

[Translation]

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(Stock Exchange Code 8050)

June 8, 2020

To Shareholders with Voting Rights:

Yoshinobu Nakamura
President
SEIKO HOLDINGS CORPORATION
5-11, Ginza 4-chome, Chuo-ku, Tokyo

**NOTICE OF
THE 159TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

We would like to express our appreciation for your continued support and patronage.

Please be informed that we will hold the 159th Ordinary General Meeting of Shareholders of SEIKO HOLDINGS CORPORATION (the “Company”). The meeting will be held for the purposes described below.

Recently, the Japanese government and prefectural governors have requested that citizens refrain from going out to prevent the spread of the novel coronavirus. As a result of carefully considering our response to this situation, the Company has decided to hold the meeting upon implementing appropriate measures to prevent the infection.

In view of the request for the refraining from going out, as well as from the perspective of preventing the spread of the infection, we request that shareholders exercise their voting rights in advance in writing, or via the Internet as much as possible. **Regardless of the condition of your health, we request that you refrain from visiting the venue on the day of the meeting.** Shareholders will be able to watch the proceedings of the Meeting via live streaming on the Internet.

Please review the attached Reference Documents for the General Meeting of Shareholders (pages 5 through 11), and exercise your voting rights in accordance with the “Notice regarding Exercise of Voting Rights” (pages 3 through 4) by 6 p.m. on Thursday, June 25, 2020, Japan time.

1. Date and Time: Friday, June 26, 2020, at 10 a.m. Japan time
(The reception desk will open at 9 a.m. Japan time.)

2. Place: Toranomom Hills Forum Hall B
Toranomom Hills Mori Tower 4F
23-3, Toranomom 1-chome, Minato-ku, Tokyo, Japan

This year, the number of seats that we are able to provide will decrease considerably compared with usual years, as the spacing between seats will be expanded to prevent the spread of the novel coronavirus infection. Accordingly, we may have to refuse admission of shareholders to the venue on the day.

3. Meeting Agenda:

Matters to be reported: The Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements, for the Company's Fiscal Year Ended on March 31, 2020 (from April 1, 2019 to March 31, 2020)

Proposals to be resolved: **Proposal 1:** Distribution of Surplus
Proposal 2: Election of One (1) Director
Proposal 3: Election of Three (3) Corporate Auditors

4. Decisions Concerning Convocation

- (1) Should you choose to exercise your voting rights via a proxy, you may designate a shareholder other than yourself, who is entitled to vote with respect to the Company, as your proxy. In such case, please have the proxy submit a power of attorney together with your Voting Rights Exercise Form to the reception desk.
- (2) Should you diversely exercise your voting rights, please notify the Company in writing to this effect, together with the reason thereof, at least three days prior to the date of the General Meeting of Shareholders.

<Request to Our Shareholders>

The meeting will be streamed live on the Internet. Please see the enclosed "Notice of Live Streaming on the Internet."
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- The measures described above may be updated according to the status of the spread of the novel coronavirus infection, announcements from the government, etc. in the days leading up to the meeting. In addition, the venue and starting time are subject to change, as necessary. Any changes to the operation of the meeting will be published on the Company's website.
- Body temperature measurements will be taken near the entrance to the venue, and persons who have a fever or appear to be in ill health may be refused admission and asked to leave, in order to prevent the spread of the novel coronavirus.
- Shareholders attending the meeting should wear a mask. Shareholders who do not wear a mask may be refused admission and asked to leave.
- Corrections, if any, to the Reference Documents for the meeting or the attachments will be posted on the Company's website.

<The Company's Website>
<https://www.seiko.co.jp/ir/>

Regarding disclosures on the Internet

- ◎ Among the documents to be provided with this Notice, the following items are posted on the Company’s website (at the URL provided below) via the Internet pursuant to laws and regulations and Article 16 of the Articles of Incorporation of the Company; therefore, they are not included in the documents attached hereto:
 - (i) “Overview of the system to ensure proper operations and the implementation status thereof” for the Business Report
 - (ii) “Consolidated Statements of Changes in Equity” and “Notes to Consolidated Financial Statements” for Consolidated Financial Statements
 - (iii) “Non-Consolidated Statements of Changes in Equity” and “Notes to Non-Consolidated Financial Statements” for Non-Consolidated Financial Statements
- ◎The Accounting Auditor and Corporate Auditors have audited each document subject to auditing, including the above Internet disclosure items.

<The Company’s Website>
<https://www.seiko.co.jp/ir/>

Notice regarding Exercise of Voting Rights

Voting rights may be exercised by any of the means described below. Shareholders are requested to review the Reference Documents for the General Meeting of Shareholders before exercising voting rights.

Shareholders attending the meeting in person		
Date and time of the meeting: Friday, June 26, 2020, at 10 a.m., Japan time		
When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Please also bring this convocation notice.		

Shareholders not attending the meeting in person		
<u>Exercise of voting rights in writing</u>	<u>Exercise of voting rights via “Smart Exercise”</u>	<u>Exercise of voting rights via the Internet</u>
Deadline: Must reach the Company by 6 p.m. on Thursday, June 25, 2020, Japan time Please indicate your votes for or against the proposals on the enclosed Voting Rights Exercise Form and return the same so that it is received by the deadline for exercising voting rights.	Deadline: By 6 p.m. on Thursday, June 25, 2020, Japan time Please scan the “Smart Exercise” QR code displayed on the bottom right of the enclosed Voting Rights Exercise Form via a smartphone or tablet device, and enter your votes for or against the proposals. * Please refer to page 4 for details.	Deadline: By 6 p.m. on Thursday, June 25, 2020, Japan time Access the Company’s designated voting website, and enter your votes for or against the proposals in accordance with the screen instructions. * Please refer to page 4 for details.

Exercise of Voting Rights via “Smart Exercise” Using the QR Code

Procedures for exercising voting rights

1. Scan the QR code and access the website

Scan the “Smart Exercise” QR code on the bottom right of the enclosed Voting Rights Exercise Form using a smartphone or tablet device.

* An application or function that can scan QR codes is required. (QR code is a registered trademark of DENSO WAVE INCORPORATED.)

2. Select the voting method

There are two ways to exercise your voting rights.

3. When instructing each proposal individually, enter your votes for or against the proposals in accordance with the screen instructions.

4. If there is no problem on the confirmation screen, click the “exercise with this content” button to complete the exercise.

! If you wish to change your exercise content after exercising your voting rights, you will need to scan the QR code again, and enter your “voting rights exercise code” and “password” displayed on the Voting Rights Exercise Form.

Exercise of Voting Rights via the Internet

Please access the voting website (<https://soukai.mizuho-tb.co.jp/>), and exercise your voting rights in accordance with the screen instructions.

<Contact information regarding “Smart Exercise” and exercise via the Internet>

Stock Transfer Agent Department, Mizuho Trust & Banking Co., Ltd.

Phone number: 0120-768-524 (toll free, accessible only in Japan)

(Usage time: 9 a.m. to 9 p.m. (excluding Saturdays, Sundays, and public holidays))

(For reference)

Institutional investors may use the electronic proxy voting platform operated by ICJ, Inc.

If duplicate votes are exercised

- * If you exercise a voting right both in writing and via the Internet (including “Smart Exercise”), the vote exercised via the Internet will be taken as the valid vote.
- * If you exercise a voting right multiple times via the Internet (including “Smart Exercise”), the vote last exercised will be taken as the valid vote.

[Translation]

Reference Documents for the General Meeting of Shareholders

Agenda of the Ordinary General Meeting of Shareholders

Proposal 1: Distribution of surplus

The Company has a policy to provide consistent dividend payments while considering the consolidated business results for the fiscal year under review and taking into account the enrichment of internal reserves to strengthen our management foundation. Based on this policy, with regard to the year-end dividend for the fiscal year under review, we hereby propose to distribute the surplus as described below.

Matters related to the year-end dividend

(1) Type of dividend assets

Cash

(2) Allotment of dividend property to shareholders and its total amount

Amount per common share: 37.5 yen

Total amount of dividends: 1,550,409,450 yen

Note: As the Company has already paid an interim dividend of 37.5 yen per share, the annual dividend for the 159th fiscal year will be 75 yen per share.

