which condenses functionality to the ultimate limit, and Efficiency, which uses materials and energy efficiently to achieve environmentally conscious manufacturing, are the manufacturing philosophy we have passed down through generations of people involved in technology development.

Based on the foundation of this technological philosophy, the Watches Business and Electronic Devices Business lead our research and development efforts aimed at creating functional value as well as emotional value and the value of self-expression. In addition, by fusing next-generation digital technologies such as AI, simulations, and IT, we will offer products and services that exceed our customers' expectations in our existing businesses as well as in significantly growing fields, such as medical care, healthcare, and IoT.

Furthermore, we are pursuing new technologies and creating new businesses in partnership with educational and research institutions, such as research into the topic of the importance of biomechanics in orthodontics, which we are conducting jointly with a university. We will continue to strengthen our industry-academia partnerships, while at the same time carrying out initiatives such as reforming the development process as a whole to make it more environmentally friendly and improve developers' work styles.

### Pursuing the value of sensibility in watches

When developing watches, the Group focuses on such functional elements as high precision and longer power reserves, as well as new materials and processing technologies in order to impart the status and joy of wearing them, including beauty, color, and texture, in addition to technologies that support the design process that is vital for creating emotional value.



In June 2020, we released the Seiko Prospex Seiko diver's watch 55th anniversary models. These models adopted a new material called Ever-Brilliant Steel, which is a highly corrosion-resistant material used in marine structures and chemical plants, but was considered unsuitable as a material for watches because it is difficult to cut. However, we made repeated improvements, until we succeeded at commercializing a material with a beautiful brilliant white appearance, and the world's highest level of corrosion resistance for stainless steel. We will also use MEMS technology, which has contributed to higher precision in mechanical watches, in our pursuit of function as well as beautiful shape and finish.

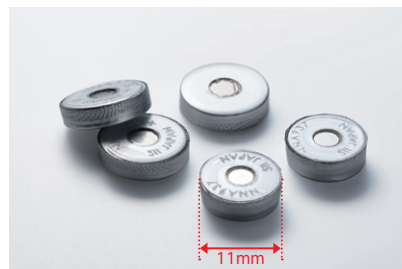


This newly developed corrosion-resistant stainless steel material is perfect for diver's watches subjected to severe environments

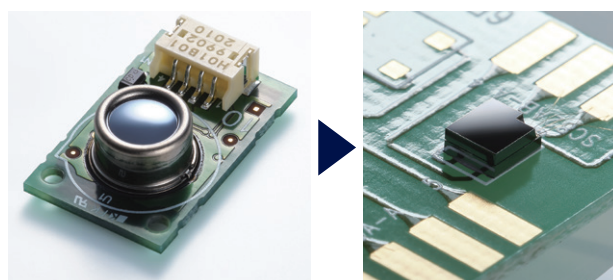
## Electronic devices assist with human health

Wearable devices and healthcare products have become established in people's lives, and there is demand to make them more compact, more precise, and consume less power. In order to create products in the field of electronic devices, including micro batteries, quartz crystals, and sensors, which the Group is commercializing, the Group develops technologies that meet these needs. For example, batteries used in healthcare devices must be compact, thin, and lightweight, while simultaneously satisfying the competing demand of increasing the available battery capacity. We succeeded in developing a micro battery with the world's highest level of energy density per unit of weight and volume by eliminating wasted space inside the battery, which reduces capacity, while changing the battery's outer material from metal to resin.

With regard to sensors that capture the status of the human body, we are aiming to establish technologies to make infrared array sensors, which are used in non-contact thermometers, more compact and sensitive. Making the sensor itself more sensitive enables us to make the elements smaller, while also reducing costs. This makes it possible to use non-contact sensors for temperature measurement in fields where it was previously deemed impossible in terms of size and price.



A newly developed micro battery: In addition to healthcare, it can be used in such devices as wireless earphones (TWS).

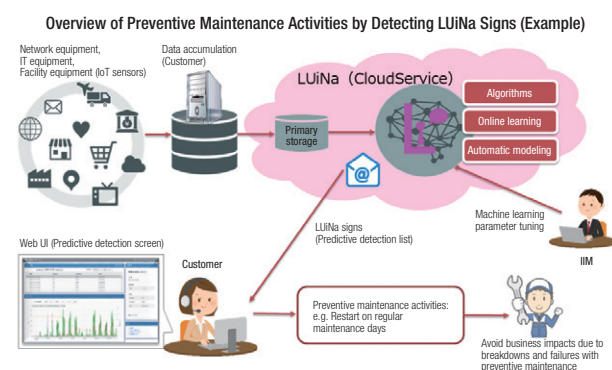


Infrared array sensor SMH-01B01 (left) and next-generation infrared array sensor in development (right)

## Predicting DX, equipment abnormalities, and failures before they occur

We offer a service that notifies of abnormalities before they occur, using AI to predict abnormalities and failures based on data from customers' mechanical equipment, IT systems, and sensors for IoT. By continually receiving data, the service system automatically learns normal states. When it detects a silent failure state from behavior different from normal, it sends an alert via the specified means.

This feature has benefits including minimizing equipment downtime and avoiding the risk of data loss by performing maintenance before an actual failure occurs. Over the long term, we expect the service to offer other benefits as well, including reducing maintenance personnel and redirecting human resources with specialized knowledge to tasks with higher added value.



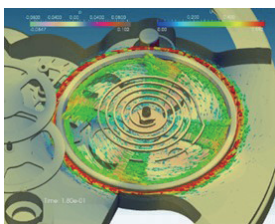
## Foundation Supporting Value Creation

### Research and Technological Development

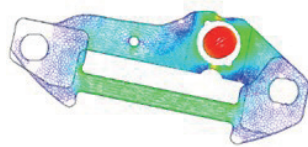
#### Basic supports for technology development (simulations and analytical evaluation)

Many of the Group's products are small in size, which posed an issue that it is difficult to stably evaluate characteristics using our actual products. We therefore make active use of computer simulations during development processes. In addition to introducing the latest hardware and software, we partner with outside research institutions to support technology development period of with shorter development times and higher quality of development.

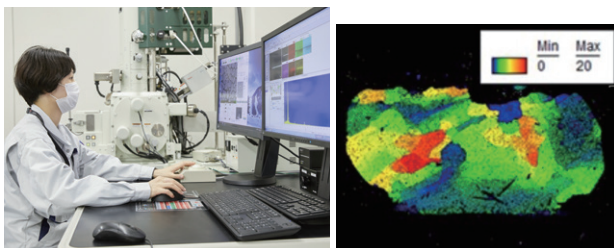
In addition, the Group has an analysis functions including morphological observation, composition analysis, and thermal analysis. Analysis equipment specialized for the Group's products, many of which require analysis at the nano level, and highly experienced dedicated staff resolve fundamental issues on the development and production sites. These activities help us provide highly reliable products that our customers can use with peace of mind.



Evaluating the impact for the time accuracy with airflow simulations of the interior of a mechanical watch



Simulation of the magnetic characteristics to the motor in analog quartz motor with lower power consumption



Analysis and evaluation works during the development process (left) and a result of analysis of microstructure evaluation of materials (right)

#### Intellectual property activities

In order to build a competitive advantage in each business field, we carry out strategic activities to strengthen our intellectual property rights, centered on building a patent portfolio focused on our core competencies and acquiring key patents. Dedicated staff for each product category supports engineers from the stage of idea creation to patent application, in order to ensure that we acquire our rights. Over the past 10 years, our patent acceptance rate has increased about 1.5-fold, and we exceed that of corporate average in Japan. As of March 31, 2020, the Group as a whole holds

approximately 4,000 patents and utility models in Japan and overseas. We also actively enter national and local commendations for invention awards sponsored by Japan Institute of Invention and Innovation. In fiscal year 2019, our patent for watch drive circuits won the award of the Governor of Chiba Prefecture. We will continue these activities to maintain and strengthen our businesses and brand value.

#### Bottom-up vitalization of the organization

Ensuring each engineer highly motivated is highly effective for the technology development process. Each year, the Group holds the Manufacturing "Tokimeki" Forum as part of its bottom-up activities. The Forum serves as an opportunity for organizations and individuals to exhibit various ideas and results, as well as for engineers to interact across organizational boundaries.

A contest is held where all attendees vote for the best exhibits, some of which are considered for commercialization as products or businesses. The actuator using air hydro technology, which was proposed in 2019, is currently being considered for commercialization as a product. If this technology is commercialized, we can expect to reduce equipment costs and save energy, because it does not require hydraulic pumps or pipes.



the Manufacturing "Tokimeki" Forum held in FY2019. Groups of engineers were having animated discussions.



Air hydro actuator currently under commercial development  
Cylinder type (left, right: for vertical transport)  
Chuck type (center: for gripping)

# TOPICS

## Historic New Steps

### Concept creation achieving Seiko's highest level of precision ever

In order to make mechanical watches more in time accuracy, it is vital to eliminate the effects of gravity, and ensure that the energy obtained from the power spring is constant. We developed the complex mechanism "T $\emptyset$  Constant-force Tourbillon", which solves both of these problems simultaneously. This is the world's first mechanism that integrates a constant force mechanism and tourbillon on the same axis.

Integrating on the same axis achieves high precision in the time accuracy by improving the efficiency of energy transfer from the power spring to the balance. This new mechanism makes it possible to tell the time with extremely high precision for 50 hours, achieving the most precise mechanical watch in Seiko's 140-year history.



### Fruits of 15 years of technology development

In March 2020, we announced Grand Seiko Caliber 9SA5, which is a next-generation mechanical watch completed after more than 15 years of cross-organizational collaboration between our engineers. Our research and development division developed the elements in accordance with the engineering requirements from business divisions, including the dual impulse escapement that is the heart of the watch, hair springs that control precision, power springs in twin barrels, spring components with complex shapes created using MEMS technology, and high-precision lightweight components.

Meanwhile, this mechanical watch could not be inspected during mass production, because its escapement mechanism was so different from previous ones that its characteristics could not be evaluated using conventional measuring instruments.

The production engineering division responded by developing several of its own measuring instruments, including a highly precise acoustic rate measuring instrument. Furthermore, in the planning and design division, designers and engineers worked together from the conceptualization stage, pursuing a design with a sophisticated and beautiful appearance. We conduct development from medium- to long-term perspectives and collaborate across organizational boundaries on a daily basis.



## Quality

# Uncompromising value in all things

One of the things that has always symbolized Seiko is “quality.” So it was no surprise when the 32nd NIKKEI Corporate Image Survey, released in February 2020, ranked Seiko as best-in-class for “Quality of products and services.” We see this as further evidence that many people have the same impression of the Seiko brand.

Consumers in the Japanese market have very high expectations for quality, and the “Made in Japan” label is synonymous with high quality in the global market. We believe that we have been able to earn this reputation because of our sincere efforts to meet the expectations of all our stakeholders, always aiming to embody our corporate philosophy: “A Company that is Trusted by Society.”

We also have a long history of focusing on quality. Long ago, our founder believed that he should provide increasingly precise measurements of Time as part of his contribution to supporting society. Since then, Seiko has constantly honed its skills by competing with world-class rivals in the watch industry, which demands ever-higher levels of precision. In 1967, Seiko was acknowledged to have achieved the global pinnacle of quality and precision when it received prestigious awards for outstanding mechanical watches at the Neuchatel Observatory Competition in Switzerland. Since then, Seiko has continued to work ceaselessly toward achieving the world’s best quality.

