

Three-Year Medium-Term Management Plan

(April 2018 – March 2021)

New Challenges From the 61st Year and Beyond

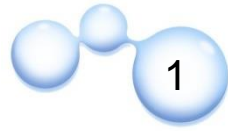


株式会社 シード



Stock code
7743

SEED's Mission/Management Philosophy



Mission

As a specialized comprehensive optical manufacturer,
we support customers' "vision".

SEED

「見える」をサポートします

Management Philosophy

- We provide safe, high-quality products based on specialized research and development capabilities, and contribute to the health and happiness of many people.
- We proactively address environmental changes with speed-oriented business management and accurately meet the needs of customers.
- We create a workplace where each and every one of our employees can display spontaneity and ingenuity, and we fully reward employees' efforts.
- As a good corporate citizen, we harmonize with and contribute to the development of the environment, society and the community.

- New Challenges from the 61st year onward -
From Japan's SEED to the World's SEED
"Support more customers' 'vision'"

(Positioning of medium-term management plan)

Expand the production scale as a manufacturer and diversify products.
Regard the three years as a period in which to aim for consolidated net sales of 40 billion yen in
In the next three years.

(Direction of SEED)

**"Pursue the provision of safe, high-quality products and services through
our pride of *Made in Nippon (Japan)* and *Japan Quality*"**

Achieve stable growth in Japan and operate overseas businesses aggressively.

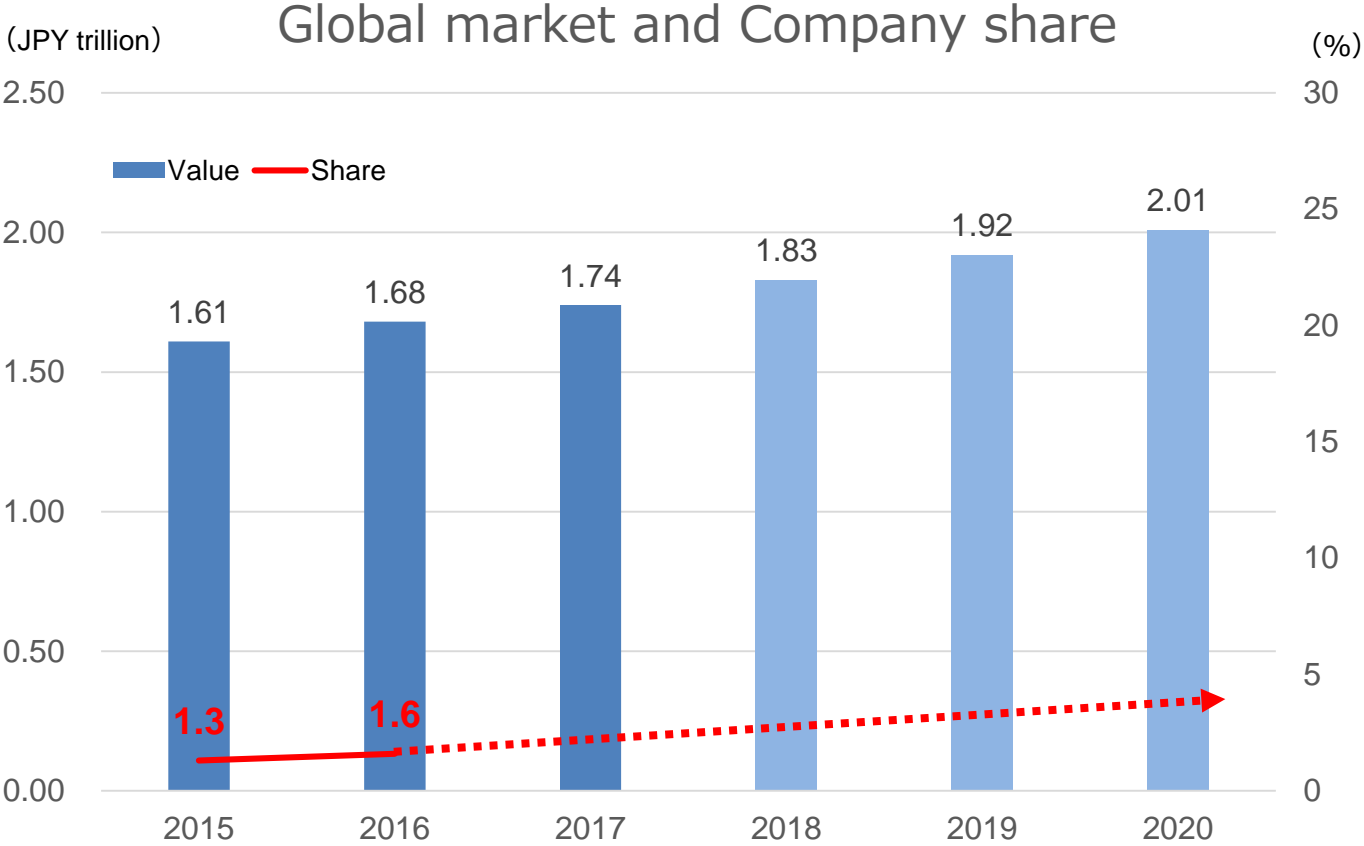
Actively invest in R&D expenses and achieve a planned and certain research result (product development).

Achieve the expansion of scale and high-mix, low-volume production by enhancing technologies
such as labor-saving and automation.

Develop new value-added contact lenses for checkup/treatment/medical purposes.

Achieve diversity and various working styles, substantiate Corporate Social Responsibility (CSR).