(3) Effective date of distribution of surplus

June 29, 2020

Proposal 2: Election of One (1) Director

The Company proposes the election of one (1) Director to replace Ms. Hiromi Kanagawa, Director, who will retire from office by voluntary resignation at the closing of this General Meeting of Shareholders.

The term of office of the newly elected Director shall be coterminous with the expiration of the terms of office of other incumbent Directors in accordance with the provisions of the Articles of Incorporation of the Company.

The candidate for Director is as follows.

Kiyoko Niwasaki (Date of Birth: January 20, 1964) (Newly Appointed)



- (1) Number of shares of the Company held: 1,000
- (2) Length of service as a Director: —
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2020: —
- (4) Career, positions, and responsibilities

April 1986	Joined the Company
April 2013	Senior Vice President and General Manager, Public Relations Department of SEIKO WATCH CORPORATION
June 2015	Director, Senior Vice President of SEIKO WATCH CORPORATION
June 2018	Director, Executive Vice President of SEIKO WATCH CORPORATION
December 2019	Senior General Manager, Public Relations Department and Sports & Corporate Culture Department, and General Manager, Sports and Corporate Culture Department of the Company (to present)

- (5) Significant concurrent positions:

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- (6) Reasons for nomination as candidate for director:

The Company nominates Ms. Kiyoko Niwasaki as a candidate for Director, expecting her to perform full functions as a Board member in the decision-making to execute important business and supervise the other Directors' execution of duties by utilizing her wealth of experience and achievement, including the following: (i) having been engaged mainly in public relations and marketing as a member of the Company Group since joining the Company; and (ii) recently promoting corporate branding and branding strategies of the Watches Business by serving as Senior General Manager, Public Relations Department and Sports & Corporate Culture Department of the Company, and Director, Executive Vice President of SEIKO WATCH CORPORATION.

- (7) Special relationship of interest between the Company and the candidate for Director:

There is no special relationship of interest between the Company and Ms. Kiyoko Niwasaki.

Proposal 3: Election of Three (3) Corporate Auditors

The Company proposes the election of three (3) Corporate Auditors, as the terms of office of three (3) Corporate Auditors, Mr. Seiichi Mikami, Mr. Haruhiko Takagi and Mr. Tomoyasu Asano, will expire at the closing of this General Meeting of Shareholders.

The Company has obtained consent from the Board of Corporate Auditors with regard to this proposal. The candidates for Corporate Auditors are as follows.

1. Haruhiko Takagi (Date of Birth: January 10, 1959) (Reappointed)

- (1) Number of shares of the Company held: 5,600
- (2) Length of service as a Corporate Auditor: 4 years
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2020: 13 out of 13 meetings (100%)
Attendance at the Board of Corporate Auditors meetings during the fiscal year ended March 31, 2020: 10 out of 10 meetings (100%)



(4) Career and positions

April 1982	Joined the Company
June 2004	General Manager, Finance & Accounting Department of the Company
June 2007	Director of the Company
November 2009	General Manager, Corporate Planning & Financial Control Division, Seiko Optical Products Co., Ltd.
May 2010	Director of Seiko Optical Products Co., Ltd.
April 2014	Standing Corporate Auditor, Seiko Solutions Inc.
June 2016	Standing Corporate Auditor of the Company (to present)
January 2020	Outside Corporate Auditor of OHARA INC. (to present)

(5) Significant concurrent positions:

Outside Corporate Auditor of OHARA INC.

(6) Reasons for nomination as candidate for Corporate Auditor:

Mr. Haruhiko Takagi has been engaged mainly in finance and accounting as a member of the Company Group since joining the Company. After serving as Director of the Company and its group company, he is currently serving as Standing Corporate Auditor of the Company since June 2016. The Company nominates Mr. Takagi as a candidate for Corporate Auditor, expecting him to perform appropriate audit functions based on his thorough knowledge of the Company Group's businesses acquired through the performance of these duties, as well as his reasonable-degrees of knowledge about finance and accounting.

- (7) Special relationship of interest between the Company and the candidate for Corporate Auditor:

There is no special relationship of interest between the Company and Mr. Haruhiko Takagi.

2. Takashi Nishimoto (Date of Birth: September 9, 1962) (Newly Appointed)



(1) Number of shares of the Company held: 1,000

(2) Length of service as a Corporate Auditor: —

(3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2020: —
Attendance at the Board of Corporate Auditors meetings during the fiscal year ended March 31, 2020: —

(4) Career and positions

April 1985	Joined the Company
June 2009	General Manager, General Affairs Department of the Company
October 2012	General Manager, Legal & Intellectual Property Department of the Company
January 2015	Senior Vice President of SEIKO Solutions Inc.
June 2015	Director and Senior Vice President of SEIKO Solutions Inc.
April 2019	Director and Executive Vice President of SEIKO Solutions Inc.
June 2020	Advisor of SEIKO Solutions Inc. (to present)

(5) Significant concurrent positions:

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(6) Reasons for nomination as candidate for Corporate Auditor:

Mr. Takashi Nishimoto has been engaged mainly in legal affairs, general affairs, finance and accounting as a member of the Company Group since joining the Company. He has experience in corporate management, serving as Director and Executive Vice President of SEIKO Solutions Inc. The Company nominates Mr. Nishimoto as a candidate for Corporate Auditor, expecting him to perform appropriate audit functions by utilizing his wealth of experience and knowledge, including his reasonable-degrees of knowledge about legal affairs, finance, and accounting acquired through the performance of these duties.

(7) Special relationship of interest between the Company and the candidate for Corporate Auditor:

There is no special relationship of interest between the Company and Mr. Takashi Nishimoto.

3. Tomoyasu Asano (Date of Birth: April 27, 1953)
(Reappointed) (Outside Corporate Auditor) (Independent Auditor)



- (1) Number of shares of the Company held: 0
- (2) Length of service as a Corporate Auditor: 4 years
- (3) Attendance at the Board of Directors meetings during the fiscal year ended March 31, 2020: 13 out of 13 meetings (100%)
Attendance at the Board of Corporate Auditors meetings during the fiscal year ended March 31, 2020: 10 out of 10 meetings (100%)

(4) Career and positions

April 1978	Joined The Dai-ichi Mutual Life Insurance Co., Ltd.
April 2006	Executive Officer of The Dai-ichi Mutual Life Insurance Co., Ltd.
April 2009	Managing Executive Officer of The Dai-ichi Mutual Life Insurance Co., Ltd.
June 2009	Director, Managing Executive Officer of The Dai-ichi Mutual Life Insurance Co., Ltd.
April 2010	Director, Managing Executive Officer of The Dai-ichi Life Insurance Co., Ltd.
October 2013	Outside Auditor of Tokyu Fudosan Holdings Corporation (to present)
April 2014	Director, Senior Managing Executive Officer of The Dai-ichi Life Insurance Co., Ltd.
June 2016	Outside Corporate Auditor of the Company (to present)
October 2016	Director, Senior Managing Executive Officer of Dai-ichi Life Holdings, Inc. (retired in March 2017)
June 2017	Chief Director of the Cardiovascular Institute (to present)

(5) Significant concurrent positions:

Chief Director of the Cardiovascular Institute
Outside Auditor of Tokyu Fudosan Holdings Corporation

(6) Reasons for nomination as candidate for Outside Corporate Auditor:

The Company nominates Mr. Tomoyasu Asano as a candidate for Outside Corporate Auditor, expecting him to perform appropriate audit functions based on his knowledge and experience cultivated in his career as a management member of corporations for many years.

- (7) Special relationship of interest between the Company and the candidate for Outside Corporate Auditor and the candidate's independence from the Company:

There is no special relationship of interest between the Company and Mr. Tomoyasu Asano.

Mr. Asano previously worked at Dai-ichi Life Holdings, Inc. However, Mr. Asano has not been involved in execution of operations at Dai-ichi Life Holdings, Inc. since he retired from office of Director, Senior Managing Executive Officer of the said company in March 2017. The Dai-ichi Life Group and the Company Group have transactions related to insurance contracts. However, these transactions constitute less than one percent of consolidated ordinary revenues (equivalent to consolidated net sales) of Dai-ichi Life Holdings, Inc. and the Company's consolidated net sales, and is thus insignificant. In addition, the Company Group has borrowed funds from the Dai-ichi Life Group. However, the amount of such borrowings constitutes less than two percent of consolidated total assets of Dai-ichi Life Holdings, Inc. and the Company, and is thus insignificant.