For us, “quality” is not merely about durability or strength (making things that never break or become damaged), but also includes what we think of as usability value. To realize true quality, a product must offer users high levels of precision, visibility, functionality, texture, and fit, and in addition, provide them with a true sense of satisfaction.



## Commitment to Quality

**Morioka Seiko Instruments, Inc., operates the Grand Seiko Studio Shizukuishi, one of the few fully integrated watch manufacturers in the world, which handles everything from parts manufacture to hand-assembly. It is here where Grand Seiko mechanical watches are crafted. We asked President Yoshiaki Hayashi about the company’s commitment to quality manufacturing.**

Many people who are somewhat familiar with watchmaking have the sense that it is the detailed process of assembly and adjustment by a skilled craftsman that ultimately breathes life into a watch. In fact, it is not only the assembly process, but actually the process of manufacturing the individual parts that builds in quality from the very beginning. A single mechanical watch requires over 200 tiny parts. It is no exaggeration to say that the most important thing necessary to achieve perfect quality in making a great watch lies in the precise crafting of each of these hundreds of parts.

It may sound obvious, but each of the parts in a luxury mechanical watch requires a higher level of precision than the parts of affordable watches. To put it another way, one of the reasons that a luxury watch is more expensive is the tremendous precision necessary in the crafting of each part that goes into it.

We improve that precision by incorporating new processing technologies, such as MEMS (Micro Electro-mechanical Systems), into our manufacturing process. Then, the parts are finished by craftspeople working by hand. These highly precise parts must be assembled by experts, and the watch can only be considered complete after it has undergone a series of very strict inspections. For Grand Seiko, the final inspection process takes more than two weeks.

By improving precision in upstream processes, we are able to simultaneously achieve lower costs, higher quality, and higher production volumes. While we pride ourselves on the outstanding level of our craftsmanship, we are not constrained by tradition. We actively combine the old and the new, incorporating cutting-edge technologies that can add to our pursuit of exceptional quality.

In addition to making luxury mechanical watches, we also mass-produce quartz movements (the key components inside most affordable watches) on an automated production line, which we have created in-house and fine-tuned for



maximum efficiency. This is another example of Seiko's world-class manufacturing ability. Maintaining superb quality in high-volume mass production of very small, highly sensitive parts requires extremely precise control to reduce variation, which is a considerable challenge for any factory.

It goes without saying that we are not the sole reason for Seiko's reputation for superb quality. It is essential for us to maintain a relationship of trust with our many suppliers and partner workshops, and that sense of absolute trust must be mutual. We all share a powerful bond in our joint commitment to maintaining quality. This philosophy is not some convenient company slogan, but is a real, integral part of the daily lives of each and every one of our employees here at Morioka Seiko Instruments. We all aim to create the highest quality products possible and offer them to consumers worldwide to be used, relied upon, and cherished.



**Yoshiaki Hayashi**

President  
Morioka Seiko Instruments Inc.

In this way, achieving the highest levels of quality stems from a tradition of constant efforts, accumulating multiple technologies, innovations, and manufacturing systems, as well as building relationships of trust that extend from initial design and parts manufacturing to after-sales service. I believe that true Seiko quality means never being satisfied with the current situation and continually upgrading our approaches to keep pace with the times, and by doing so, to meet and exceed our customers' expectations.

## Beyond Quality

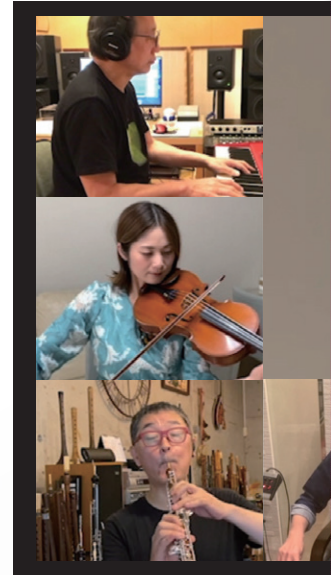
At first, our quality target was merely to guarantee that our products functioned properly and would satisfy our customers so that they would become repeat customers. Of course, as we began to aim for higher and higher levels of quality, we discovered that the very highest levels provide excellent functionality as well. In addition, that level of quality leads to a special emotional value, such as the joy one gets from presenting a gift. Furthermore, high-quality manufacturing makes effective use of resources, saves energy, and takes advantage of other techniques to help address social problems. We are not only committed to assuring the outstanding quality of our products, but also the quality of the solutions that we offer. At Seiko, we want to touch the hearts of people all over the world by exceeding the expectations of customers and of society in general. We aim to do this not only with watches, but also in the fields of clocks, electronic devices, systems solutions, and our Wako specialty store.



Branding Strategy

Moving ahead. Touching hearts.  
Sharing fun and excitement with all our stakeholders throughout the world.

Seiko has continued to provide the world with more than just products, services, and technologies. To demonstrate our strong commitment to "Moving ahead and touching hearts," we want to support individuals who display real passion in the areas of sports – where athletes strive to establish new records – and music, which lifts people’s spirits and can almost make time stand still. We aim to increase our brand value by being seen as a company that shares these powerful human emotions with people around the world.



# Sports

## Sports Branding

We continuously pursue brand investment to strengthen the image of “sports timing = SEIKO,” a reputation we have been building up since 1964.

### Seiko Golden Grand Prix Athletics

Seiko has been an Official Timer of the IAAF World Athletics Championships since 1985 and a special co-sponsor of the Seiko Golden Grand Prix since 2011. The August 2020 Grand Prix, which was held without spectators, gained a great deal of attention for being the first athletics event to be held at the new Japan National Stadium. Seven-hundred children participated in the Rising Star Athletics event on the previous day, enjoying the experience of a real sporting competition with professional time measurement. For many of them, this was a dream come true.

### Team Seiko and Supported Athletes

Team Seiko includes such athletes as track and field stars Ryota Yamagata and Chisato Fukushima, swimmer Masato Sakai, and trampolinist Ginga Munetomo. We also support fencer Karin Miyawaki and swimmers Natsumi Sakai and Shoma Sato. They push each other to perform their best through friendly competition.



Seiko Golden Grand Prix Photo by Aifo Sports

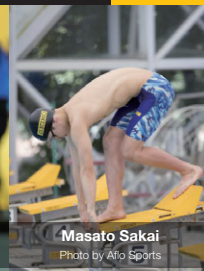


Ryota Yamagata

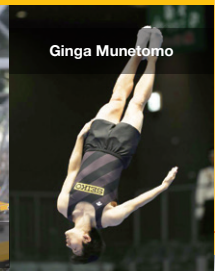
## TEAM SEIKO



Chisato Fukushima



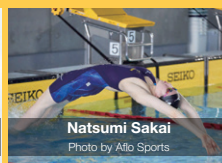
Masato Sakai  
Photo by Aifo Sports



Ginga Munetomo



Karin Miyawaki  
Photo by Atsushi Kondo



Natsumi Sakai  
Photo by Aifo Sports



Shoma Sato  
Photo by Photo Kishimoto

Clip from "Sound Inn S@HOME"  
"Ruri Iro No Chikyu" by Mone Kamishiraishi



# Music

## Music Branding

Seiko supports music and cultural activities with the aim of giving people "quality time through music."

### Seiko presents Sound Inn "S"

The Sound Inn "S" televised music program spotlights exceptional artists.

In sympathy with the many people suffering directly or indirectly from the pandemic, several musicians performed a remote "Sound Inn S@HOME" concert on YouTube. Many viewers responded by saying the event cheered them up.



# Museum



## THE SEIKO MUSEUM GINZA

As part of the activities to commemorate the 160th anniversary of the birth of Seiko's founder, Kintaro Hattori, we moved the Seiko Museum of time and timepieces to Ginza, the birthplace of Seiko. On the 2nd floor is a special Kintaro Hattori Room, where visitors can see the challenges and efforts of the founder and come to understand his spirit of "always being one step ahead of the rest."

# Ambassador

## Kabuki actor Ebizo Ichikawa becomes Group Ambassador



Seiko prides itself on its ability to communicate Japan's craftsmanship and technology to the world. That was further enhanced with the appointment of Ebizo Ichikawa, a highly regarded Kabuki actor and successor to the theater's head family, as Group Ambassador. Like Seiko, Ichikawa has a strong connection to the Ginza area, and both parties share a desire to respect and uphold tradition while at the same time promoting innovation.

# Digital

## Enhancing digital communication

We are strengthening our branding activities by leveraging the power of digital communication tools, in particular, our Website and various social networking services.

心動かす時と共に

SEIKO **HEART BEAT** Magazine

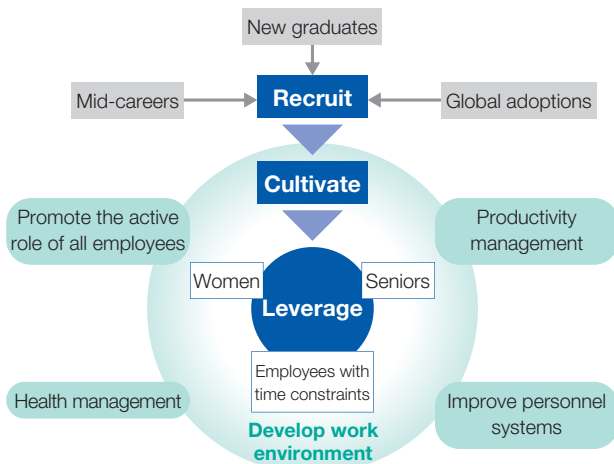


Human Resources Strategies

# Aiming for sustainable growth of the Group by creating a virtuous cycle of "recruiting," "cultivating," and "leveraging" human resources

## Basic policy

The labor environment is expected to change due to such factors as advances in information technology, labor shortages due to the aging population and falling birth rates, and increasing diversity in forms of hiring and employment. Amid these changes, the Seiko Holdings Group will aim for sustainable growth over the three-year period of the 7th Mid-Term Management Plan through a virtuous cycle of "recruiting," "cultivating," and "leveraging" human resources by preparing an environment where personnel with diverse senses of value can work enthusiastically.



## "Recruiting"

In order to achieve what we aim to be in 2025, we will further promote diversity, with active initiatives to hire globally (hiring foreign nationals), with a focus on mid-career hires in addition to new graduates. We believe that gathering diverse people together will be our source of continuous innovation.



## "Cultivating"

Because we operate a wide range of businesses in the global market, we have a variety of employees in the Seiko Holdings Group of various nationalities, backgrounds, and job types. We strive to develop the capabilities of each employee through a range of education programs matched to the characteristics of each business and local region where we operate. We also work to develop leaders demanded by the era of the "new normal" and provide stratified training to improve skills, as well as training to develop global human resources and other types of education.



## "Leveraging"

In addition to developing human resources, the Seiko Holdings Group works to improve productivity and create an environment where diverse employees can feel job satisfaction and fully leverage their capabilities. We also strive to strengthen the Group's human capital as a whole and maximize the organization's capabilities by optimizing personnel assignments.