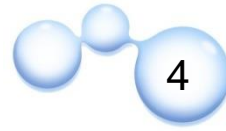
From Japan's SEED to the World's SEED



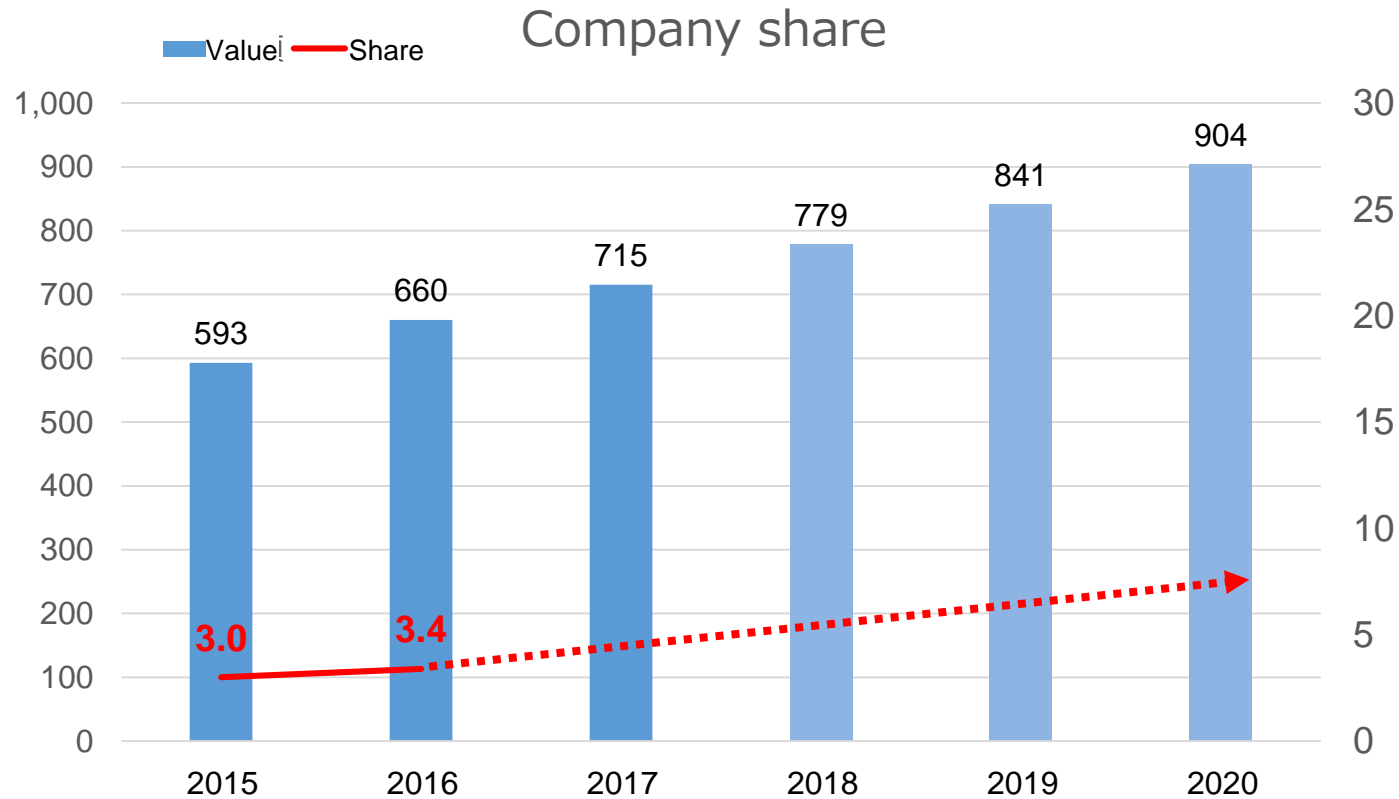
* Retail value basis (surveyed by Euromonitor and SEED)
* Exchange rate: JPY111 to 1 USD

Develop and appoint human resources who can act globally to constantly pursue global operations.

From Japan's SEED to the World's SEED (1day)



(JPY billion) Global daily disposable contact lens market and (%)

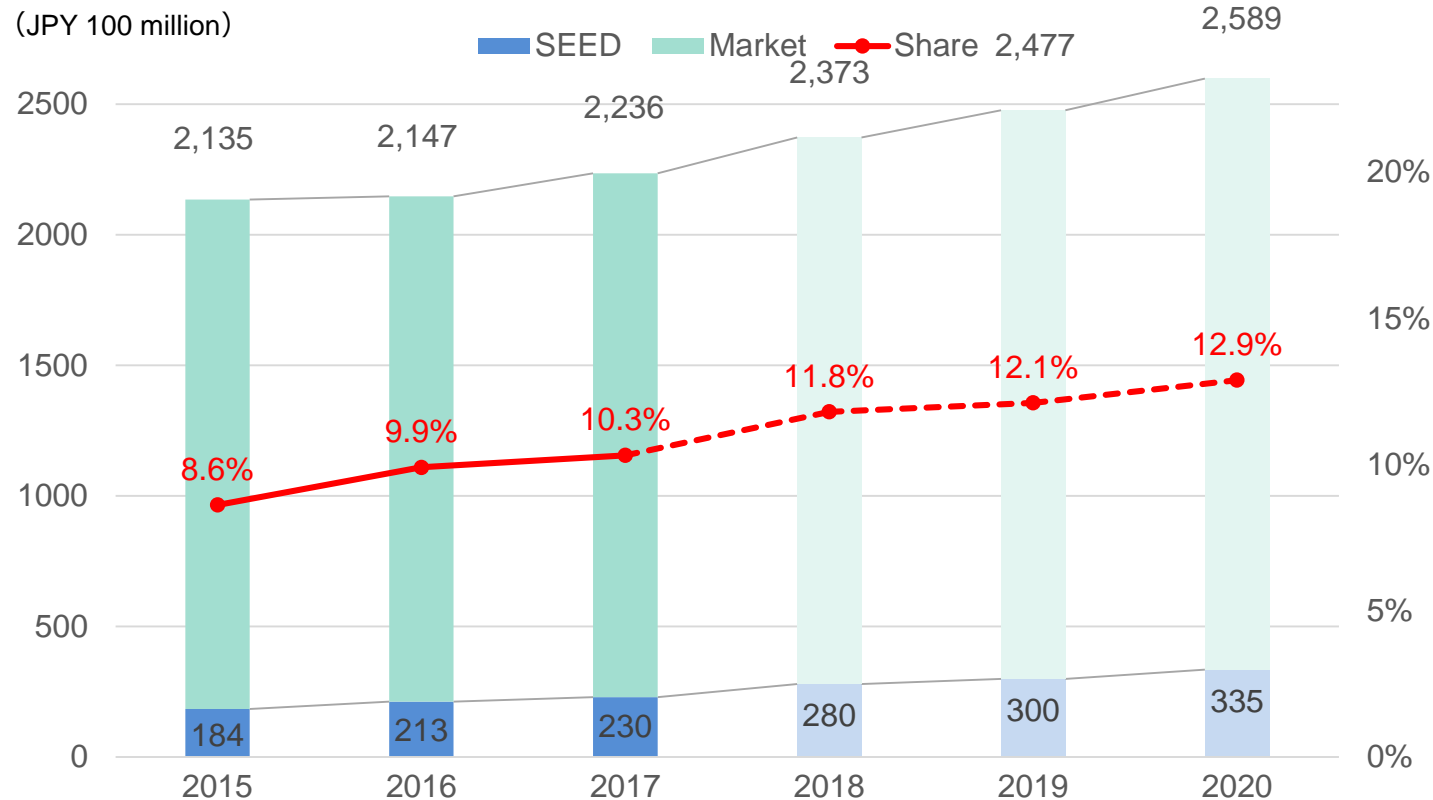
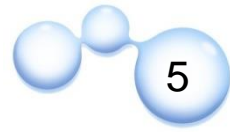