Mr. Tomoyasu Asano satisfies the requirements of an independent auditor under the rules of the Tokyo Stock Exchange, and has been reported thereto as an independent auditor. If his appointment is approved at this Ordinary General Meeting of Shareholders, he will continue to serve as an independent auditor.

- Note: The Company entered into an agreement with Mr. Tomoyasu Asano to limit liability for damages set forth in Article 423, paragraph 1 of the Companies Act, pursuant to Article 427, paragraph 1 thereof. The limit on the liability for damages under the said agreement will be the minimum limit of liability prescribed in Article 425, paragraph 1 of the Companies Act. If his appointment is approved, the Company will continue the aforementioned liability limitation agreement with him.

[For reference]

<Decision process of the nomination of the Director and Corporate Auditor candidates>

In order to procure the objectivity and transparency of the process to nominate officer candidates and to determine compensation for officers, the Company established the Corporate Governance Committee, a majority of the members of which are outside officers, as an advisory body for the Board of Directors.

The nomination of the Director candidate listed in Proposal 2 and the nomination of the Corporate Auditor candidates listed in Proposal 3 were determined by the Board of Directors after being deliberated on by that committee.

[For reference]

Basic Principles of Corporate Governance

As a company based on the principles to "being a company that is trusted by society, The Company positions as core business challenges compliance with all laws and regulations, implementation of management transparency and fairness, and honoring social ethics—and to realize these goals by striving to apply and reinforce its corporate governance framework. The Company will work to drive sustainable growth and enhance the corporate value of the Company and the Company Group.

Basic Policy

(1) Securing the Rights and Equal Treatment of Shareholders

The Company strives to develop a necessary environment for appropriately and effectively securing shareholder rights such as voting rights at the general meeting of shareholders and provide necessary information accurately to ensure that shareholders can appropriately exercise their rights. The Company is also committed to securing equality between shareholders, including minority shareholders and foreign shareholders.

(2) Appropriate Cooperation with Stakeholders other than Shareholders

As well as with shareholders, the Company also strive to cooperate with other stakeholders including customers, employees, business partners and members of the communities where its facilities are located. The Company believes that it bears a social responsibility to contribute fully to the realization of a sustainable society and to honor the Group's basic principles of "being a company that is trusted by society."

(3) Ensuring Appropriate Information Disclosure and Transparency

The Company shall appropriately make information disclosure not only in compliance with the relevant laws and regulations, but also strives to provide clear and useful information in a timely and detailed way beyond that required by law in order to facilitate accurate evaluations by its shareholders and other stakeholders and to engage in constructive dialogue with them.

(4) Responsibilities of the Board

The Board of Directors is committed to a free, open and constructive style of management. The Company aims to ensure that it executes its duties timely and decisively and that its actions create an environment where good decisions can be taken by the senior management to achieve sustainable growth and increased corporate value over the mid- to long-term.

(5) Dialogue with Shareholders

The Company promotes constructive dialogue with shareholders so as to support sustainable growth and increase corporate value over the mid- to long-term based on "Basic Policy on Constructive Dialogue with Shareholders."

[Translation][Attached Documents]

Business Report for the Fiscal Year Ended March 2020 (From April 1, 2019 To March 31, 2020)

1. Matters related to current status of the Corporate Group

(1) Business developments and results

In the world economy, up to the third quarter of the fiscal year ended March 31, 2020, growth in the U.S. showed signs of a slowdown, primarily due to sluggish personal consumption, despite a steady U.S. employment environment. In Europe, while the U.K. economy lacked strength due to uncertainty about the outlook associated with the BREXIT issue, an improvement was seen in business sentiment in the Eurozone countries, with the exception of France, which was affected by large-scale demonstrations. In Asia, growth was sluggish in many economies, mainly China, due in part to the impact of demonstration activities in Hong Kong and U.S.-China trade friction. Meanwhile, from the fourth quarter onward, the global outbreak of the novel coronavirus has had a major impact on the world economy. While a deterioration in company business sentiment began to be observed from roughly mid-February in the U.S., the infection spread rapidly in Europe from early March, and then in the U.S. during the middle of that month, leading to a sudden change in the economy. In China, while real GDP growth from January to March 2020 fell 6.8% year on year, the economy began to move toward normalization from March onward.

In the Japanese economy, while personal consumption remained steady up to the second quarter, mainly due to a surge in demand before the consumption-tax hike, business sentiment deteriorated from October onward due to the tax hike as well as unusual weather, in addition to continued weak overseas demand. Furthermore, the effects of the novel coronavirus gradually emerged from the beginning of February, and its effects on economic activities became more pronounced in March.

Looking toward what the Seiko Holdings Group aims to be in FY2025, the Company has formulated the Seventh Mid-Term Management Plan, which is positioned as an “aggressive approach,” and is being promoted from the current fiscal year. From the first year of the plan, the Company has worked to strengthen branding investment to accelerate the expansion of overseas business, expand our business domains through M&A investment, and develop high value-added products and services that lead to an enhancement of its brand value.

However, due to the impact of sluggish electronic devices market conditions resulting from U.S.-China trade friction and the spread of the novel coronavirus, for the fiscal year ended March 31, 2020, the Company reported consolidated net sales of 239.1 billion yen, a year-on-year decrease of 8.1 billion yen, or 3.3%. On a per-segment basis, while sales under the Watches Business and Electronic Devices Business declined year on year, sales under the Systems Solutions Business progressed favorably. On an overall consolidated basis, domestic net sales came to 137.5 billion yen (a year-on-year decrease of 1.8%), and overseas net sales were 101.6 billion yen (a year-on-year decrease of 5.3%). Overseas net sales comprised 42.5% of net sales overall.

In terms of income, operating profit decreased 3.2 billion yen year on year to 6.1 billion yen (a year-on-year decrease of 34.7%), mainly due to an approximate 11% year-on-year increase in advertising and promotion expenses along with the strengthening of investment, in addition to the impact of the decline in net sales. Ordinary profit decreased 4.4 billion yen year on year to become 7.0 billion yen (a year-on-year decrease of 38.6%), due to deterioration in non-operating income and expenses mainly owing to a decrease in share of profit of entities accounted for using equity method. Gain on sales of non-current assets of 0.3 billion yen was posted as extraordinary income. Retirement benefit expenses of 0.1 billion yen associated with a revision of the law for retirement benefits overseas, business restructuring expenses of 0.2 billion yen associated with the termination of some businesses, an impairment loss of 0.2 billion yen, as well as loss on the spread of infectious disease of 0.3 billion yen, for a total of 1.1 billion yen as extraordinary losses. As a result, profit attributable to owners of parent minus income taxes and profit attributable to non-controlling interests were 3.3 billion yen (a year-on-year decrease of 63.3%).

In addition, with the aim of further strengthening the technological development capabilities of the entire Group, promoting ESG activities, and accelerating support for the SDGs, the Company has decided to transfer R&D and production technology development functions, as well as headquarters functions related to quality control and the environment from its subsidiary, Seiko Instruments Inc. to the Company, from April 1, 2020.

The average exchange rates for the current fiscal year were 108.7 yen to 1 US dollar and 120.8 yen to 1 euro.

Results for each segment are as follows.

a. Watches Business

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%.

While the environment in Hong Kong, a significant market for high-end watches, has deteriorated due to the impact of demonstration activities, the market for high-end watches performed favorably, particularly in the U.S., China, Japan, and other areas. Meanwhile, severe market conditions continued in the market for affordable-priced watches. In addition, from February 2020 onward, the spread of the novel coronavirus has had a major impact on the watch markets of each country.

Under such circumstances, the Company has promoted the Global Brands strategy set out in the basic policies of the Seventh Mid-Term Management Plan, and worked to accelerate the expansion of sales in Japan, the U.S., and Asia, such as through the opening of new Grand Seiko Boutiques in Japan and overseas, as well as the opening of the world's first Seiko Prospex Boutique in Ginza, Tokyo in August 2019.

