

FY2020 Q2
Consolidated Results
(for the 6 months ended September 30, 2020)

November 11, 2020

◆ Actual results for Q2 FY2020

- The Company's performance gradually recovered since June. However, net sales were sluggish in the Watches, the Electronic Devices, the Clocks, the Wako Businesses and others due to the prolonged effects of COVID-19, including a loss of inbound demand from foreign tourists to Japan due to global movement restrictions, self-restraint regarding traveling within Japan, and a stagnation in the food service industry.
- The Systems Solutions Business performed favorably, owing to the success of efforts to diversify the business and expand the stock business, in addition to a grow in sales in cashless-related businesses, application performance management software and others.
- Advertising and promotion expenses for H1/FY2020 fell by approximately 25% year on year. Other expenses also decreased that the total Selling, general and administrative expenses decreased by 7.6 billion yen.
- Operating profit in 3 months of Q2 FY2020 came to 0.6 billion yen, which is a significant improvement from Operating losses of 2.1 billion yen in 3 months of Q1 FY2020.

- ◆ Announced a Grand Seiko concept creation:
“T0” Constant-force Tourbillon



T0
CONSTANT FORCE

- ◆ Seiko Diver's 55th Anniversary event:
“Feel the Spirit of Keep Going Forward”



Period		Environment
Q1	Apr.	Business activities were generally sluggish at sales companies and manufacturing sites, with the exception of those in China.
	May	Overseas markets for the Watches Business and other businesses started to recover, and manufacturing activities gradually resumed.
	Jun.	The state of emergency was lifted, and the Japanese market also began to recover.
Q2	Jul.	Recovery further progressed in Japan and overseas, and most restrictions on manufacturing activities were lifted.
	Aug.	<ul style="list-style-type: none"> - Infections in Japan began to grow again, slowing down recovery in urban areas. Despite this, recovery was steady, excluding a loss of inbound demand from foreign tourists to Japan. - Overseas watch markets continued to recover.
	Sep.	<ul style="list-style-type: none"> - Recovery continued in September at the same level as in August, despite a significant decline year on year in the domestic market, which had experienced a surge in demand in September last year before a consumption-tax hike. - Overseas markets generally recovered to the level of the same period of the previous fiscal year.
Q3~ (Estimate/P remise)		The infections are spreading again in Europe. However, the Company's financial forecast does not incorporate a resumption of the pandemic beyond its current state. Although some cities are reimposing lockdowns, economic activities continue in Japan and overseas. In addition, there are no restrictions on traveling within Japan, and restrictions on cross-border movement are being lifted gradually. However, inbound demand from foreign tourists to Japan is not expected to recover during the current fiscal year.

- ◆ There are concerns that for the Watches Business, the completed watches market will be affected by the resurgence of the novel coronavirus, including the reimposition of lockdowns by some European cities. However, the Company assumes that consumption activities will continue to recover in Japan, the U.S., Asia, and elsewhere into the year-end. Meanwhile, in the movements market, the Company assumes that standard analogue quartz movements will remain sluggish.
- ◆ With regard to the Electronic Devices Business, the Company believes that recovery will be delayed for the printer-related business that targets the automotive industry and retail market and for products for the watch market. However, performance will remain strong for products for data centers.
- ◆ The Systems Solutions Business will aim to grow further by capturing business opportunities in business fields where demand is growing, such as cashless and other contactless application and remote-related businesses.
- ◆ The dividend per share for interim and year-end dividends for FY2020 is expected to be 12.5 yen, respectively, combined for an annual dividend of 25.0 yen.

Solar green power purchase (at Morioka Seiko Instruments Inc.)



System time recorders with a thermometer feature



Watch-type vital sensor



Voice digital watch: Renewed after 11 years



Assembly of non-contact thermometers



Infrared sensor modules for contactless thermometers



1. Consolidated Results

		FY19 H1	FY20 H1	Variance	
				Amt.	%
Net Sales		122.1	87.4	-34.6	-28.4%
Gross Profit		49.7	33.5	-16.1	-32.5%
	%	40.7%	38.4%	-2.3pt	
Operating Profit		7.0	-1.5	-8.5	-
	%	5.7%	-1.7%	-	
Ordinary Profit		7.8	-2.0	-9.9	-
	%	6.4%	-2.3%	-	
Income before income taxes		7.8	3.4	-4.3	-55.7%
Profit attributable to owners of parent		5.4	2.1	-3.3	-61.0%
	%	4.4%	2.4%	-2.0pt	
Exchange Rates (JPY)	USD	108.6	106.9	-1.7	-1.6%
	EUR	121.4	121.3	-0.1	-0.1%

(Billions of yen)

Net Sales : y/y -34.6

Exchange rate fluctuations approx. -0.5

Operating Profit : y/y -8.5

Impact of decrease in Net sales -13.3

Impact of deteriorated GP% -2.8

Decrease in SG&A expenses +7.6

Ordinary Profit : y/y -9.9

Decrease in Operating profit -8.5

Decrease in Equity-method income -1.5

Others +0.1

Extraordinary Income/Losses: +5.5
Extraordinary Income 8.6

Gain on sales of investment securities 7.6

Subsidy income 0.5

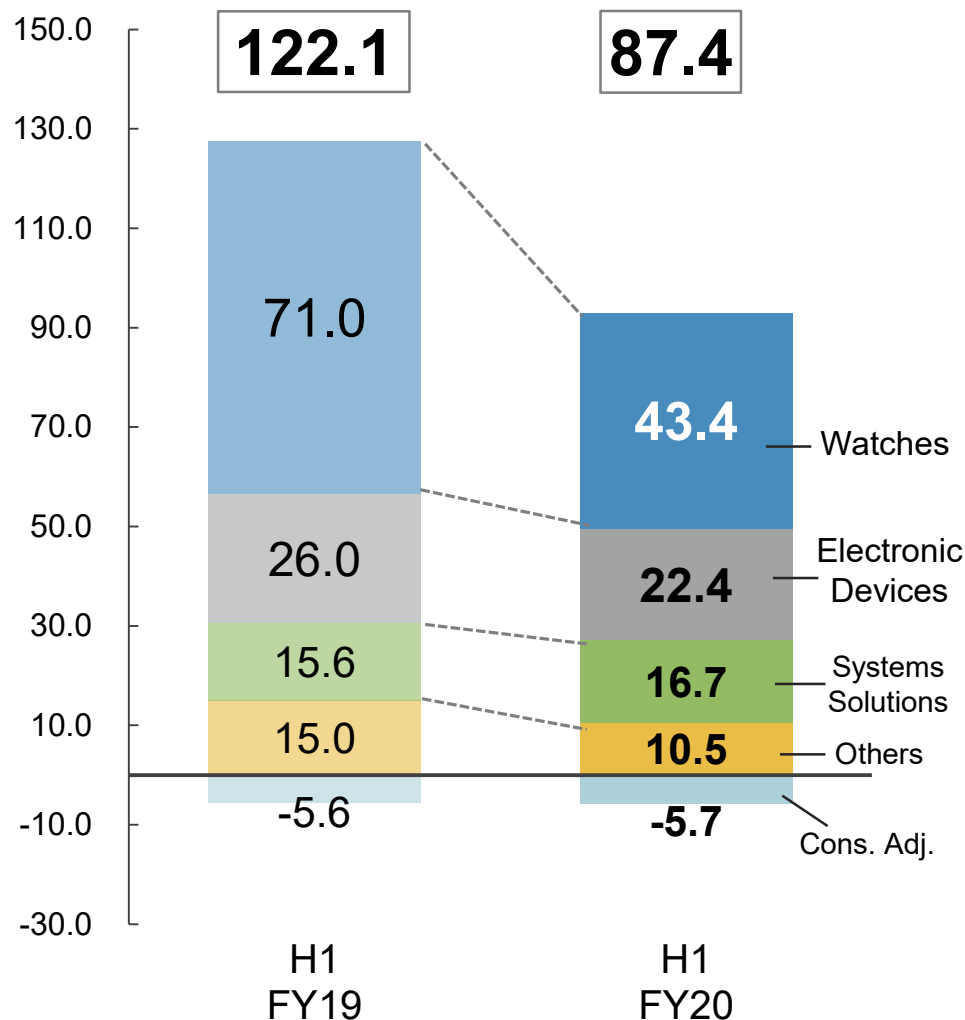
Gain on sales of non-current assets 0.5

Extraordinary Losses 3.1

Loss on the spread of infectious disease 3.1

Sales by Reported Segment (Apr. 2020 – Sep. 2020)

