

Consolidated Results for the 3 months from April 1 to June 30, 2021

August 11, 2021



Points : Actual results for 1Q FY2021

➤ Net sales and profit increased significantly year on year in 1Q FY2021.

✓ Net Sales : 54.6 billion yen

(year-on-year +53.3% / Compared to the same period two years prior of -6.7%)

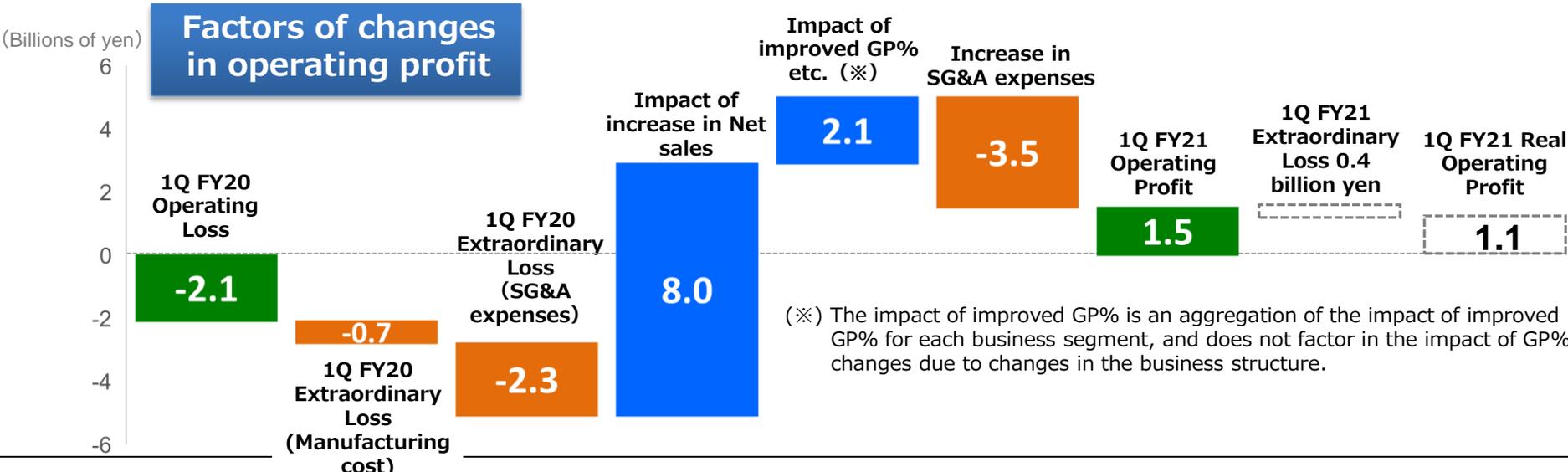
In the Watches Business, net sales grew significantly, mainly in the U.S. and China.

The Electronic Devices Business also maintained favorable performance, surpassing net sales in 4Q FY2020.

✓ Operating Profit : 1.5 billion yen

(year-on-year +3.6 billion yen / Compared to the same period two years prior of -46.6%)

Operating profit recovered steadily due to a recovery in net sales and GP%, despite an increase in expenses mainly resulting from a recovery in business activities and a return of fixed costs (3.0 billion yen), which had been transferred to extraordinary losses in the same period of the previous fiscal year.



- The full-year forecasted results were not changed from the previous forecasts, primarily due to the materialization of some risks.

【Assumptions for the forecasted results】

- ✓ Risk of spread of the Covid-19 infection

With the progress of vaccinations around the world, we assume that consumer activities will recover at physical stores from 3Q FY2021 onward, mainly in overseas markets. However, since the spread of mutant strains in Japan, Southeast Asia, and other countries is expected to impact sales and manufacturing activities, some of these factors are reflected in the forecasted results for the Watches Business and the Electronic Devices Business.

- ✓ Risk of a sharp rise in raw material prices and transportation costs, as well as shortages of raw materials and semiconductors

Although we assume that the market for the Electronic Devices Business will continue performing favorably, we factored in the impact of risks, such as a sharp rise in raw material prices and transportation costs, and shortages of raw materials and semiconductors, in light of the materialization of some of these risks.

1. Consolidated Results

Consolidated P/L for 1Q FY2021 (Apr. - Jun. 2021)

(Billions of yen)

| | FY19 1Q | FY20 1Q | FY21 1Q | Variance | | |
|--|------------|------------|------------|----------|--------|--------|
| | | | | Amt. | % | |
| Net Sales | 58.5 | 35.6 | 54.6 | +18.9 | +53.3% | |
| Gross Profit | 23.8 | 12.6 | 22.1 | +9.5 | +75.0% | |
| % | 40.7% | 35.6% | 40.6% | +5.0pt | | |
| Operating Profit | 2.8 | -2.1 | 1.5 | +3.6 | - | |
| % | 4.8% | -6.1% | 2.8% | - | | |
| Ordinary Profit | 3.3 | -2.5 | 1.7 | +4.3 | - | |
| % | 5.7% | -7.3% | 3.3% | - | | |
| Income before income taxes | 3.2 | 1.4 | 1.3 | -0.1 | -9.1% | |
| Profit attributable to owners of parent | 2.1 | 0.9 | 0.0 | -0.8 | -94.3% | |
| % | 3.7% | 2.6% | 0.1% | -2.5pt | | |
| Exchange Rates (JPY) | USD | 109.9 | 107.6 | 109.5 | +1.9 | +1.8% |
| | EUR | 123.5 | 118.6 | 131.9 | +13.3 | +11.2% |

Net Sales : y/y +18.9

Exchange rate fluctuations c. +0.7
Impact of the adoption of accounting
standard for revenue recognition +0.4

Operating Profit : y/y +3.6

Impact of increase in Net sales +7.7
Impact of improved GP% +1.7
Increase in SG&A expenses -5.8

Ordinary Profit : y/y +4.3

Increase in Operating profit +3.6
Improve in Equity-method income +0.6
Others +0.0

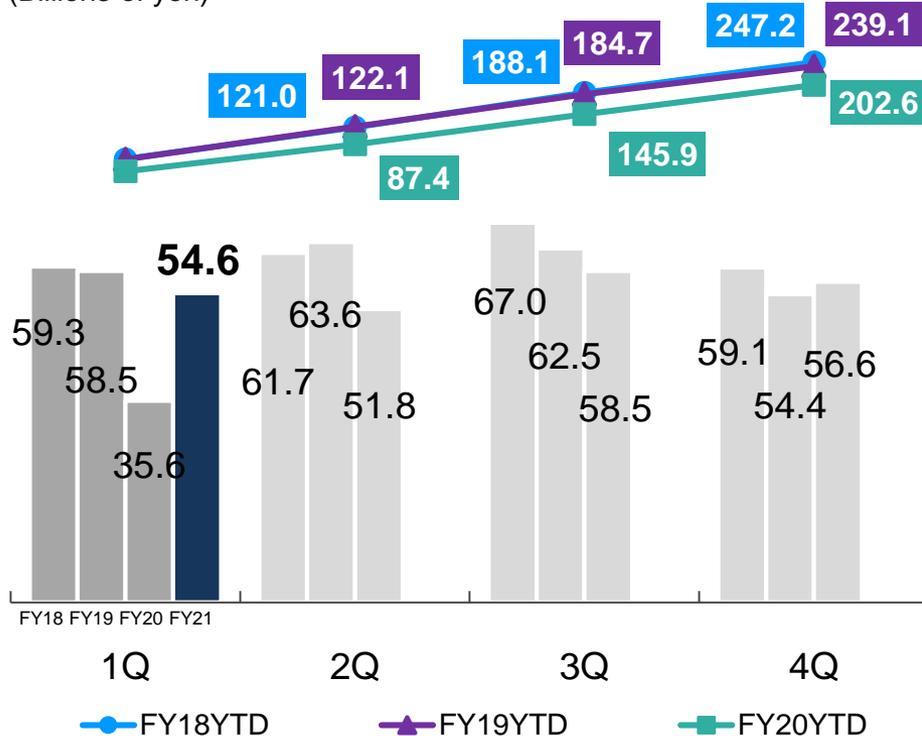
Extraordinary Income/Losses: -0.4

Extraordinary Income 0.0
Subsidy income 0.0
Extraordinary Losses 0.4
Loss on the spread of infectious
disease 0.4