Net sales in the watches business in Japan grew steadily up to the second quarter. However, personal consumption fell due to a suspension or shortening of opening hours across a wide range of industries, as well as self-restraint regarding going out on weekends associated with the spread of the novel coronavirus, in addition to the effects of sluggish personal consumption following the consumption-tax hike and natural disasters. Inbound demand from foreign tourists to Japan decreased due to tightened immigration regulations, as well as prohibition of overseas travel and self-restraint in other countries. Accordingly, net sales fell year on year. In terms of individual brands, sales of Grand Seiko increased, mainly for the Spring Drive models, which marked the 20th Anniversary of its launch, and the Quartz models, which marked its 50th Anniversary. While sales of Seiko Prospex, one of our Global Brands, were also sluggish in the fourth quarter, the Company was able to maintain net sales for the full year at the same level as the previous fiscal year. On a distribution channel basis, while sales at mass retailers were sluggish due to a decrease in the number of tourists visiting Japan, net sales at department stores, which grew steadily up to the second quarter due to a surge in demand before the consumption-tax hike, exceeded the previous fiscal year for the full year.

Overseas, Global Brands continued to grow, mainly for Grand Seiko and Seiko 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., Grand Seiko performed steadily, while sales expanded in Europe, mainly in high-end distribution channels in Germany and other countries. In Asia, sales in China grew significantly year on year, while sales in Taiwan and Australia also increased year on year on a local currency basis.

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. In addition, operating profit increased by 0.9 billion yen, as a result of a change in the allocation method of expenses related to headquarters for some consolidated subsidiaries.

b. Electronic Devices Business

Net sales under the Electronic Devices Business came to 51.7 billion yen, a year-on-year decrease of 3.7 billion yen, or 6.8%. Operating profit was 0.6 billion yen, a year-on-year decrease of 0.8 billion yen, or 56.6%. Net sales of thermal printer mechanism products, printer-related products such as inkjet print heads, and integrated circuits for crystal oscillators were sluggish due to a slowdown in the Chinese economy. Meanwhile, sales of micro batteries and quartz crystals grew as we worked to shift our portfolio to key products in our areas of strength and growth markets in line with the basic policies of the Seventh Mid-Term Management Plan. In addition, a change in the allocation method of expenses related to headquarters for some consolidated subsidiaries resulted in an increase of 1.0 billion yen in operating profit.

c. Systems Solutions Business

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%. Operating profit was 3.0 billion yen, a year-on-year increase of 0.6 billion yen, or 25.4%. The IT-

related and telecommunications-related markets performed strongly against a backdrop of severe labor shortages, as well as a shift to cashless transactions associated with the consumption-tax hike. 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. In terms of income, profit increased year on year by continuing to improve profits for each product.

d. Others

Net sales under Others amounted to 29.5 billion yen, a year-on-year increase of 1.2 billion yen, or 4.3%.

Operating profit was 0.3 billion yen, a year-on-year decrease of 0.3 billion yen, or 53.2%. Despite the impact of the spread of the novel coronavirus in the fourth quarter, in addition to reaction following the consumption-tax hike in the Clocks Business and the Wako Business, net sales for the full year increased year on year. However, operating profit fell year on year due to changes in the business mix.

(2) Issues that need to be addressed by the Corporate Group

The Company has established an individual philosophy and a long-term vision and formulated various basic policies, etc., including its fundamental philosophy of corporate ethics, in addition to practicing risk management, guided by its corporate philosophy of being “A Company that is Trusted by Society” and founded on corporate governance. On this basis, the Company will engage in business activities with targets that are shared throughout the entire Group. The Company believes that its corporate social responsibility (CSR) is to contribute to the sustainable development of society and pursue enhancement of corporate value through these business activities. As part of these efforts for CSR, the Company is actively working toward environmental considerations (E), contributing to solving social issues (S), and creating systems that maintain the trust of society (G), and is aiming to further enhance our corporate value. In addition, the Company has formulated and is promoting the Seventh Mid-Term Management Plan, which begins in the fiscal year ended March 31, 2020. The contents are as follows.

Seventh Mid-Term Management Plan (from the fiscal year ended March 31, 2020 through the fiscal year ending March 31, 2022)

1. Long-term vision

The Seiko Holdings Group will continue the long-term vision also in the Seventh Mid-Term Management Plan, established when the Sixth Mid-Term Management Plan was formulated, based on the Group slogan, “SEIKO Moving Ahead, Touching Hearts”.

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

2. What the Seiko Holdings Group aims to be in FY2025

The Company has set out a more detailed image of what the Seiko Holdings Group aims to be in FY2025 based on the long-term vision.

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

3. Basic policies of the Seventh Mid-Term Management Plan

Looking toward FY2025, the Company has set the following basic policies for this three-year period with the aim of achieving the Seventh 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.

4. Initiatives for the environment and issues surrounding business

(i) Watches Business

The Company started the Global Brand strategy from the first fiscal year of the previous mid-term management plan, and Global Brands grew greatly in those three years, particularly Grand Seiko, luxury watches and Seiko Prospex, sports watches. Working to further reduce costs also led to steady results in the Watches Business, including improved profitability.

Based on the results, in the next three years, the Watches Business will see Seiko grow towards a true global brand that is ahead of the rest with cutting-edge technologies, expert craftsmanship, and a uniquely Japanese sense of beauty, and is set to become a major player in the world watch market looking ahead to the year 2025. With the Global Brand strategy as its growth engine, the Company will further accelerate its strategy to accomplish revolutionary transformation, while also expanding sales both in Japan and overseas, particularly in the United States and Asia.

(ii) Electronic Devices Business

The Electronic Devices Business saw slower growth in some products due to a slowdown in the Chinese market, but the profitability remained stable as a result of expanded sales in fields of expertise, improvement of unprofitable businesses, and cost reductions. In the Seventh Mid-Term Management Plan, the Company will further evolve “Craftsmanship, Miniaturization and Efficiency” technologies and promote selection and concentration in order to shift key product portfolio to areas of strength and growth markets.

(iii) Systems Solutions Business

The Systems Solutions Business saw the addition of IIM Corporation, a company that deploys security solutions and performance management for IT systems, to its subsidiary, as well as steady growth during the previous mid-term management plan via increased sales in new fields of business and expansion in stock business. The Company will continue expansion of stock business while also aiming to expand business and build a business structure that is resilient to environmental changes, via diversification including the utilization of M&A. In addition, the Company will reform behavioral patterns and both power up and shape up its organization.

(iv) The Clocks/Wako/Time Systems Business

The Clocks/Wako/Time Systems Business has a long history of supporting the development of Seiko, and still retains links with many of its stakeholders, making it truly positioned as a legacy business. This business will continue to play a role in improving the value of the brand and the Tokyo Olympics/Paralympics will be an opportunity to pursue further globalization.

5. Initiatives for other issues

(i) New research and development

The Company will strive to develop new high-end movements, new materials, and connected modules via active investment, in order to achieve a shift to high-end, high-added value products. Furthermore, the Company will focus on the research and development of new products, new materials, and new technologies for growth markets in not only the Watches Business, but also the Electronic Devices Business and the Systems Solutions Business.

(ii) Enhancing management foundation

The Company will enhance its branding, human resources, and financial strategies in order to strengthen its management foundation.

Branding strategy involves further boosting image as a dynamic company by strengthening its fields of sports and music while actively promoting digital communications and events for younger generations, as well as continuing to invest in enhancing corporate brand value from the mid- to long-term viewpoint.

Human resources strategy involves 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.

Financial strategy involves aiming to 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. The Company will also aim for continuously improving equity capital ratio by accumulating profit, and maintaining stable dividends.

6. Target figures under the Seventh Mid-Term Management Plan

(i) Consolidated income forecast

(Billions of yen)

	Actual FY2019	Budgets (Note 1) FY2020	Mid-Term Management Plan FY2021
Net sales	239.1	-	285.0
Operating profit	6.1	-	14.2
Ordinary income	7.0	-	16.0
Net income attributable to owners of parent	3.3	-	12.5

(ii) Net sales by segment

(Billions of yen)

	Actual FY2019	Budgets (Note 1) FY2020	Mid-Term Management Plan FY2021
Watches Business	135.4	-	165.0
Electronic Devices Business	51.7	-	63.0
Systems Solutions Business	32.8	-	35.0
Others	29.5	-	31.0
Consolidated total	239.1	-	285.0

(iii) Operating profit by segment

(Billions of yen)

	Actual FY2019	Budgets (Note 1) FY2020	Mid-Term Management Plan FY2021
Watches Business	10.1	-	14.5
Electronic Devices Business	0.6	-	3.0
Systems Solutions Business	3.0	-	3.0
Others	0.3	-	1.0
Consolidated total	6.1	-	14.2

(iv) Others		(Billions of yen)
	Actual FY2019	Mid-Term Management Plan FY2021
Equity capital ratio	34.4%	40.0%
Net interest-bearing liabilities	89.1	Roughly the same as the current level

Note 1: Previously, the budgets of the new fiscal year were stated as reference. However, the budgets for FY2020 will remain undetermined (-), as it is difficult to reasonably estimate the impact of the spread of the novel coronavirus on the business activities and financial results at this moment.