* Retail value basis (surveyed by Euromonitor and SEED)

* Exchange rate JPY111 to 1 USD

Position the 1day series as a core business and operate globally and locally while launching products that meet the needs of the respective markets and substantiating specifications.

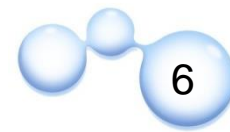
Net Sales for Domestic Contact Lenses and Company Share (Value Base)



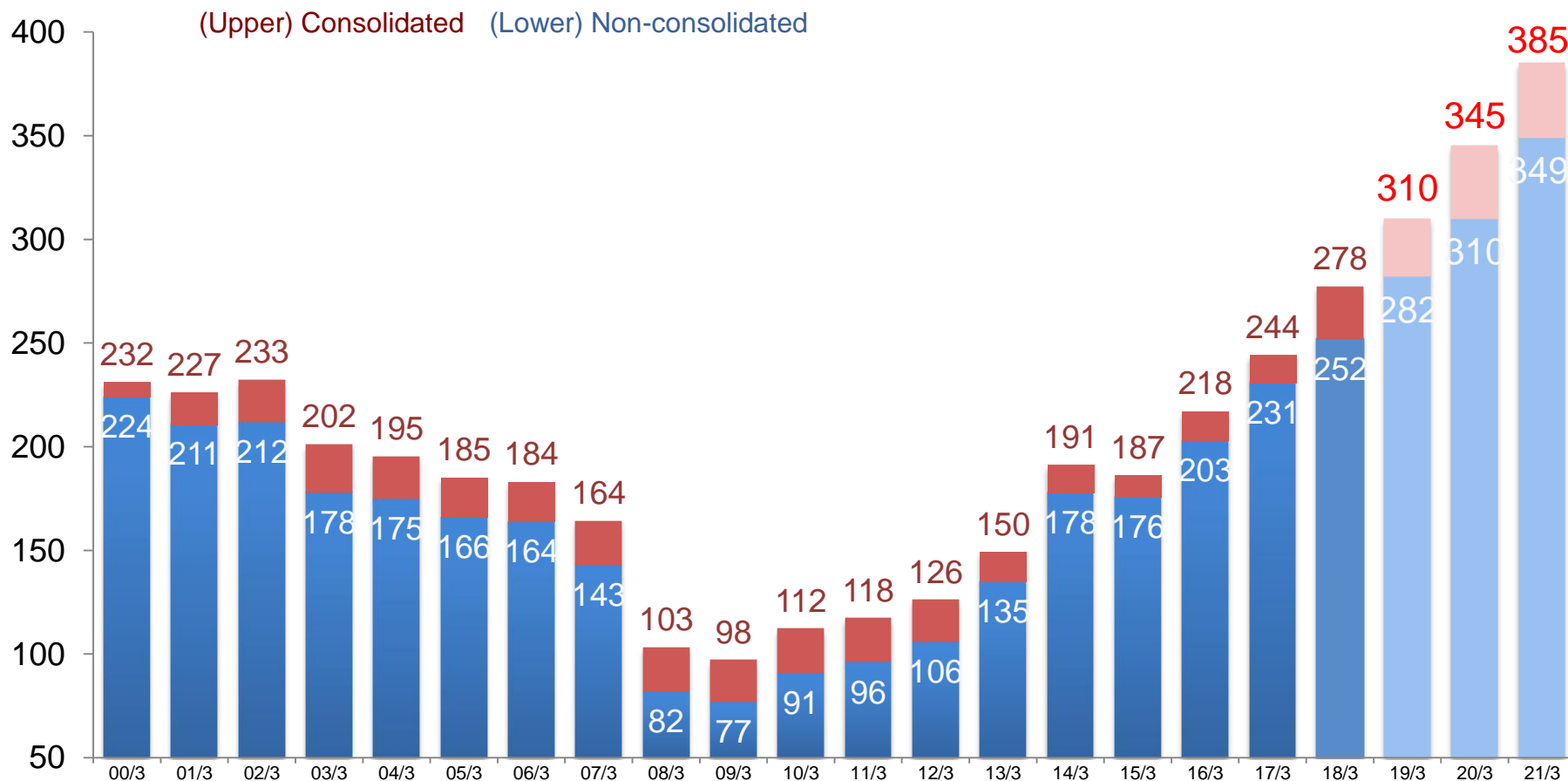
* Based on shipments from manufacturers (surveyed by Japan Contact Lens Association and SEED)

The operating activities in the domestic contact lens market remain the core of the source of cash flow, and the entire company enhances the SEED brand and acquires new SEED users by launching new products and enhancing existing products.