Consolidated Quarterly Performance

Net Sales

(Billions of yen)

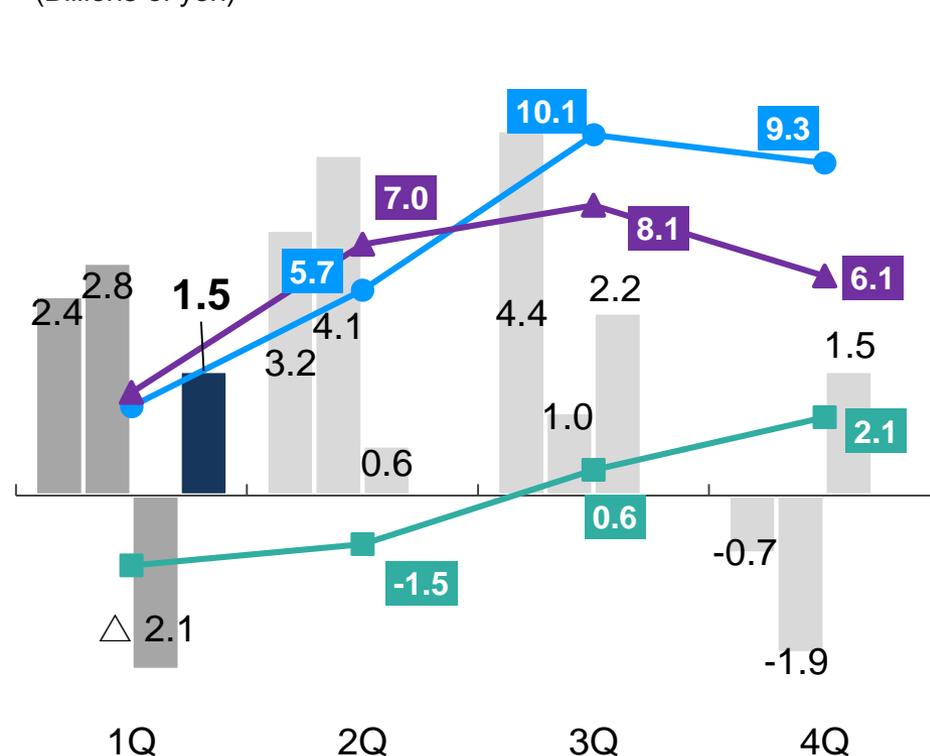


<Net sales growth % vs. previous fiscal year>

| | 1Q | 2Q | 3Q | 4Q | Total |
|-------------|---------------|--------|-------|-------|--------|
| FY21 | +53.3% | | | | |
| FY20 | -39.2% | -18.4% | -6.5% | +4.1% | -15.3% |
| FY19 | -1.4% | +3.1% | -6.7% | -8.0% | -3.3% |

Operating Profit

(Billions of yen)

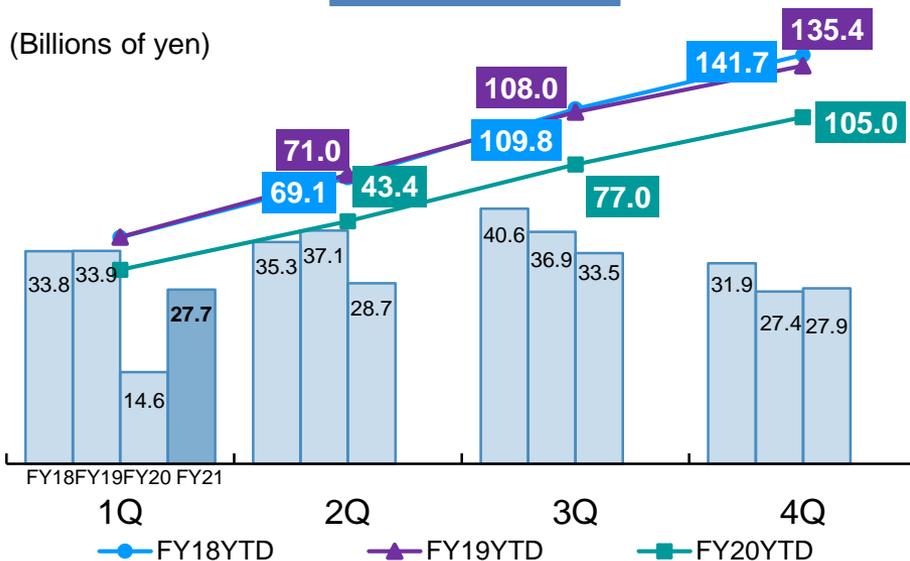


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| | 1Q | 2Q | 3Q | 4Q | Total |
|-------------|-------------|------|------|-------|-------|
| FY21 | 2.8% | | | | |
| FY20 | -6.1% | 1.3% | 3.8% | 2.6% | 1.1% |
| FY19 | 4.8% | 6.6% | 1.8% | -3.6% | 2.6% |
| FY18 | 4.1% | 5.3% | 6.6% | -1.3% | 3.8% |

Net Sales

(Billions of yen)

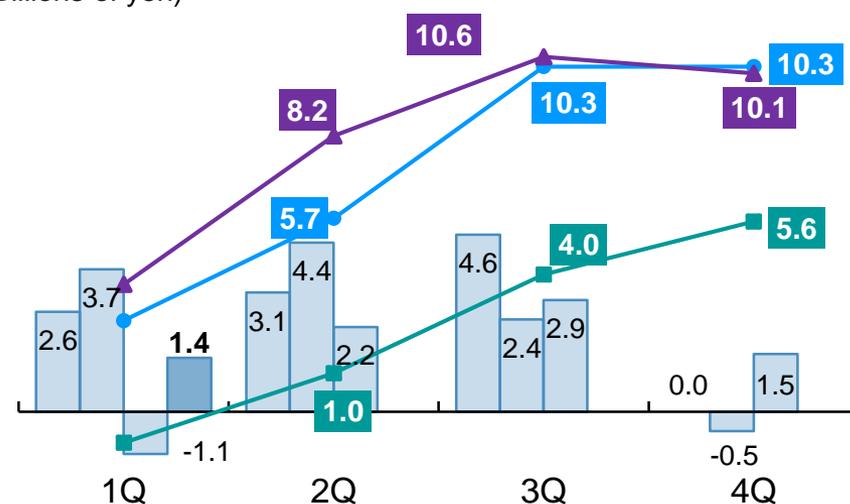


<Net sales growth % vs. previous fiscal year>

| | 1Q | 2Q | 3Q | 4Q | Total |
|-------------|---------------|--------|-------|--------|--------|
| FY21 | +88.9% | | | | |
| FY20 | -56.7% | -22.5% | -9.0% | +1.9% | -22.5% |
| FY19 | +0.3% | +5.1% | -9.0% | -14.2% | -4.5% |

Operating Profit

(Billions of yen)