(3) Financing

There are no matters of special note.

(4) Capital expenditures

The Company invested 2,069 million yen in the Watches Business and 2,324 million yen in the Electronic Devices Business primarily to reinforce and renew manufacturing and other facilities, and 1,229 million yen in the Systems Solutions Business primarily to acquire software for marketing purposes, respectively. In addition, the Company has made capital investments of 1,307 million yen primarily to acquire rental equipment (Chuo-ku, Tokyo and Shizukuishi-cho, Iwate-gun, Iwate Prefecture) for external companies and subsidiaries.

(5) Trends in assets and profit/loss

The operating results and assets in the fiscal year ended March 31, 2020 and the past three years are as follows.

(i) Consolidated		(Millions of yen)			
Item	FY2016	FY2017	FY2018	FY2019	
Net sales	257,115	268,529	247,293	239,150	
Ordinary income	6,671	10,911	11,410	7,004	
Net income attributable to owners of parent	5,392	11,541	9,249	3,394	
Net income per share (Yen)	26	280	224	82	
Total assets	328,857	305,297	303,036	299,990	
Net assets	107,161	105,170	110,415	104,273	
Net assets per share (Yen)	476	2,524	2,650	2,500	

(ii) Non-consolidated		(Millions of yen)			
Item	FY2016	FY2017	FY2018	FY2019	
Operating revenue	10,361	11,237	11,301	12,031	
Ordinary income	2,324	3,308	2,691	3,027	
Net income	3,271	3,763	3,719	3,124	
Net income per share (Yen)	16	91	90	76	
Total assets	161,853	179,269	176,640	176,961	
Net assets	59,346	56,036	55,029	50,681	
Net assets per share (Yen)	288	1,359	1,334	1,229	

Note 1 Net income per share is calculated on the basis of the average number of shares during the fiscal year.

Note 2 Treasury shares are indicated as a deduction item on net assets, and the values of net income per share and of net assets are calculated by deducting the number of treasury shares from the average number of shares during the fiscal year and the total number of issued shares, respectively.

Note 3 The Company conducted a share consolidation by which five common shares have been consolidated into one share as of October 1, 2017. Net income per share and net assets per share for FY2017 are calculated as if said share consolidation was performed at the beginning of the fiscal year.

Note 4 The Company has applied “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and relevant guidance from the beginning of FY2018. Accordingly, the figure for total assets for FY2017 has been retrospectively adjusted to reflect the application of said accounting standard and relevant guidance.

(6) Status of major parent companies and subsidiaries

(i) Relationship with parent companies

Not applicable.

(ii) Status of major subsidiaries

Company Name	Paid-in Capital	Capital Contribution Ratio	Details of Major Business Activities
SEIKO WATCH CORPORATION	5,000 million yen	100.0%	Sales of watches
CRONOS INC.	200 million yen	100.0%(*)	Sales of watches and other products
Grand Seiko Corporation of America	US\$2,000	100.0%(*)	Sales of watches
Seiko Watch of America LLC	US\$112,000	100.0%(*)	Sales of watches
SEIKO Hong Kong Ltd.	HK\$129,300,000	100.0%(*)	Sales of watches and other products
Seiko Instruments Inc.	9,756 million yen	100.0%	Manufacturing and sales of precision instruments, electronic devices, and other products
Morioka Seiko Instruments Inc.	1,000 million yen	100.0%(*)	Manufacturing watches
Seiko Instruments (H.K.) Ltd.	HK\$128,700,000	100.0%(*)	Sales of precision instruments, electronic devices, and other products
Seiko Instruments Singapore Pte. Ltd.	S\$32,288,000	100.0%(*)	Manufacturing and sales of precision instruments, electronic devices, and other products
SEIKO Solutions Inc.	500 million yen	100.0%	Development, sales, etc. of information and telecommunication systems, etc.

Note 1: Asterisked ratios in the “Capital Contribution Ratio” column include indirect holdings.

Note 2: On April 1, 2020, Seiko Instruments (H.K.) Ltd. changed its corporate name to SEIKO Manufacturing (H.K.) Ltd.

Note 3: On April 1, 2020, Seiko Instruments Singapore Pte. Ltd. changed its corporate name to SEIKO Manufacturing (Singapore) Pte. Ltd.

(7) Major business segments of the Corporate Group

The Company is a holding company. The details of business activities, main merchandise and finished goods of each business are as follows:

Business Segment	Details of Business Activities	Main merchandise and products
Watches Business	Manufacturing and sales	Watches, watch movements
Electronic Devices Business	Manufacturing and sales	Quartz crystals, micro batteries and materials, printers, precision components
Systems Solutions Business	Manufacturing and sales	Wireless communication equipment, information network systems, data services, computer-performance management software
Others	Manufacturing, sales and other activities	Clocks, high-end jewelry, apparel, fashion accessories, systems clocks, others

(8) Major business locations of the Corporate Group

The Company has its headquarters in Chuo-ku, Tokyo, and the major location of each business is as follows:

Business Segment	Location
Watches Business	Chuo-ku, Tokyo
Electronic Devices Business	Mihama-ku, Chiba-shi, Chiba
Systems Solutions Business	Mihama-ku, Chiba-shi, Chiba
Others	Chuo-ku, Tokyo

(9) Status of employees of the Corporate Group

The number of employees of the Company and its consolidated subsidiaries is 11,947 (a decrease of 73 from the previous fiscal year-end).

(10) Major lenders and amounts borrowed

Lenders	Outstanding Balance of Loans
	(Millions of yen)
Mizuho Bank, Ltd.	37,175
Sumitomo Mitsui Banking Corporation	20,572
Aozora Bank, Ltd.	12,828

2. Matters related to the Company shares

- (1) Total number of shares authorized to be issued 149,200,000 shares
- (2) Total number of shares issued and outstanding (including 60,009 treasury shares)
41,404,261 shares
- (3) Number of shareholders at the end of the fiscal year ended March 31, 2020 12,098

(4) Major shareholders (top 10)

Name	Number of shares held	Percentage of shares held
	shares	%
Sanko Kigyo K.K.	4,436,500	10.7
Etsuko Hattori	3,613,908	8.7
Shinji Hattori	2,279,289	5.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,992,200	4.8
The Dai-ichi Life Insurance Company, Limited	1,800,000	4.4
Hideo Hattori	1,620,855	3.9
Japan Trustee Services Bank, Ltd. (Trust Account)	1,318,500	3.2
JPMC GOLDMAN SACHS TRUST JASDEC LENDING ACCOUNT	809,800	2.0
SHIMIZU CORPORATION	744,200	1.8
FUJI BUILDING Co., Ltd.	671,400	1.6

Note 1: Percentages of shares held have been calculated with treasury shares excluded and rounded to one decimal place.

Note 2: The foregoing was stated based on the shareholders' registry as of March 31, 2020.

The following Large Shareholding Report is available for public inspection; however, the Company has not yet confirmed the number of shares substantially held by them as of March 31, 2020 and did not include them in the above.