## Health management

From FY2019, the Seiko Holdings Group have added the perspective of health management to our initiatives for promoting the active role of all employees to send out "Declaration of Health Management" and have built the promotion system. The Employee Empowerment Committee, HR management at each company, and health insurance societies work together to promote initiatives for the health maintenance and improvement of the employees. In recognition of this initiative, Seiko Holdings Corporation and Seiko Watch Corporation were recognized under the Certified Health & Productivity Management Outstanding Organizations Recognition Program in March 2020.

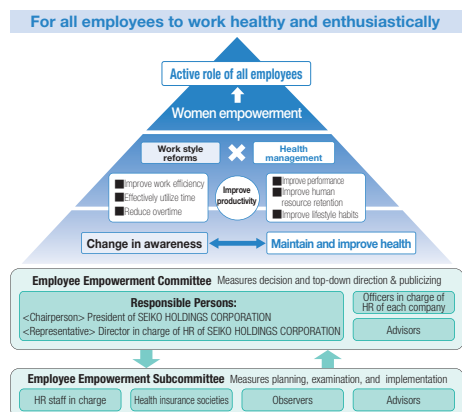
### <Declaration of Health Management>

The driving force behind further growth at Seiko is each and every one of our employees. A company cannot develop without human resources. Seiko considers human resources to be our greatest asset and actively strives to maintain and improve employee health. We also strive to maintain an environment where all employees can work actively and continue to aim for the continuous growth of the Group.

中村 吉伸

Yoshinobu Nakamura  
President  
SEIKO HOLDINGS CORPORATION

### <Promotion System>







### SEIKO Career Academy

The Seiko Holdings Group has various cross-Group recruiting measures aimed at hiring a diverse workforce.

One of these measures is a seminar named “SEIKO Career Academy,” which we have been holding since 2015. The Academy is grabbing attention for its programs that give advice to students as well as enabling them to learn knowledge and ways of thinking that will be useful once they are out of school, and it has given us the opportunity to meet many students. Additionally, in

order to increase understanding in the Seiko Holdings Group, we build a relationship of trust by striving to hold company orientations that take on the perspective of students. These measures help us recruit personnel that settle in after hiring and are highly motivated. We will continue our commitment to hiring people who can grow together with us for the sustainable growth of the Group.



### Global human-resource development program and passing on skills

Seiko Instruments Inc., which operates many of the Seiko Holdings Group’s overseas manufacturing bases, conducts major training that forms the backbone of its operations using the same training program in Japan and its overseas bases. The HR staff in Japan and at overseas bases work together to establish HR development policies, educational systems, and training plans for each location and create structures for advancing them.



Skills guidance by a “meister” (Dalian, China)

Additionally, we introduced the “meister” certification in FY2018 for highly skilled employees at our manufacturing bases, in order to pass on skills and techniques and develop successors.

### Making a creative organization and corporate culture

As a company in the IT industry, where change is particularly intense in this rapidly changing social environment, SEIKO Solutions Inc. continuously conducts “Design Thinking Training”, where change is particularly intense. The training is focused on design thinking to continuously provide new value from the customers’ perspective. Through efforts to disseminate and strengthen design thinking within the company, this training leads to creative innovation throughout the organization.



### Work systems supporting diverse work styles

The Seiko Holdings Group believes that promoting work-life balance, harmonizing and enriching work and private life (e.g. caring for children and family members, self-development, and volunteering) develops new knowledge and rich creativity in our employees and encourages them to perform their duties autonomously. Some distinctive programs introduced by Group companies include a shortened working hours program, which enables permanent employees to work fewer hours each day, and a shortened workweek program, which reduces the number of days worked per week. We are aiming to recruit diverse human resources and improve productivity by enabling our employees to focus on their work in a form that matches their individual lifestyles.

### Internal open recruiting program

Seiko Instruments Inc. has created an internal open recruiting program that encourages employees to play leading roles in their job choices and how they leverage their skills, speeds up personnel assignments in response to changes in the business environment, and aims to make effective use of human resources. This program enables any employee to apply for job openings from each division provided they meet certain criteria. We respect our employees’ ambitions and support giving broader career choices.

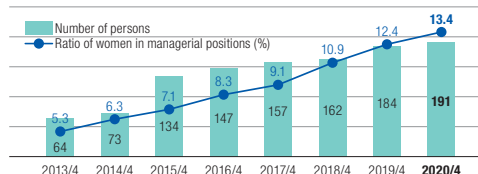
### From empowerment of women to active roles for all employees

Many women have long played an active role within the Seiko Holdings Group. Since FY2013, we have been promoting further empowerment of women, including setting up an environment and changing awareness, starting with the adoption of various programs. As a result, we had increased the ratio of women in managerial positions in the Group as a whole from 5.3% as of April 1, 2013, to 13.4% as of April 1, 2020. Distinguished among the Group are Seiko Holdings Corporation, with a ratio of 28%, SEIKO WATCH CORPORATION, with a ratio of 17%, and WAKO Co., Ltd., whose ratio of female employees is a high 54%. The 7th Mid-Term Management Plan sets a target ratio of 15% women in managerial positions for the Group as a whole. We currently are expanding our activities to promote the active role of all employees in order to further promote diversity.



Employee Empowerment Committee

### Ratio of women in managerial positions



## Foundation Supporting Value Creation

### Corporate Governance - List of Directors & Officers (current as of October 1, 2020)

#### SEIKO HOLDINGS CORPORATION

Chairman & Group CEO & Group COO <b>Shinji Hattori</b>	President <b>Yoshinobu Nakamura</b>	Senior Executive Director Human Resources and IT Planning <b>Akihiro Okuma</b>	Executive Director Finance & Corporate Strategy Planning, ESG-SDGs Promoting, Accounting and Procurement Planning <b>Shimesu Takizawa</b>
Executive Director Corporate Branding <b>Kiyoko Niwasaki</b>	Director Legal & Intellectual Property and Real Estate <b>Kazuhiko Sakamoto</b>	Director Secretariat and General Affairs <b>Makoto Ichimura</b>	Director Watches Business and DX Promoting <b>Shuji Takahashi</b>
Director Research & Development and Production Engineering <b>Tetsu Kobayashi</b>	Outside Director <b>Tsuyoshi Nagano</b>	Outside Director <b>Yasuko Teraura</b>	Corporate Auditor <b>Haruhiko Takagi</b>
Corporate Auditor <b>Takashi Nishimoto</b>	Outside Corporate Auditor <b>Tomoyasu Asano</b>	Outside Corporate Auditor <b>Hideki Amano</b>	Outside Corporate Auditor <b>Masatoshi Yano</b>

#### SEIKO WATCH CORPORATION

Chairman & CEO <b>Shinji Hattori</b>	President & COO & CMO <b>Shuji Takahashi</b>	Director, Deputy Chief Operating Officer Sales Division I <b>Minoru Ishiguro</b>	Director, Deputy Chief Operating Officer Sales Division II <b>Akio Naito</b>
Director, Senior Executive Vice President Corporate Strategy & Planning Division <b>Taku Yoneyama</b>	Director, Senior Executive Vice President Planning & Development Division and Production Planning Division <b>Hiroshi Nakahara</b>	Director, Executive Vice President Sales Division I and Planning Sales Dept. <b>Hiromi Kanagawa</b>	Director, Senior Vice President Sales Division II and Marketing Dept. (Americas) <b>Teruyo Ishimaru</b>
Director, Senior Vice President Sales Division II <b>Yoshikatsu Kawada</b>	Director <b>Yoshinobu Nakamura</b>	Director <b>Hideo Hattori</b>	Director <b>Kiyoko Niwasaki</b>
Corporate Auditor <b>Atsushi Kaneko</b>	Outside Corporate Auditor <b>Yutaka Nishimura</b>	Corporate Auditor <b>Haruhiko Takagi</b>	Senior Vice President Sales Division I <b>Hiroshi Shimizu</b>
Senior Vice President Planning & Development Division <b>Yasunori Hagiwara</b>	Senior Vice President Marketing Communications Office <b>Toru Tsuchiya</b>	Senior Vice President Production Planning Division <b>Masato Takenaka</b>	Senior Vice President Corporate Strategy & Planning Division and Corporate Management Dept. <b>Naoaki Tanimura</b>
Senior Vice President Planning & Development Division, SDGs Planning Office and Movement Design & Engineering Dept. <b>Akira Takakura</b>	Senior Vice President Planning & Development Division and Design Center Dept. <b>Kiyomi Tanemura</b>		

#### Seiko Instruments Inc.

Chairman <b>Yoshinobu Nakamura</b>	President <b>Tetsu Kobayashi</b>	Director, Senior Executive Vice President General Manager, Electronic Components Business Headquarters <b>Shinji Nureki</b>	Director, Senior Executive Vice President General Manager, Human Resources & General Administration Division <b>Akihiro Okuma</b>	Director, Executive Vice President General Manager, Corporate Strategy Division Corporate Environmental Administration Department <b>Shimesu Takizawa</b>
Director, Executive Vice President General Manager, Precision Device Business Headquarters General Manager, Motion Device Division <b>Takahiro Naito</b>	Director, Senior Vice President General Manager, Printing Device Business Headquarters <b>Kenji Otsuka</b>	Director <b>Hideo Hattori</b>	Director <b>Kazuhiko Sakamoto</b>	Director <b>Shuji Takahashi</b>
Corporate Auditor <b>Makoto Hirota</b>	Outside Corporate Auditor <b>Norimasa Kuroda</b>	Corporate Auditor <b>Hiroaki Sahara</b>	Corporate Auditor <b>Takashi Nishimoto</b>	Senior Vice President Precision Instrument Dep. <b>Yasuto Nakamura</b>
Senior Vice President General Manager, Printing Device Business Management Office <b>Tatsuo Sagami</b>	Senior Vice President General Manager, Finance Division <b>Takumi Yoshitomi</b>	Senior Vice President General Manager, Printek Division <b>Yoshihiro Takeda</b>	Senior Vice President General Manager, Micro-Energy Division <b>Koji Tomitsuka</b>	

## SEIKO NPC CORPORATION

President <b>Yoichi Endo</b>	Director, Senior Vice President Production Department, Human Resources & General Affairs Department <b>Kimio Yomogida</b>	Director <b>Yoshinobu Nakamura</b>	Director <b>Akihiro Okuma</b>	Director <b>Shimesu Takizawa</b>
Director <b>Kunio Nakajima</b>	Director <b>Hitoshi Murakami</b>	Corporate Auditor <b>Haruhiko Takagi</b>	Senior Vice President Administration Department <b>Hideaki Tadokoro</b>	Senior Vice President Sales & Design Solution Division <b>Toshimitsu Ogasawara</b>