(Billions of yen)

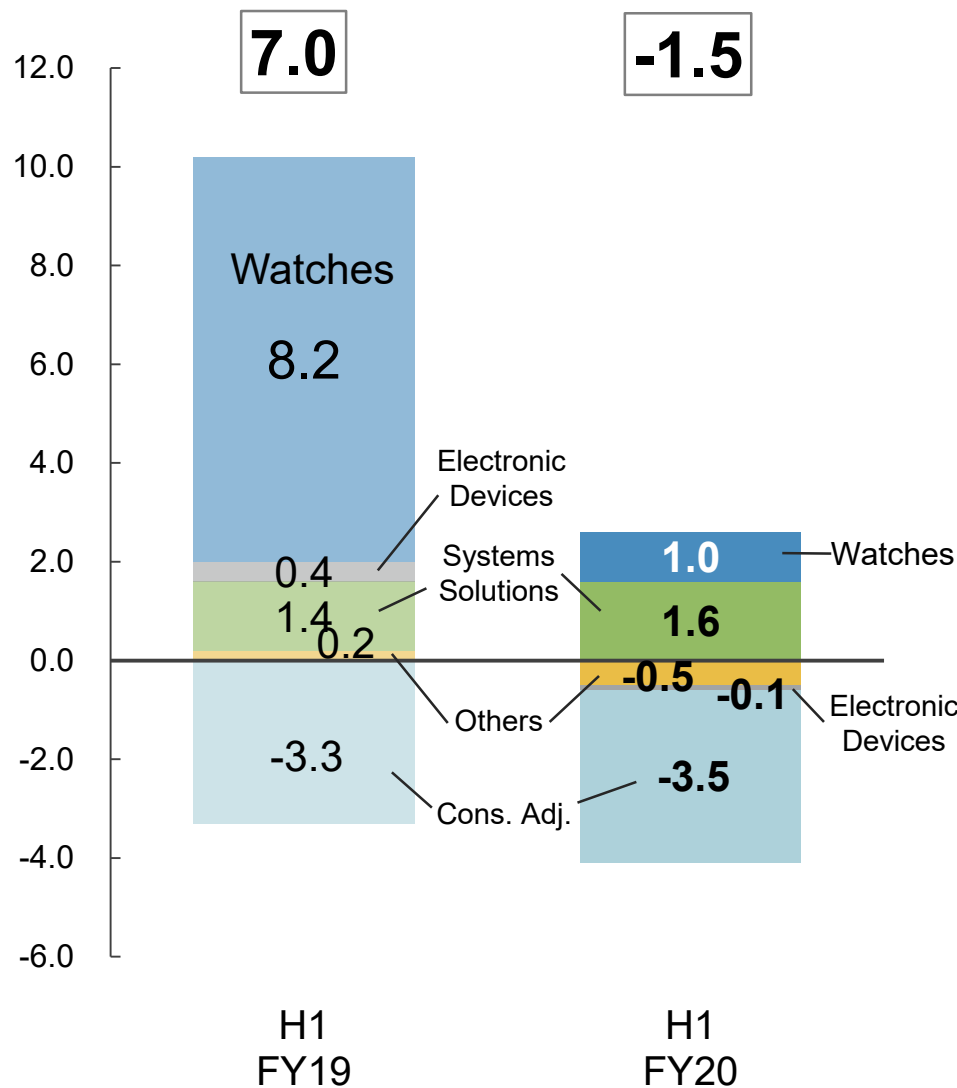


(Billions of yen)

	Net Sales (Composition ratio)		
	FY19 H1	FY20 H1	Variance
Watches	71.0 (58%)	43.4 (50%)	-27.6
Electronic Devices	26.0 (21%)	22.4 (26%)	-3.5
Systems Solutions	15.6 (13%)	16.7 (19%)	+1.1
Sub Total	112.7	82.7	-30.0
Others	15.0 (12%)	10.5 (12%)	-4.5
Cons. Adj.	-5.6 (-5%)	-5.7 (-7%)	-0.1
Cons. Total	122.1	87.4	-34.6

Operating Profit by Reported Segment (Apr. 2020 - Sep. 2020)

(Billions of yen)

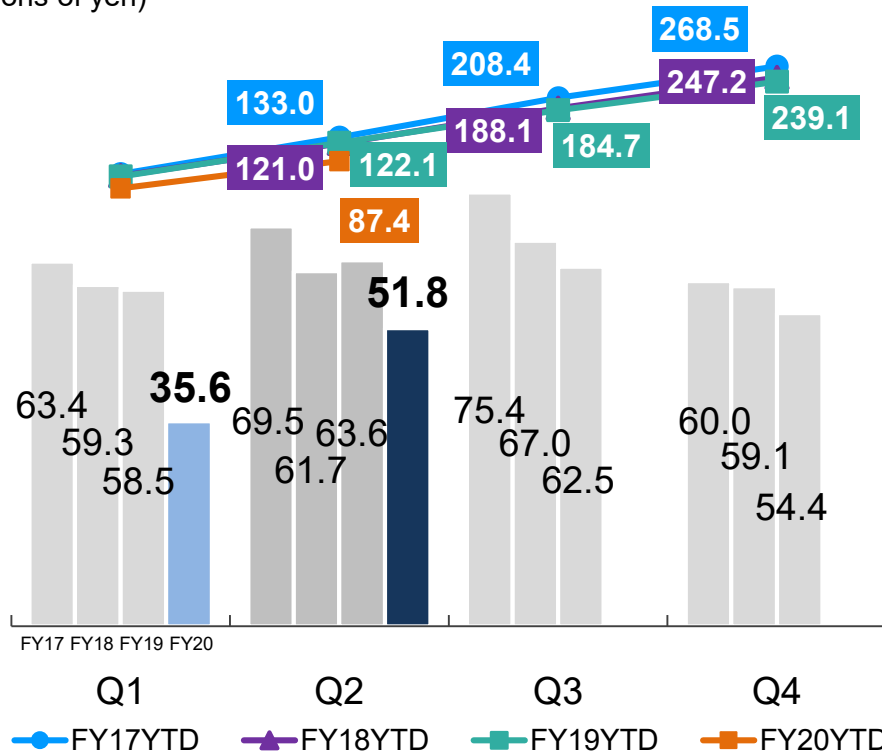


(Billions of yen)

	Operating Profit		
	FY19 H1	FY20 H1	Variance
Watches	8.2	1.0	-7.1
Electronic Devices	0.4	-0.1	-0.5
Systems Solutions	1.4	1.6	+0.2
Sub Total	10.1	2.5	-7.5
Others	0.2	-0.5	-0.7
Cons. Adj.	-3.3	-3.5	-0.2
Cons. Total	7.0	-1.5	-8.5

Net Sales

(Billions of yen)

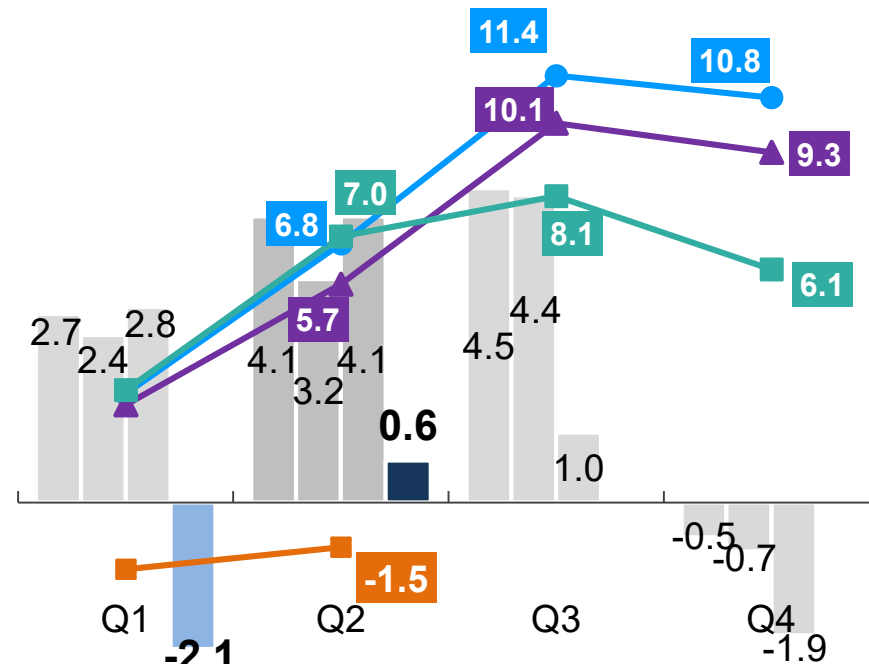


<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total	Q2YTD
FY20	-39.2%	-18.4%				-28.4%
FY19	-1.4%	+3.1%	-6.7%	-8.0%	-3.3%	+0.9%
FY18	-6.5%	-11.3%	-11.1%	-1.5%	-7.9%	-9.0%