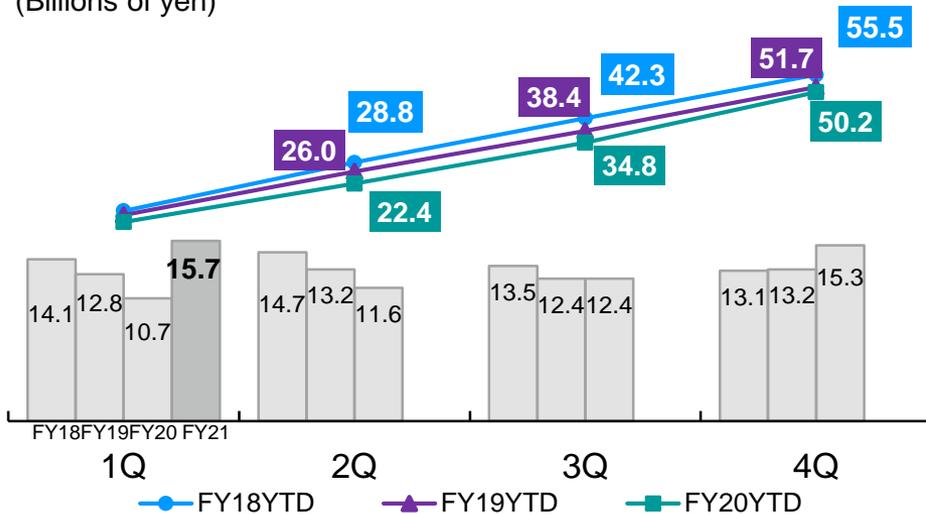
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| | 1Q | 2Q | 3Q | 4Q | Total |
|-------------|-------------|-------|-------|-------|-------|
| FY21 | 5.1% | | | | |
| FY20 | -7.9% | 7.7% | 8.8% | 5.7% | 5.3% |
| FY19 | 11.1% | 12.0% | 6.7% | -1.9% | 7.5% |
| FY18 | 7.7% | 8.8% | 11.3% | 0.1% | 7.3% |

- **Watches (In Japan)** : All distribution channels were impacted by the government's declaration of a state of emergency. However, a recovery was seen mainly in the high price range, after the declaration of a state of emergency was lifted in June. Regarding Grand Seiko (GS), new products for FY21 performed well.
- **Watches (In Overseas)** : Watches, especially Global Brands (GB) such as GS and Seiko Prospex, recovered significantly in each country. Products, including those other than GB also grew compared to two years prior, particularly in the U.S., China, and Australia.
- **Movements** : Demand for analogue quartz movements also recovered in line with the economic recovery.

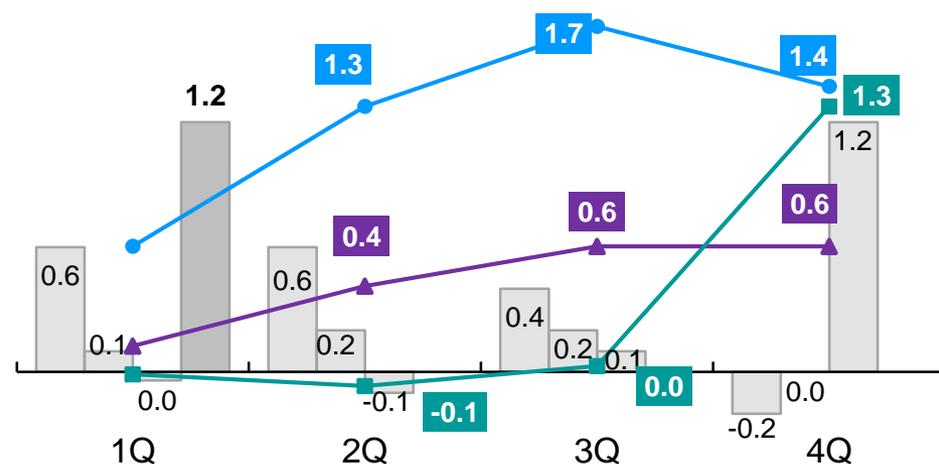
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

| | 1Q | 2Q | 3Q | 4Q | Total |
|-------------|---------------|--------|-------|--------|-------|
| FY21 | +46.5% | | | | |
| FY20 | -16.0% | -11.6% | -0.2% | +15.7% | -3.0% |
| FY19 | -9.2% | -10.1% | -8.2% | +0.8% | -6.8% |

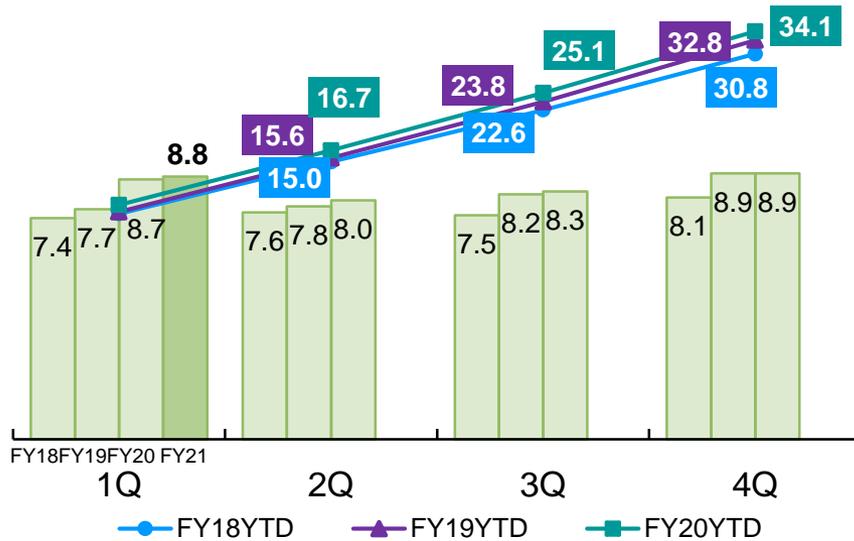
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| | 1Q | 2Q | 3Q | 4Q | Total |
|-------------|-------------|-------|------|-------|-------|
| FY21 | 8.0% | | | | |
| FY20 | -0.4% | -0.9% | 1.3% | 8.4% | 2.6% |
| FY19 | 1.5% | 1.8% | 1.7% | -0.3% | 1.2% |
| FY18 | 4.5% | 4.6% | 3.0% | -2.2% | 2.5% |

- Electronic : Due to the favorable semiconductor market, net sales of high-performance metals for semiconductor devices production equipment and quartz crystals expanded further year on year.
- Precision devices : Precision turned parts for automobiles and data centers performed favorably.
- Printing : Despite the sluggish growth in thermal printers due to the impact of shortages and soaring prices of devices components and materials, inkjet print heads, mainly for building materials grew significantly year on year.

Net Sales

(Billions of yen)

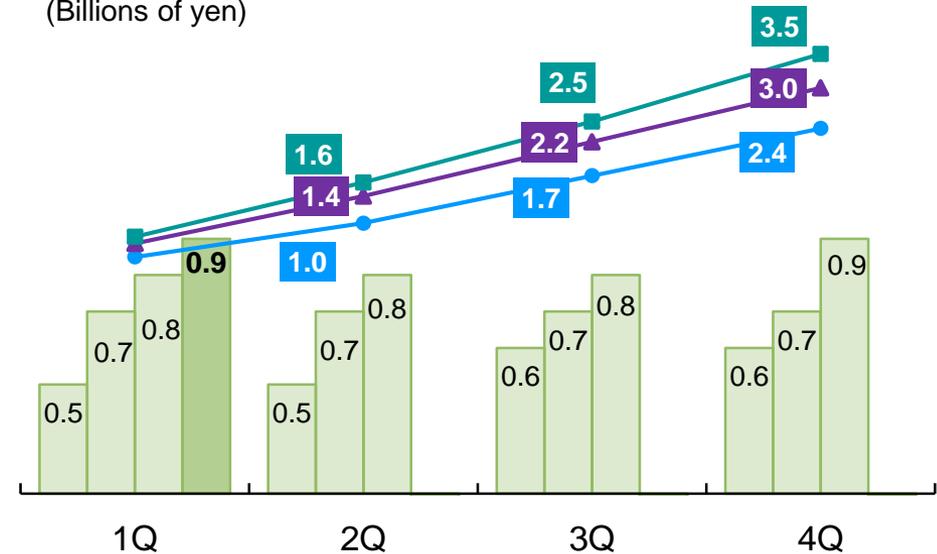


<Net sales growth % vs. previous fiscal year>

| | 1Q | 2Q | 3Q | 4Q | Total |
|-------------|--------------|-------|-------|-------|-------|
| FY21 | +0.5% | | | | |
| FY20 | +13.3% | +1.4% | +1.0% | +0.6% | +3.9% |
| FY19 | +4.3% | +3.1% | +9.0% | +9.7% | +6.6% |