## SEIKO Solutions Inc.

President <b>Jun Sekine</b>	Director, Chief Executive Vice President, CTO <b>Tatsumi Hasegawa</b>	Director, Senior Executive Vice President <b>Yoshio Kobayashi</b>	Director, Executive Vice President CFO <b>Yoshiyuki Hashimoto</b>	Director, Executive Vice President <b>Makoto Ichimura</b>
Director <b>Yoshinobu Nakamura</b>	Director <b>Akihiro Okuma</b>	Director <b>Shuji Takahashi</b>	Corporate Auditor <b>Shunji Tanaka</b>	Corporate Auditor <b>Seiichi Mikami</b>
Corporate Auditor <b>Haruhiko Takagi</b>	Executive Vice President Senior Executive Manager, Data Service Business Unit <b>Hiroyuki Watanabe</b>	Executive Vice President Strategic Promotion, Quality Assurance Dept. <b>Hiroaki Onishi</b>	Executive Vice President Senior Executive Manager, Mobile Solutions Business Unit <b>Toshimasa Ike</b>	Executive Vice President, Senior Executive Manager, Region Business Unit, Network Solutions Business Unit, Food Service Solutions Business Unit <b>Junichi Fujii</b>
Executive Vice President, Senior Executive Manager, Strategic Business Unit I, Executive Manager, IoT Div., Mobile Solutions Business Unit <b>Takeshi Ichikawa</b>	Senior Vice President Senior Executive Manager, Digital Transformation Business Unit <b>Nobuchika Matsuoka</b>	Senior Vice President Senior Executive Manager, Strategic Business Unit II, Strategic Network Unit <b>Hirofumi Sakamoto</b>		

## SEIKO Clock Inc.

President <b>Kenji Hagiwara</b>	Director, Senior Executive Vice President Business Strategy & Product Planning Division <b>Ichiro Doi</b>	Director Domestic Marketing Division <b>Akira Banno</b>	Director General Administration Division <b>Satoshi Morita</b>	Director Research & Technology Division <b>Osamu Sugita</b>	Director International Marketing Division <b>Susumu Kawanishi</b>
Director <b>Yoshinobu Nakamura</b>	Director <b>Kazuhiko Sakamoto</b>	Director <b>Satoshi Yoshino</b>	Corporate Auditor <b>Takashi Nishimoto</b>	Senior Vice President Research & Technology Division <b>Hironori Yamada</b>	

## WAKO Co., Ltd.

Chairman <b>Shinji Hattori</b>	President <b>Shuntaro Ishii</b>	Managing Director, Senior Vice President <b>Hidetoshi Okamoto</b>	Managing Director, Senior Vice President <b>Kazuhiko Sakamoto</b>	Director, Senior Vice President <b>Takeshi Endo</b>
Director <b>Shuji Takahashi</b>	Director <b>Kiyoko Niwasaki</b>	Director <b>Takashi Aizawa</b>	Director <b>Makoto Ichimura</b>	Corporate Auditor <b>Haruhiko Takagi</b>
Senior Vice President <b>Toshihiro Machida</b>	Senior Vice President <b>Mitsuo Shibuya</b>	Senior Vice President <b>Akiko Seno</b>	Senior Vice President <b>Takayuki Arai</b>	

## SEIKO Time Systems Inc.

President <b>Kenji Hagiwara</b>	Director Sales Division Headquarters and Head of Construction Management <b>Shogo Sumida</b>	Director Engineering Division Headquarters and Administrative Headquarters <b>Ryozo Suenaga</b>	Director Sales Division Deputy Headquarters <b>Kazuo Yamamura</b>	Director Manufacturing Division Headquarters and Factory Automation Division Headquarters <b>Mitsunaga Yata</b>
Director <b>Satoshi Yoshino</b>	Director <b>Kiyoko Niwasaki</b>	Director <b>Naoki Tajima</b>	Corporate Auditor <b>Takashi Nishimoto</b>	Corporate Auditor <b>Hideo Hattori</b>

## Corporate Governance

### Basic Principle of Corporate Governance

Based on the principle "being a company that is trusted by society", Seiko Holdings 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 also committed to securing equality among shareholders, such as minority shareholders and foreign shareholders.

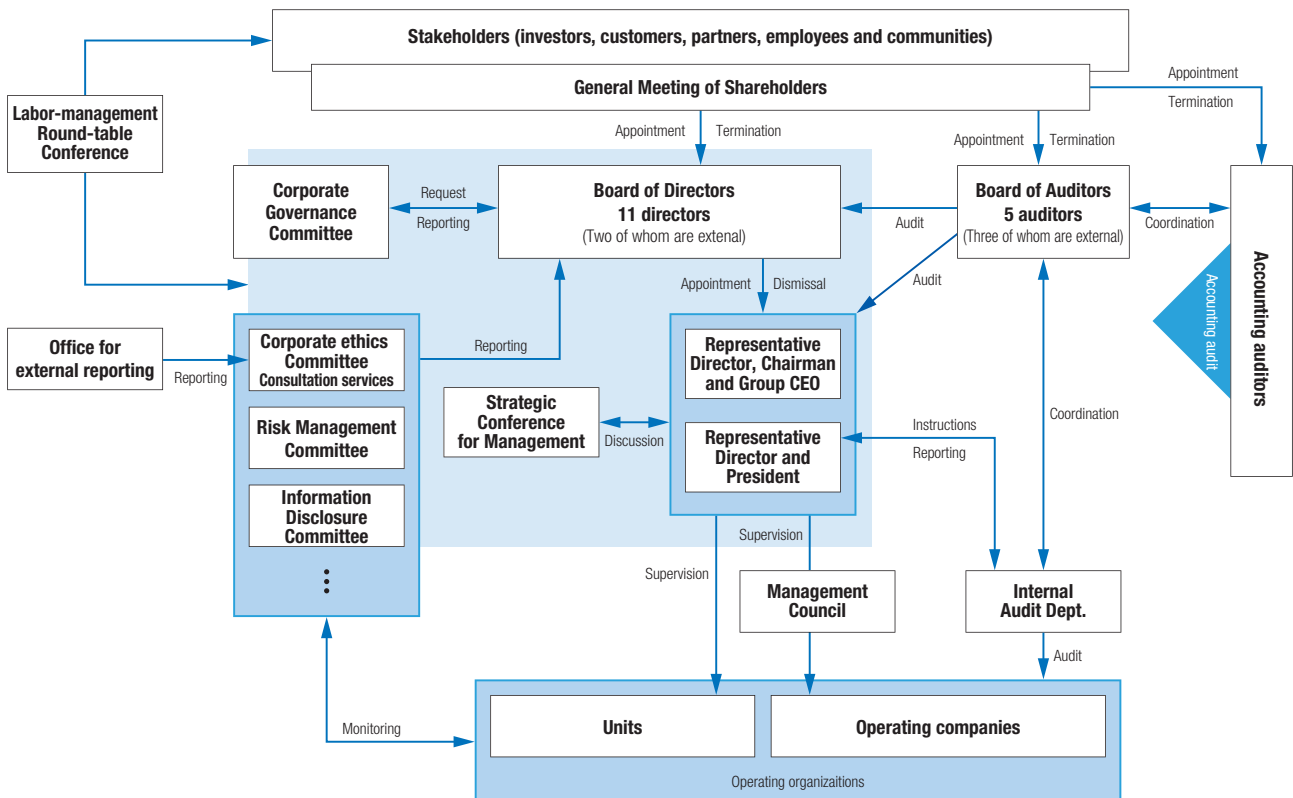
#### (2) Appropriate Cooperation with Stakeholders other than Shareholders

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 not only to disclose appropriate information in compliance with relevant laws and regulations, but also to disclose other information in a timely and appropriate manner so that such information would be clear and useful for the people who use it.

### Corporate Governance Structure



#### **(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 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 sustainable growth and enhancement of corporate value over the medium to long-term based on "Basic Policy on Constructive Dialogue with Shareholders".

### **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 Management Council comprising full-time officers of the Company and the respective Presidents of operating companies for the purpose of working to share the management policy and management information of the Group. The Company also holds a Strategic Conference for Management for the purpose of deliberating basic matters of business execution and promoting management activities appropriately and promptly. Furthermore, the Company has established the Corporate Governance Committee as an advisory committee for the Board of Directors.

### **Board of Directors**

The Board of Directors is composed of eleven (11) Directors (including two (2) female directors), of whom two 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. Decisions regarding business execution other than the above have been delegated to the management pursuant to the Regulations of Administrative Authority. There are two (2) Outside Directors who have broad

experience and considerable insight in business management and in respective fields of specialization. With their independent positions, they contribute to improvement of monitoring functions of the management.

### **Evaluation of the Effectiveness of the Board of Directors**

As part of efforts to strengthen the corporate governance system, the Company evaluates the effectiveness of the Board of Directors each year.

#### **Analysis and evaluation methods**

All Directors and Corporate Auditors were asked to fill out a questionnaire regarding the effectiveness of the Board of Directors, and replies were collected from all of them. External consultants tabulated and analyzed the results by ensuring the anonymity of the respondents.

The questionnaire was prepared based on initiatives and discussions on the Company's corporate governance to date, and the following evaluation items were set.

<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 Directors
- 4) Roles of and expectations for Corporate Auditors
- 5) The Corporate Governance Committee
- 6) Relationships with investors and shareholders

The results of the analysis by external consultants based on the above process and content were reported to the Board of Directors, which, in turn, performed its own evaluation of board effectiveness and discussed the future measures by referring to these results.

### **Board of Auditors**

The Board of Auditors is composed of two (2) Corporate Auditors and three (3) Outside Corporate Auditors. Its role is to make decisions and discussion on important matters relating to the audit. Corporate Auditors audit the compliance and validity of the Directors' business execution by participating in the Board of Directors meetings and other important meetings. Outside Corporate Auditors offer necessary advice, suggestions and opinions, making use of their broad experience and insight in business management and in respective fields of specialization.

## Corporate Governance

### Corporate Governance Committee

In order to enhance the objectivity and transparency of management, the Company establishes the Corporate Governance Committee where outside officers account for the majority of members, as an advisory committee for the Board of Directors. The Committee deliberates on matters relating to compensation for officers, nomination of officer candidates, appointment and dismissal of Representative Directors, Directors with special titles, and Directors who execute business duties, and other matters regarding corporate governance from an objective and fair perspective, and reports to the Board of Directors. The members and the chairperson of the Corporate Governance Committee are as follows:

Chairperson	President	Yoshinobu Nakamura
Members	Chairman & Group CEO	Shinji Hattori
	Outside Director	Tsuyoshi Nagano
	Outside Director	Yasuko Teraura
	Outside Corporate Auditor	Tomoyasu Asano
	Outside Corporate Auditor	Hideki Amano
	Outside Corporate Auditor	Masatoshi Yano



(From left front) Yasuko Teraura, Tsuyoshi Nagano, Tomoyasu Asano, Hideki Amano, and Masatoshi Yano  
(From right front) Shinji Hattori and Yoshinobu Nakamura

### Compensation of Officers

#### 1. Basic policy of the compensation of officers

For determining compensation for officers of the Company, the basic policy is as follows:

- 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 the management strategy, and to motivate the achievement of management objectives, in order to achieve sustainable growth of the Company and the Group and to enhance corporate value in the mid to long term.

The level of compensation for officers is determined based on results of the survey on compensation for officers by third parties targeting similar companies in terms of business contents and scale, etc.

