

Consolidated Results for the 9 months from April 1, 2020 to December 31, 2020

February 10, 2021



- ◆ Actual results for 9M20 and 3Q20
 - Net sales of the completed watches overseas in 3Q20 (from October to December) increased year on year, driven by Grand Seiko and Seiko Prospex, despite resumptions of lockdowns in several cities mainly in Europe and the U.S., led by the third wave of the Covid-19 infection.
 - Due to the third wave of the infection in Japan, net sales of the completed watches in Japan and the Wako Business in 3Q20 were down quarter on quarter.
 - Net sales in the Systems Solutions Business in 9M20 increased year on year, mainly for a new subsidiary being added and the increased sales in application performance management software and others. Profitability continued to improve thanks to expanding the stock business, etc.
 - The total SG&A expenses in 9M20 decreased by 9.5 billion yen year on year, led by advertising and promotion expenses fell by c.18% and the other expenses also decreased.
 - Operating profit came to 2.2 billion yen for 3Q20 and 0.6 billion yen for 9M20.

- Revised the net sales forecast of the consolidated total and the Watches Business down by 5.0 billion yen each, because domestic net sales of the Watches Business are expected to be sluggish due to the Covid-19.
- The operating profit forecast was not changed from the previous forecast due to efforts such as reducing SG&A expenses.
- The ordinary profit (loss) forecast was revised down by 0.3 billion yen from the previous forecast, ordinary loss of 1.3 billion yen, due to a greater-than-expected deterioration in share of loss of entities accounted for using equity method. The forecast for profit attributable to owners of parent was not changed.
- The annual dividend per share for FY20 is expected to be 25.0 yen (unchanged), with an year-end dividend forecast of 12.5 yen.

1. Consolidated Results

Consolidated P/L for 9M20 (Apr. - Dec. 2020)

(Billions of yen)

		9M19	9M20	Variance	
				Amt.	%
Net Sales		184.7	145.9	-38.7	-21.0%
Gross Profit		74.6	57.6	-17.0	-22.8%
	%	40.4%	39.5%	-0.9pt	
Operating Profit		8.1	0.6	-7.4	-91.5%
	%	4.4%	0.5%	-3.9pt	
Ordinary Profit		9.3	-0.8	-10.2	-
	%	5.1%	-0.6%	-	
Income before income taxes		9.5	4.5	-5.0	-52.7%
Profit attributable to owners of parent		6.3	2.2	-4.0	-64.0%
	%	3.5%	1.6%	-1.9pt	
Exchange Rates (JPY)	USD	108.7	106.1	-2.6	-2.4%
	EUR	121.0	122.4	+1.4	+1.2%

Net Sales :	y/y	-38.7
Exchange rate fluctuations	c.	-1.0

Operating Profit :	y/y	-7.4
Impact of decrease in Net sales		-15.2
Impact of deteriorated GP%		-1.7
Decrease in SG&A expenses		+9.5

Ordinary Profit :	y/y	-10.2
Decrease in Operating profit		-7.4
Decrease in Equity-method income		-3.0
Others		+0.2

Extraordinary Income/Losses:	+5.3
<u>Extraordinary Income</u>	<u>8.7</u>
Gain on sales of investment securities	7.6
Subsidy income	0.6
Gain on sales of non-current assets	0.5
<u>Extraordinary Losses</u>	<u>3.3</u>
Loss on the spread of infectious disease	3.3

Consolidated P/L for 3Q20 (Oct. - Dec. 2020)

SEIKO

(Billions of yen)

		3Q19	3Q20	Variance	
				Amt.	%
Net Sales		62.5	58.5	-4.0	-6.5%
Gross Profit		24.8	24.0	-0.8	-3.3%
	%	39.8%	41.1%	+1.4pt	
Operating Profit		1.0	2.2	+1.1	+100.5%
	%	1.8%	3.8%	+2.0pt	
Ordinary Profit		1.5	1.1	-0.3	-21.9%
	%	2.4%	2.0%	-0.4pt	
Income before income taxes		1.7	1.0	-0.6	-39.0%
Profit attributable to owners of parent		0.9	0.1	-0.7	-80.3%
	%	1.5%	0.3%	-1.2pt	
Exchange Rates (JPY)	USD	108.8	104.5	-4.3	-4.0%
	EUR	120.3	124.6	+4.3	+3.6%

Net Sales : y/y -4.0

Exchange rate fluctuations c. -0.4

Operating Profit : y/y +1.1

Impact of a decrease in sales -1.6

Impact of improved GP% +0.8

Decrease in SG&A expenses +1.9

Ordinary Profit : y/y -0.3

Increase in Operating profit +1.1

Decrease in Equity method income -1.5

Others +0.0

Extraordinary Income/Losses: -0.1

Extraordinary Income 0.0

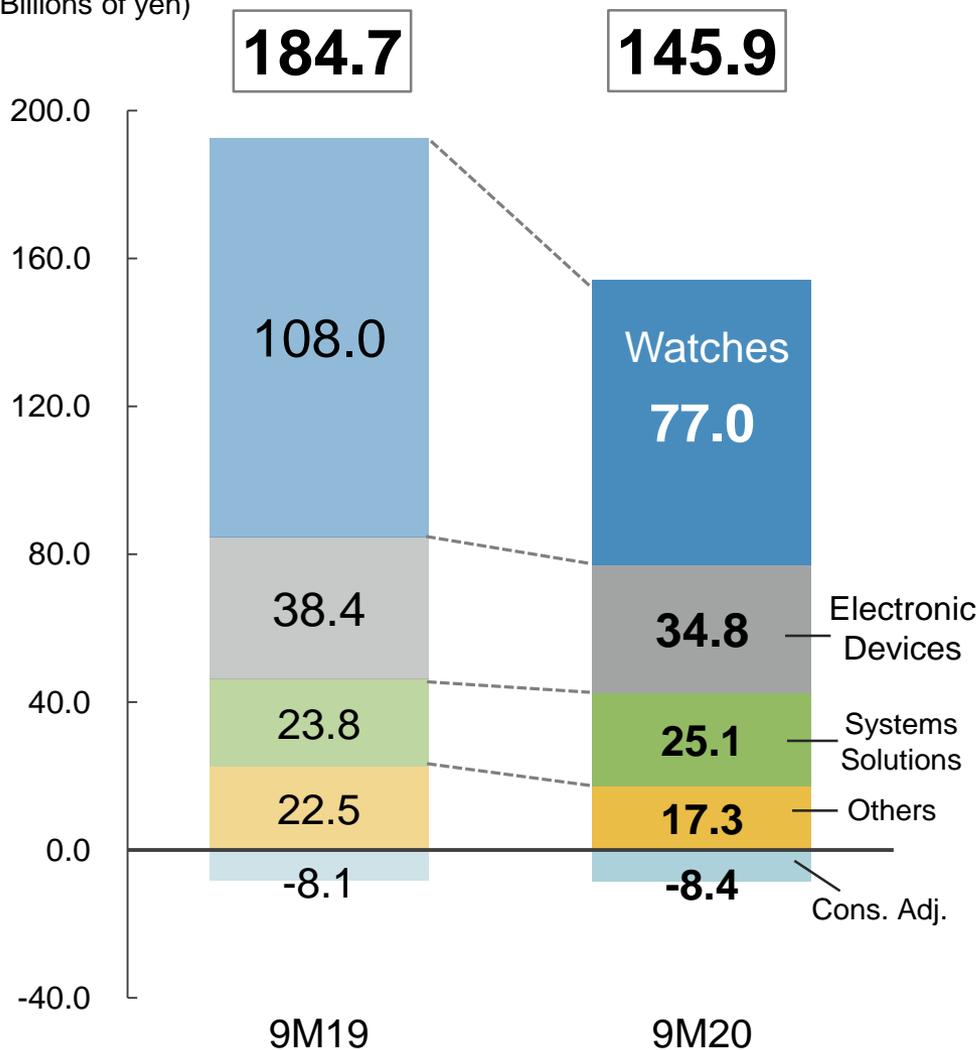
Subsidy income 0.0

Extraordinary Losses 0.1

Loss on the spread of infectious disease 0.1

Net Sales by Segment for 9M20 (Apr. - Dec. 2020)