Operating Profit

(Billions of yen)



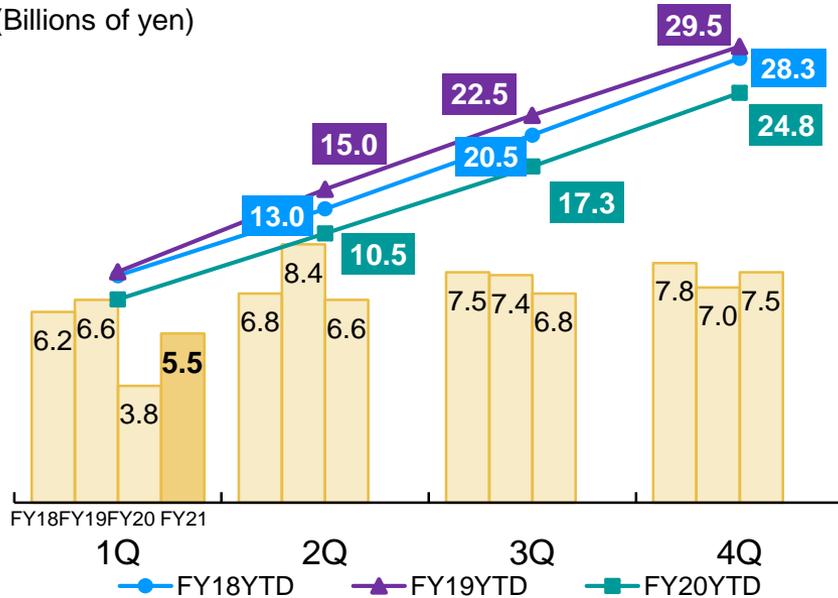
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| | 1Q | 2Q | 3Q | 4Q | Total |
|-------------|--------------|-------|-------|-------|-------|
| FY21 | 10.7% | | | | |
| FY20 | 9.5% | 10.7% | 10.5% | 10.8% | 10.4% |
| FY19 | 9.8% | 9.1% | 9.0% | 8.9% | 9.2% |
| FY18 | 6.9% | 7.4% | 8.3% | 8.5% | 7.8% |

IoT business and network-related business for 5G, which captures demand for digitalization, as well as performance management and security-related business, which is gaining importance due to the diversification of methods of access such as remote services and the increased use of cloud and external services, and other businesses performed favorably, resulting in continued growth in both net sales and profit for 21 consecutive quarters.

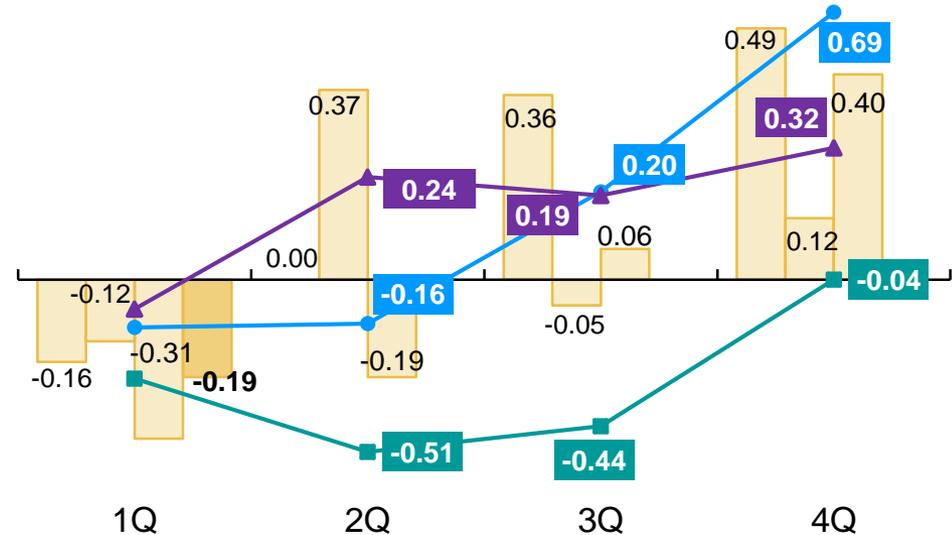
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

| | 1Q | 2Q | 3Q | 4Q | Total |
|-------------|---------------|--------|-------|-------|--------|
| FY21 | +44.0% | | | | |
| FY20 | -41.8% | -20.7% | -8.5% | +6.2% | -15.9% |
| FY19 | +6.6% | +23.6% | -0.4% | -9.8% | +4.3% |

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| | 1Q | 2Q | 3Q | 4Q | Total |
|-------------|--------------|-------|-------|------|-------|
| FY21 | -3.5% | | | | |
| FY20 | -8.1% | -3.0% | 0.9% | 5.4% | -0.2% |
| FY19 | -1.9% | 4.4% | -0.7% | 1.8% | 1.1% |
| FY18 | -2.7% | 0.1% | 4.9% | 6.3% | 2.5% |

Sales under the Wako Business were sluggish due to the impact of the government's third declaration of a state of emergency in April, in Japan. In the Time Creation Business, including the Clocks Business, even though the Covid-19 infection had an impact, net sales recovered to the level attained two years prior, when there was no impact from the infection.

Balance Sheets as of June 30, 2021

(Billions of yen)

| | Jun. 30, 2019 | Jun. 30, 2020 | Mar. 31, 2021(a) | Jun. 30, 2021(b) | Variance (b)-(a) |
|-----------------------|---------------|---------------|------------------|------------------|------------------|
| Inventories | 60.8 | 72.5 | 68.4 | 72.0 | +3.6 |
| Interest Bearing Debt | 110.4 | 126.9 | 131.2 | 126.9 | -4.2 |