#### 2. 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” (mid- to long-term compensation), which are performance-linked compensation. Compensation for Directors who do not execute business duties, including Outside Directors, and Corporate Auditors consists of “basic compensation only.” The ratio of payment of the fixed compensation to the performance-linked compensation is determined at an appropriate level to serve as an incentive to contribute to improving the corporate value of the Company, taking into account the levels of the above peer companies. The ratio of payment of each type of compensation is as follows:

	Fixed compensation	Performance-linked compensation	
	Basic compensation	Bonus	Stock-type compensation
Representative Directors	1.0	0.2	0.2
Directors who execute business duties other than Representative Directors	1.0	0.15	0.15

The above 1. and 2. were determined by the Board of Directors after being deliberated on by the Corporate Governance Committee, a majority of the members of which are outside officers.

#### 3. Calculation method for performance-linked compensation (Bonuses)

The standard payment amount of bonuses is the amount determined by multiplying the basic compensation by the coefficient set by position. The individual payment amount is determined by multiplying the standard payment amount by the payment rates according to the performance achievement ratio. Bonuses vary from 0% to 200% according to the target achievement level.

#### (Stock compensation)

For stock compensation, points that the individual payment amount converted into the number of shares are granted in each fiscal year. The individual payment amount is a total of the standard payment amount (fixed portion), calculated by multiplying the basic compensation by the coefficient set by position, and the amount (performance linked portion), obtained by multiplying the standard payment amount by the payment rate according to the performance achievement ratio. The performance-linked portion of stock compensation varies from 0% to 200% according to the target achievement level. The ratios of the fixed portion and performance-linked portion are 50% each.

Indicators for performance-linked compensation are consolidated net sales and consolidated operating profit,

which are set as important management indicators for the company's performance evaluation to serve as an incentive for achieving the Group's management targets.

### **Appointment and Dismissal of Senior Management and Nomination of Candidates for Directors and Corporate Auditors**

The Company believes that it is essential that candidates for Directors and Corporate Auditors have the character and knowledge suitable for their respective duties.

Based on this concept, in the nomination of candidates for internal Directors and the selection of senior management, 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 Corporate Auditors, 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 high degree of knowledge of corporate management and specific fields.

In the nomination of candidates for Outside Corporate Auditors, 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 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 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, dismisses the Directors from the office of representative directors, Directors with special titles and Directors who execute business duties.

### **Cross-Shareholdings**

From the perspective of improving the corporate value of the Group in the mid- to long-term, the Company has a policy to reduce shares that are deemed not to have a significance of holding them, taking comprehensively into consideration the Company's management strategy, business relationships with clients, and the benefits and risks, etc., associated with holding in view of its capital cost.

#### **- Disclosure of the verification of the propriety of cross-shareholdings**

The Company's Board of Directors verifies each year the rationale for the holding of all listed shares held in cross-shareholding by the Group through examination of the importance of the issuer as a business partner and benefits and risks of shareholding 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 August 2020.

With regard to certain shares, which were determined to be lacking in significance or rationale for continued holding, the Company proceeds with discussions toward their disposal.

#### **- 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 on whether the proposal contributes to the sustained growth and the mid- 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 appointment of Directors and Corporate Auditors
- Proposals of reorganization including mergers
- Proposals on takeover defense measures
- In addition to the above, 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 operation status of internal controls and periodically reports the results to the Board of Directors.

### Corporate Ethics / Compliance

Seiko Holdings Corporation fulfills its corporate social responsibility by complying with statutes, respecting social ethics, and setting up healthy and sensible corporate ethics. Based on this approach, Seiko Holdings Corporation has established the following as its Basic Principles of Corporate Ethics.

#### Basic Principles of Corporate Ethics

- Complying with the laws and rules of the countries and regions where business is conducted and engaging in fair practices in the light of social ethics.
- Aiming to become a sensible corporate citizen, and striving for harmony with society.
- Disclosing information in a timely fashion, and engaging in honest and transparent communications.
- Protecting the irreplaceable earth and contributing to the preservation of the environment.
- Respecting fundamental human rights and individuality, and building up a corporate culture with a broad vision which fosters the spirit of corporate ethics.

#### Structure for the Promotion of Corporate Ethics and Compliance

In accordance with the Basic Principles of Corporate Ethics, the Company has established the Corporate Ethics Committee and Action Guidelines for Corporate Ethics, and consistently promotes education and enlightenment, consultation and reporting, auditing, and evaluation, etc. to all its officers and employees. Each operating company of the Group has established its own system of corporate ethics and action guidelines in accordance with characteristics of its business, relevant laws, regulations, and rules. Accordingly, when an incident involving corporate ethics occurs at an operating company, the operating company is responsible for resolving the issue. When requested by an operating company, the Company provides full cooperation and support toward resolving issues involving corporate ethics.

#### Implementing Corporate Ethics and Compliance Structure

The Company regards maintaining and implementing Corporate ethics and compliance structure as a crucial management issue and therefore implements business ethics training for all executives and employees. In FY2019, as a Group-wide initiative we held corporate ethics training for Officers on the topic of crisis management following a scandal, and provided seminars on risk management and harassment aimed at Officers and employees at managerial positions. We also conducted corporate ethics training for employees on the topics of corporate fraud and insider trading regulations, by means of lectures led by an outside lecturer and e-learning.

One of the Group's major medium-term risks is brand impairment. Since noncompliance with laws and regulations is highly likely to expose the Group to the risks of impairing brand image, the entire Group is committed to education, awareness raising, and other activities aimed at strengthening compliance.

#### Group work at a seminar for Officers and employees at managerial positions on the topics of risk management and harassment



#### Internal Reporting System

The Company has established a "Corporate Ethics Helpline" as a contact point to receive consultations and reporting from employees regarding corporate ethics and compliance. In addition to the internal contact point, the Company has set up an external contact point at a law firm and provides an environment that facilitates consultation and reporting for the user. Under this system, rules have been established to protect the user from any disadvantageous treatment on account of the consultation or reporting, and information that may identify the user and information relating to the consultation and reporting are strictly managed.



## Seiko Holdings Procurement Activity Policy

### Seiko Holdings Procurement Activity Policy

- Through the implementation of the Seiko Holdings Group's corporate philosophy of being "A Company that is Trusted by Society," we will contribute to the realization of a sustainable society and fulfill the social responsibilities of the Group.
- Seiko will establish trust in the Seiko Holdings Group by conducting fair and equitable procurement transactions, and will conduct procurement activities in a manner that will further enhance the strength of the SEIKO brand.
- The Seiko Holdings Group will promote the extension of the group procurement policy throughout the group with the aim of maximizing the synergy effect through collaboration among the Group companies.

### Seiko Holdings Group Procurement Policy

The Seiko Holdings Group has stated its procurement policy to be "Coexistence and co-prosperity with business partners," "Promoting procurement activities with consideration for the environment, society, and governance" and "Fair and impartial evaluation and selection of business partners." The Group will expand its procurement activities globally based on the following individual policies.

#### 1. Coexistence and co-prosperity with business partners

The Seiko Holdings Group and its business partners aim to build a relationship of mutual trust over the long term, to continue to exist and prosper together by helping each other.

#### 2. Promoting procurement activities with consideration for the environment, society, and governance

We will respect global social norms and work together with our business partners to promote procurement activities that consider the environment, society and governance.

We will promote procurement activities that take into consideration factors such as the following:

- (1) Compliance with laws and regulations (The subcontract laws, foreign exchange laws, commercial codes, antitrust laws, personal information protection laws and others in each country and region)
- (2) Respect for human rights
- (3) Consideration for occupational health and safety
- (4) Promotion of global environmental conservation (Green Procurement etc.)
- (5) Promotion of BCP (Business Continuity Planning)
- (6) Prohibition of bribes (such as illegal gifts, payments and benefits) to any stakeholder

#### 3. Fair and impartial evaluation and selection of business partners

We respect the "fair, transparent and free competition" that is a fundamental rule of a freely competitive society and select business partners based on the following evaluation viewpoints.

- (1) The partner must be active in environmental, social, and governance initiatives
- (2) The partner must be highly trusted as a company (Stable business conditions, risk management system)
- (3) The partner must have technological capabilities that can contribute to Seiko Holdings Group products
- (4) The quality, price and delivery times of the items procured must be at appropriate levels

We will conduct comprehensive evaluations based on these and other viewpoints.

In addition to sharing supplier certification standards within the Group based on the Seiko Holdings Group Procurement Policy, we will also aim to establish and utilize group-wide mechanisms for selecting business partners appropriately and to conduct activities to increase value throughout the entire supply chain.

## Risk Management

In order to respond promptly and properly to the various risks in business management, Seiko Holdings Group promotes risk management based on the Risk Management Rules that set the basic policy for risks facing the Group.

### Business Risks

Risks that may seriously affect the operating results and/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 short term.