(Billions of yen)

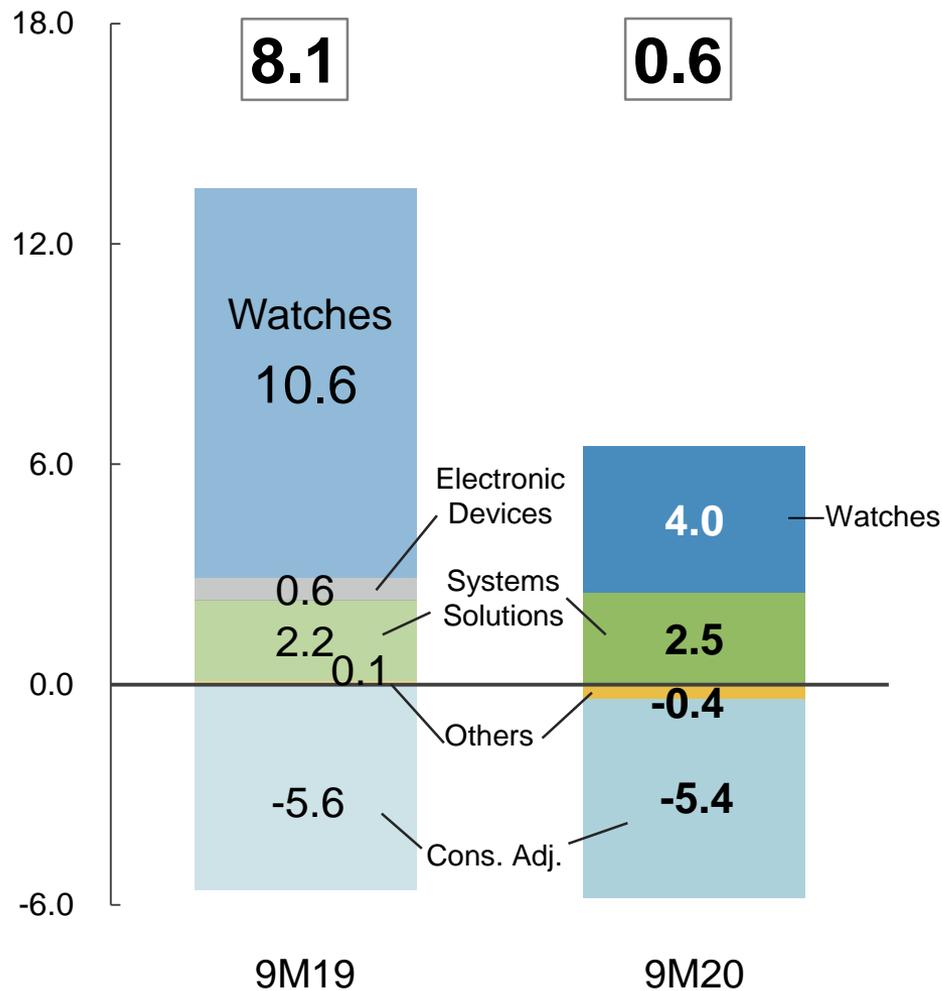


(Billions of yen)

	Net Sales (Composition ratio)		
	9M19	9M20	Variance
Watches	108.0 (58%)	77.0 (53%)	-30.9
Electronic Devices	38.4 (21%)	34.8 (24%)	-3.6
Systems Solutions	23.8 (13%)	25.1 (17%)	+1.2
Sub Total	170.4	137.0	-33.3
Others	22.5 (12%)	17.3 (12%)	-5.1
Cons. Adj.	-8.1 (-4%)	-8.4 (-6%)	-0.2
Cons. Total	184.7	145.9	-38.7

Operating Profit by Segment for 9M20 (Apr. - Dec. 2020)

(Billions of yen)



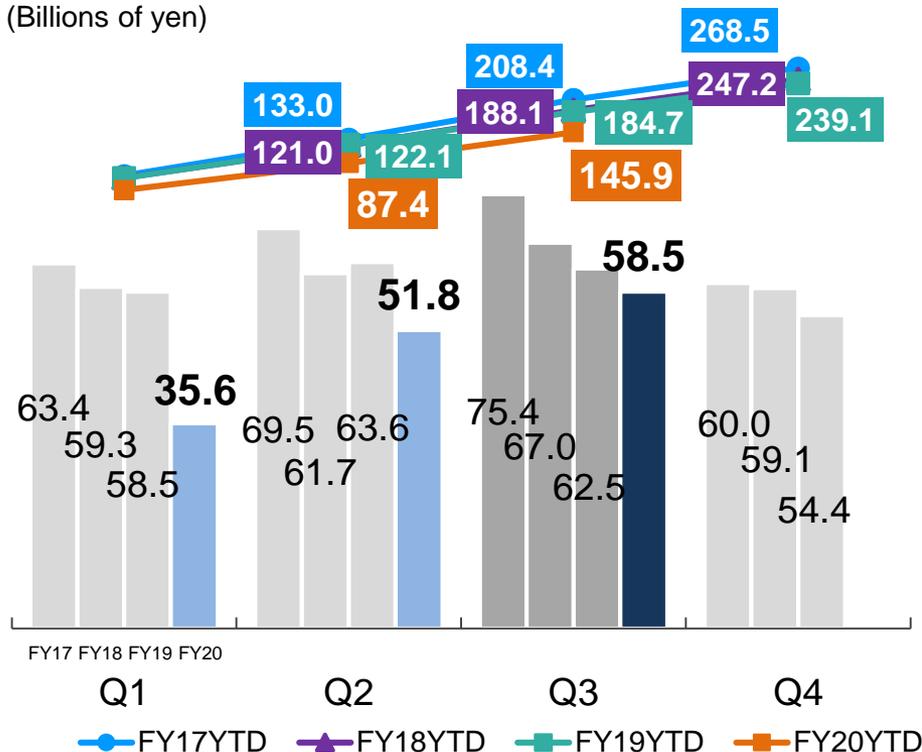
(Billions of yen)

	Operating Profit		
	9M19	9M20	Variance
Watches	10.6	4.0	-6.6
Electronic Devices	0.6	0.0	-0.6
Systems Solutions	2.2	2.5	+0.3
Sub Total	13.5	6.5	-6.9
Others	0.1	-0.4	-0.6
Cons. Adj.	-5.6	-5.4	+0.1
Cons. Total	8.1	0.6	-7.4

Consolidated Quarterly Performance

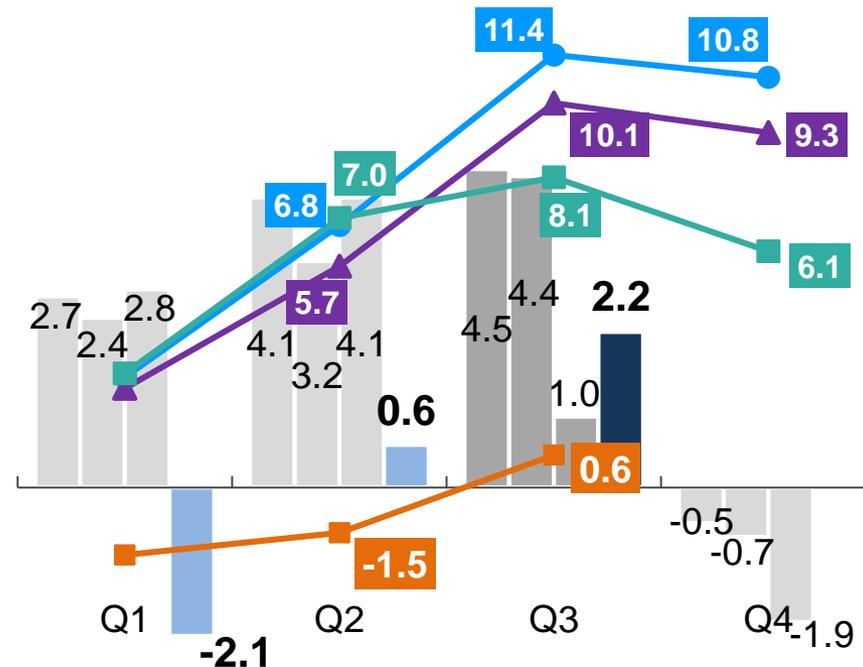
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