Net Sales and Plan (Consolidated/Non-consolidated)



(JPY 100 million)



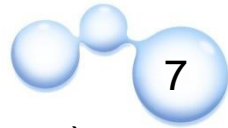
SEED Group consolidated net sales:

Aim to top JPY30 billion for the first time for the period ending March 2019

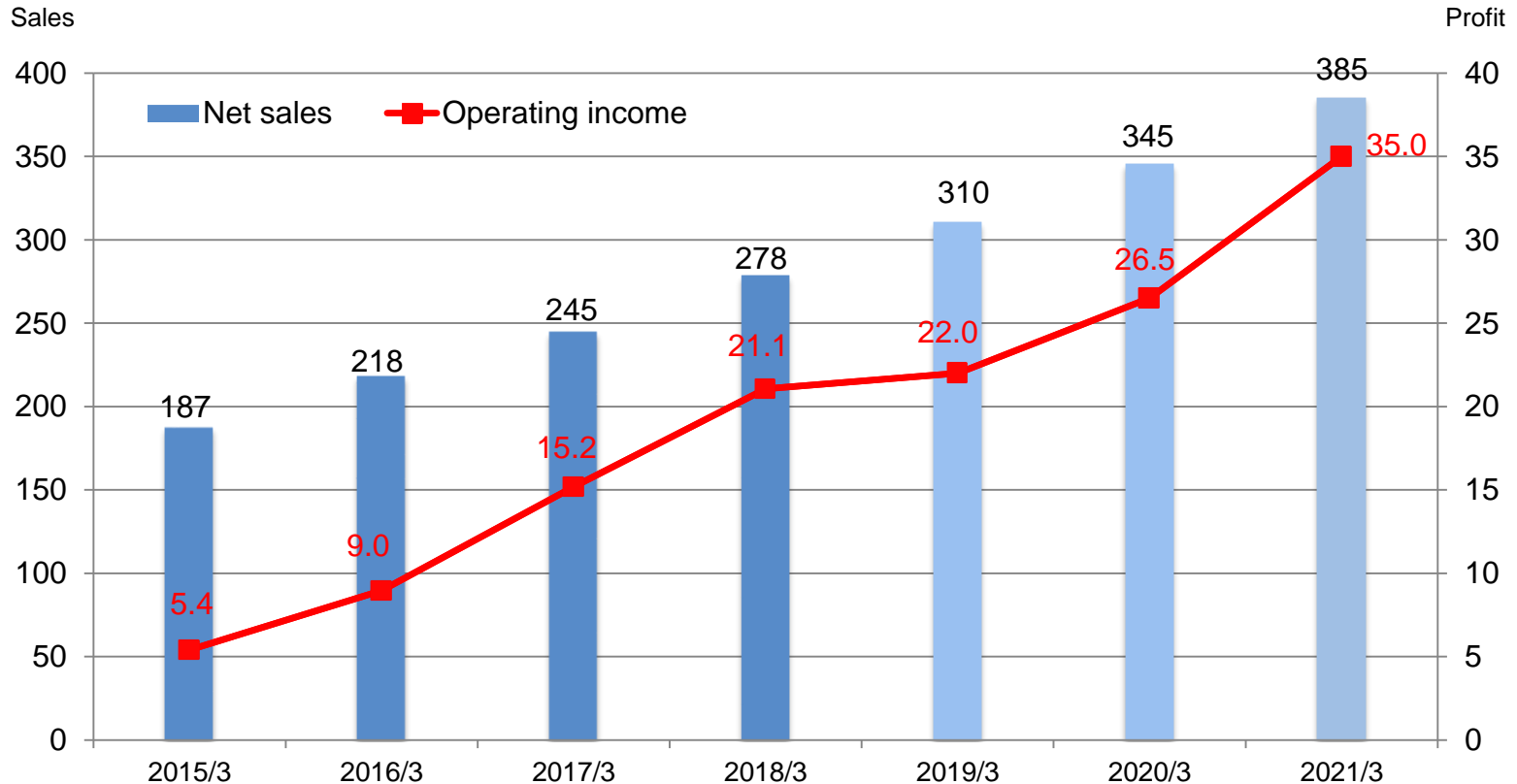
- JPY38.5 billion for the period ending March 2021.

Look to JPY40 billion and then JPY50 billion for the next medium-term management plan.

PL Plan (Consolidated)