<p><b>(1)</b> <b>Economic trends</b></p>	<p>The Group handles certain products directly related to personal consumption, such as watches, clocks, electronic components for digital products and automobiles, high-end jewelry, apparel and fashion accessories, and household goods, etc. Consequently, consolidated business results are strongly affected by trends in domestic and overseas economies, especially trends in personal consumption. In particular, watches and clocks are being sold in at least 130 countries and regions around the world. They are constantly exposed to potential impacts of whatever nature, while the risks are well distributed. In addition, the novel coronavirus has spread worldwide since its emergence in the fourth quarter of the fiscal year ended March 31, 2020. If the current situation continues going forward, it is likely to have a severe impact on economic and personal-consumption trends in Japan and overseas, affecting the Group's business operations, financial position, and business results.</p>
<p><b>(2)</b> <b>High dependence on procurement from specific supplier</b></p>	<p>Due to the high dependence on procurement from specific watch supplier, business results of the Watches Business may be significantly affected by changes in terms of transactions with this supplier. In addition, the novel coronavirus has spread worldwide since its emergence in the fourth quarter of the fiscal year ended March 31, 2020. If the current situation continues going forward, business activities are expected to be suspended at some of the suppliers and others of the Watches Business and the Electronic Devices Business, affecting the Group's business operations, financial position, and business results.</p>
<p><b>(3)</b> <b>Market environment of the Electronic Devices Business</b></p>	<p>Business results of the Electronic Devices Business are affected by demand trends of electronic devices, etc., in Japan and overseas. In this business field, the speed of development of new technologies and their mass production is high, and the price competition is also intense. Therefore, the possibility that delays in response to changes in these market environments may have a significant impact on business results is getting stronger. The Group will be engaged in business activities "one step ahead of the times," while being focused on research and development activities under the technological philosophy of "Craftsmanship, Miniaturization and Efficiency."</p>
<p><b>(4)</b> <b>Country risks on manufacturing bases overseas</b></p>	<p>The Watches business, the Electronic Devices Business and the Clocks Business have manufacturing bases in Singapore, Malaysia, Thailand and China. Changes in social situations due to politics and economics, etc., in these areas may have a significant impact on manufacturing activities of these businesses. However, respective production lines are in operation largely in multiple regions including Japan, in an effort to mitigate the impact associated with various risks. In addition, the novel coronavirus has spread worldwide since its emergence in the fourth quarter of the fiscal year ended March 31, 2020. If the current situation continues going forward, it is likely to have a severe impact on the Group's business operations, financial position, and business results.</p>
<p><b>(5)</b> <b>Dependence on sales to major customers</b></p>	<p>For some of the Electronic Devices Business, the dependence on sales to major customers tends to be high, and a decrease in the volume of orders from these customers may have an impact on business results of this business. To avoid excessive dependence on one major customer, we are striving to expand the Electronic Business itself as a whole.</p>
<p><b>(6)</b> <b>Increase in price of resources</b></p>	<p>If resources such as crude oil and other raw materials surge due to changes in the supply and demand environment, manufacturing costs may rise that causes an impact on business results. Inventory levels of certain materials are set higher, as necessary, in order to avoid the impact of short-term fluctuations, in consideration of market prices.</p>
<p><b>(7)</b> <b>Quality issues and production liability</b></p>	<p>Products manufactured and sold by the Group do not cause any accidents that have effects on human bodies under normal use. However, due to changes in the social environment, such as stricter legal regulations on product accidents, or changes in the business environments, there may be an increase in costs related to quality issues and product liability, such as product recalls and compensation liability. Since quality issues concerning our products are likely to involve risks of impairing brand image, they are regarded as one of the Group's most critical risks. We are committed to broad-based initiatives to prevent the occurrence of quality issues at all manufacturing bases, etc.</p>
<p><b>(8)</b> <b>Intellectual property rights</b></p>	<p>The Group has taken measures, such as obtaining patent rights and protecting confidential information, in order to protect important proprietary development technologies. However, there is a possibility that adequate protection may not be implemented depending on the region. Furthermore, even though such measures are taken, there is a possibility that the superiority of the Group's products may be impaired, if the Group cannot effectively eliminate third parties' products similar to its products. In addition, the Group has taken measures, such as patent investigation to prevent infringement of intellectual property rights of other companies in developing new products. However, there is no reasonable way to eliminate every single possibility of infringements. In the case where the Group infringes intellectual property rights of other companies, there is a possibility that business results may be affected by a claim for an injunction or a claim for damages. As infringement of intellectual property rights is likely to impair our brand image regardless of whether we are the offending party or the offended party, investigations and other activities for the prevention of infringement in both directions are being carried out from broadened perspectives.</p>
<p><b>(9)</b> <b>Currency exchange rate fluctuations</b></p>	<p>Within the Group, the Watches Business and the Electronic Devices Business mainly engage in business development for overseas markets. Some of those are engaged in business development for overseas markets from domestic manufacturing bases, and fluctuations in exchange rates may affect product prices, etc. In addition, for the Systems Solutions Business and the Clocks Business that mainly engage in business development for domestic markets, foreign exchange fluctuations may affect procurement costs for parts that are procured from overseas manufacturing bases in foreign currencies. Furthermore, all items denominated in local currencies, such as profits or losses and assets, for overseas subsidiaries are translated into Japanese yen for preparation of consolidated financial statements. Therefore, the Japanese yen-translated value of local currencies may be affected by the exchange rate at the time of conversion. In particular, fluctuations of Japanese yen against U.S. dollars and euro, etc. may affect business results and the financial position of the Group, including foreign currency translation adjustment under net assets of overseas subsidiaries.</p>
<p><b>(10)</b> <b>Interest rate fluctuations</b></p>	<p>Currently, the relationship between the Group and financial institutions is favorable, and the Group can procure funds necessary for business development including overseas without any problems. However, there is no guarantee that it will be possible to continue to procure funds sufficiently in the future. In addition, as the interest rate level in the market tends to be low, over 90% of interest rates of the existing long-term loans payable has already been fixed. Although there is no significant risk of interest rate fluctuations, interest rate trends for future procurement may affect business results of the Group.</p>



## Financial Information

### Financial Statement

#### Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	33,844	<b>26,112</b>
Notes and accounts receivable - trade	37,456	<b>34,397</b>
Merchandise and finished goods	38,119	<b>42,964</b>
Work in process	11,448	<b>12,161</b>
Raw materials and supplies	8,737	<b>10,608</b>
Accounts receivable - other	3,116	<b>5,406</b>
Other	7,419	<b>7,790</b>
Allowance for doubtful accounts	(1,153)	<b>(1,317)</b>
Total current assets	138,989	<b>138,123</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	71,913	<b>72,189</b>
Machinery, equipment and vehicles	81,388	<b>78,307</b>
Tools, furniture and fixtures	31,772	<b>32,278</b>
Other	1,820	<b>7,183</b>
Accumulated depreciation	(148,177)	<b>(146,873)</b>
Land	48,998	<b>48,522</b>
Construction in progress	924	<b>2,434</b>
Total property, plant and equipment	88,640	<b>94,044</b>
Intangible assets		
Goodwill	8,289	<b>7,430</b>
Other	8,957	<b>8,572</b>
Total intangible assets	17,247	<b>16,003</b>
Investments and other assets		
Investment securities	45,913	<b>38,759</b>
Deferred tax assets	4,243	<b>4,441</b>
Other	8,165	<b>8,734</b>
Allowance for doubtful accounts	(163)	<b>(115)</b>
Total investments and other assets	58,159	<b>51,820</b>
Total non-current assets	164,047	<b>161,867</b>
<b>Total assets</b>	<b>303,036</b>	<b>299,990</b>

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	26,449	21,869
Electronically recorded obligations - operating	6,438	6,495
Short-term borrowings	49,610	59,140
Current portion of long-term borrowings	19,698	16,843
Accounts payable - other	12,402	11,739
Income taxes payable	1,281	1,282
Provision for bonuses	3,644	3,477
Provision for goods warranties	440	462
Provision for loss on lease contracts	348	348
Other provisions	444	555
Asset retirement obligations	—	13
Other	12,213	13,929
<b>Total current liabilities</b>	<b>132,972</b>	<b>136,158</b>
<b>Non-current liabilities</b>		
Long-term borrowings	35,106	33,637
Lease obligations	1,246	4,288
Deferred tax liabilities	2,451	1,929
Deferred tax liabilities for land revaluation	3,614	3,614
Provision for loss on lease contracts	1,483	1,134
Provision for gift certificate exchange losses	155	148
Provision for stock benefits	89	133
Provision for long-term goods warranties	82	84
Provision for retirement benefits for directors (and other officers)	36	35
Provision for loss on business withdrawal	32	10
Provision for environmental measures	349	1
Other provisions	8	7
Retirement benefit liability	10,602	10,453
Asset retirement obligations	888	908
Other	3,501	3,171
<b>Total non-current liabilities</b>	<b>59,647</b>	<b>59,558</b>
<b>Total liabilities</b>	<b>192,620</b>	<b>195,717</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	10,000	10,000
Capital surplus	7,245	7,245
Retained earnings	74,124	74,418
Treasury shares	(335)	(328)
<b>Total shareholders' equity</b>	<b>91,034</b>	<b>91,335</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	10,099	5,486
Deferred gains or losses on hedges	(104)	11
Revaluation reserve for land	8,190	8,190
Foreign currency translation adjustment	878	(804)
Remeasurements of defined benefit plans	(876)	(1,169)
<b>Total accumulated other comprehensive income</b>	<b>18,186</b>	<b>11,714</b>
<b>Non-controlling interests</b>	<b>1,194</b>	<b>1,223</b>
<b>Total net assets</b>	<b>110,415</b>	<b>104,273</b>
<b>Total liabilities and net assets</b>	<b>303,036</b>	<b>299,990</b>

## Financial Information

### Financial Statement

#### Consolidated Statement of Income

(Millions of yen)

	From April 1, 2018 to March 31, 2019	From April 1, 2019 to March 31, 2020
<b>Net sales</b>	247,293	<b>239,150</b>
<b>Cost of sales</b>	150,955	<b>144,221</b>
<b>Gross profit</b>	96,338	<b>94,928</b>
<b>Selling, general and administrative expenses</b>	86,943	<b>88,794</b>
<b>Operating profit</b>	9,394	<b>6,134</b>
<b>Non-operating income</b>		
Interest income	188	<b>171</b>
Dividend income	774	<b>763</b>
Share of profit of entities accounted for using equity method	1,941	<b>1,313</b>
Other	1,889	<b>1,336</b>
Total non-operating income	4,794	<b>3,585</b>
<b>Non-operating expenses</b>		
Interest expenses	985	<b>982</b>
Foreign exchange losses	79	<b>291</b>
Other	1,712	<b>1,441</b>
Total non-operating expenses	2,777	<b>2,715</b>
<b>Ordinary profit</b>	11,410	<b>7,004</b>
<b>Extraordinary income</b>		
Gain on sales of non-current assets	257	<b>346</b>
Gain on sales of memberships	106	—
Total extraordinary income	363	<b>346</b>
<b>Extraordinary losses</b>		
Loss on the spread of infectious disease	—	<b>305</b>
Business restructuring expenses	—	<b>264</b>
Impairment loss	—	<b>240</b>
Loss on retirement of non-current assets	—	<b>179</b>
Retirement benefit expenses	—	<b>158</b>
Total extraordinary losses	—	<b>1,148</b>
<b>Profit before income taxes</b>	11,774	<b>6,201</b>
<b>Income taxes - current</b>	2,409	<b>1,745</b>
<b>Income taxes - deferred</b>	35	<b>974</b>
<b>Total income taxes</b>	2,445	<b>2,719</b>
<b>Profit</b>	9,329	<b>3,481</b>
<b>Profit attributable to non-controlling interests</b>	79	<b>86</b>
<b>Profit attributable to owners of parent</b>	9,249	<b>3,394</b>

## Consolidated Statement of Cash Flows

(Millions of yen)

	From April 1, 2018 to March 31, 2019	From April 1, 2019 to March 31, 2020
<b>Cash flows from operating activities</b>		
Profit before income taxes	11,774	6,201
Depreciation	8,980	10,315
Increase (decrease) in allowance for doubtful accounts	(76)	134
Increase (decrease) in retirement benefit liability	(275)	149
Interest and dividend income	(962)	(935)
Interest expenses	985	982
Foreign exchange losses (gains)	(94)	75
Share of loss (profit) of entities accounted for using equity method	(1,941)	(1,313)
Impairment loss	—	240
Loss (gain) on sales of non-current assets	(257)	(346)
Loss on retirement of non-current assets	92	245
Decrease (increase) in trade receivables	1,132	2,388
Decrease (increase) in inventories	(976)	(7,446)
Increase (decrease) in trade payables	(518)	(4,358)
Other, net	1,926	(2,643)
Subtotal	19,788	3,689
Interest and dividends received	963	935
Dividends received from entities accounted for using equity method	327	1,456
Interest paid	(988)	(990)
Extra retirement payments	(170)	(666)
Income taxes paid	(2,412)	(1,720)
Net cash provided by (used in) operating activities	17,508	2,704
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,341)	(8,852)
Proceeds from sales of property, plant and equipment	1,061	546
Purchase of investment securities	(0)	(0)
Proceeds from sales of investment securities	33	2
Loan advances	(522)	(477)
Collection of loans receivable	508	1,229
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(219)
Other, net	(1,831)	(2,916)
Net cash provided by (used in) investing activities	(7,093)	(10,688)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	910,847	893,019
Repayments of short-term borrowings	(911,281)	(883,432)
Proceeds from long-term borrowings	16,300	16,800
Repayments of long-term borrowings	(23,058)	(21,124)
Repayments of lease obligations	(371)	(1,463)
Dividends paid	(3,100)	(3,100)
Other, net	(5)	(20)
Net cash provided by (used in) financing activities	(10,670)	678
<b>Effect of exchange rate change on cash and cash equivalents</b>	229	(427)
<b>Net increase (decrease) in cash and cash equivalents</b>	(26)	(7,732)
<b>Cash and cash equivalents at beginning of period</b>	33,911	33,843
<b>Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation</b>	(41)	—
<b>Cash and cash equivalents at end of period</b>	33,843	26,111