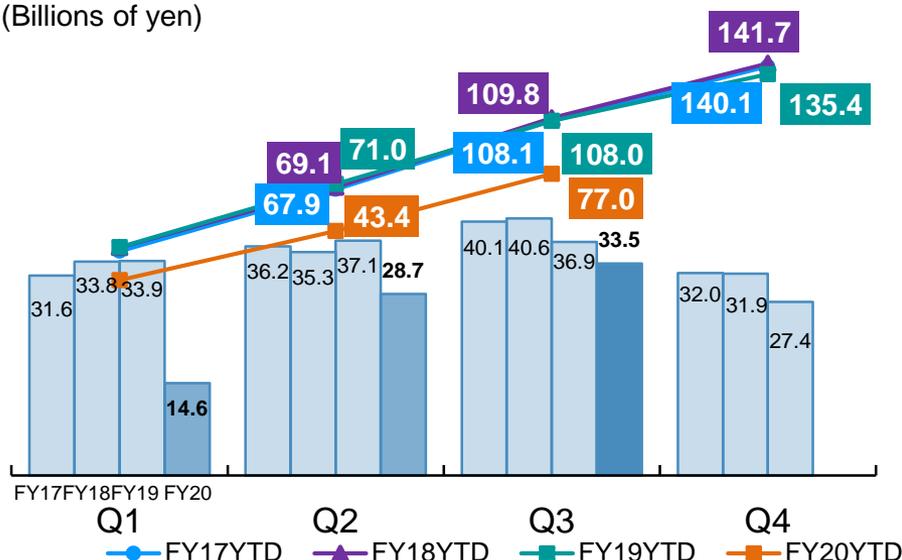
	1Q	2Q	3Q	4Q	Total	9M
FY20	-39.2%	-18.4%	-6.5%			-21.0%
FY19	-1.4%	+3.1%	-6.7%	-8.0%	-3.3%	-1.8%
FY18	-6.5%	-11.3%	-11.1%	-1.5%	-7.9%	-9.7%

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	1Q	2Q	3Q	4Q	Total	9M
FY20	-6.1%	1.3%	3.8%			0.5%
FY19	4.8%	6.6%	1.8%	-3.6%	2.6%	4.4%
FY18	4.1%	5.3%	6.6%	-1.3%	3.8%	5.4%
FY17	4.3%	6.0%	6.0%	-1.0%	4.0%	5.5%

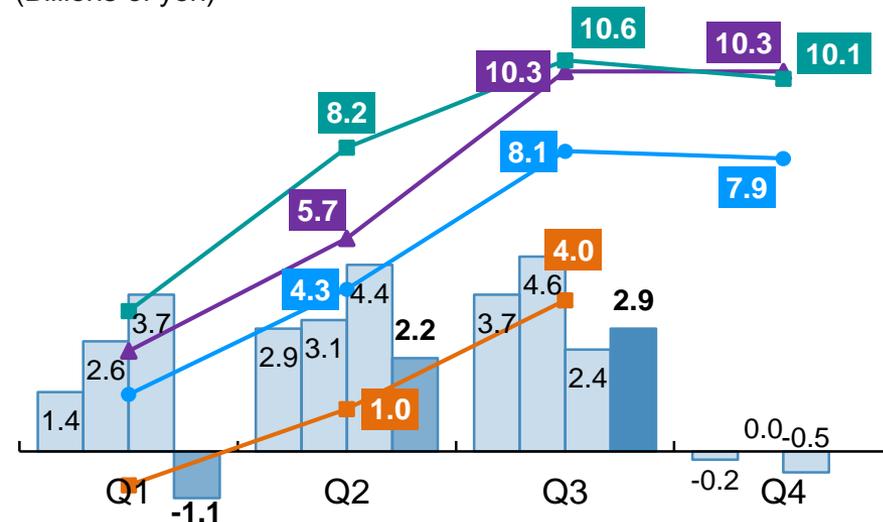
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total	9M
FY20	-56.7%	-22.5%	-9.0%			-28.7%
FY19	+0.3%	+5.1%	-9.0%	-14.2%	-4.5%	-1.6%
FY18	+6.7%	-2.4%	+1.1%	-0.1%	+1.2%	+1.5%

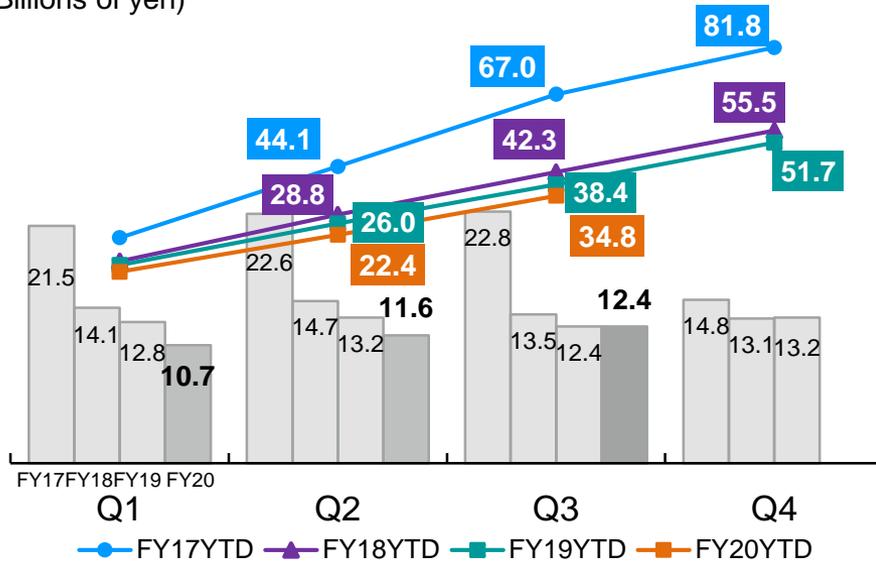
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	1Q	2Q	3Q	4Q	Total	9M
FY20	-7.9%	7.7%	8.8%			5.2%
FY19	11.1%	12.0%	6.7%	-1.9%	7.5%	9.9%
FY18	7.7%	8.8%	11.3%	0.1%	7.3%	9.4%
FY17	4.5%	8.1%	9.3%	-0.7%	5.6%	7.5%

- **Watches (In Japan)** : For the 3 months of 3Q20, net sales of Grand Seiko, which was driven by the 60th Anniversary commemorative models, and Seiko Prospex, which commemorates the 55th Anniversary of Seiko's diver's watch, increased year on year. On a distribution channel basis, sales at mass retailers suffered.
- **Watches (In Overseas)** : In the U.S., Grand Seiko and Seiko Prospex, especially commemorative models, grew favorably, driving overall net sales in the U.S. In Europe, Global Brands grew favorably. In China, net sales are driven mainly by Grand Seiko in both e-commerce and physical stores. Net sales also grew in Thailand, Taiwan, Australia and other areas.
- **Movements** : Demand for analogue quartz movements remained sluggish. Net sales of mechanical movements were also sluggish due to partial restrictions of manufacturing activities.