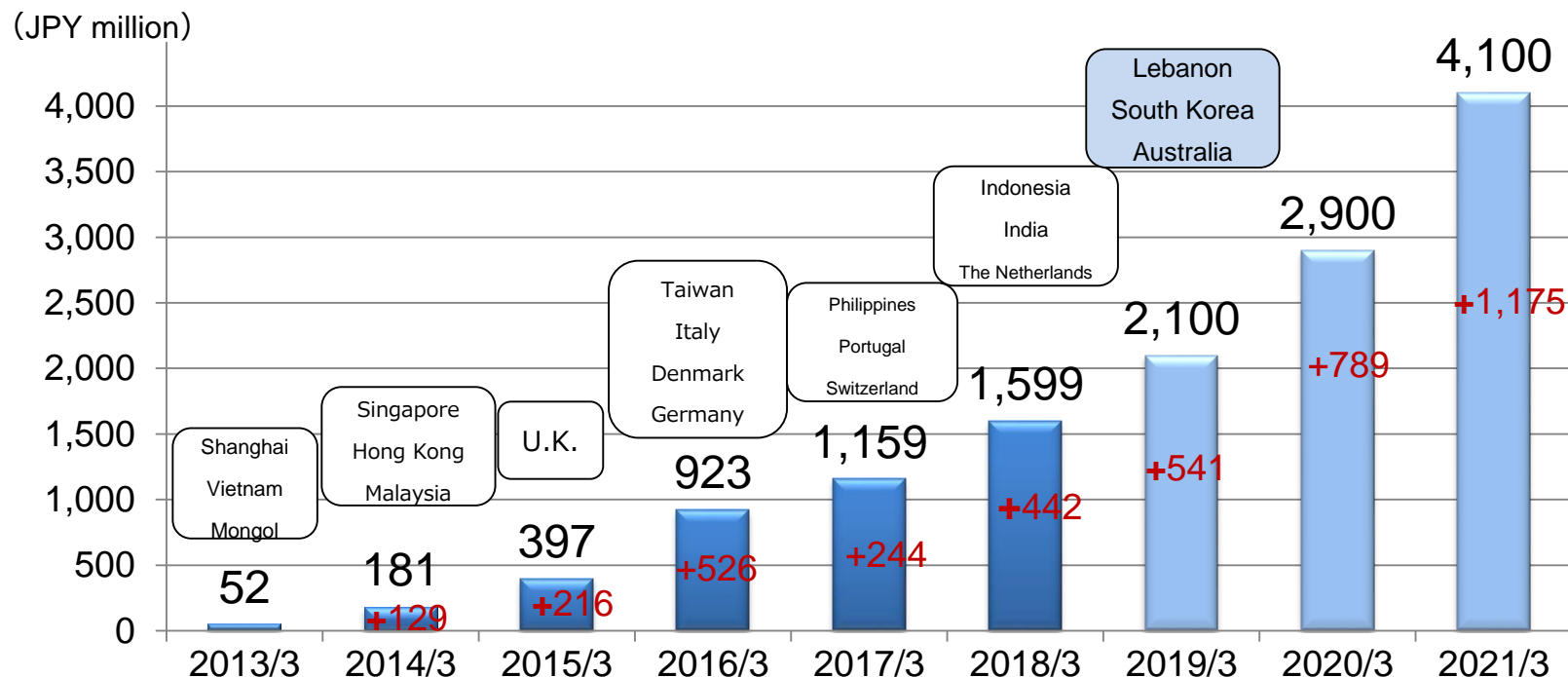


(JPY 100 million)



SEED Group consolidated net sales: Exceed JPY30 billion for the first time for the period ending March 2019. Aim for JPY38.5 billion for the period ending March 2021, and look to JPY40 billion and then JPY50 billion.
Operating income: Aim for JPY3.5 billion for the period ending March 2021 and improve the operating margin.

Outlook for Overseas Sales



The biggest focus is on China, which supplements the growth of the contact lens market in the Asian region.

Accurately understand the needs of the mature European market and roll out diverse products.

Enter South Korea, Middle East nations, the Oceania region, Russia and East European nations that we have not yet entered.

Management Structure New step challenges aiming for scale expansion as a manufacturer

Marketing Domestic operations are always synchronized with overseas operations in executing marketing activity and product roll-out.

Sales Strategy (Domestic)

Sales marketing mainly based on the 1day series, which is seen as a core business

- Suggest individual sales promotion initiatives in line with the respective needs of business partners

Sales Strategy (Overseas)

- Increase the number of new countries
- Increase products in present trading countries

Products/R&D Achieve a planned and certain research result (product development)

Quality Control Structure

Provide safe, high quality products and services
Reinforcement of Quality Control/Quality Assurance/License Management Structure

Maintain/improve the technology and quality of "Made in Nippon"

Production Strategy

Prepare and execute management strategy ahead of environmental changes

Other Management Strategy (in Japan and Abroad)

Compliance

Governance

Organization

Education

Finance

Systems

New step challenges aiming for scale expansion as a manufacturer (net sales of JPY40 billion)

- ① Achieve stable growth in Japan and active global operation at the same time
- ② Reliable execution of compliance, governance, CG code structure
- ③ Fulfill responsibility for each stakeholder (investors, users, business partners, related persons)
- ④ Substantiate education, training and employee seminars, and enhance organizational strength and nurture human resources
- ⑤ Maintain sound financial structure, execute efficient funding
- ⑥ Achieve appropriate cost control (indirect cost/logistics cost)
- ⑦ Improvement of systems infrastructure to boost operational efficiency
- ⑧ Achieve diversity and various working styles, substantiate Corporate Social Responsibility (CSR)

Universal Design

1day

Branding

High
Functionality

Media

Domestic operations are always synchronized with overseas operations in executing marketing activity and product roll-out.

- ① Branding strategy positioning the 1day series as an invariable core business
- ② Product roll-out always leading market needs (focus both globally and locally)
- ③ Attract the attention of users, business partners and ophthalmologists to the brand/corporate image and create SEED fans
- ④ Sales promotion of highly functional and highly value-added products including bifocal and astigmatism lenses
- ⑤ Aggressive roll-out of focus brands through mass media, social media, events, etc.

User

Quality

Law

Management

Education

Pursue top quality from the users' perspective and aim to provide safety

- ① Provide safe, high quality products and services
- ② Comprehensive quality control and information management to prevent harm to health
- ③ Quality control addressing production quantity, products and an increase in product variety
- ④ Establishment of a quality control structure and employee education that address shipments all over the world
- ⑤ Quality assurance of products manufactured by a third party and management of the production site
- ⑥ *Establish a quality management system that accommodates the Pharmaceutical and Medical Devices Act, ISO13485, MDD

*Pharmaceutical and Medical Devices Act: Law regarding the assurance of the quality, effectiveness and safety of pharmaceuticals, medical devices, etc.

ISO13485: Global standard to ensure the quality of medical devices

MDD: Medical Devices Directive

[Quality Policy]

- Our top priority for SEED's management activity is given to the quality of our products and services, and we support patients/customers' "vision."
- We aim to enhance the quality level and constantly maintain QMS with an effective PDCA cycle.
- We observe laws and regulations regarding quality and meet the quality needs of diverse customers.

Revised on April 1, 2018

External
collaboration

High
Functionality

New
Material

Non-commodity

Medical

Checkup

**Continuously spend R&D expenses as fuel for a growth strategy
Achieve a planned and certain research result (product development)!**

- ① Facilitate open innovation (joint research with universities/research institutes)
- ② Globalization of clinical trials or clinical research and reinforce strong connection with the academic conference
- ③ Reinforce technology and cultivate the next generation of staff (training at overseas/external bodies)
- ④ Develop non-commodity products that will not be caught in a price competition (develop high function/new material lenses)
- ⑤ Commercialization of contact lenses for medical, checkup, treatment

1day

Ophthalmology

Individual
sales promotion

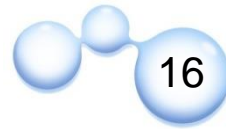
Academic

Orthokeratology

**Sales marketing mainly based on the 1day series,
which is seen as a core business**

- ① Ophthalmology, the upstream market, a must for a brand change, is the most focused sales channel; focus on new stores/ophthalmology/parallel establishment
- ② Suggest individual sales promotion initiatives in line with the respective needs of business partners
- ③ Roll out new color lenses in the ophthalmology market and achieve prescription-based sales of color lenses
- ④ Reinforce the sales structure for academic society
(Reinforce partnerships with academic society, medical society, leading doctors, researchers, etc.)
- ⑤ Reinforce sales of Breath-o correct through strengthened cooperation with TORAY, Universal View

Expand Sales of Breath-o correct



Became the largest shareholder of Universal View (hereinafter called “UV”) after receiving the shares of UV transferred from existing investors.