Segment Information

(Millions of yen)

		From April 1, 2018 To March 31, 2019	From April 1, 2019 To March 31, 2020
Watches Business	Sales to third parties	140,346	133,759
	Inter-segment sales or transfers	1,442	1,716
	Total	141,788	135,475
	Segment profits	10,391	10,158
	Segment assets	93,677	100,159
	Depreciation and amortization expense	3,349	4,474
	Amortization of goodwill	2	0
Electronic Devices Business	Investment amounts to equity method companies	323	219
	Increase amounts of fixed assets and intangible assets	2,507	4,537
	Sales to third parties	52,248	47,986
	Inter-segment sales or transfers	3,300	3,763
	Total	55,548	51,749
	Segment profits	1,414	614
	Segment assets	78,888	65,025
Systems Solutions Business	Depreciation and amortization expense	3,120	2,415
	Amortization of goodwill	—	—
	Investment amounts to equity method companies	4,976	3,640
	Increase amounts of fixed assets and intangible assets	3,433	2,311
	Sales to third parties	29,435	31,230
	Inter-segment sales or transfers	1,373	1,609
	Total	30,809	32,839
Others	Segment profits	2,401	3,010
	Segment assets	19,455	21,591
	Depreciation and amortization expense	1,393	1,219
	Amortization of goodwill	292	292
	Investment amounts to equity method companies	—	—
	Increase amounts of fixed assets and intangible assets	1,050	1,262
	Sales to third parties	25,263	26,173
Inter-segment sales or transfers	3,099	3,408	
Total	28,363	29,582	
Adjustments <sup>(*)</sup>	Segment profits	697	326
	Segment assets	37,229	37,779
	Depreciation and amortization expense	531	612
	Amortization of goodwill	—	—
	Investment amounts to equity method companies	5,074	5,074
	Increase amounts of fixed assets and intangible assets	414	846
	Sales to third parties	—	—
Inter-segment sales or transfers	(9,215)	(10,496)	
Total	(9,215)	(10,496)	
Consolidated Total	Segment profits	(5,511)	(7,975)
	Segment assets	73,784	75,433
	Depreciation and amortization expense	584	1,593
	Amortization of goodwill	566	566
	Investment amounts to equity method companies	12,866	13,273
	Increase amounts of fixed assets and intangible assets	1,071	2,184
	Sales to third parties	247,293	239,150
Inter-segment sales or transfers	—	—	
Total	247,293	239,150	
Consolidated Total	Segment profits	9,394	6,134
	Segment assets	303,036	299,990
	Depreciation and amortization expense	8,980	10,315
	Amortization of goodwill	861	859
	Investment amounts to equity method companies	23,240	22,207
	Increase amounts of fixed assets and intangible assets	8,477	11,142

(\*) Adjustments are as follows:

(1) The adjusted amount for segment profits includes the following. Company-wide expenses primarily consist of expenses that fall under the parent company (holding company), or that incurred at headquarters, unallocated to reported segments.

	From April 1, 2018 to March 31, 2019	From April 1, 2019 to March 31, 2020
Amortization of goodwill	(566) million yen	(566) million yen
Elimination of inter-segment transactions, etc.	319 million yen	276 million yen
Company-wide expenses not appropriated to each reported segment	(5,263) million yen	(7,685) million yen

(2) The adjusted amount for segment assets includes the following.

Company-wide assets primarily consist of surplus funds and long-term investment funds (investment securities) at the parent company (holding company), or at headquarters, unallocated to reported segments.

	From April 1, 2018 to March 31, 2019	From April 1, 2019 to March 31, 2020
Elimination of inter-segment liabilities	(71,638) million yen	(64,537) million yen
Company-wide assets not appropriated to each reported segment	194,968 million yen	176,713 million yen
Elimination of investment and equity, etc.	(49,545) million yen	(36,742) million yen

(3) Adjusted amount for the investment in entities accounted for by the equity method is the amount for the investment in entities accounted for the equity method, which not belong to each reported segment.

Change in evaluation method of profit / loss of reported segments

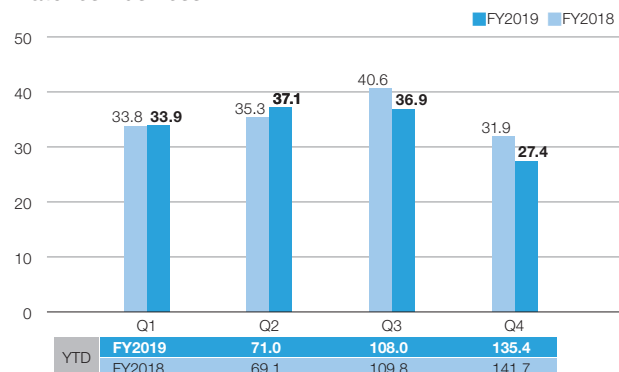
In order to appropriately evaluate the results of each reported segment, the Company changed to a method of considering expenses related to headquarters for some consolidated subsidiaries that had previously been allocated to the Watches Business and Electronic Devices Business as adjustments to segment income, which are company-wide expenses, from the first quarter of the fiscal year ending March 31, 2020.



## By quarter (by segment)

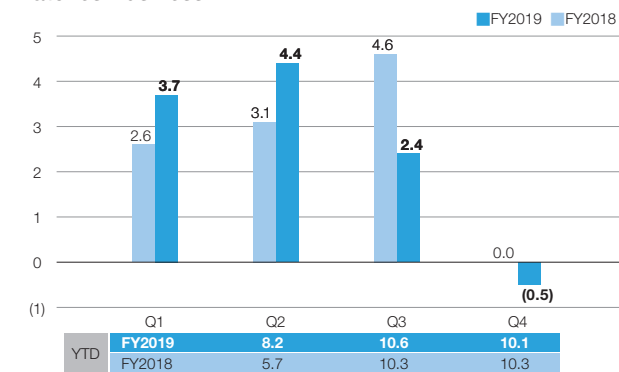
### Net Sales (Billions of yen)

#### Watches Business

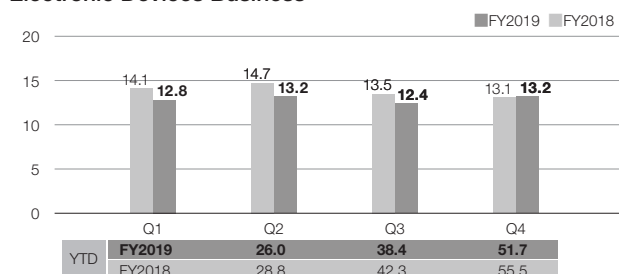


### Operating Profit (Billions of yen)

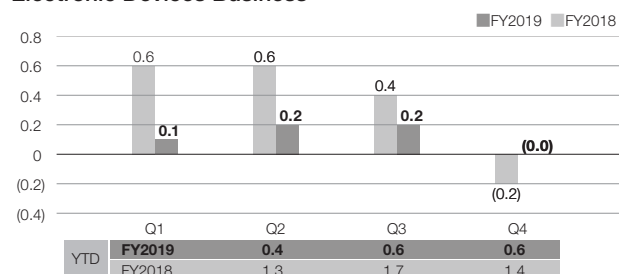
#### Watches Business



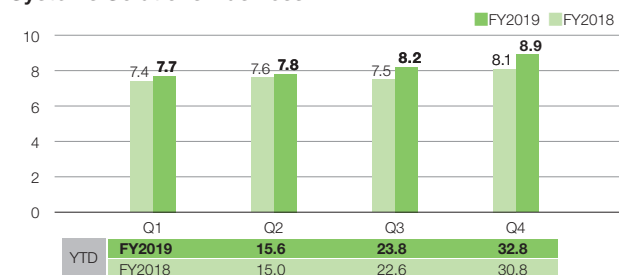
#### Electronic Devices Business



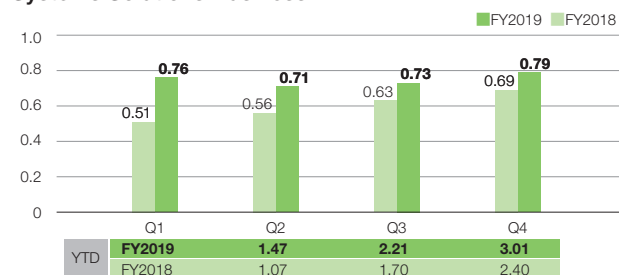
#### Electronic Devices Business



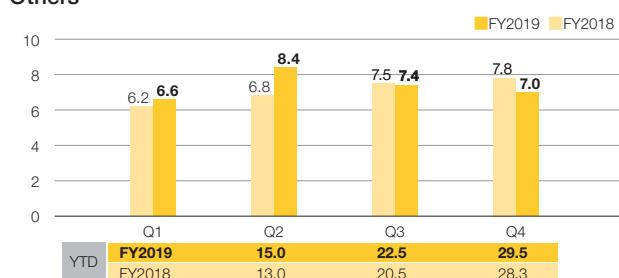
#### Systems Solutions Business



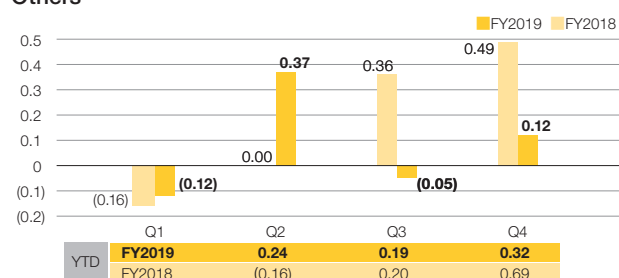
#### Systems Solutions Business



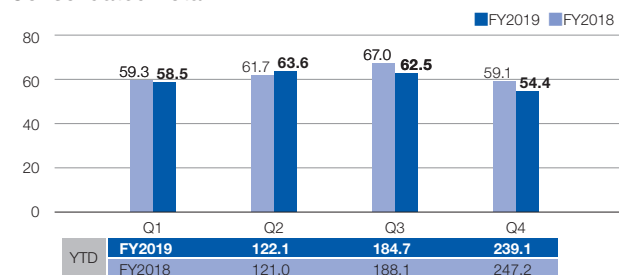
#### Others



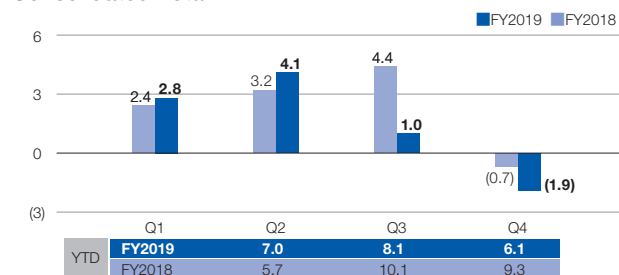
#### Others



#### Consolidated Total



#### Consolidated Total



## Company Information

### Overview of Company / Information about Shares

#### Company Overview (as of March 31, 2020)

<b>Company Name</b>	SEIKO HOLDINGS CORPORATION
<b>Year of Establishment</b>	1881
<b>Capital</b>	10 billion yen
<b>Number of Employees</b>	143 11,947 (consolidated)