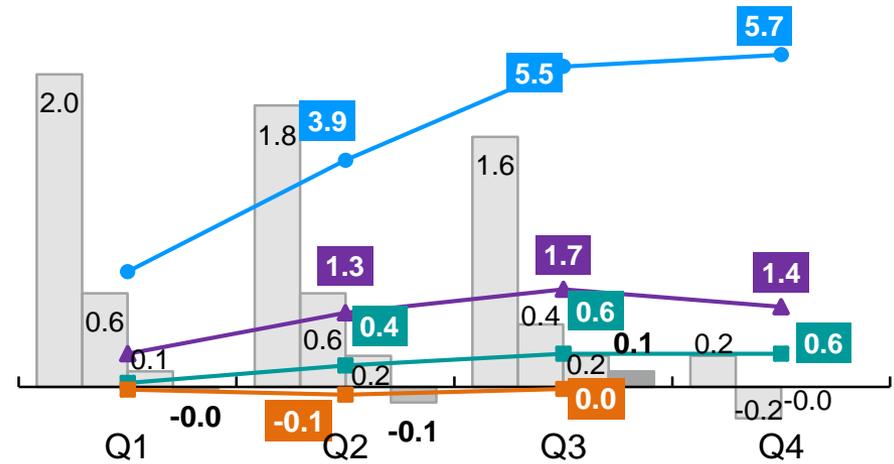
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total	9M
FY20	-16.0%	-11.6%	-0.2%			-9.4%
FY19	-9.2%	-10.1%	-8.2%	+0.8%	-6.8%	-9.2%
FY18	-34.6%	-35.0%	-40.6%	-11.2%	-32.1%	-36.8%

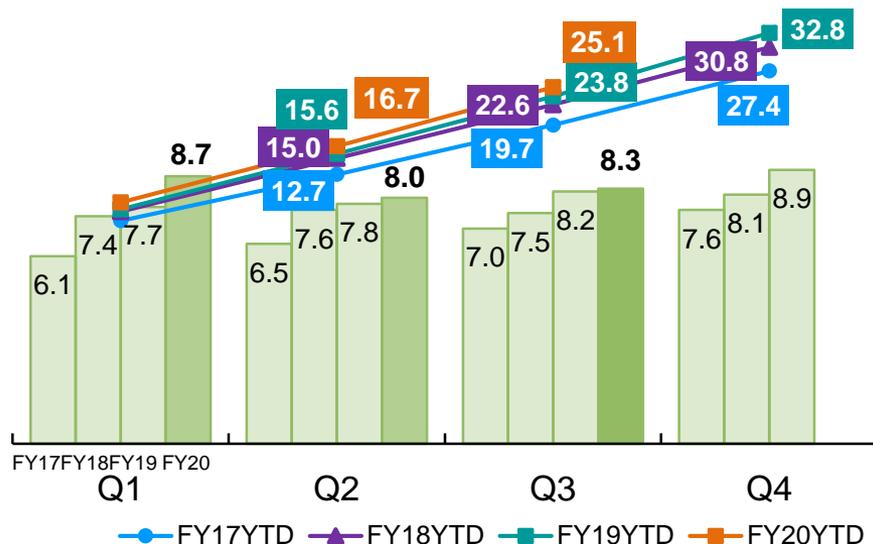
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	1Q	2Q	3Q	4Q	Total	9M
FY20	-0.4%	-0.9%	1.3%			0.0%
FY19	1.5%	1.8%	1.7%	-0.3%	1.2%	1.7%
FY18	4.5%	4.6%	3.0%	-2.2%	2.5%	4.0%
FY17	9.5%	8.2%	7.2%	1.7%	7.1%	8.3%

Sales in the printer-related business recovered from October onward for industrial inkjet print heads, while the business remained sluggish for the retail market. Furthermore, sales of products such as precision components for automobiles and high-performance metals for SPE were steady.

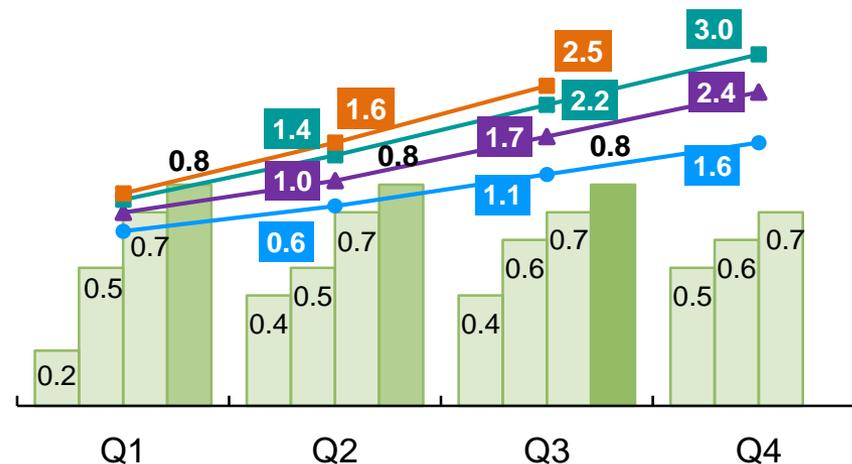
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total	9M
FY20	+13.3%	+1.4%	+1.0%			+5.1%
FY19	+4.3%	+3.1%	+9.0%	+9.7%	+6.6%	+5.5%
FY18	+19.9%	+17.1%	+7.6%	+6.8%	+12.4%	+14.6%

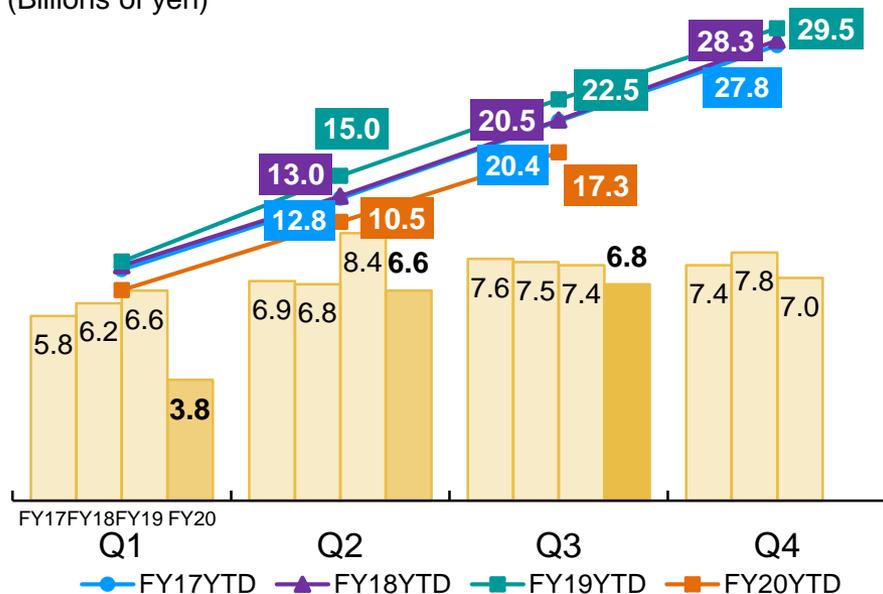
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	1Q	2Q	3Q	4Q	Total	9M
FY20	9.5%	10.7%	10.5%			10.2%
FY19	9.8%	9.1%	9.0%	8.9%	9.2%	9.3%
FY18	6.9%	7.4%	8.3%	8.5%	7.8%	7.5%
FY17	4.4%	6.2%	6.0%	6.6%	5.9%	5.6%

Although some businesses were affected by the spread of the Covid-19, such as mobile communication equipment and solutions for the food service industry, in addition to COSMO CO., LTD. being made into a subsidiary in April, sales grew in application performance management software and other businesses.