Operating Profit

(Billions of yen)

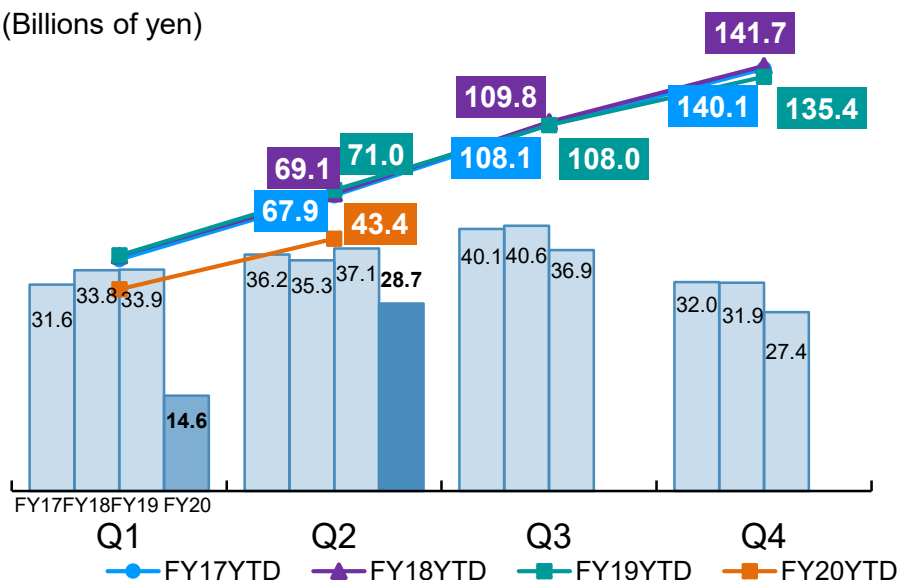


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	Q1	Q2	Q3	Q4	Total	Q2YTD
FY20	-6.1%	1.3%				-1.7%
FY19	4.8%	6.6%	1.8%	-3.6%	2.6%	5.7%
FY18	4.1%	5.3%	6.6%	-1.3%	3.8%	4.7%
FY17	4.3%	6.0%	6.0%	-1.0%	4.0%	5.2%

Net Sales

(Billions of yen)

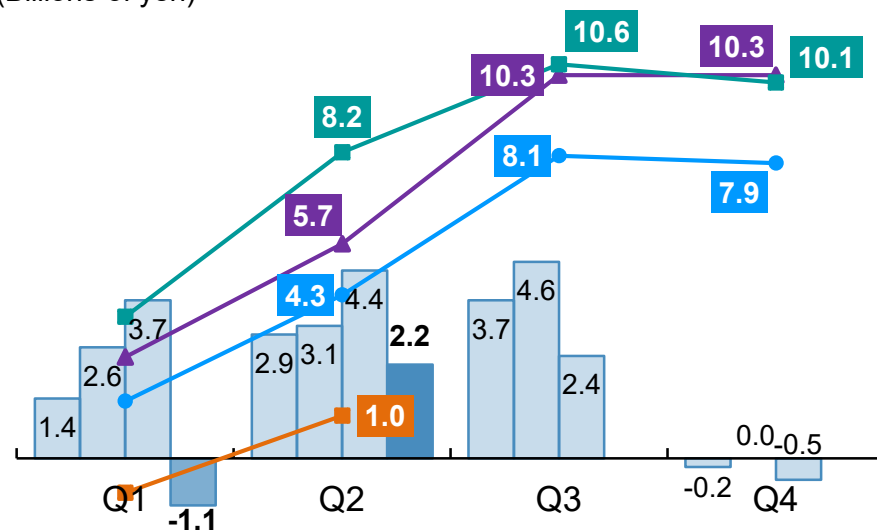


<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total	Q2YTD
FY20	-56.7%	-22.5%				-38.8%
FY19	+0.3%	+5.1%	-9.0%	-14.2%	-4.5%	+2.7%
FY18	+6.7%	-2.4%	+1.1%	-0.1%	+1.2%	+1.8%

Operating Profit

(Billions of yen)



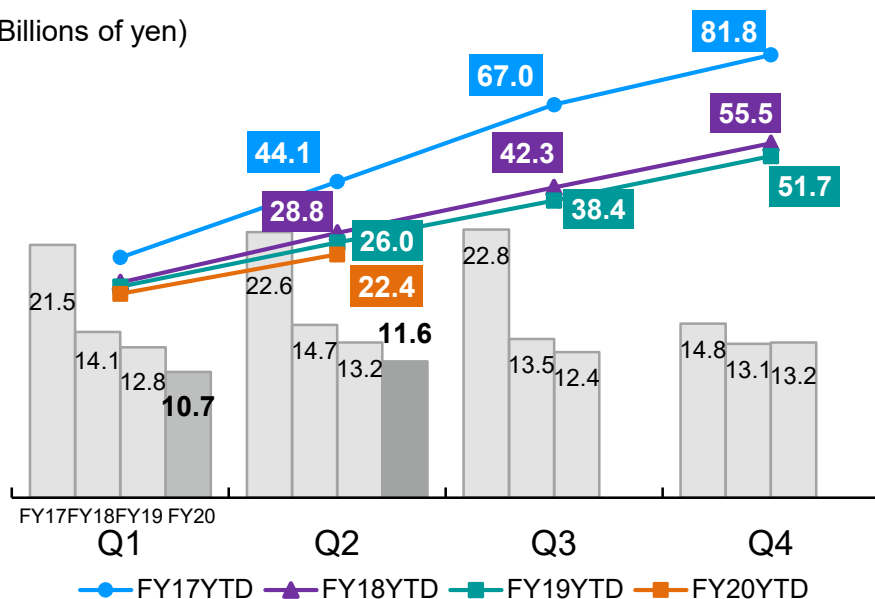
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	Q1	Q2	Q3	Q4	Total	Q2YTD
FY20	-7.9%	7.7%				2.4%
FY19	11.1%	12.0%	6.7%	-1.9%	7.5%	11.5%
FY18	7.7%	8.8%	11.3%	0.1%	7.3%	8.3%
FY17	4.5%	8.1%	9.3%	-0.7%	5.6%	6.5%

- **Watches (In Japan)** : Net sales of Seiko Prospex, which commemorates the 55th Anniversary of Seiko's diver's watch, grew favorably. On a distribution channel basis, department stores and mass retailers operating primarily in the Tokyo metropolitan area were affected significantly by COVID-19.
- **Watches (In Overseas)** : In the U.S., Grand Seiko and Seiko Prospex performed strongly. As a result, overall net sales in the U.S. from Jul. to Sep. exceeded those of the same period of FY2019. In Europe, Global Brands grew favorably. In China, e-commerce continued to post strong performance, while net sales of Grand Seiko increased in physical stores. Net sales for the 3 months in Q2 also grew in Thailand, Taiwan, Australia and other areas.
- **Movements** : Net sale saw a stagnant performance due to a sluggish demand for analogue quartz movements and partial restrictions of manufacturing activities for mechanical movements.