(March 30, 2018)

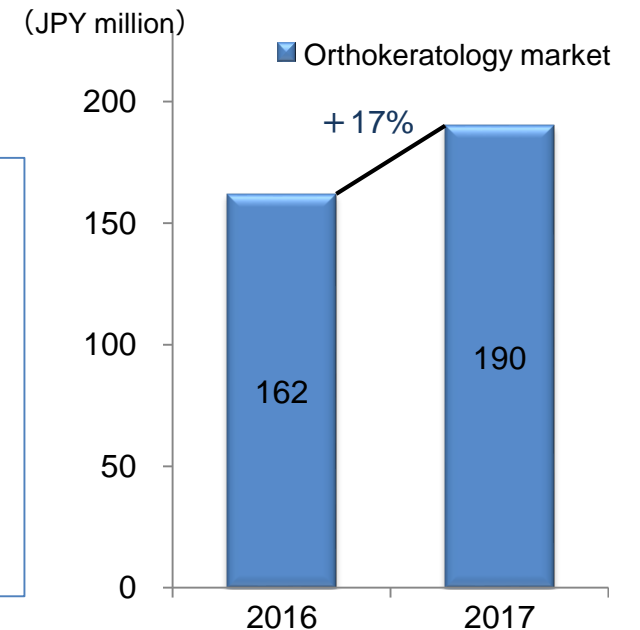
→It is SEED's mission to advance the popularization and sales expansion of orthokeratology in Japan and abroad.

SEED, TORAY and UV have established a 3-way cooperation.



3-way cooperation

- ① Reinforce the sales promotion structure
- ② Establish cooperation regarding improvements of effects/efficacy
- ③ Cooperation for logistics efficiency
- ④ Re-establish the sales structure and the product supply system



Based on shipments from manufacturers
(surveyed by Japan Contact Lens Association)

Sales Strategy (Overseas)

Local needs

Specification expansion

New market country

Cultivate human resources

Increase global awareness that meets local needs while keeping an eye on the global market and cultivate and appoint human resources who can deal with the global market. Roll out products that meet the local needs and expand specifications.

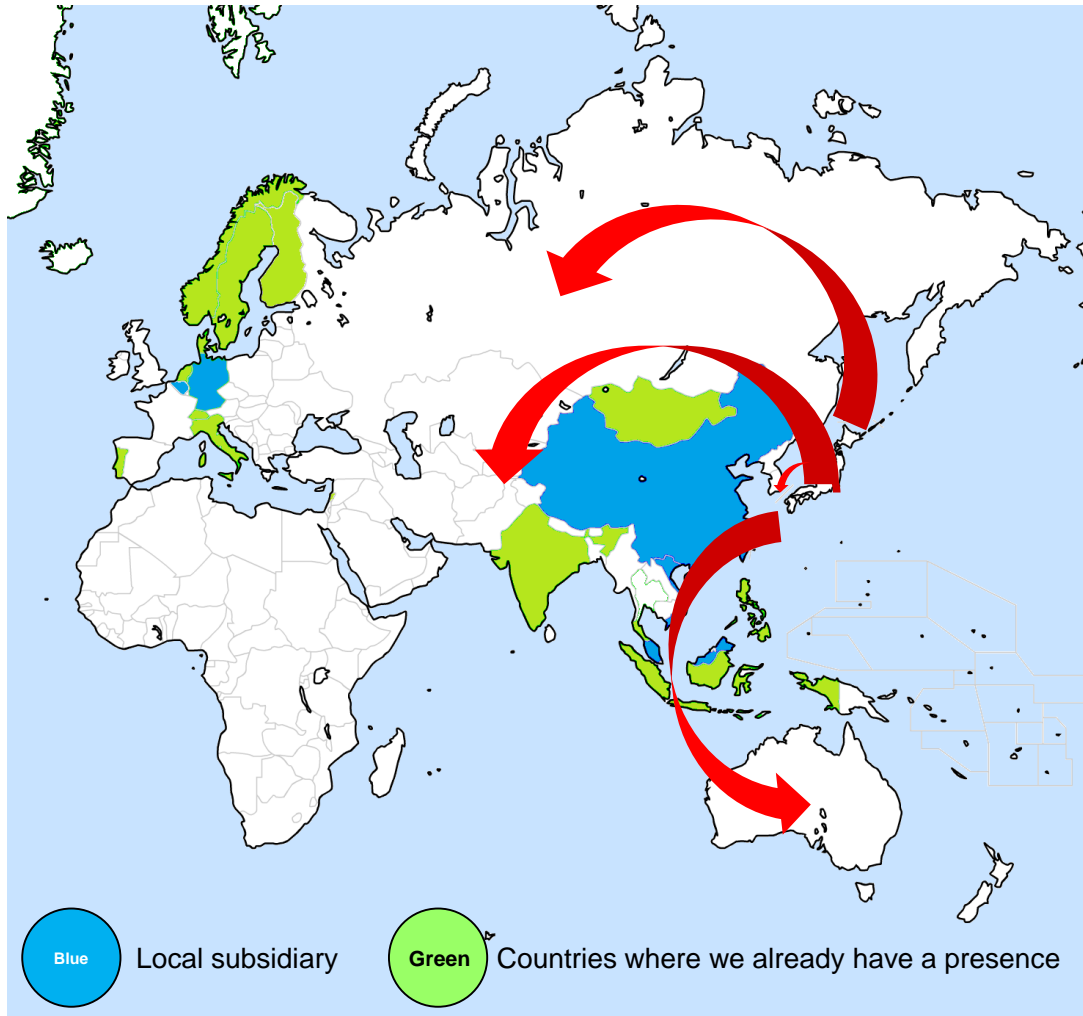
- ① Increase net sales by expanding transactions in the present trading countries
 - Utilizing goods procured externally, achieve the rapid deployment of new products and product items for the overseas market
 - Lean and agile response in European countries through the start of the operation of the logistics center in Germany
 - Addition of marketable items by actively filing for regulatory approval
- ② Increase the number of new countries where we market our products and increase sales
 - Actively participate in high-profile academic conferences and trade shows and get leads to capture new customers

[Regions we will enter from now on]

Oceania region, Middle East nations, South Korea, untapped European countries, CIS nations, etc.