Net Sales

(Billions of yen)

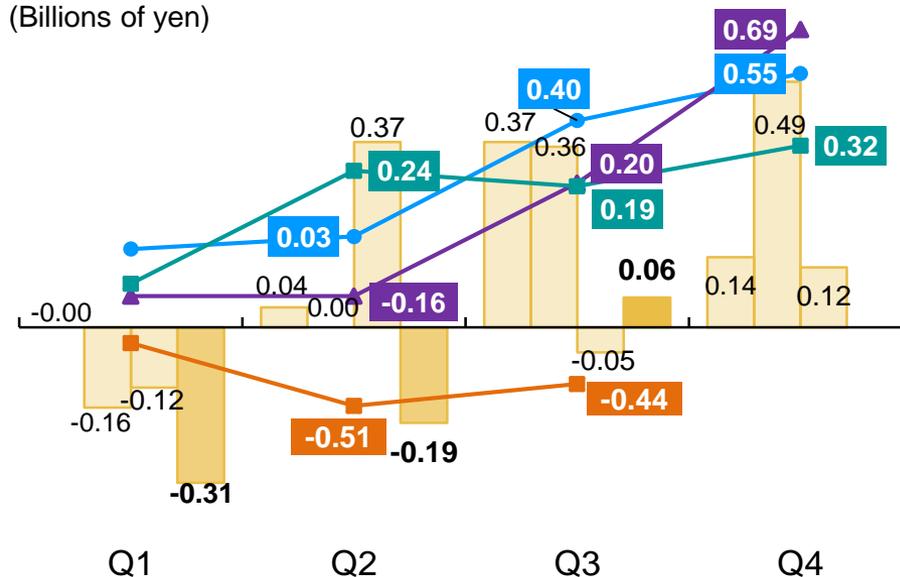


<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total	9M
FY20	-41.8%	-20.7%	-8.5%			-22.8%
FY19	+6.6%	+23.6%	-0.4%	-9.8%	+4.3%	+9.7%
FY18	+5.4%	-2.1%	-1.4%	+5.9%	+1.8%	+0.3%

Operating Profit

(Billions of yen)



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	1Q	2Q	3Q	4Q	Total	9M
FY20	-8.1%	-3.0%	0.9%			-2.6%
FY19	-1.9%	4.4%	-0.7%	1.8%	1.1%	0.9%
FY18	-2.7%	0.1%	4.9%	6.3%	2.5%	1.0%
FY17	-0.1%	0.6%	4.9%	1.9%	2.0%	2.0%

Net sales for 1Q20 fell significantly in the Wako Business, which closed its stores for 2 months following the government's declaration of a state of emergency in Japan, as well as in the Clocks Business, with many of its distribution channels, such as department stores and mass retailers, having been shut down. Net sales for 9M20 were still down year on year due to a third wave of infection in Japan.

Balance Sheets as of December 31, 2020

(Billions of yen)

	Dec. 31, 2018	Dec. 31, 2019	Mar. 31, 2020(a)	Dec. 31, 2020(b)	Variance (b)-(a)
Inventories	61.2	66.6	65.7	70.4	+4.6
Interest Bearing Debt *	108.4	112.7	115.2	136.1	+20.9

Net Assets	109.7	113.7	104.2	106.7	+2.5
Total Assets	305.4	315.8	299.9	320.4	+20.4

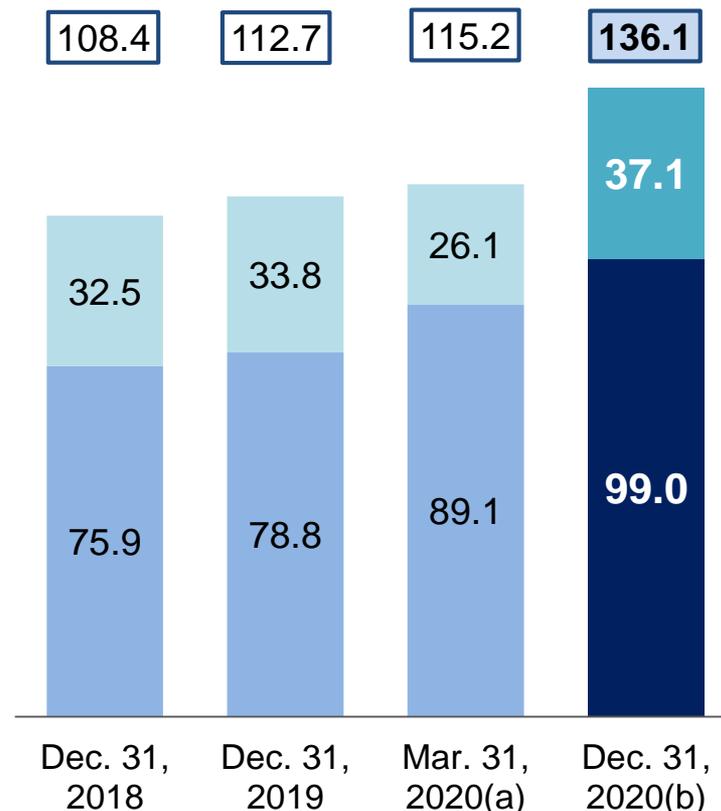
Equity Capital Ratio	35.6%	35.6%	34.4%	32.9%	-1.5pt
Net Debt Equity Ratio	0.6	0.6	0.8	0.9	+0.1
Number of Employees	12,127	12,076	11,947	12,189	+242

*The Company has applied IFRS 16 "Leases" at consolidated subsidiaries overseas, excluding those in the U.S., from 1Q19.

Interest Bearing Debt *

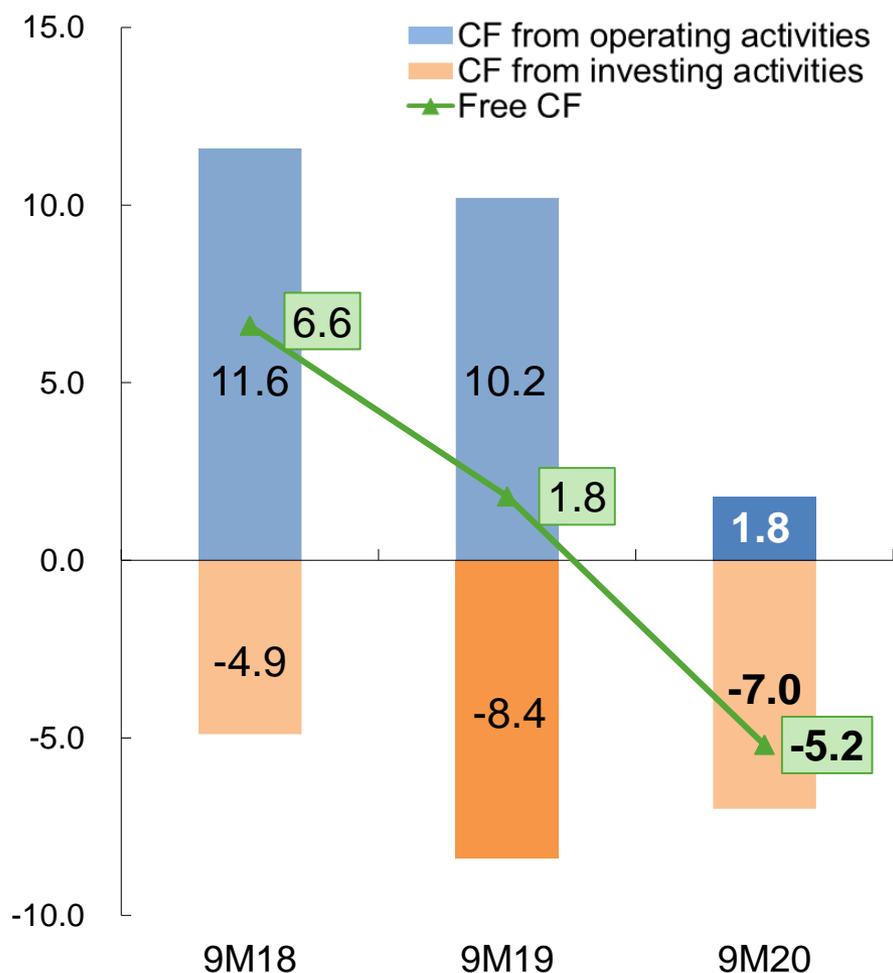
(Billions of yen)

- Cash & Deposits
- Interest Bearing Debt
- Net Interest Bearing Debt
(Interest Bearing Debt - Cash & Deposits)



Statement of Cash Flows

(Billions of yen)



(Billions of yen)