Net Sales

(Billions of yen)

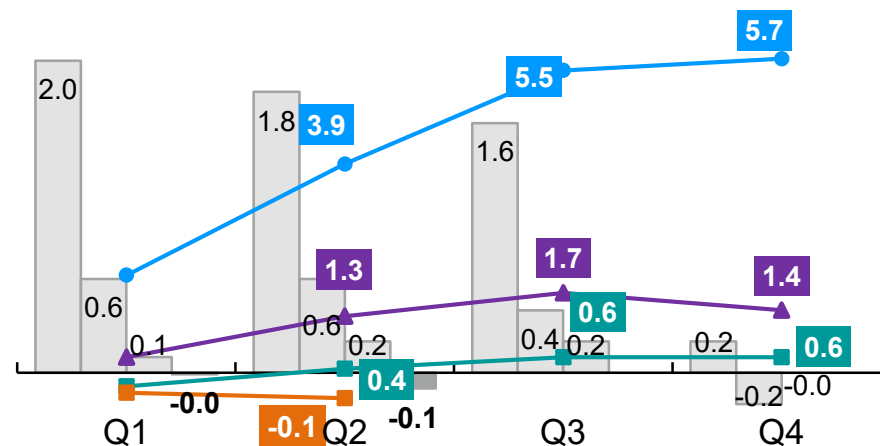


<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total	Q2YTD
FY20	-16.0%	-11.6%				-13.8%
FY19	-9.2%	-10.1%	-8.2%	+0.8%	-6.8%	-9.6%
FY18	-34.6%	-35.0%	-40.6%	-11.2%	-32.1%	-34.8%

Operating Profit

(Billions of yen)



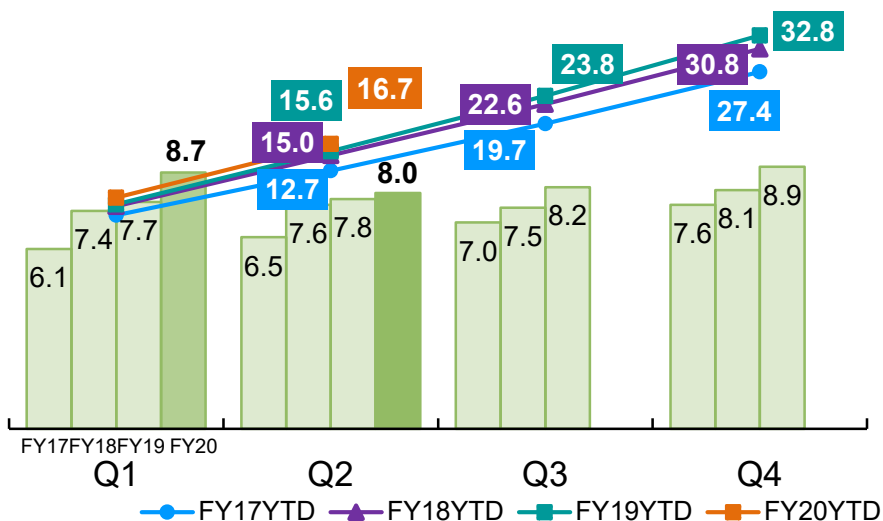
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	Q1	Q2	Q3	Q4	Total	Q2YTD
FY20	-0.4%	-0.9%				-0.6%
FY19	1.5%	1.8%	1.7%	-0.3%	1.2%	1.7%
FY18	4.5%	4.6%	3.0%	-2.2%	2.5%	4.5%
FY17	9.5%	8.2%	7.2%	1.7%	7.1%	8.8%

Net sales in the printer-related business were sluggish due to a slow recovery of demand in the retail and sign markets, despite a gradual recovery of businesses from the effects of COVID-19. Meanwhile, sales of products such as precision components for data centers, silver oxide batteries, and high-performance metals for semiconductor production equipment were favorable.

Net Sales

(Billions of yen)

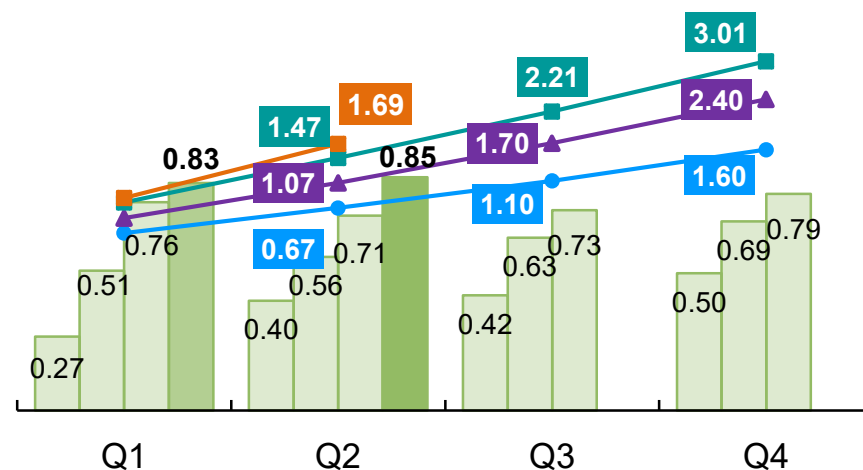


<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total	Q2YTD
FY20	+13.3%	+1.4%				+7.3%
FY19	+4.3%	+3.1%	+9.0%	+9.7%	+6.6%	+3.7%
FY18	+19.9%	+17.1%	+7.6%	+6.8%	+12.4%	+18.4%

Operating Profit

(Billions of yen)



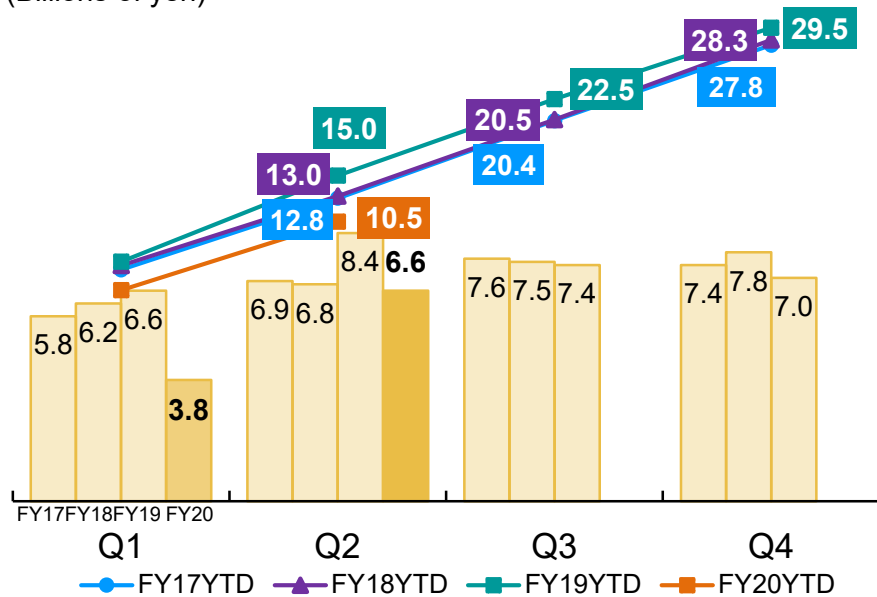
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	Q1	Q2	Q3	Q4	Total	Q2YTD
FY20	9.5%	10.7%				10.1%
FY19	9.8%	9.1%	9.0%	8.9%	9.2%	9.4%
FY18	6.9%	7.4%	8.3%	8.5%	7.8%	7.1%
FY17	4.4%	6.2%	6.0%	6.6%	5.9%	5.3%

Although some businesses were affected by the spread of the novel coronavirus, 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 cashless-related businesses, application performance management software and other areas.