Filer: Mizuho Bank, Ltd. and two joint holders

Filing date: November 8, 2019

Number of share certificates held: 1,647,927 shares

Percentage of share certificates held: 3.98%

Filer: Goldman Sachs Japan Co., Ltd. and four joint holders

Filing date: January 21, 2020

Number of share certificates held: 1,804,404 shares

Percentage of share certificates held: 4.36%

3. Matters related to stock acquisition rights issued by the Company
Not applicable.

4. Matters related to officers

(1) Name, etc. of Directors and Corporate Auditors (as of March 31, 2020)

Name	Position and responsibility at the Company	Significant concurrent positions at other entities
Shinji Hattori	Chairman & Group CEO	Chairman & CEO of SEIKO WATCH CORPORATION
Yoshinobu Nakamura	President	Chairman of Seiko Instruments Inc.
Akihiro Okuma	Senior Executive Director in charge of Human Resources and IT Planning	Director, Executive Vice President of Seiko Instruments Inc. Director, Senior Executive Vice President of SEIKO Solutions Inc.
Shimesu Takizawa	Executive Director in charge of Finance & Corporate Strategy Planning and Accounting General Manager of the Finance & Corporate Strategy Planning Department General Manager of the Accounting Department	Director, Executive Vice President of Seiko Instruments Inc. Outside Director of Jedat Inc.
Kazuhiko Sakamoto	Director in charge of Legal & Intellectual Property and Real Estate Management General Manager of the Real Estate Management Department	Director, Executive Vice President of WAKO Co., Ltd.
Makoto Ichimura	Director in charge of Secretariat and General Affairs General Manager of the Secretaries Office	Outside Director of OHARA INC.
Shuji Takahashi	Director in charge of Watches Business, Public Relations, Sports and Corporate Culture	President & COO & CMO of SEIKO WATCH CORPORATION

Hiromi Kanagawa	Director	Director, Executive Vice President of SEIKO WATCH CORPORATION
Tetsu Kobayashi	Director	President of Seiko Instruments Inc.
Tsuyoshi Nagano	Director	Chairman of the Board of Tokio Marine Holdings, Inc.
Yasuko Teraura	Director	Partner Attorney of Endeavour Law Office Outside Director of Neturen Co., Ltd.
Seiichi Mikami	Standing Corporate Auditor	
Haruhiko Takagi	Standing Corporate Auditor	Outside Corporate Auditor of OHARA INC.
Tomoyasu Asano	Corporate Auditor	Chief Director of the Cardiovascular Institute Outside Auditor of Tokyu Fudosan Holdings Corporation
Hideki Amano	Corporate Auditor	Certified public accountant Outside Director of TOPPAN FORMS CO., LTD. Outside Audit & Supervisory Board Member of Kao Corporation Audit & Supervisory Board Members (External) of Ajinomoto Co., Inc.
Masatoshi Yano	Corporate Auditor	President of Seiwa Sogo Tatemono Co., Ltd.

Note 1: Mr. Tsuyoshi Nagano and Ms. Yasuko Teraura, Directors, are outside directors set forth in Article 2, item 15 of the Companies Act.

Note 2: Mr. Tomoyasu Asano, Mr. Hideki Amano, and Mr. Masatoshi Yano, Corporate Auditors, are outside company auditors set forth in Article 2, item 16 of the Companies Act.

Note 3: The Company has reported to the Tokyo Stock Exchange Mr. Tsuyoshi Nagano and Ms. Yasuko Teraura, Directors, and Mr. Tomoyasu Asano, Mr. Hideki Amano, and Mr. Masatoshi Yano, Corporate Auditors, as independent directors/auditors.

Note 4: Mr. Seiichi Mikami and Mr. Haruhiko Takagi, Standing Corporate Auditors, have experience as officers in charge of Finance & Accounting in group companies and have reasonable-degrees of knowledge about finance and accounting. Mr. Hideki Amano, Corporate Auditor, is a certified public accountant, and has reasonable-degree of knowledge about finance and accounting.

Note 5: Changes in Directors and Corporate Auditors of the Company during this fiscal year are as follows:

- (1) Mr. Makoto Ichimura, Mr. Tsuyoshi Nagano, and Ms. Yasuko Teraura were newly appointed as Directors, Mr. Hideki Amano and Mr. Masatoshi Yano were newly appointed as Corporate Auditors, and assumed office at the 158th Ordinary General Meeting of Shareholders held on June 27, 2019.
- (2) Mr. Shuntaro Ishii, Executive Director, Mr. Carsten Fischer and Mr. Nobuhiro Endo, Directors, and Mr. Yoshiaki Yamauchi and Mr. Yoshiro Aoki, Corporate Auditors,

resigned from office of Director and Corporate Auditor at the close of the 158th Ordinary General Meeting of Shareholders held on June 27, 2019.

Note 6: Changes in significant concurrent positions at other entities of Directors and Corporate Auditors of the Company during and after this fiscal year are as follows:

- (1) Mr. Akihiro Okuma, Senior Executive Director, retired from office of Director, Senior Executive Vice President of SEIKO Solutions Inc. as of March 31, 2020.
- (2) Mr. Makoto Ichimura, Director, assumed office of Director and Managing Executive Officer of SEIKO Solutions Inc. as of April 1, 2020.

Note 7: The Tokio Marine Group, at which Mr. Tsuyoshi Nagano, Outside Director, has a concurrent position, and the Company Group have transactions related to insurance contracts. However, these transactions constitute less than one percent of consolidated ordinary income (equivalent to consolidated net sales) of Tokio Marine Holdings, Inc. and the Company's consolidated net sales, and is thus insignificant. In addition, the Company Group has borrowed funds from the Tokio Marine Group. However, the amount of such borrowings constitutes less than one percent of consolidated total assets of Tokio Marine Holdings, Inc. and the Company, and is thus insignificant.

Note 8: Seiwa Sogo Tatemono Co., Ltd., at which Mr. Masatoshi Yano, Outside Corporate Auditor, has a concurrent position, and the Company Group have transactions related to real estate management. However, these transactions constitute less than one percent of net sales of Seiwa Sogo Tatemono Co., Ltd. and the Company's consolidated net sales, and is thus insignificant.

Note 9: There is no other special relationship of interest between the Company and the entities at which Outside Directors or Outside Corporate Auditors hold concurrent positions.

Note 10: On April 1, 2020, Directors' positions and responsibilities at the Company have changed as follows.

Position	Name	Responsibility at the Company
Executive Director	Shimesu Takizawa	In charge of Finance & Corporate Strategy Planning, Accounting, and Procurement Planning General Manager of the Finance & Corporate Strategy Planning Department General Manager of the Accounting Department
Director	Tetsu Kobayashi	In charge of Research & Development and Production Engineering

(2) Overview of agreements limiting liability

The Company entered into an agreement with each of Mr. Tsuyoshi Nagano and Ms. Yasuko Teraura, Outside Directors, and Mr. Tomoyasu Asano, Mr. Hideki Amano, and Mr. Masatoshi Yano, Outside Corporate Auditors, to limit liability for damages set forth in Article 423, paragraph 1 of the Companies Act, pursuant to Article 427, paragraph 1 thereof. The upper limit of liability for damages under the agreement shall be that stipulated by laws. The limitation on liability is permitted only when such Outside Directors or Outside Corporate Auditors have acted in good faith and without gross negligence in performing their duties that caused the liability.

(3) Amount of compensation, etc. for Directors and Corporate Auditors

Classification	Aggregate amount of compensation, etc. (Millions of yen)	Aggregate amount by type of compensation, etc. (Millions of yen)			Number of eligible officers
		Basic compensation	Bonuses	Stock compensation	
Director [Of which, Outside Directors]	309 [19]	274 [19]	18 [-]	16 [-]	14 [4]
Corporate Auditor [Of which, Outside Corporate Auditors]	68 [28]	68 [28]	- [-]	- [-]	7 [5]
Total [Of which, outside officers]	377 [48]	342 [48]	18 [-]	16 [-]	21 [9]

Note 1: The forgoing includes three Directors and two Corporate Auditors who retired from their offices at the close of the 158th Ordinary General Meeting of Shareholders held on June 27, 2019.

Note 2: Bonuses and stock compensation above are performance-based compensation (eligible recipients: 8 Executive Directors), and the amount shown in the above table is the amount of expense recognized and paid for the current fiscal year.

Note 3: Other than the above, one Outside Director is paid 1 million yen as advisory fee from the Company's subsidiary.

(4) Matters related to outside officers

Main activities of outside officers

Classification	Name	Main activities
Director	Tsuyoshi Nagano	He attended all of the 10 Board of Directors meetings held following his appointment as Director in June 2019, and made necessary remarks on discussion items and deliberation items, mainly based on his broad experience through managing companies.
Director	Yasuko Teraura	She attended all of the 10 Board of Directors meetings held following her appointment as Director in June 2019, and made necessary remarks on discussion items and deliberation items, mainly from the expert viewpoint of an attorney.