	9M18	9M19	9M20
Profit before income taxes	12.6	9.5	4.5
Depreciation	6.3	7.5	7.9
Others	-7.3	-6.8	-10.6
Net cash provided by (used in) operating activities	11.6	10.2	1.8
Purchase of property, plant and equipment	-4.1	-7.2	-16.0
Others	-0.8	-1.2	9.0
Net cash provided by (used in) investing activities	-4.9	-8.4	-7.0
Net increase (decrease) in short- and long-term borrowings	-4.7	2.4	19.6
Others	-3.3	-4.2	-3.5
Net cash provided by (used in) financing activities	-8.1	-1.7	16.1
Effect of exchange rate change on cash and cash equivalents etc.	0.0	-0.0	-0.1
Cash and cash equivalents	32.5	33.8	36.8
Free cash flow	6.6	1.8	-5.2

2. Financial Forecast for FY20

Summary of Financial Forecast for FY20

(Billions of yen)

	Full Year					4Q (3 months)		
	FY19 Actual	FY20 Forecast		Variance vs. FY19	Variance vs. Previous	FY19 Actual	FY20 Forecast (Feb. 9)	Variance vs. FY19
		Previous (Nov.10)	Current (Feb. 9)					
Net sales	239.1	210.0	205.0	-34.1	-5.0	54.4	59.0	+4.5
Operating profit	6.1	0.2	0.2	-5.9	±0.0	-1.9	-0.4	+1.4
%	2.6%	0.1%	0.1%	-2.5pt	+0.0pt	-3.6%	-0.8%	-
Ordinary profit	7.0	-1.3	-1.6	-8.6	-0.3	-2.3	-0.7	+1.6
%	2.9%	-0.6%	-0.8%	-	-	-4.3%	-1.2%	-
Profit attributable to owners of parent	3.3	1.0	1.0	-2.3	±0.0	-2.9	-1.2	+1.6
%	1.4%	0.5%	0.5%	-0.9pt	+0.0pt	-5.5%	-2.2%	-

*Exchange rates for the forecast 4Q20: JPY 105 / USD 1.00, JPY 120 / EUR 1.00

Financial Forecast for FY20 by Segment

(Billions of yen)

	Net sales					Operating profit				
	FY19 Actual	FY20 Forecast		Variance vs. FY19	Variance vs. Previous	FY19 Actual	FY20 Forecast		Variance vs. FY19	Variance vs. Previous
		Previous (Nov.10)	Current (Feb. 9)				Previous (Nov.10)	Current (Feb. 9)		
Watches	135.4	110.0	105.0	-30.4	-5.0	10.1	4.5	4.5	-5.6	±0.0
Electronic Devices	51.7	50.0	50.0	-1.7	±0.0	0.6	0.8	0.8	+0.1	±0.0
Systems Solutions	32.8	35.0	35.0	+2.1	±0.0	3.0	3.5	3.5	+0.4	±0.0
Sub total	220.0	195.0	190.0	-30.0	-5.0	13.7	8.8	8.8	-4.9	±0.0
Others	29.5	25.0	25.0	-4.5	±0.0	0.3	0.0	0.0	-0.3	±0.0
Cons. adj.	-10.4	-10.0	-10.0	+0.4	±0.0	-7.9	-8.6	-8.6	-0.6	±0.0
Cons. total	239.1	210.0	205.0	-34.1	-5.0	6.1	0.2	0.2	-5.9	±0.0

*Exchange rates for the forecast 4Q20: JPY 105 / USD 1.00, JPY 120 / EUR 1.00

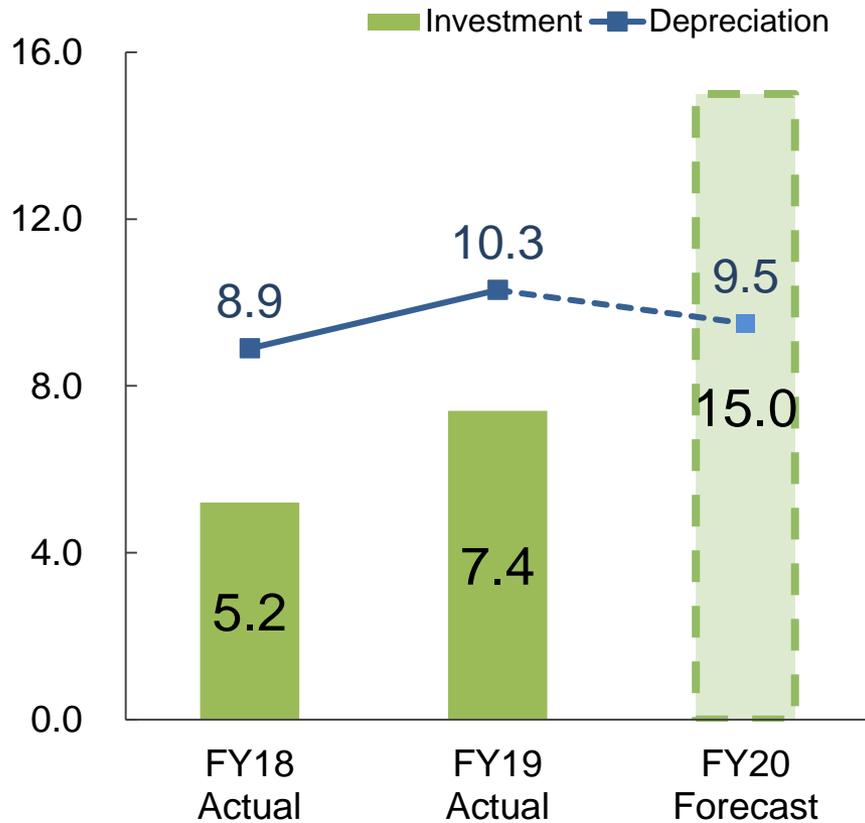
Financial Forecast for FY20 by Segment

(Billions of yen)

	Net sales 4Q (3 months)			Operating profit 4Q (3 months)		
	FY19 Actual	FY20 Forecast (Feb. 9)	Variance vs. FY19	FY19 Actual	FY20 Forecast (Feb. 9)	Variance vs. FY19
Watches	27.4	27.9	+0.4	-0.5	0.4	+1.0
Electronic Devices	13.2	15.1	+1.8	-0.0	0.7	+0.8
Systems Solutions	8.9	9.8	+0.9	0.7	0.9	+0.1
Sub total	49.6	52.9	+3.2	0.2	2.2	+1.9
Others	7.0	7.6	+0.5	0.1	0.4	+0.3
Cons. adj.	-2.2	-1.5	+0.7	-2.3	-3.1	-0.7
Cons. total	54.4	59.0	+4.5	-1.9	-0.4	+1.4