Overseas Operations

Operating business in 24 countries centered on the Asian region and the European region (as of June 2018)
While doing business in line with the characteristics of the regions in countries where we already have a presence, aggressively make an inroad approach into countries we do not yet have a presence.



[Local subsidiary]

Shanghai
Singapore
Taiwan
Malaysia
Vietnam (Representative office)

Belgium (European Distributor)
Germany

[Use of Distributor]

Mongolia, Hong Kong/Macau,
Indonesia, India, Philippines, Vietnam
(Representative office) , Lebanon

Germany, Italy, Denmark, Finland,
Norway, Sweden, Iceland, Portugal,
Switzerland, Netherlands, the U.K.

Quality

Technology

Productivity

Efficiency

Education

Maintain/improve the technology and quality of “Made in Nippon (Japan)”

- ① Aim for zero rejects
- ② Cost reduction by enhancement of yield/machine operating rate/productivity
- ③ Establish an efficient production system to expand and achieve high mix, low-volume production
- ④ Efficient production of domestic spec. products and overseas spec. products
- ⑤ Stable assurance of a supply chain (BCP)
- ⑥ Execution of improvements including QC activity in the past (establishment and continuation of effective improvements)
- ⑦ Comprehensive sanitary management and safe operation
- ⑧ Execution of education/training including enhancement of employee morale

Business Model

M&A

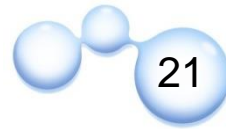
Gap & Risk

Domestic
subsidiaries

Prepare and execute management strategy ahead of environmental changes

- ① Regardless of whether it is in Japan or overseas, consider the possibility of M&A in the manufacturing or sales area.
(In particular, in the field of contact lenses for medical/checkup, it is important to ensure a supply of materials like silicon. In addition, accurately capture the timing of the business succession of domestic competitors.)
- ② Review the current overall strategy and verify the gaps or risks of the respective strategies.
- ③ Improve the management in the domestic subsidiary division (retail) and achieve a contribution to the consolidated business results.
- ④ Further CSR activities, bearing in mind the recognition of the corporate brand and harmony with the community

Other: Make CLPL of the U.K. a Subsidiary



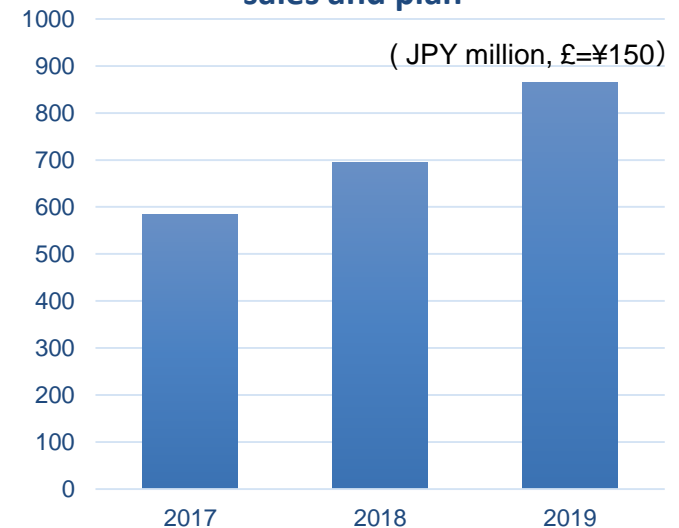
We acquired all the outstanding shares of Contact Lens Precision Laboratories Ltd. (CLPL), a dedicated manufacturer of special contact lenses/customized lenses of the U.K., in April 2018 and made it a subsidiary (“UltraVision” is a wholly owned subsidiary of CLPL).

[Purpose of making CLPL a subsidiary]

- Develop high-quality contact lenses making use of CLPL’s sophisticated lens design technology and optical analysis
- Reinforce sales in the U.K. and Ireland, which are the largest disposable contact lens markets in Europe.
- Reinforce price competitiveness and expand manufacturing by utilizing mass production technology or knowhow of disposable contact lenses in the custom soft lens area
- Expand sales of CLPL products utilizing the sales network in the Asian market.
- Cultivate engineers through interactions and exchanges among young engineers.