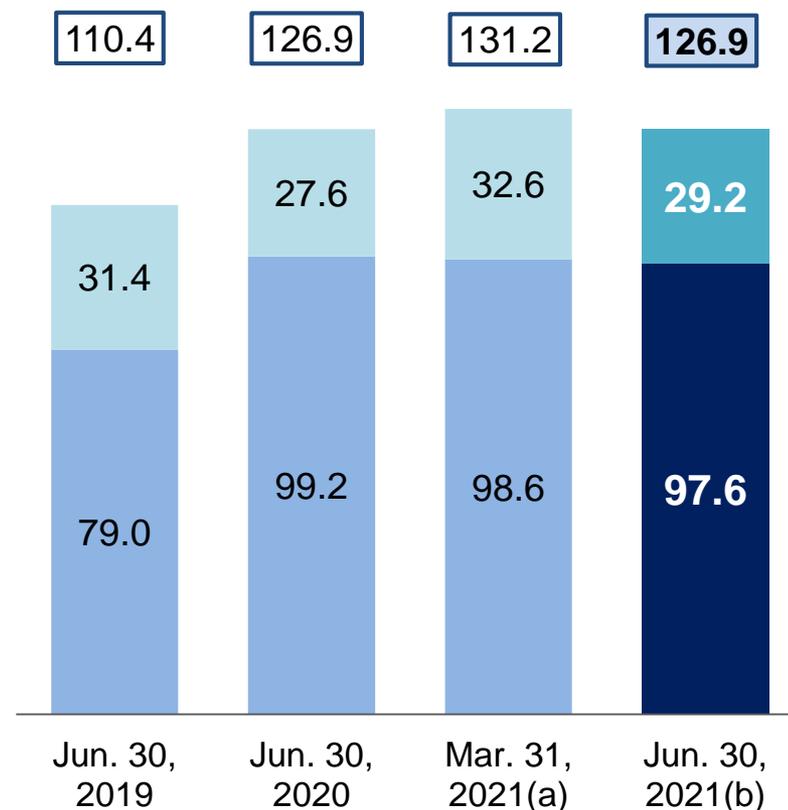
| | | | | | |
|--------------|-------|-------|-------|-------|------|
| Net Assets | 109.8 | 104.0 | 113.0 | 112.7 | -0.3 |
| Total Assets | 303.4 | 304.6 | 319.6 | 320.3 | +0.6 |

| | | | | | |
|-----------------------|--------|--------|--------|--------|--------|
| Equity Capital Ratio | 35.8% | 33.7% | 34.9% | 34.7% | -0.2pt |
| Net Debt Equity Ratio | 0.7 | 0.9 | 0.8 | 0.8 | -0.0 |
| Number of Employees | 12,124 | 12,237 | 12,092 | 12,096 | +4 |

Interest Bearing Debt

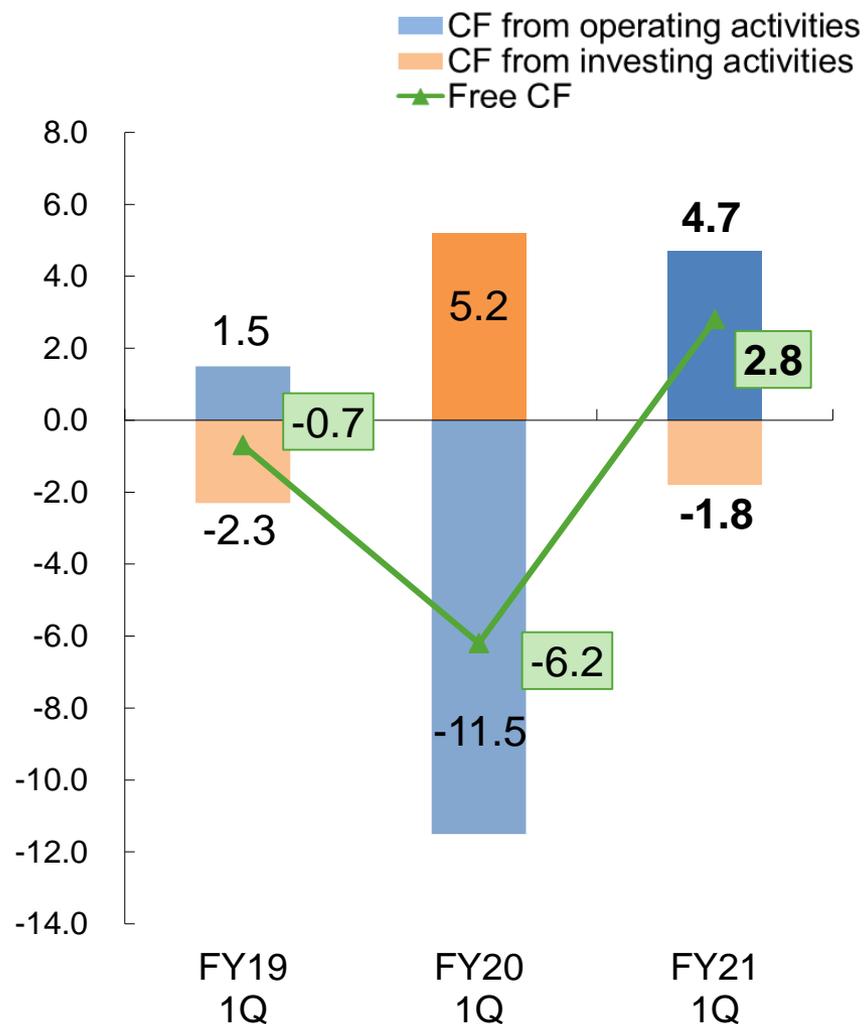
(Billions of yen)

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



Statement of Cash Flows (Approximate figure)

(Billions of yen)



(Billions of yen)

| | FY19 1Q | FY20 1Q | FY21 1Q |
|---|------------|------------|------------|
| Profit before income taxes | 3.2 | 1.4 | 1.3 |
| Depreciation | 2.5 | 2.4 | 2.5 |
| Others | -4.2 | -15.4 | 0.7 |
| Net cash provided by (used in) operating activities | 1.5 | -11.5 | 4.7 |
| Purchase of property, plant and equipment | -1.6 | -3.1 | -1.6 |
| Others | -0.6 | 8.3 | -0.2 |
| Net cash provided by (used in) investing activities | -2.3 | 5.2 | -1.8 |
| Net increase (decrease) in short- and long-term borrowings | 0.7 | 9.9 | -4.0 |
| Others | -1.9 | -2.0 | -1.8 |
| Net cash provided by (used in) financing activities | -1.1 | 7.8 | -5.9 |
| Effect of exchange rate change on cash and cash equivalents etc. | -0.3 | -0.0 | 0.0 |
| Cash and cash equivalents | 31.4 | 27.6 | 29.2 |
| Free cash flow | -0.7 | -6.2 | 2.8 |

2. Financial Forecast for FY2021

Summary of Financial Forecast for FY2021

(Billions of yen)

| | Full Year | | | 2Q-4Q (9 months) | | |
|---|-------------|------------------------|-------------------|------------------|------------------------|-------------------|
| | FY20 Actual | FY21 Forecast (Aug 10) | Variance vs. FY20 | FY20 Actual | FY21 Forecast (Aug 10) | Variance vs. FY20 |
| Net sales | 202.6 | 235.0 | +32.3 | 167.0 | 180.3 | +13.3 |
| Operating profit | 2.1 | 5.5 | +3.3 | 4.3 | 3.9 | -0.3 |
| % | 1.1% | 2.3% | +1.3pt | 2.6% | 2.2% | -0.4pt |
| Ordinary profit | 0.6 | 6.0 | +5.3 | 3.2 | 4.2 | +0.9 |
| % | 0.3% | 2.6% | +2.2pt | 1.9% | 2.3% | +0.4pt |
| Profit attributable to owners of parent | 3.4 | 4.0 | +0.5 | 2.5 | 3.9 | +1.4 |
| % | 1.7% | 1.7% | -0.0pt | 1.5% | 2.2% | +0.7pt |

*Exchange rates for the forecast 2Q-4Q: JPY 105 / USD 1.00, JPY 125 / EUR 1.00

*No changes in forecast for FY2021 presented on May 11, 2021

Financial Forecast for FY2021 by Segment

(Billions of yen)

| | Net sales | | | Operating profit | | |
|--------------------------------|-------------|------------------------|-------------------|------------------|------------------------|-------------------|
| | FY20 Actual | FY21 Forecast (Aug 10) | Variance vs. FY20 | FY20 Actual | FY21 Forecast (Aug 10) | Variance vs. FY20 |
| Watches | 105.0 | 126.0 | +20.9 | 5.6 | 7.0 | +1.3 |
| Electronic Devices | 50.2 | 56.0 | +5.7 | 1.3 | 3.0 | +1.6 |
| Systems Solutions | 34.1 | 36.0 | +1.8 | 3.5 | 4.0 | +0.4 |
| Sub total | 189.3 | 218.0 | +28.6 | 10.4 | 14.0 | +3.5 |
| Time Creation, WAKO and others | 24.8 | 30.0 | +5.1 | -0.0 | 0.5 | +0.5 |
| Cons. adj. | -11.5 | -13.0 | -1.4 | -8.2 | -9.0 | -0.7 |
| Cons. total | 202.6 | 235.0 | +32.3 | 2.1 | 5.5 | +3.3 |