Net Sales

(Billions of yen)

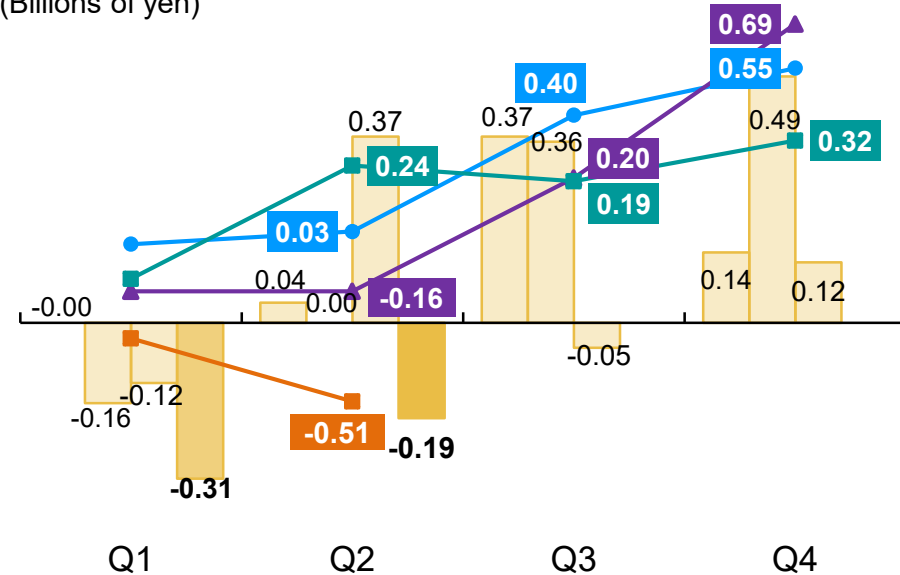


<Net sales growth % vs. previous fiscal year>

	Q1	Q2	Q3	Q4	Total	Q2YTD
FY20	-41.8%	-20.7%				-30.0%
FY19	+6.6%	+23.6%	-0.4%	-9.8%	+4.3%	+15.5%
FY18	+5.4%	-2.1%	-1.4%	+5.9%	+1.8%	+1.4%

Operating Profit

(Billions of yen)



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	Q1	Q2	Q3	Q4	Total	Q2YTD
FY20	-8.1%	-3.0%				-4.9%
FY19	-1.9%	4.4%	-0.7%	1.8%	1.1%	1.7%
FY18	-2.7%	0.1%	4.9%	6.3%	2.5%	-1.3%
FY17	-0.1%	0.6%	4.9%	1.9%	2.0%	0.3%

Despite the Wako Business, which closed its stores for about 2 months following the government's declaration of a state of emergency in Japan due to the spread of the COVID-19, as well as in the Clocks Business, with many of its distribution channels, such as department stores and mass retailers, being shut down, have been recovering since June, net sales were still down year on year due to the prolonged impact of the novel coronavirus.

Balance Sheets as of September 30, 2020

(Billions of yen)

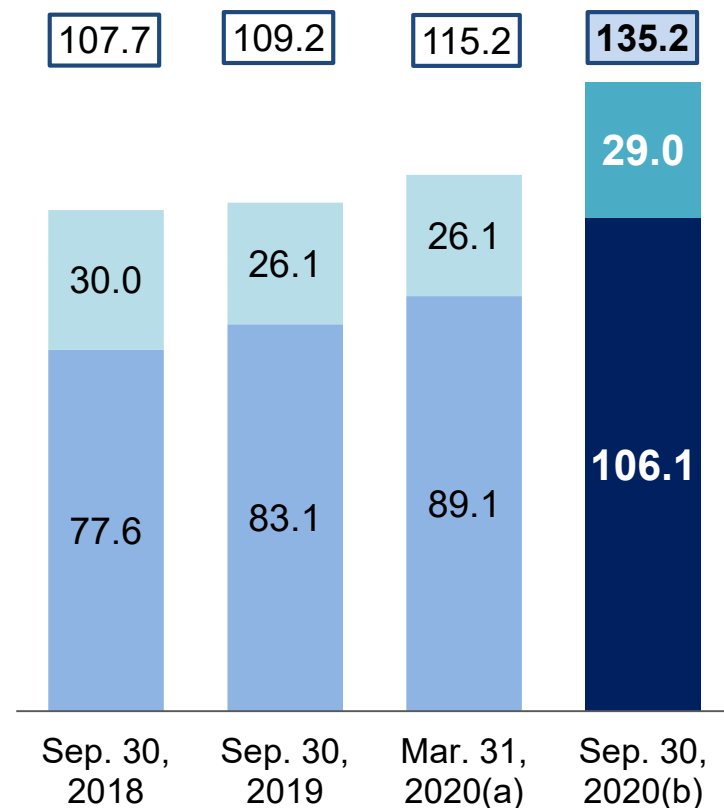
	Sep. 30, 2018	Sep. 30, 2019	Mar. 31, 2020(a)	Sep. 30, 2020(b)	Variance (b)-(a)
Inventories	60.8	61.1	65.7	72.4	+6.6
Interest Bearing Debt *	107.7	109.2	115.2	135.2	+19.9
Net Assets	111.9	111.6	104.2	104.5	+0.2
Total Assets	304.2	298.7	299.9	311.0	+11.0
Equity Capital Ratio	36.4%	37.0%	34.4%	33.2%	-1.2pt
Net Debt Equity Ratio	0.6	0.7	0.8	1.0	+0.2
Number of Employees	12,121	12,204	11,947	12,193	+246

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

Interest Bearing Debt *

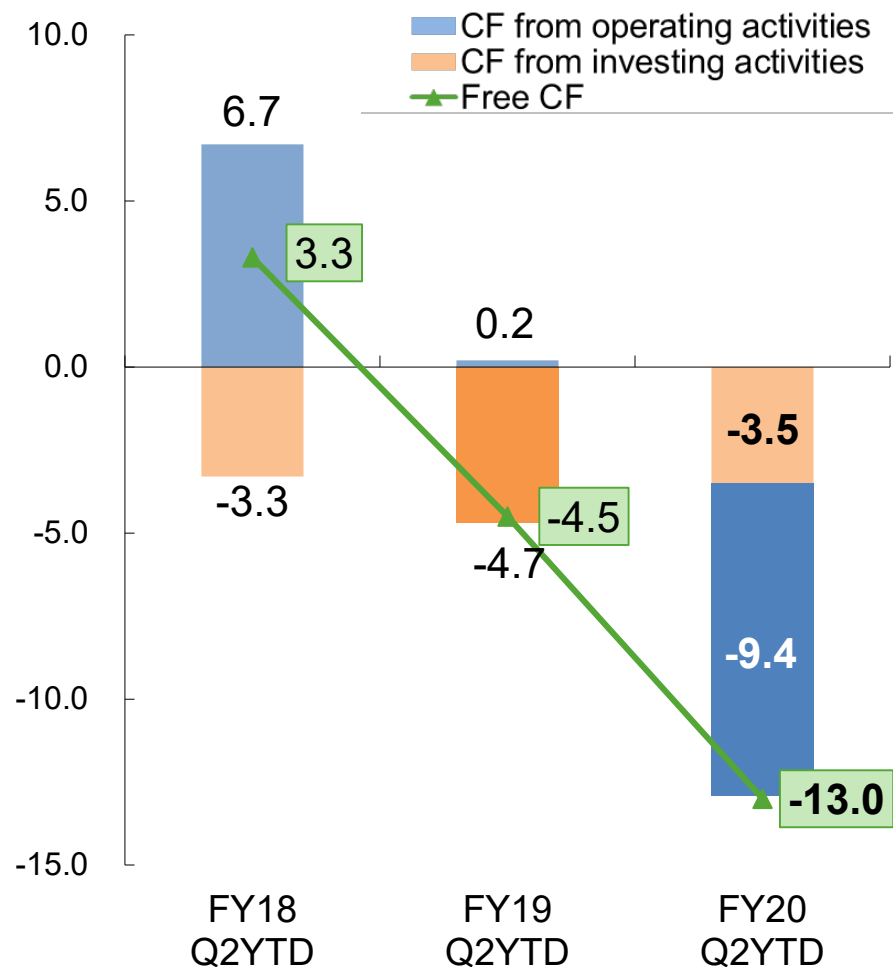
(Billions of yen)

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



Statement of Cash Flows

(Billions of yen)



(Billions of yen)

	FY18 Q2YTD	FY19 Q2YTD	FY20 Q2YTD
Profit before income taxes	7.6	7.8	3.4
Depreciation	4.2	5.0	5.1
Others	-5.2	-12.6	-18.1
Net cash provided by (used in) operating activities	6.7	0.2	-9.4
Purchase of property, plant and equipment	-3.1	-3.9	-12.6
Others	-0.2	-0.7	9.1
Net cash provided by (used in) investing activities	-3.3	-4.7	-3.5
Net increase (decrease) in loans payable	-5.7	-0.4	18.4
Others	-1.7	-2.3	-2.6
Net cash provided by (used in) financing activities	-7.5	-2.7	15.8
Effect of exchange rate change on cash and cash equivalents etc.	0.3	-0.4	-0.1
Cash and cash equivalents	30.0	26.1	28.8
Free cash flow	3.3	-4.5	-13.0

2. Financial Forecast for FY2020

Summary of Financial Forecast for FY2020

(Billions of yen)

	Full Year			H2 (6 months)		
	FY19 Actual	FY20 Forecast (Aug. 11)	Variance vs. FY19	FY19 Actual	FY20 Forecast (Aug. 11)	Variance vs. FY19
Net sales	239.1	210.0	-29.1	116.9	122.5	+5.5
Operating profit	6.1	0.2	-5.9	-0.8	1.7	+2.5
%	2.6%	0.1%	-2.5pt	-0.8%	1.4%	-
Ordinary profit	7.0	-1.3	-8.3	-0.8	0.7	+1.6
%	2.9%	-0.6%	-	-0.7%	0.6%	-
Profit attributable to owners of parent	3.3	1.0	-2.3	-2.0	-1.1	+0.9
%	1.4%	0.5%	-0.9pt	-1.7%	-0.9%	+0.8pt

*Exchange rates for the forecast Q3-Q4: JPY 105 / USD 1.00, JPY 120 / EUR 1.00

*No revision from the latest financial forecast announced on August 11, 2020.