Corporate Auditor	Tomoyasu Asano	He attended all of the 13 Board of Directors meetings and all of the 10 Board of Corporate Auditors meetings held during the fiscal year ended March 31, 2020, and made remarks, as necessary, mainly based on his broad experience through managing insurance companies.
Corporate Auditor	Hideki Amano	He attended all of the 10 Board of Directors meetings and all of the 7 Board of Corporate Auditors meetings held following his appointment as Corporate Auditor in June 2019, and made remarks, as necessary, mainly from the expert viewpoint of a certified public accountant.
Corporate Auditor	Masatoshi Yano	He attended all of the 10 Board of Directors meetings and all of the 7 Board of Corporate Auditors meetings held following his appointment as Corporate Auditor in June 2019, and made remarks, as necessary, mainly based on his broad experience through managing companies.

5. Matters related to the Accounting Auditor

(1) Name of the accounting auditor

KPMG AZSA LLC

(2) Amount of compensation, etc. for the accounting auditor for the current fiscal year

- (i) Total amount of compensation, etc. for the services (auditing and attesting financial documents) set forth in Article 2, paragraph 1 of the “Certified Public Accountants Act (Act No. 103 of 1948)” payable by the Company and its subsidiaries to the accounting auditor: 206 million yen
- (ii) Amount of compensation, etc. (out of (i) above) payable by the Company to the accounting auditor:
73 million yen
- (iii) Total amount of monies and other financial benefits payable by the Company and its subsidiaries to the accounting auditor: 215 million yen

Note 1: Under the audit contract with the accounting auditor, the amount of compensation, etc. for audits under the Companies Act and that for audits under the Financial Instruments and Exchange Act are not clearly separated, and those amounts cannot practically be separated; as such, the aggregate of those amounts is shown as the amount of compensation, etc. for the services.

Note 2: Among the Company's major subsidiaries listed in "1. Matters related to current status of the Corporate Group, (6) Status of major parent companies and subsidiaries", Grand Seiko Corporation of America, Seiko Watch of America LLC, SEIKO Hong Kong Ltd., Seiko Instruments (H.K.) Ltd., and Seiko Instruments Singapore Pte. Ltd. were audited by certified public accountants (or audit corporations) other than the Company's accounting auditor.

- (3) Reasons for the Board of Corporate Auditors' agreement to the amount of compensation, etc. for the accounting auditor

The Board of Corporate Auditors evaluated audit records during the fiscal year ended March 31, 2019, and confirmed the content of the audit plan, the performance status of the auditing auditor, and rationale of the estimate compensation during the fiscal year ended March 31, 2020; as a result, the Board of Corporate Auditors agreed to the amount of compensation, etc. for the accounting auditor as set forth in Article 399, paragraph 1 of the Companies Act.

- (4) Non-audit operations

The Company and its subsidiaries entrusted to the accounting auditor, and paid compensation for, the agreed procedural service that was outside of the services set forth in Article 2, paragraph 1 of the Certified Public Accountants Act.

- (5) Policy for determining dismissal or non-reappointment of the accounting auditor

Pursuant to laws and regulations, if any reasonable event occurs to the accounting auditor, the Board of Corporate Auditors shall dismiss the accounting auditor with unanimous consent of the Corporate Auditors; if it is deemed difficult for the accounting auditor to properly perform audits, the Company shall propose a resolution for dismissal or non-reappointment of the accounting auditor to the General Meeting of Shareholders.

[Translation]

Consolidated Balance Sheet

As of March 31, 2020

Millions of yen

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets:	(138,123)	Current liabilities:	(136,158)
Cash and deposits	26,112	Notes and accounts payable - trade	21,869
Notes and accounts receivable - trade	34,397	Electronically recorded obligations - operating	6,495
Merchandise and finished goods	42,964	Short-term borrowings	59,140
Work in process	12,161	Current portion of long-term borrowings	16,843
Raw materials and supplies	10,608	Accounts payable - other	11,739
Accounts receivable - other	5,406	Income taxes payable	1,282
Other	7,790	Provision for bonuses	3,477
Allowance for doubtful accounts	-1,317	Provision for goods warranties	462
		Provision for loss on lease contracts	348
		Other provisions	555
		Asset retirement obligations	13
		Other	13,929
Non-current assets:	(161,867)	Non-current liabilities:	(59,558)
Property, plant and equipment	(94,044)	Long-term borrowings	33,637
Buildings and structures	72,189	Lease obligations	4,288
Machinery, equipment and vehicles	78,307	Deferred tax liabilities	1,929
Tools, furniture and fixtures	32,278	Deferred tax liabilities for land revaluation	3,614
Other	7,183	Provision for loss on lease contracts	1,134
Accumulated depreciation	-146,873	Provision for gift certificate exchange losses	148
Land	48,522	Provision for stock benefits	133
Construction in progress	2,434	Provision for long-term goods warranties	84
		Provision for retirement benefits for directors (and other officers)	35
Intangible assets	(16,003)	Provision for loss on business withdrawal	10
Goodwill	7,430	Provision for environmental measures	1
Other	8,572	Other provisions	7
		Retirement benefit liability	10,453
Investments and other assets	(51,820)	Asset retirement obligations	908
Investment securities	38,759	Other	3,171
Deferred tax assets	4,441	Total liabilities	195,717
Other	8,734	(Net assets)	
Allowance for doubtful accounts	-115	Shareholders' equity:	(91,335)
		Share capital	10,000
		Capital surplus	7,245
		Retained earnings	74,418
		Treasury shares	-328
		Accumulated other comprehensive income:	(11,714)
		Valuation difference on available-for-sale securities	5,486
		Deferred gains or losses on hedges	11
		Revaluation reserve for land	8,190
		Foreign currency translation adjustment	-804
		Remeasurements of defined benefit plans	-1,169
		Non-controlling interests	(1,223)
		Total net assets	104,273
Total assets	299,990	Total liabilities and net assets	299,990

[Translation]

Consolidated Statements of Income

From April 1, 2019
to March 31, 2020

Item	Millions of yen Amount
Net sales	239,150
Cost of sales	144,221
Gross profit	94,928
Selling, general and administrative expenses	88,794
Operating profit	6,134
Non-operating income	(3,585)
Interest income	171
Dividend income	763
Share of profit of entities accounted for using equity method	1,313
Other	1,336
Non-operating expenses	(2,715)
Interest expenses	982
Foreign exchange losses	291
Other	1,441
Ordinary profit	7,004
Extraordinary income	(346)
Gain on sales of non-current assets	346
Extraordinary losses	(1,148)
Loss on the spread of infectious disease	305
Business restructuring expenses	264
Impairment loss	240
Loss on retirement of non-current assets	179
Retirement benefit expenses	158
Profit before income taxes	6,201
Income taxes - current	1,745
Income taxes - deferred	974
Profit	3,481
Profit attributable to non-controlling interests	86
Profit attributable to owners of parent	3,394

[Translation]

Non-Consolidated Balance Sheet

As of March 31, 2020

Millions of yen

Item	Amount	Item	Amount
(Assets)		(Liabilities)	
Current assets:	73,370	Current liabilities:	82,027
Cash and deposits	8,302	Short-term borrowings	56,799
Prepaid expenses	688	Current portion of long-term borrowings	16,552
Short-term loans receivable	57,168	Lease obligations (current)	1
Accounts receivable - other	6,510	Accounts payable - other	4,509
Other	700	Accrued expenses	408
		Income taxes payable	3
Non-current assets:	103,590	Deposits received	3,398
Property, plant and equipment	24,087	Unearned revenue	274
Buildings	3,724	Provision for bonuses	80
Tools, furniture and fixtures	766	Non-current liabilities:	44,252
Land	18,282	Long-term borrowings	33,562
Leased assets	6	Lease obligations (non-current)	5
Construction in progress	1,307	Deferred tax liabilities	1,196
		Deferred tax liabilities for land revaluation	3,614
Intangible assets	2,515	Provision for loss of subsidiaries and associates	1,393
Leasehold right	1,952	Provision for stock benefits	134
Trademark right	8	Provision for environmental measures	1
Software	533	Asset retirement obligations (non-current)	319
Other	20	Guarantee deposits	3,706
		Other	319
		Total liabilities	126,280
Investments and other assets	76,987	(Net assets)	
Investment securities	14,352	Shareholders' equity:	38,140
Shares of subsidiaries and associates	59,899	Share capital	10,000
Investments in capital	0	Capital surplus	6,625
Long-term loans receivable from subsidiaries and associates	11,917	Legal capital surplus	2,378
Claims provable in bankruptcy, claims provable in rehabilitation and other	28	Other capital surplus	4,246
Long-term prepaid expenses	29	Retained earnings	21,817
Guarantee deposits	2,465	Legal retained earnings	121
Other	289	Other retained earnings	
Allowance for doubtful accounts	-11,994	Retained earnings brought forward	21,695
		Treasury shares	-301
		Valuation and translation adjustments:	12,541
		Valuation difference on available-for-sale securities	4,547
		Deferred gains or losses on hedges	-196
		Revaluation reserve for land	8,190
		Total net assets	50,681
Total assets	176,961	Total liabilities and net assets	176,961