*Exchange rates for the forecast FY21: JPY 105 / USD 1.00, JPY 125 / EUR 1.00

*No changes in forecast for FY2021 presented on May 11, 2021

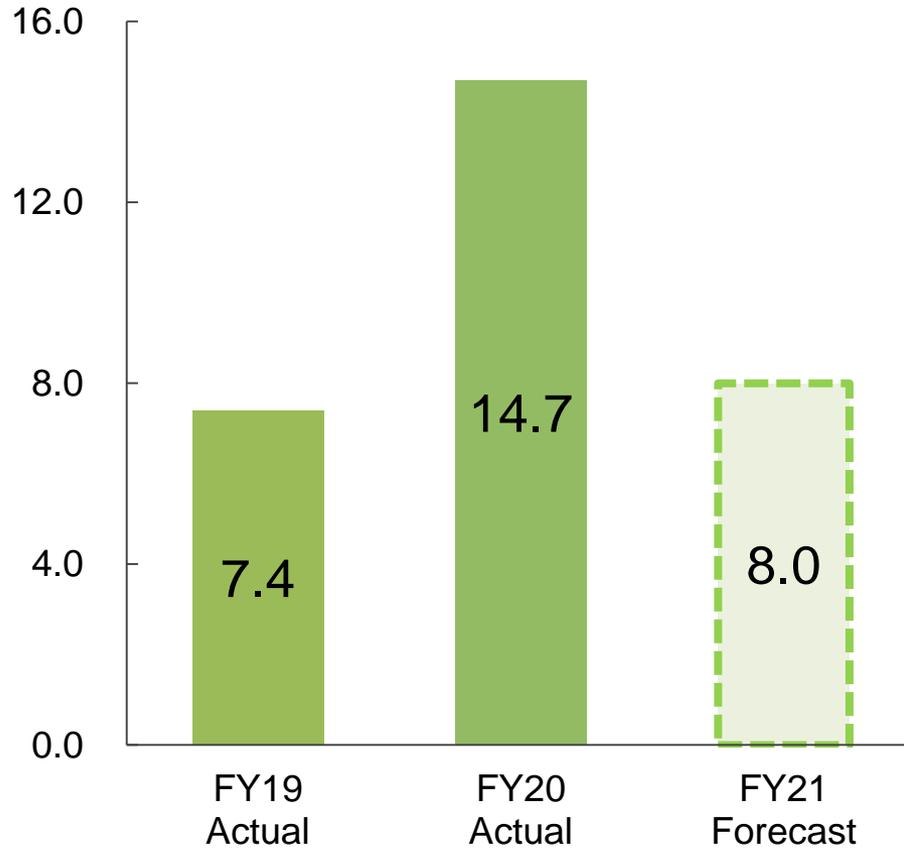
Financial Forecast for FY2021 by Segment

(Billions of yen)

| | Net sales 2Q-4Q (9 months) | | | Operating profit 2Q-4Q (9 months) | | |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------|--------------------------------------|-------------------------------|-------------------------|
| | FY20 Actual | FY21 Forecast (Aug. 10) | Variance vs. FY20 | FY20 Actual | FY21 Forecast (Aug. 10) | Variance vs. FY20 |
| Watches | 90.3 | 98.2 | +7.8 | 6.7 | 5.5 | -1.1 |
| Electronic Devices | 39.4 | 40.2 | +0.7 | 1.3 | 1.7 | +0.3 |
| Systems Solutions | 25.3 | 27.1 | +1.8 | 2.7 | 3.0 | +0.3 |
| Sub total | 155.1 | 165.6 | +10.5 | 10.8 | 10.3 | -0.4 |
| Time Creation, WAKO and others | 21.0 | 24.4 | +3.4 | 0.2 | 0.6 | +0.4 |
| Cons. adj. | -9.1 | -9.7 | -0.6 | -6.7 | -7.0 | -0.3 |
| Cons. total | 167.0 | 180.3 | +13.3 | 4.3 | 3.9 | -0.3 |

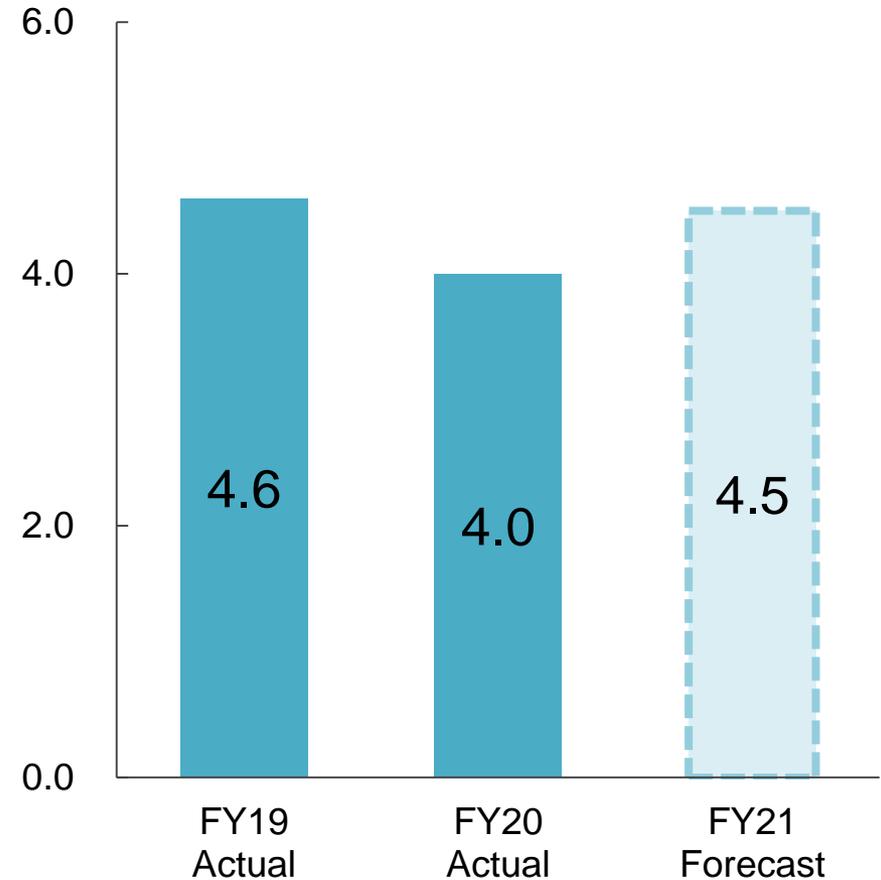
Investment

(Billions of yen)