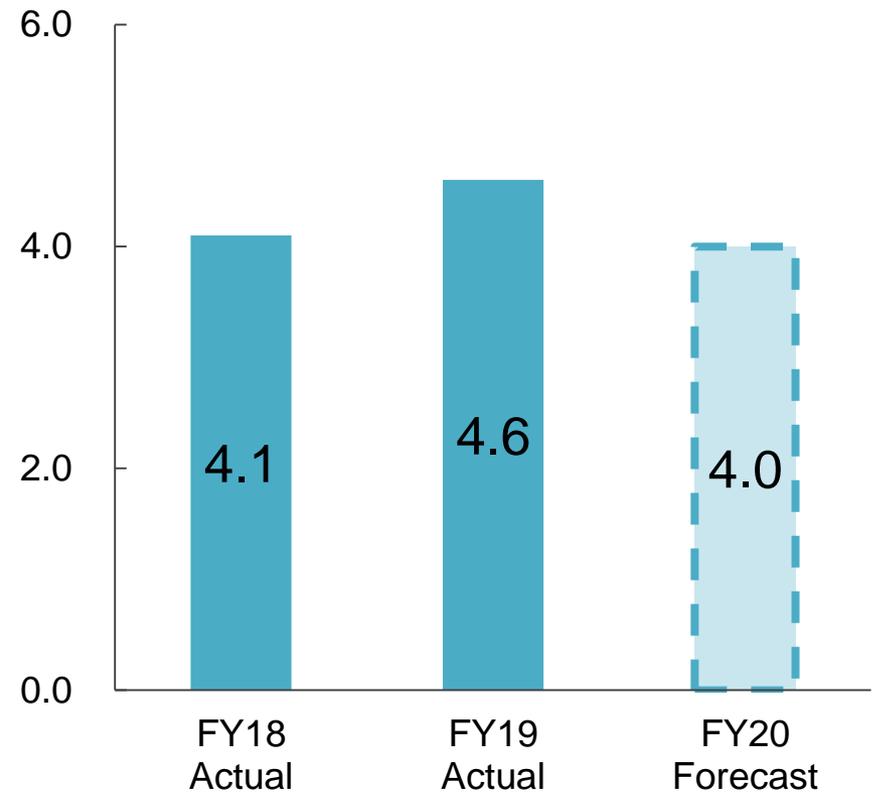
Investment / Depreciation

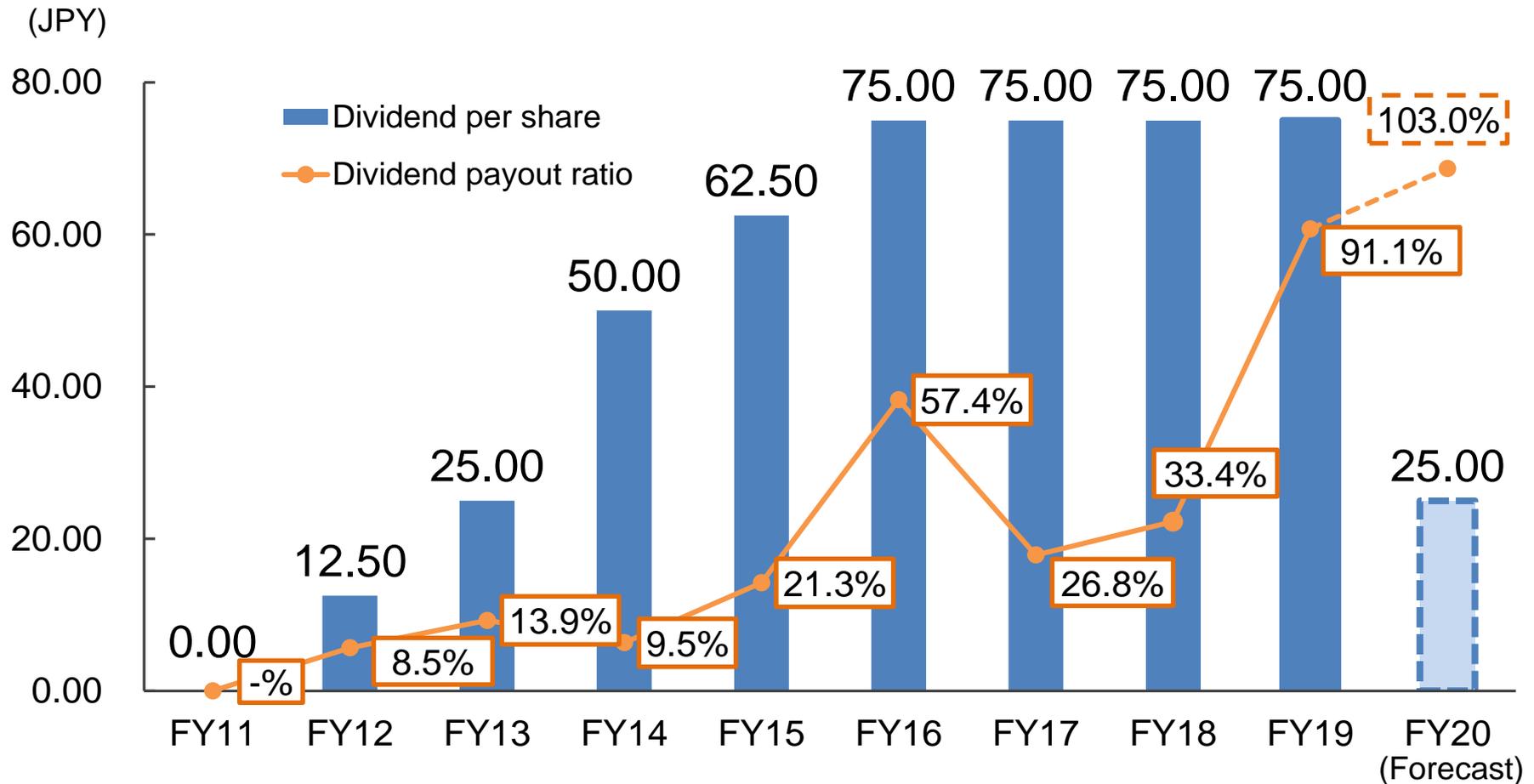
(Billions of yen)



R&D Expenses

(Billions of yen)





*The Company conducted a share consolidation of every five shares of its common stock into one share as of October 1, 2017. The annual dividends above reflect the share consolidation.

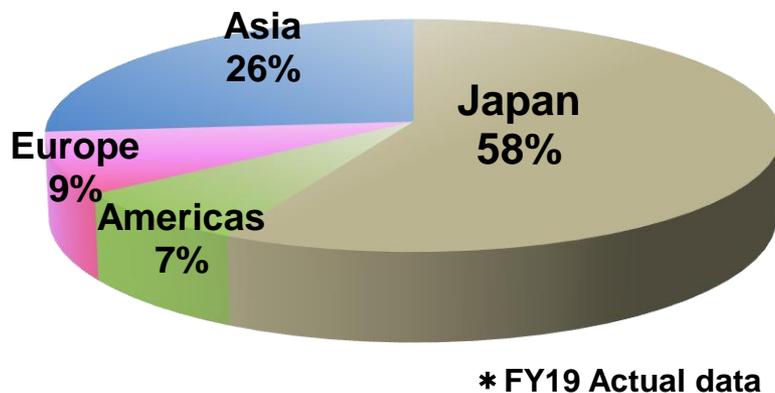
Exchange Rate Sensitivity (Jan. - Mar. 2021)

(Millions of yen)	USD	EUR
Exchange rate forecast	JPY 105.0	JPY 120.0
For <u>Net sales</u>	c. 200	c. 25
For <u>Operating profit</u>	c. 30	c. 10

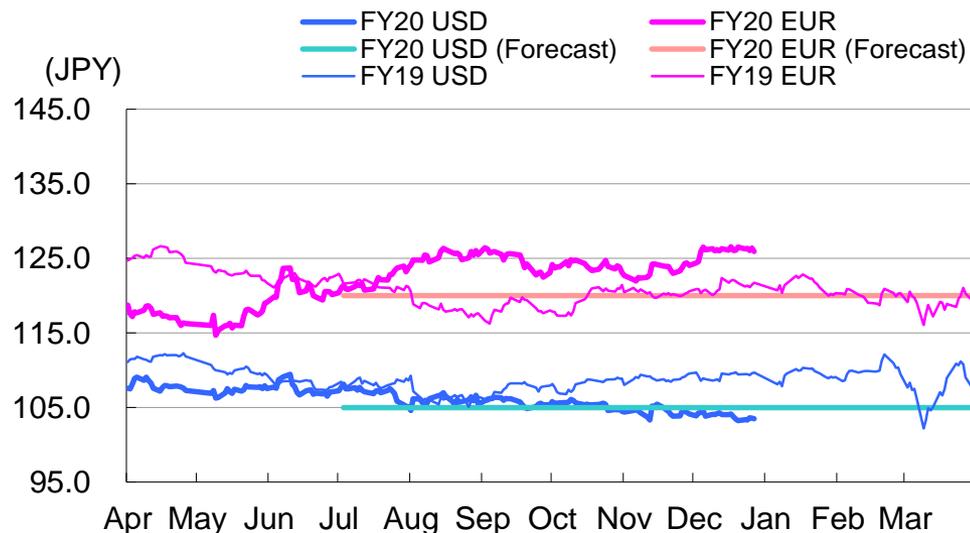
FY2020

(JPY)		Q1	Q2	Q3	9M	Forecast
Average	USD	107.6	106.2	104.5	106.1	105.0
	EUR	118.6	124.1	124.6	122.4	120.0
Closing Date	USD	107.7	105.8	103.5	-	105.0
	EUR	121.1	124.2	127.0	-	120.0