<b>Operating Revenue</b>	12.0 billion yen
<b>Consolidated Net Sales</b>	239.1 billion yen
<b>Head Office Address</b>	26-1, Ginza 1-chome, Chuo-ku, Tokyo 104-8110, JAPAN Tel: +81-3-3563-2111

#### Consolidated Subsidiaries (as of September 30, 2020)

Description of major businesses	Name	Address	
<b>Watches</b>	SEIKO WATCH CORPORATION	Chuo-ku, Tokyo	
	SEIKO TIME LABS CO., LTD.	Koto-ku, Tokyo	
	CRONOS Inc.	Chiyoda-ku, Tokyo	
	SEIKO Retail Marketing Corporation	Chuo-ku, Tokyo	
	Chino Watch Co., Ltd.	Toshima-ku, Tokyo	
	Grand Seiko Corporation of America	New York, U.S.A.	
	Seiko Watch of America LLC	New York, U.S.A.	
	SEIKO Time Corporation	New York, U.S.A.	
	SEIKO Panama, S.A.	Panama City, Panama	
	SEIKO U.K. Limited	Maidenhead, U.K.	
	Seiko Watch Europe B.V.	Schiedam, Netherlands	
	SEIKO France S.A.S.	Chatillon-le-Duc, France	
	Grand Seiko Europe S.A.S.	Paris, France	
	SEIKO RUS Limited Liability Company	Moscow, Russia	
	SEIKO Hong Kong Ltd.	Kowloon, Hong Kong	
	SEIKO Watch (Shanghai) Co., Ltd.	Shanghai, P.R. China	
	SEIKO Taiwan Co., Ltd.	Taipei, Taiwan	
	SEIKO (Thailand) Co., Ltd.	Bangkok, Thailand	
	SEIKO Watch India Pvt. Ltd.	Bangalore, India	
	SEIKO Australia Pty. Ltd.	Macquarie Park, Australia	
	Morioka Seiko Instruments Inc.	Mihama-ku, Chiba	
	Ninohe Tokei Kogyo Co., Ltd.	Mihama-ku, Chiba	
	Tono Seiki Co., Ltd.	Tono-shi, Iwate	
	Michinoku Service Co., Ltd.	Morioka-shi, Iwate	
	Guangzhou SII Watch Co., Ltd.	Guangzhou, P.R. China	
	SEIKO Manufacturing (H.K.) Ltd.	Kowloon, Hong Kong	
	Instruments Technology (Johor) Sdn. Bhd.	Johor Bahru, Malaysia	
	SEIKO Manufacturing (Singapore) Pte. Ltd.	Singapore, Singapore	
	<b>Electronic Devices</b>	Seiko Instruments Inc.	Mihama-ku, Chiba
		SII Printek Inc.	Mihama-ku, Chiba
City Service Co., Ltd.		Mihama-ku, Chiba	
Seiko EG&G Co., Ltd.		Mihama-ku, Chiba	
Seshika Inc.		Mihama-ku, Chiba	
Seiko I Techno Research Co., Ltd.		Mihama-ku, Chiba	
SII Crystal Technology Inc.		Mihama-ku, Chiba	

Description of major businesses	Name	Address
<b>Electronic Devices</b>	Seiko Instruments U.S.A., Inc. *	Torrance, U.S.A.
	Seiko Instruments GmbH	Neu-Isenburg, Germany
	Dalian Seiko Instruments Inc.	Dalian, P.R. China
	Seiko Instruments (Shanghai) Inc.	Shanghai, P.R. China
	Seiko Instruments Technology (Shanghai) Inc.	Shanghai, P.R. China
	Seiko Instruments Trading (H.K.) Ltd.	Kowloon, Hong Kong
	Seiko Instruments Taiwan Inc.	Taipei, Taiwan
	Seiko Instruments (Thailand) Ltd.	Pathumthani, Thailand
	Asian Electronic Technology Pte. Ltd.	Singapore, Singapore
	Seiko Instruments Singapore Pte. Ltd.	Singapore, Singapore
	SEIKO NPC CORPORATION	Taito-ku, Tokyo
	SEIKO Precision (Thailand) Co., Ltd.	Pathumthani, Thailand
	<b>Systems Solutions</b>	SEIKO Solutions Inc.
IIM Corporation		Chuo-ku, Tokyo
COSMO CO., LTD.		Shinagawa-ku, Tokyo
<b>Others</b>	COSMO-GCC CO., LTD.	Shinagawa-ku, Tokyo
	SEIKO Clock Inc.	Koto-ku, Tokyo
	SEIKO CLOCK (Hong Kong) Ltd.	Kowloon, Hong Kong
	SEIKO CLOCK (Shenzhen) Co., Ltd.	Shenzhen, P.R. China
	WAKO Co., Ltd.	Chuo-ku, Tokyo
	SEIKO Time Systems Inc.	Koto-ku, Tokyo
	Human Capital Co., LTD.	Mihama-ku, Chiba
	KYOBASHI KIGYO (K.K.)	Chuo-ku, Tokyo
Shirakawa Estate Co., Ltd.	Chuo-ku, Tokyo	

And three other companies

\* Seiko Instruments U.S.A., Inc. also conducts a business in "Others".

#### Affiliates accounted for by the equity method

(as of September 30, 2020)

Description of major businesses	Name	Address
<b>Watches</b>	CLOCKWORK HOLDINGS INC.	Chuo-ku, Tokyo
<b>Electronic Devices</b>	Jedat Inc.	Chuo-ku, Tokyo
	SII Logistics Inc.	Mihama-ku, Chiba
<b>Others</b>	SEIKO OPTICAL PRODUCTS CO., LTD.	Chuo-ku, Tokyo
	OHARA INC.	Sagamihara-shi, Kanagawa

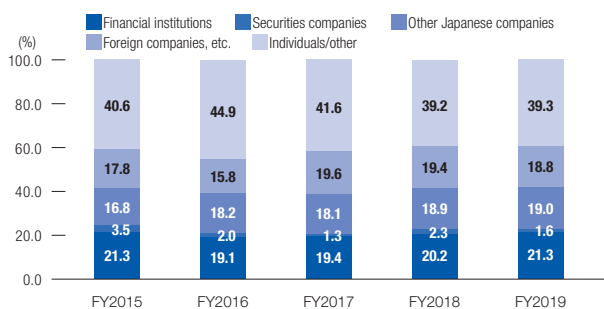
## Information about Shares (as of March 31, 2020)

Total number of shares authorized to be issued: 149,200,000  
 Total number of shares issued and outstanding: 41,404,261  
 Number of shareholders: 12,098

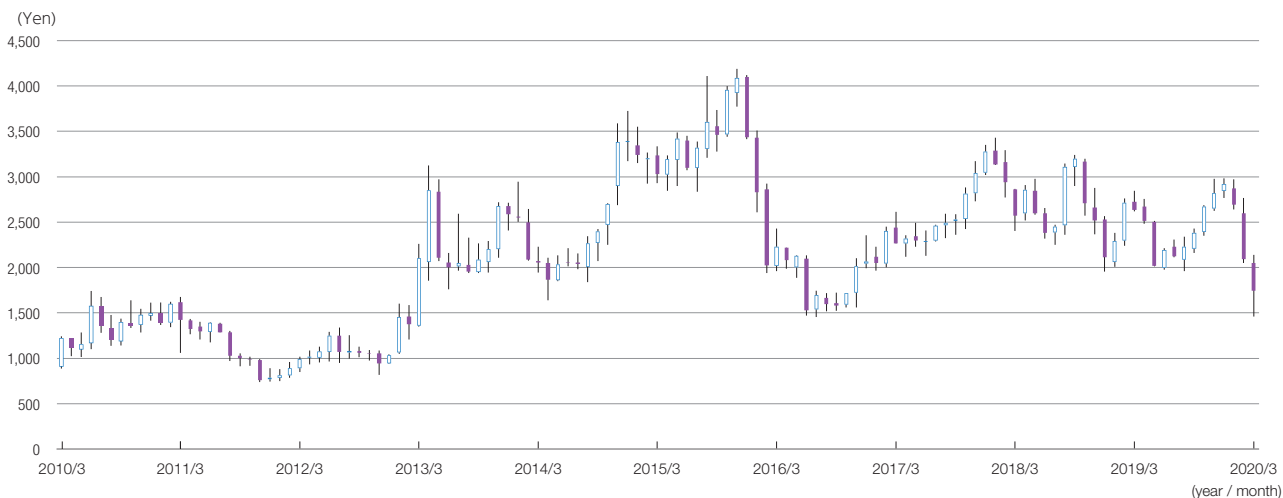
## Status of Major Shareholders (as of March 31, 2020)

Name	Number of shares (x 1,000)	Ratio
Sanko Kogyo K.K.	4,436	10.7%
Etsuko Hattori	3,613	8.7%
Shinji Hattori	2,279	5.5%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,992	4.8%
The Dai-ichi Life Insurance Company, Limited	1,800	4.4%
Hideo Hattori	1,620	3.9%
Japan Trustee Services Bank, Ltd (Trust Account)	1,318	3.2%
JPMC GOLDMAN SACHS TRUST JASDEC LENDING ACCOUNT	809	2.0%
SHIMIZU CORPORATION	744	1.8%
FUJI BUILDING Co., Ltd.	671	1.6%

## Distribution of Shares (as of March 31, 2020)



## Share Price Transition

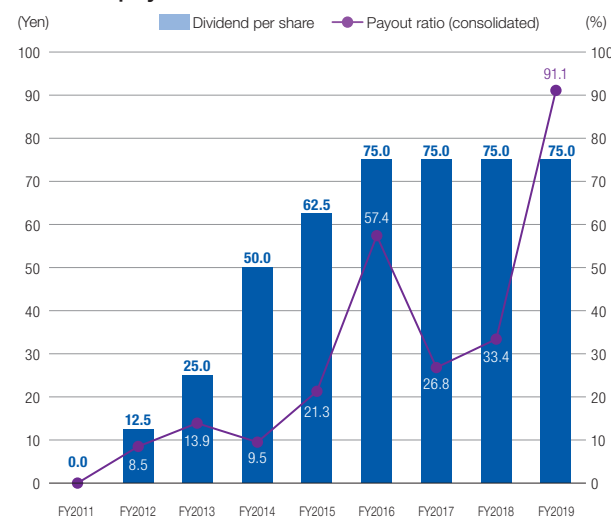


\* Share consolidation performed on October 1, 2017 at a ratio of 5 ordinary shares to 1. The above share price is when consolidation of shares is considered.

## Dividend Policy

With regard to profit allocation, the basic policy is to continue to distribute stable dividends with consideration of capital efficiency and stable profit distribution to shareholders, while also enhancing capital adequacy. In addition, the company's major profit return policy to shareholders is to return profits by dividends.

## Dividend payout ratio



\*1 Share consolidation performed on October 1, 2017 at a ratio of 5 ordinary shares to 1. The above annual dividend is when consolidation of shares is considered.

\*2 The dividends forecast for FY2020 has not been determined yet as of September 30, 2020.

# SEIKO

**SEIKO HOLDINGS CORPORATION**

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