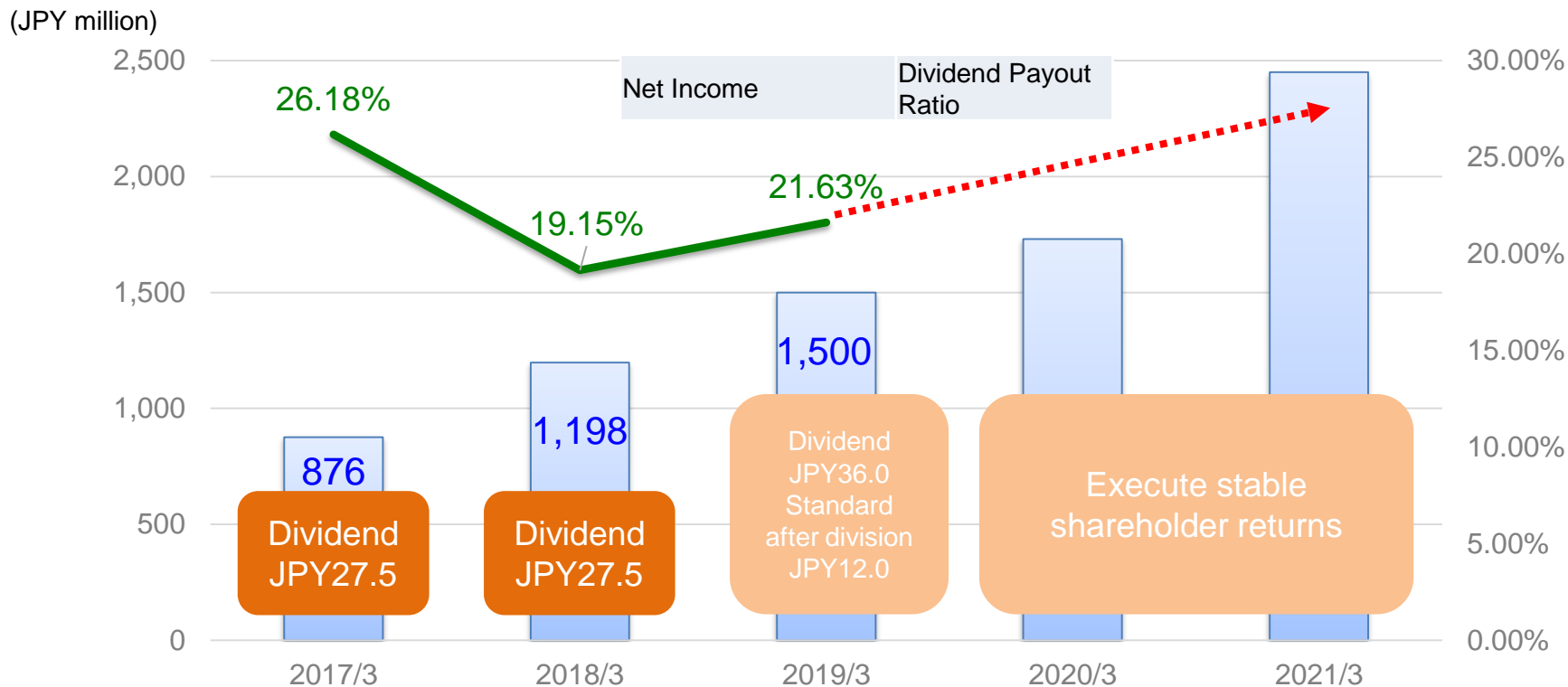
Actual CLPL consolidated net sales and plan



(Note) Synergy with the Company is not factored in.

Shareholder Return Policies

Continuously provide a stable and appropriate dividend payment to shareholders



- To pay JPY27.5 in addition to the dividend commemorating the designation by the 1st Section of the TSE for the period ended March 2018.
- To pay JPY36.0 for the period ending March 2019 (JPY12.0, standard after division).

Shareholder Special Benefit Plan

We express our appreciation to our shareholders and seek to enable you to deepen your understanding of our business so that our attractiveness as an investment will increase and our shares will be held for the long term.

Current plan (standard as of March 2018)

Course A
No limitation on no. of shares owned or no. of years owned (hold at least one unit (100 shares))
You may choose one of the following: The Company's care product set (⊗suggested retail price, equivalent to some JPY10,000) Or shareholder benefit coupon (30% discount: discount up to JPY10,000)*1



OR

Course B	Choose a local specialty or contribution in accordance with the benefit value owned	
No. of years owned *2	Less than 3 years	At least 3 years
No. of shares owned *3		
At least 100 shares – less than 1,000 shares	Equivalent JPY1,000	Equivalent JPY3,000
At least 1,000 shares	Equivalent JPY3,000	Equivalent JPY5,000



- *1. The coupon can be used for contact lenses/glasses/hearing aids at stores operated by the Company subsidiary and stores of our business partners (contact lenses are sold at a preferential price.)
- *2. No. of years owned means the period from the day you are listed on the shareholder registry of the Company through the base day.
- *3. No. of shares owned means the no. of shares listed or recorded on the final shareholder registry of the Company on the base day for shareholder benefits.

With June 30, 2018 as the base day, the common stock will be split on a one-to-three basis.
We will create an environment where shareholders are more likely to make investments.



We consolidate the strength of 1,210 persons of the SEED Group* and support the “vision” of the global population.

* As of May 1, 2018
867 full-fledged employees 343 junior employees

Consolidated

Seed Eye-Service Co., Ltd.

Eyespace Co., Ltd.

Tower Vision Co., Ltd.

Contact Lens Precision Laboratories Ltd.
(U.K.)

SEED TRADING (SHANGHAI) CO., LTD.
(People’s Republic of China)

SEED CONTACT LENS ASIA PTE.LTD.
(Republic of Singapore)

SEED CONTACT LENS TAIWAN CO., LTD (Taiwan)

SEED CONTACT LENS (ANZ) PTY LTD
(Common wealth of Australia)

Non-Consolidated

SEED Contact Lens Europe GmbH
(Federal Republic of Germany)

SEED CONTACT LENS (M) SDN. BHD
(Malaysia)

Other

ありがとう。これからも
「見える」をサポートします。

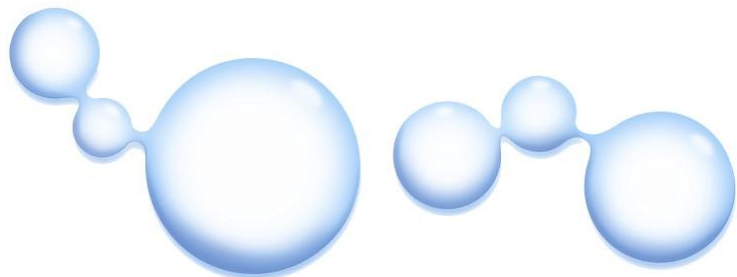
Thank you! We will continue to support
“vision” going forward.



株式会社シード 創立60周年記念
60th Anniversary, SEED Co., Ltd.

We marked our 60th anniversary on October 9, 2017.
From the 61st year of 2018, we will embark on new challenges toward our
100th anniversary, always holding dear our appreciation going forward.

Estimates, plans, forecasts and other forward-looking statements included in this document are based on the information available at the time of publication and our plans and strategies. Actual results may differ significantly from forecasts, depending on changes in economic conditions and product demand, fluctuations in foreign exchange rates, changes in regulations, accounting standards and practices in Japan and overseas, among other factors. SEED Co., Ltd. accepts no responsibility for any losses caused by investment decisions based on forecasts, targets, or any other statements included in this document.



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visit the following address for inquiries:
https://www.seedcontact.jp/seed/fm_ir/**