Financial Forecast for FY2020 by Reported Segments

(Billions of yen)

	Net sales			Operating profit		
	FY19 Actual	FY20 Forecast (Aug. 11)	Variance vs. FY19	FY19 Actual	FY20 Forecast (Aug. 11)	Variance vs. FY19
Watches	135.4	110.0	-25.4	10.1	4.5	-5.6
Electronic Devices	51.7	50.0	-1.7	0.6	0.8	+0.1
Systems Solutions	32.8	35.0	+2.1	3.0	3.5	+0.4
Sub total	220.0	195.0	-25.0	13.7	8.8	-4.9
Others	29.5	25.0	-4.5	0.3	0.0	-0.3
Cons. adj.	-10.4	-10.0	+0.4	-7.9	-8.6	-0.6
Cons. total	239.1	210.0	-29.1	6.1	0.2	-5.9

*Exchange rates for the forecast Q3-Q4: JPY 105 / USD 1.00, JPY 120 / EUR 1.00

*No revision from the latest financial forecast announced on August 11, 2020.

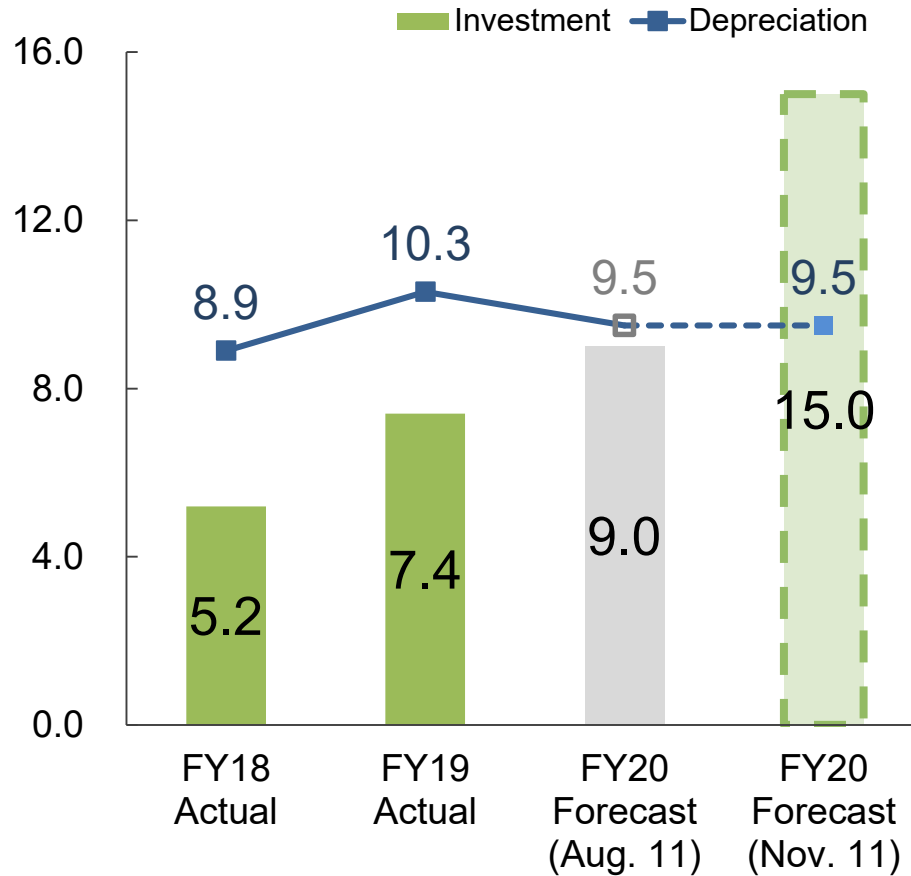
Financial Forecast for FY2020 by Reported Segments

(Billions of yen)

	Net sales H2 (6 months)			Operating profit H2 (6 months)		
	FY19 Actual	FY20 Forecast (Aug. 11)	Variance vs. FY19	FY19 Actual	FY20 Forecast (Aug. 11)	Variance vs. FY19
Watches	64.3	66.5	+2.1	1.9	3.4	+1.5
Electronic Devices	25.7	27.5	+1.8	0.1	0.9	+0.7
Systems Solutions	17.2	18.2	+1.0	1.5	1.8	+0.2
Sub total	107.3	112.2	+4.9	3.6	6.2	+2.5
Others	14.5	14.4	-0.0	0.0	0.5	+0.4
Cons. adj.	-4.8	-4.2	+0.5	-4.6	-5.0	-0.3
Cons. total	116.9	122.5	+5.5	-0.8	1.7	+2.5