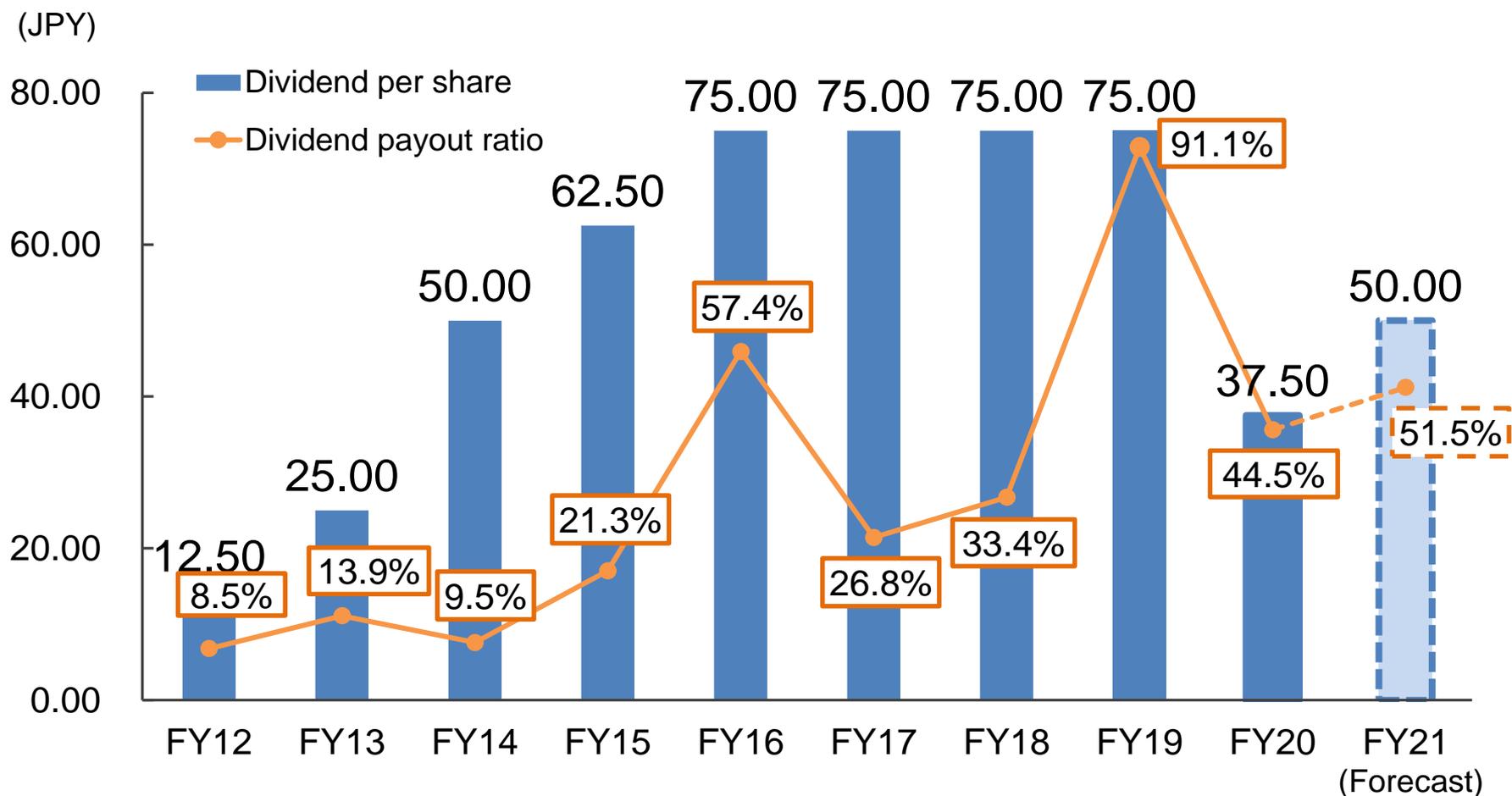


R&D Expenses

(Billions of yen)



*No changes in forecast for FY2021 presented on May 11, 2021



*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.

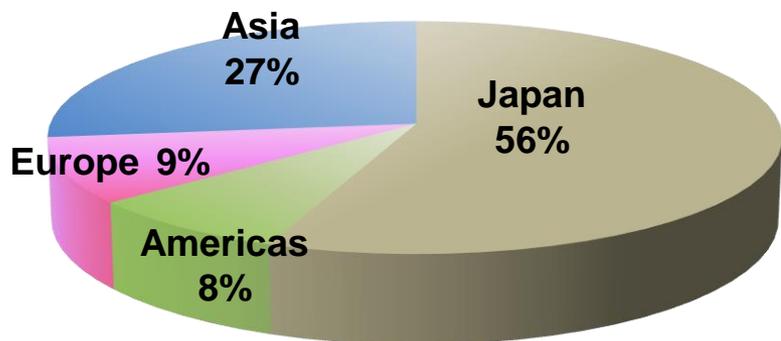
Exchange Rate Sensitivity (Jul. 2021-Mar. 2022)

| (Millions of yen) | USD | EUR |
|------------------------|-----------|-----------|
| Exchange rate forecast | JPY 105.0 | JPY 125.0 |
| For Net sales | c. 700 | c. 120 |
| For Operating profit | c. 150 | c. 40 |

FY2021

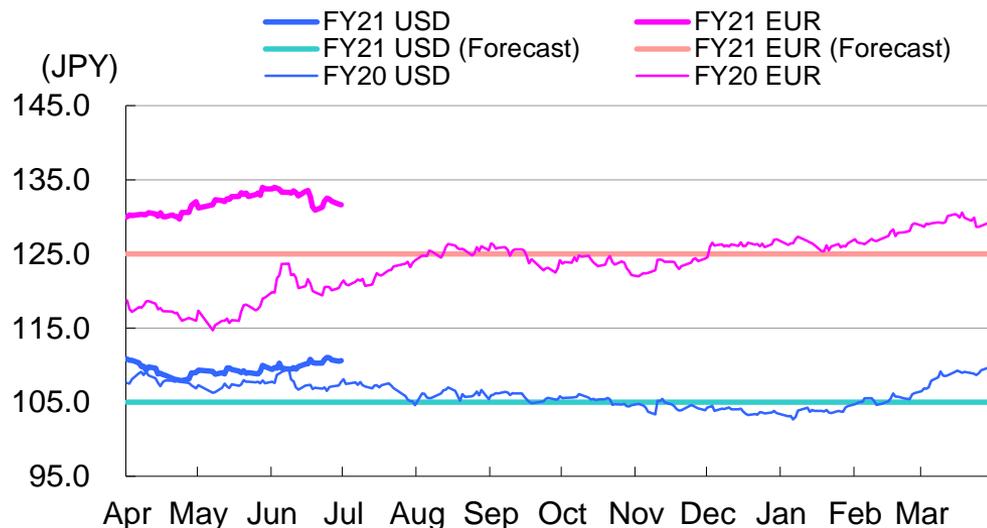
| | (JPY) | 1Q | Forecasted rate |
|--------------|-------|-------|-----------------|
| Average | USD | 109.5 | 105.0 |
| | EUR | 131.9 | 125.0 |
| Closing Date | USD | 110.6 | 105.0 |
| | EUR | 131.6 | 125.0 |