Sales by Area



Trend of Exchange Rate

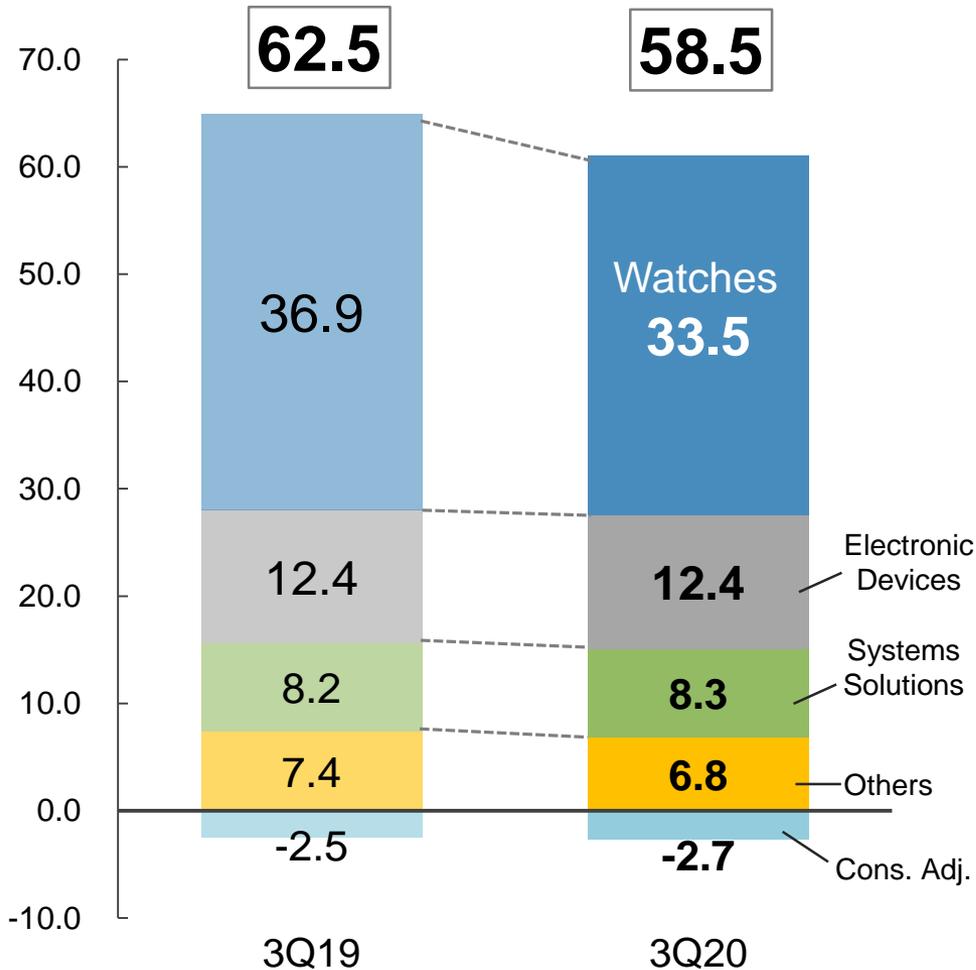


Reference

Net Sales by Segment for 3Q20 (Oct. - Dec. 2020)

(Billions of yen)

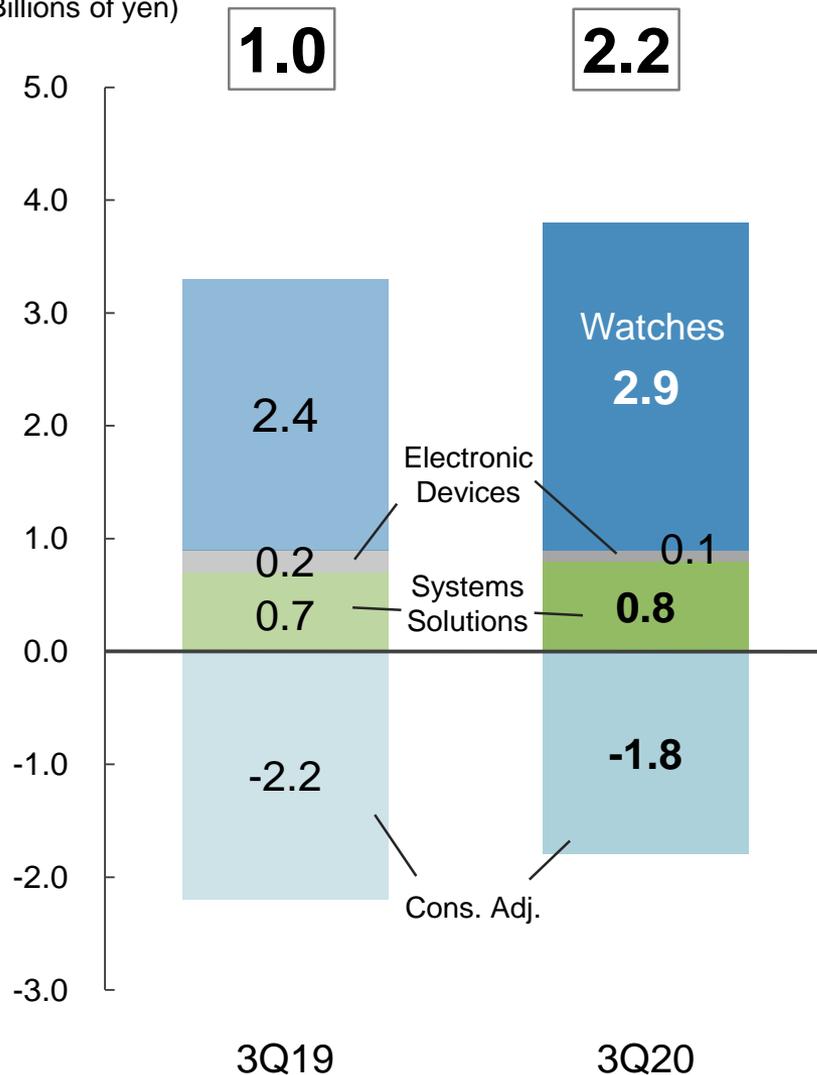
(Billions of yen)



	Net Sales (Composition ratio)		
	3Q19	3Q20	Variance
Watches	36.9 (59%)	33.5 (57%)	-3.3
Electronic Devices	12.4 (20%)	12.4 (21%)	-0.0
Systems Solutions	8.2 (13%)	8.3 (14%)	+0.0
Sub Total	57.6	54.3	-3.2
Others	7.4 (12%)	6.8 (12%)	-0.6
Cons. Adj.	-2.5 (-4%)	-2.7 (-5%)	-0.1
Cons. Total	62.5	58.5	-4.0

Operating Profit by Segment for 3Q20 (Oct. - Dec. 2020)

(Billions of yen)



(Billions of yen)

	Operating Profit		
	3Q19	3Q20	Variance
Watches	2.4	2.9	+0.4
Electronic Devices	0.2	0.1	-0.0
Systems Solutions	0.7	0.8	+0.1
Sub Total	3.4	4.0	+0.5
Others	-0.0	0.0	+0.1
Cons. Adj.	-2.2	-1.8	+0.4
Cons. Total	1.0	2.2	+1.1

End

**The forecasted results which appear in this presentation are based on the information which we have obtained as of now, and on certain assumptions deemed reasonable. As a result, actual results, etc. may differ significantly from the forecasted figures due to a wide range of factors.*

**Numbers are cut off to the unit indicated, unless otherwise specified.*