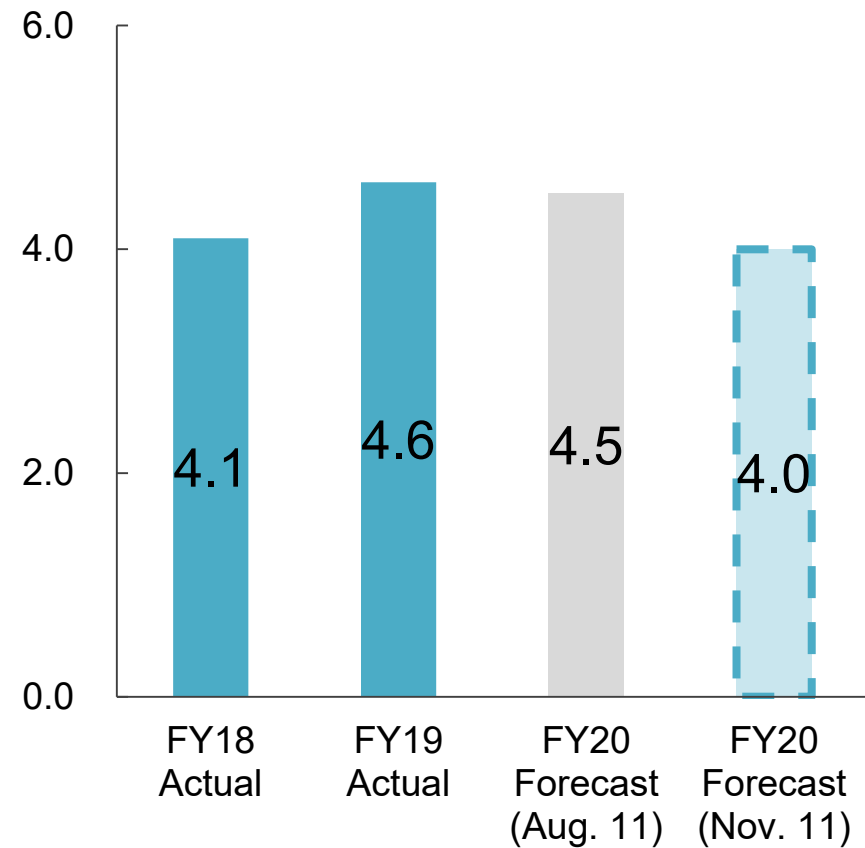
Investment / Depreciation

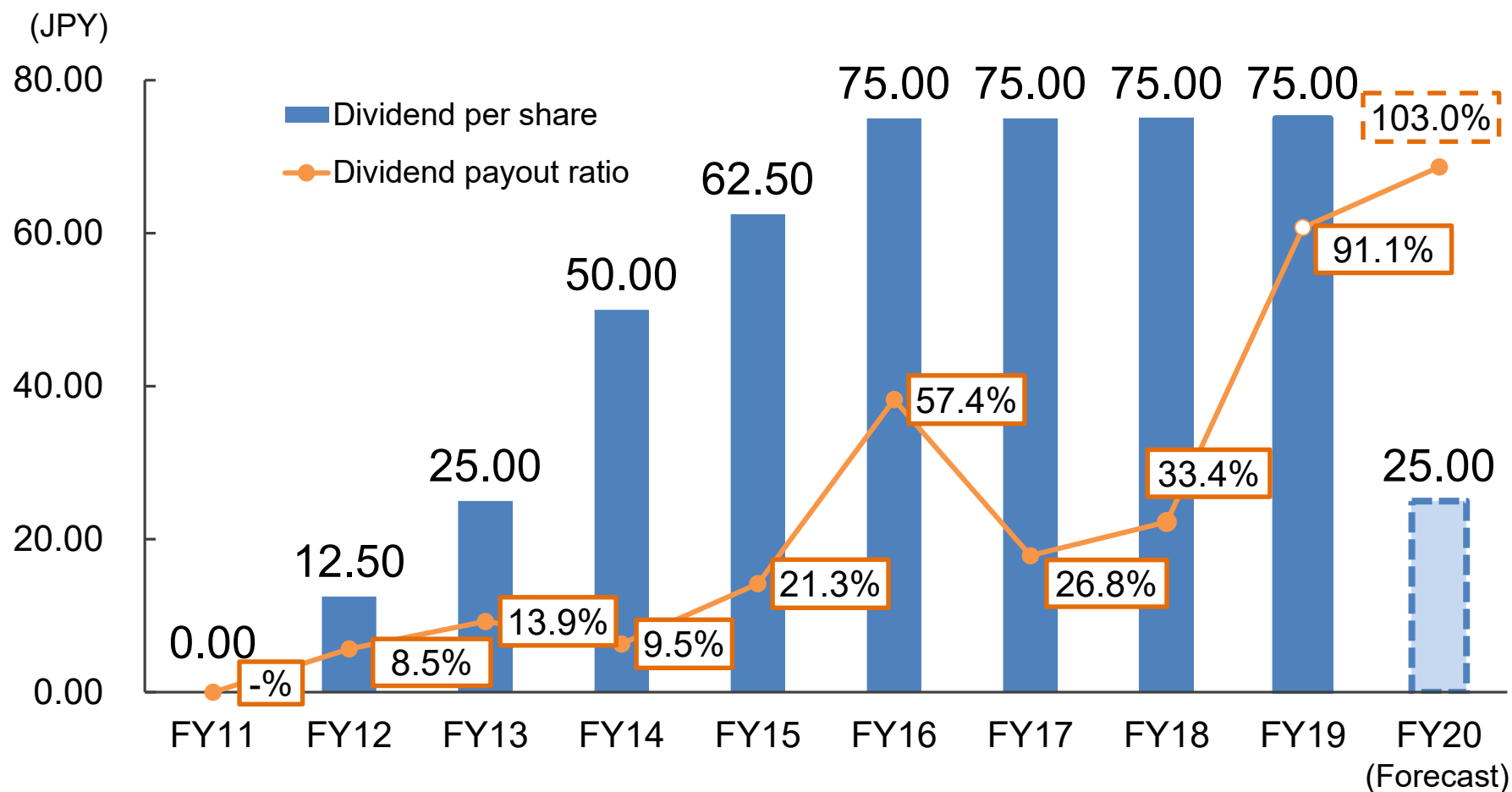
(Billions of yen)



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.

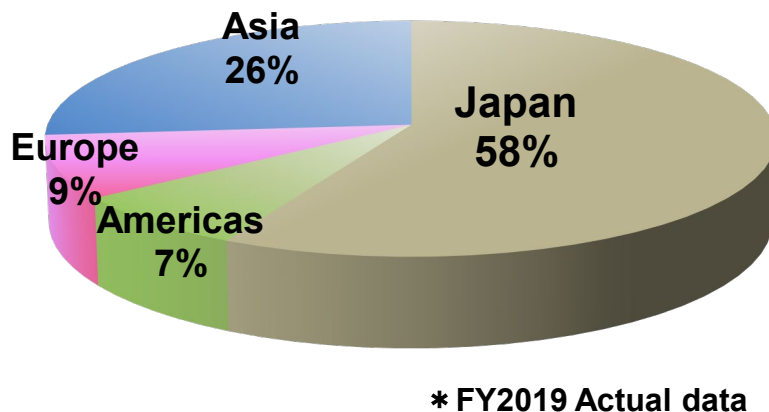
Sensitivity Exchange Rate (Oct. 2020-Mar.2021)

(Millions of yen)	USD	EUR
Exchange rate forecast	JPY 105.00	JPY 120.00
For <u>Net sales</u>	Approx. 400	Approx. 60
For <u>Operating profit</u>	Approx. 80	Approx. 20

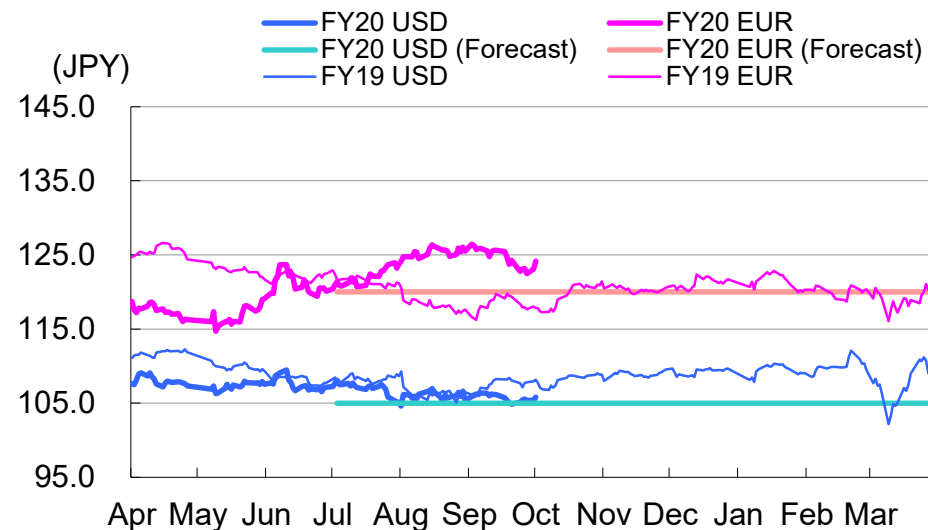
FY2020

(JPY)		Q1	Q2	Q2 YTD	Forecasted rate
Average	USD	107.6	106.2	106.9	105.0
	EUR	118.6	124.1	121.3	120.0
Closing Date	USD	107.7	105.8	-	105.0
	EUR	121.1	124.2	-	120.0

Sales by Area



Trend of Exchange Rate



Reference

(Billions of yen)

		FY19 Q2	FY20 Q2	Variance	
				Amt.	%
Net Sales		63.6	51.8	-11.7	-18.4%
Gross Profit		25.9	20.9	-5.0	-19.3%
	%	40.8%	40.3%	-0.4pt	
Operating Profit		4.1	0.6	-3.5	-84.0%
	%	6.6%	1.3%	-5.3pt	
Ordinary Profit		4.5	0.5	-3.9	-88.1%
	%	7.1%	1.0%	-6.1pt	
Income before income taxes		4.5	1.9	-2.5	-56.7%
Profit attributable to owners of parent		3.2	1.1	-2.0	-64.2%
	%	5.1%	2.2%	-2.9pt	
Exchange Rates (JPY)	USD	107.4	106.2	-1.1	-1.1%
	EUR	119.4	124.1	-4.7	+3.9%