Sales by Area



* FY20 Actual data

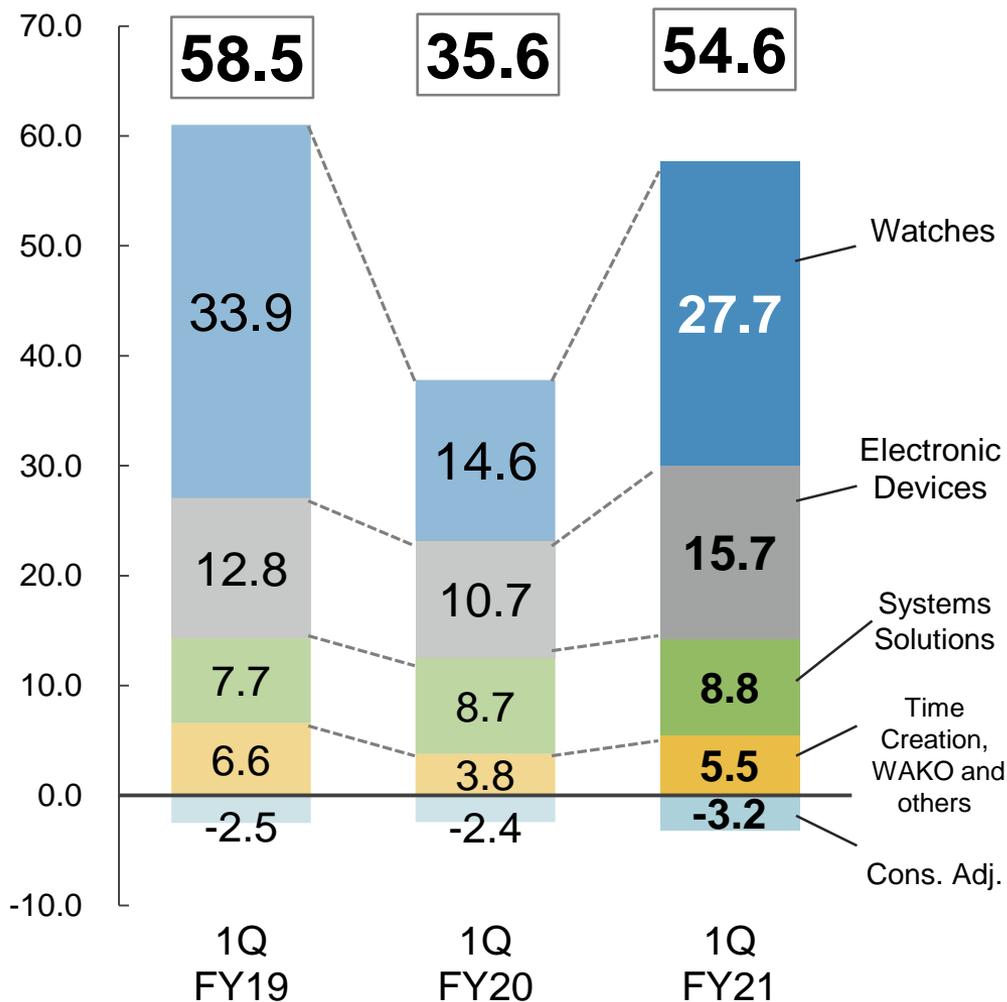
Trend of Exchange Rate



Reference

Net Sales by Segment for 1Q21 (Apr. - Jun. 2021)

(Billions of yen)



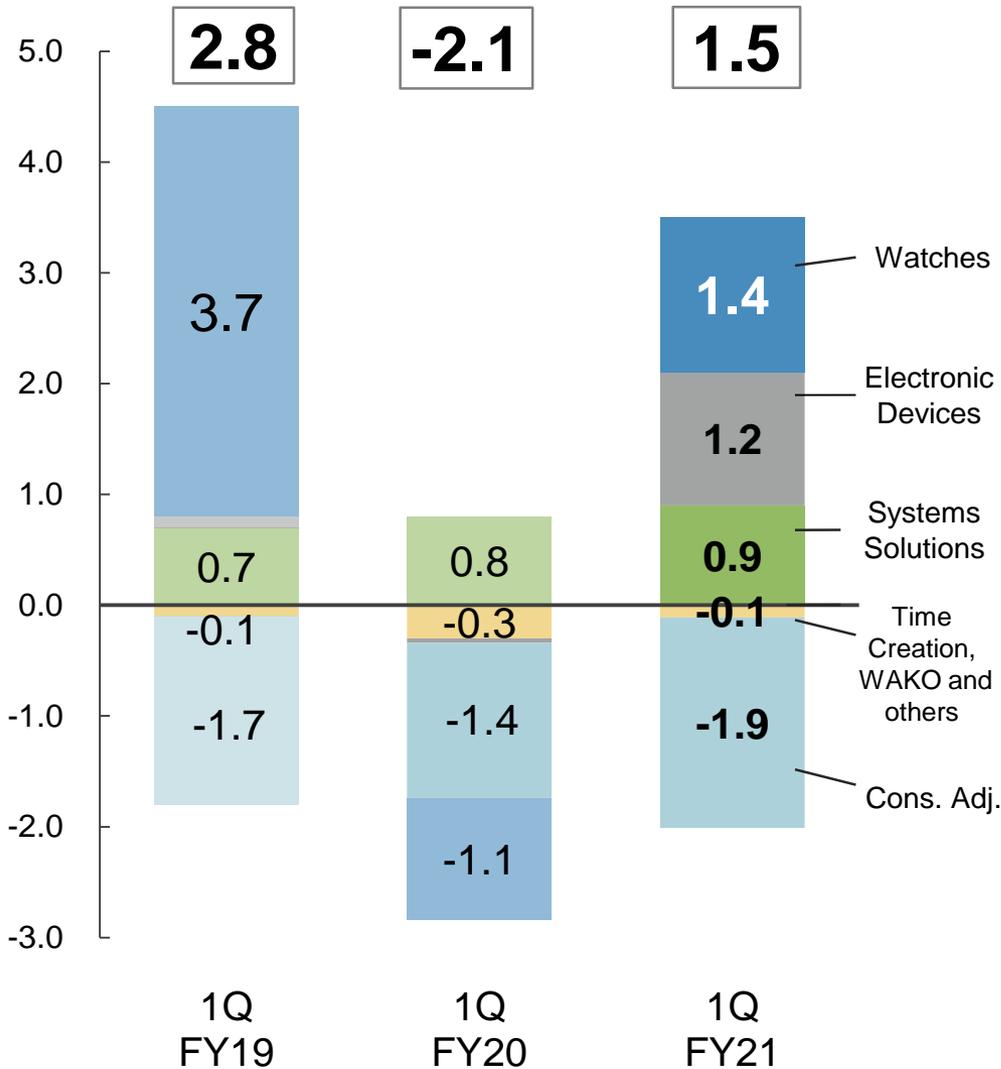
(Billions of yen)

| | Net Sales (Composition ratio) | | | |
|--------------------------------|----------------------------------|---------------|---------------|----------|
| | FY19 1Q | FY20 1Q | FY21 1Q | Variance |
| Watches | 33.9 (58%) | 14.6 (41%) | 27.7 (51%) | +13.0 |
| Electronic Devices | 12.8 (22%) | 10.7 (30%) | 15.7 (29%) | +4.9 |
| Systems Solutions | 7.7 (13%) | 8.7 (25%) | 8.8 (16%) | +0.0 |
| Sub Total | 54.4 | 34.2 | 52.3 | +18.0 |
| Time Creation, WAKO and others | 6.6 (11%) | 3.8 (11%) | 5.5 (10%) | +1.6 |
| Cons. Adj. | -2.5 (-4%) | -2.4 (-7%) | -3.2 (-6%) | -0.7 |
| Cons. Total | 58.5 | 35.6 | 54.6 | +18.9 |

Operating Profit by Segment for 1Q21 (Apr. - Jun. 2021)

(Billions of yen)

(Billions of yen)



| | Operating Profit | | | |
|--------------------------------|------------------|------------|------------|----------|
| | FY19 1Q | FY20 1Q | FY21 1Q | Variance |
| Watches | 3.7 | -1.1 | 1.4 | +2.5 |
| Electronic Devices | 0.1 | -0.0 | 1.2 | +1.3 |
| Systems Solutions | 0.7 | 0.8 | 0.9 | +0.1 |
| Sub Total | 4.7 | -0.3 | 3.6 | +3.9 |
| Time Creation, WAKO and others | -0.1 | -0.3 | -0.1 | +0.1 |
| Cons. Adj. | -1.7 | -1.4 | -1.9 | -0.4 |
| Cons. Total | 2.8 | -2.1 | 1.5 | +3.6 |

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.*