[Translation]

Non-Consolidated Statements of Income

From April 1, 2019
to March 31, 2020

Item	Millions of yen Amount
Operating revenue	12,031
Dividend from subsidiaries and associates	7,251
Management fee income	2,032
Royalty income	2,746
Operating expenses	9,629
Operating profit	2,401
Non-operating income	1,943
Interest income	686
Dividend income	745
Other	511
Non-operating expenses	1,317
Interest expenses	785
Rental expenses on real estate	415
Other	117
Ordinary profit	3,027
Extraordinary income	115
Gain on sales of non-current assets	112
Gain from forgiveness of consolidated tax payable	3
Extraordinary losses	939
Provision of allowance for investment loss of subsidiaries and affiliates	760
Loss on retirement of non-current assets	179
Profit before income taxes	2,203
Income taxes - current	-1,136
Income taxes - deferred	215
Profit	3,124

[Translation]

Certified copy of audit report on the consolidated financial statements by the Accounting Auditor

Independent Auditor's Report

May 11, 2020

KPMG AZSA LLC
Tokyo Office

Junichi Obi [seal]
Designated Limited Partner
Engagement Partner
Certified Public Accountant

Akira Nishino [seal]
Designated Limited Partner
Engagement Partner
Certified Public Accountant

Kenji Ueda [seal]
Designated Limited Partner
Engagement Partner
Certified Public Accountant

The Board of Directors
SEIKO HOLDINGS CORPORATION

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statements of income, the consolidated statements of changes in equity and the notes to consolidated financial statements of SEIKO HOLDINGS CORPORATION (the "Company") for the fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of SEIKO HOLDINGS CORPORATION, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Emphasis of Matter

As described in Notes to Significant Post-Balance Sheet Events in the Notes to Consolidated Financial Statements, Seiko Instruments Inc., a consolidated subsidiary of the Company, transferred all shares of ABLIC Inc., an equity method affiliate, on April 30, 2020.

Our opinion is not modified in respect of this matter.

Responsibilities of Management, Corporate Auditors, and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of the duties of Directors related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.

- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Corporate Auditors and the Board of Corporate Auditors regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Corporate Auditors and the Board of Corporate Auditors regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

[Translation]

Certified copy of audit report (on the non-consolidated financial statements) by the Accounting Auditor

Independent Auditor's Report

May 11, 2020

KPMG AZSA LLC
Tokyo Office

Junichi Obi [seal]
Designated Limited Partner
Engagement Partner
Certified Public Accountant

Akira Nishino [seal]
Designated Limited Partner
Engagement Partner
Certified Public Accountant

Kenji Ueda [seal]
Designated Limited Partner
Engagement Partner
Certified Public Accountant

The Board of Directors
SEIKO HOLDINGS CORPORATION

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statements of income, the non-consolidated statements of changes in equity and the related notes, and the accompanying supplementary schedules of SEIKO HOLDINGS CORPORATION (the "Company") for the 159th fiscal year from April 1, 2019 through March 31, 2020.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in "Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of Management, Corporate Auditors, and the Board of Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the execution of the duties of Directors related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit.

Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial

statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Corporate Auditors and the Board of Corporate Auditors regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Corporate Auditors and the Board of Corporate Auditors regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any safeguards that are in place to reduce or eliminate obstacles.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

[Translation]

Certified copy of audit report by the Board of Corporate Auditors

Audit Report

The Board of Corporate Auditors has deliberated on, prepared and submitted this Audit Report as below, based on the audit reports made by the Corporate Auditors concerning the execution of duties by Directors for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020).

1. Methods and contents of the audit by Corporate Auditors and Board of Corporate Auditors
 - (1) The Board of Corporate Auditors established the audit policies and division of duties, received reports regarding the implementation of the audit and results thereof from the respective Corporate Auditors, as well as reports regarding the execution of duties from Directors and the Accounting Auditor, and requested explanations as necessary.
 - (2) In accordance with the audit policies and division of duties determined by the Board of Corporate Auditors, each Corporate Auditor made efforts to collect information and establish proper circumstances for the audit by communicating with the Directors, the internal audit department and other employees, and performed an audit using the following methods:
 - (i) Attending Board of Directors meetings and other important meetings to receive reports regarding the execution of duties from Directors and employees, and requested explanations as necessary. Each Corporate Auditor also inspected important decision-making documents and other materials, and examined the status of operations and the condition of the assets of the Company. With regard to subsidiaries, the Corporate Auditors communicated and exchanged information with directors and corporate auditors thereof, and received reports on business from those subsidiaries as necessary.
 - (ii) With regard to the resolutions by the Board of Directors, described in the business report, regarding the establishment of systems to ensure that the Directors' duties are performed in conformity of laws, regulations and the Articles of Incorporation of the Company and those other systems which are provided for in Article 100, Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act of Japan as systems necessary to ensure proper business operations of a corporate group comprised of a stock company and its subsidiaries, as well as the systems (internal control system) established in accordance with the aforementioned resolutions of the Board of Directors, the Corporate Auditors also periodically received reports from Directors and employees regarding the development and operation thereof, requested explanations as necessary, and expressed opinions.
 - (iii) The Corporate Auditors monitored and examined whether the Accounting Auditor was maintaining an independent position and conducting audits appropriately, obtained reports on the execution of duties from the Accounting Auditor, and requested explanations as necessary. In addition, the Corporate Auditors were informed by the Accounting Auditor that a "system to ensure the duties are performed properly" (the matters stipulated in the respective items of Article 131 of Corporate Accounting Rules) had been implemented in accordance with the "quality management standards concerning audits" (Business Accounting Deliberation Council, October 28, 2005), and requested explanations as necessary.

In accordance with the aforementioned procedures, the Corporate Auditors reviewed the business report and accompanying schedules thereto, and the financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in shareholders' equity, and notes to non-consolidated financial statements) and accompanying schedules thereto, and consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in shareholders' equity, and notes to consolidated financial statements) for the fiscal year ended March 31, 2020.

2. Results of audits

(1) Results of the audit on business reports and related materials

- (i) The business report and accompanying schedules thereto fairly present the condition of the Company in accordance with the laws, regulations and the Articles of Incorporation of the Company.
- (ii) Regarding the execution of duties by Directors, there were no instances of misconduct or material matters in violation of laws, regulations, or the Articles of Incorporation of the Company.
- (iii) The contents of resolutions by the Board of Directors with regard to the internal control system are reasonable. Additionally, regarding the descriptions of the relevant internal control system in the business report and the execution of duties by Directors under the relevant internal control system, there are no matters to be pointed out.

(2) Results of the audit of the non-consolidated financial statements and accompanying schedules thereto

The methods and results of the audit by KPMG AZSA LLC, Accounting Auditor, are fair and reasonable.

(3) Results of the audit of the consolidated financial statements

The methods and results of the audit by KPMG AZSA LLC, Accounting Auditor, are fair and reasonable.

May 12, 2020

Board of Corporate Auditors
Seiko Holdings Corporation

Seiichi Mikami [seal]
Standing Corporate Auditor

Haruhiko Takagi [seal]
Standing Corporate Auditor

Tomoyasu Asano [seal]
Outside Corporate Auditor

Hideki Amano [seal]
Outside Corporate Auditor

Masatoshi Yano [seal]
Outside Corporate Auditor