Net Sales :	y/y	-11.7
Exchange rate fluctuations		+0.0

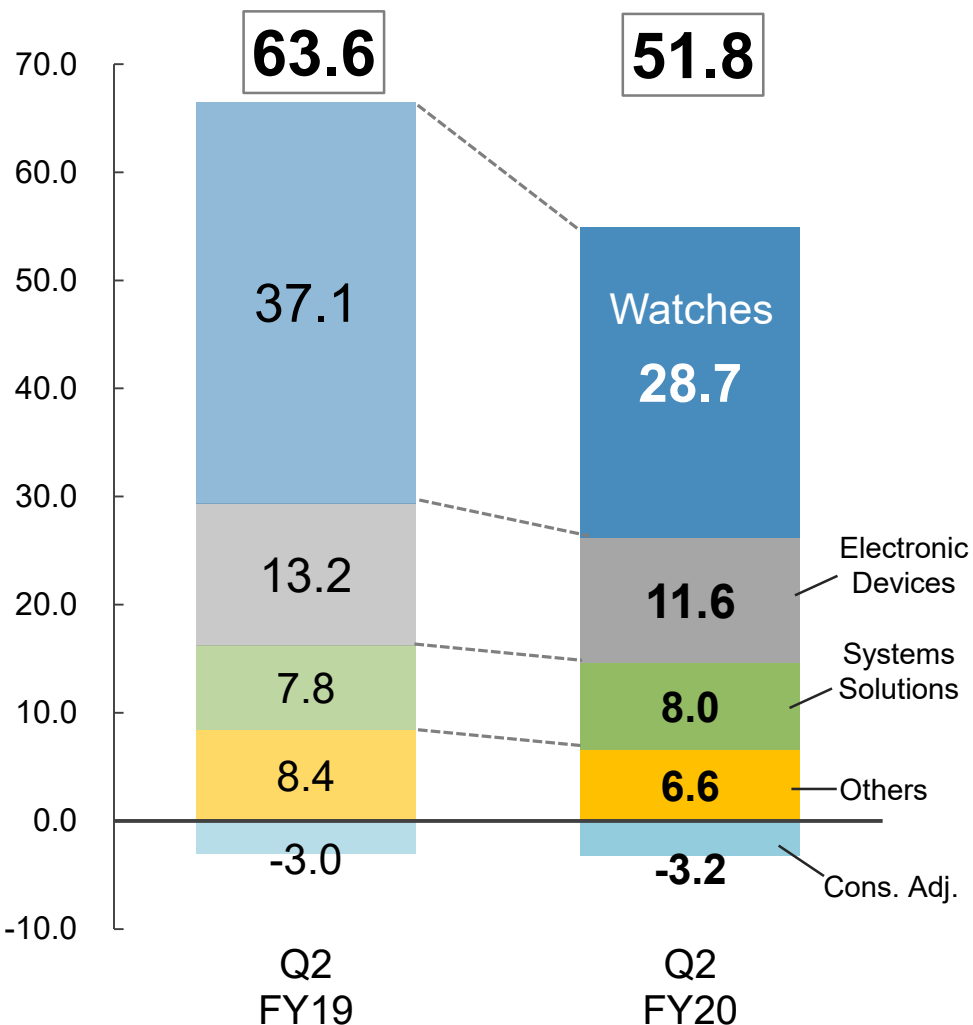
Operating Profit :	y/y	-3.5
Impact of a decrease in sales		-4.7
Impact of improved GP%		-0.2
Decrease in SG&A expenses		+1.4

Ordinary Profit :	y/y	-3.9
Decrease in Operating profit		-3.5
Decrease in Equity method income		-0.5
Others		+0.1

Extraordinary Income/Losses:	+1.4
Extraordinary Income	1.5
Subsidy income	0.5
Gain on sales of non-current assets	0.5
Gain on sales of investment securities	0.4
Extraordinary Losses	0.0
Loss on the spread of infectious disease	0.0

Sales by Reported Segment (Jul. 2020 - Sep. 2020)

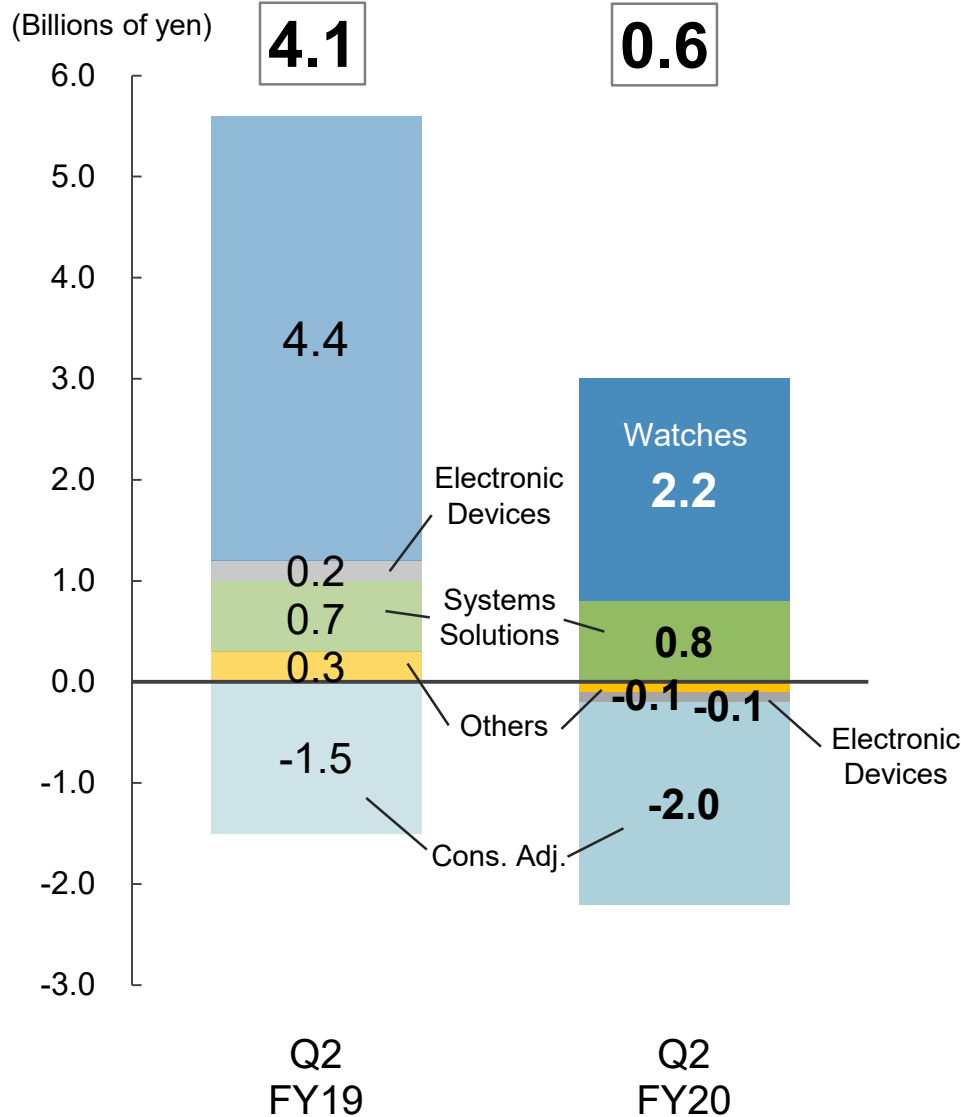
(Billions of yen)



(Billions of yen)

	Net Sales (Composition ratio)		
	FY19 Q2	FY20 Q2	Variance
Watches	37.1 (58%)	28.7 (56%)	-8.3
Electronic Devices	13.2 (21%)	11.6 (23%)	-1.5
Systems Solutions	7.8 (12%)	8.0 (15%)	+0.1
Sub Total	58.2	48.4	-9.7
Others	8.4 (13%)	6.6 (13%)	-1.7
Cons. Adj.	-3.0 (-5%)	-3.2 (-6%)	-0.2
Cons. Total	63.6	51.8	-11.7

Operating Profit by Reported Segment (Jul. 2020 - Sep. 2020)



(Billions of yen)

	Operating Profit		
	FY19 Q2	FY20 Q2	Variance
Watches	4.4	2.2	-2.2
Electronic Devices	0.2	-0.1	-0.3
Systems Solutions	0.7	0.8	+0.1
Sub Total	5.4	2.9	-2.4
Others	0.3	0.1	-0.5
Cons. Adj.	-1.5	-2.0	-0.4
Cons. Total	4.1	0.6	-3.5

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.*