

Consolidated Results for the 6 months from April 1 to September 30, 2021

November 10, 2021



Points : Actual results for 1H FY2021

➤ Net sales and profit continued to increase year on year in 1H FY2021.

✓ Net Sales : 110.3 billion yen

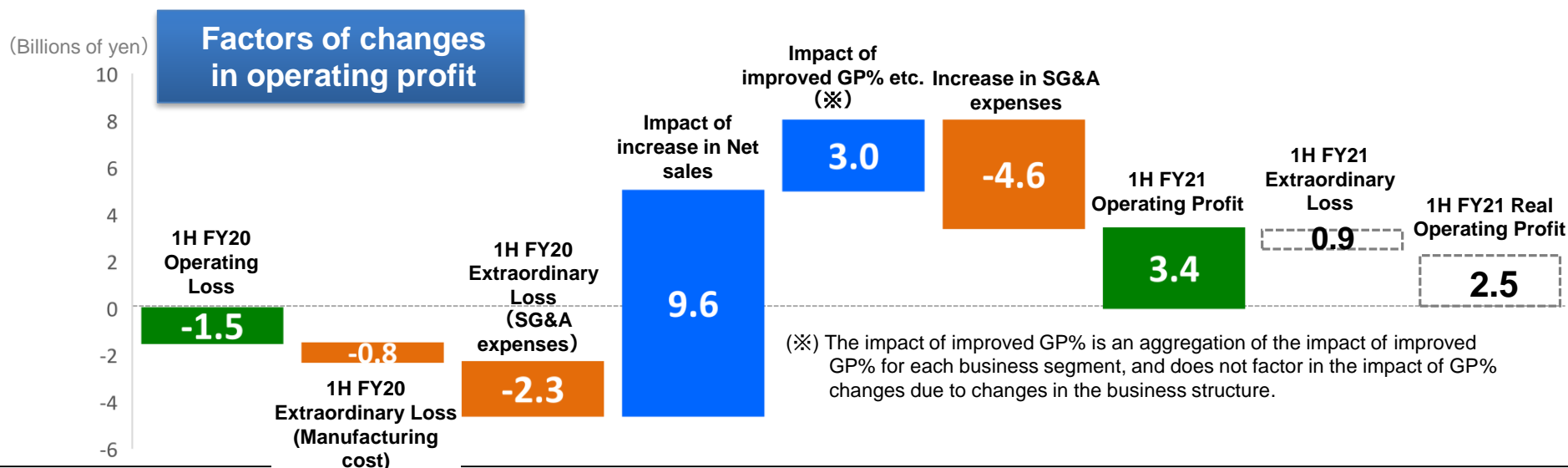
(year-on-year +26.2% / Compared to the same period two years prior of -9.6%)

Although a recovery of BtoC businesses in Japan was delayed due to the spread of mutant strains of Covid-19, net sales increased significantly year on year as a result of growth of the Electronic Devices Business and the overseas business of the Watches Business.

✓ Operating Profit : 3.4 billion yen

(year-on-year +4.9 billion yen / Compared to the same period two years prior of -50.8%)

Operating profit recovered significantly due to a recovery in net sales and improvement in GP%, despite an increase in expenses mainly resulting from a recovery in business activities and a return of fixed costs (3.1 billion yen), which had been transferred to extraordinary losses in the same period of the previous fiscal year.



➤ **Net Sales** : 235.0 billion yen → 235.0 billion yen

Factoring in the delayed recovery of BtoC businesses in Japan, full-year forecasted net sales were revised downward by 3.0 billion yen for the Watches Business and Time Creation, WAKO and other Businesses, respectively. Meanwhile, the forecast for the favorably performing Electronic Devices Business was revised upward by 7.0 billion yen. Forecasted consolidated net sales have not been revised from the previous forecast.

➤ **Operating Profit** : 5.5 billion yen → 6.0 billion yen
Ordinary Profit : 6.0 billion yen → 6.5 billion yen

Forecasted operating profit for the Electronic Devices Business was revised upward by 1.0 billion yen, as this business's performance surpassed the forecast for the first half.

Forecasted operating profit for the Time Creation, WAKO and other Businesses was revised downward by 0.5 billion yen due to a decline in net sales.

Forecasted net profit remains the same as the previous forecast at 4.0 billion yen. (Actual results for 1H FY2021: Extraordinary losses of 0.9 billion yen)

✓ **Positive Points**

The electronic devices market will continue performing favorably in the second half, despite concerns such as a sharp rise in raw material prices and transportation costs as well as shortages of raw materials and semiconductors.

The spread of Covid-19 has subsided in the Japanese market, and the economy is expected to recover.

✓ **Negative Points**

Issues such as the sharp rise in raw material prices and transportation costs, as well as the shortages of raw materials and semiconductors (partially factored into forecasts), continue. In addition, there is an increasing risk that China's economic growth will slow down due to power restrictions, changes in the real estate market, and anti-Covid-19 measures.

1. Consolidated Results

Consolidated P/L for 1H FY2021 (Apr. - Sep. 2021)

(Billions of yen)

	FY19 1H	FY20 1H	FY21 1H	Variance		
				Amt.	%	
Net Sales	122.1	87.4	110.3	+22.9	+26.2%	
Gross Profit	49.7	33.5	45.5	+11.9	+35.5%	
%	40.7%	38.4%	41.2%	+2.8pt		
Operating Profit	7.0	-1.5	3.4	+4.9	-	
%	5.7%	-1.7%	3.1%	-		
Ordinary Profit	7.8	-2.0	3.5	+5.6	-	
%	6.4%	-2.3%	3.2%	-		
Income before income taxes	7.8	3.4	2.7	-0.7	-21.9%	
Profit attributable to owners of parent	5.4	2.1	1.1	-0.9	-43.4%	
%	4.4%	2.4%	1.1%	-1.3pt		
Exchange Rates (JPY)	USD	108.6	106.9	109.8	+2.9	+2.7%
	EUR	121.4	121.3	130.9	+9.6	+7.9%

Net Sales :	y/y +22.9
Exchange rate fluctuations	c. +1.8
Impact of the adoption of accounting standard for revenue recognition	+1.3

Operating Profit :	y/y +4.9
Impact of increase in Net sales	+9.4
Impact of improved GP%	+2.4
Increase in SG&A expenses	-6.9

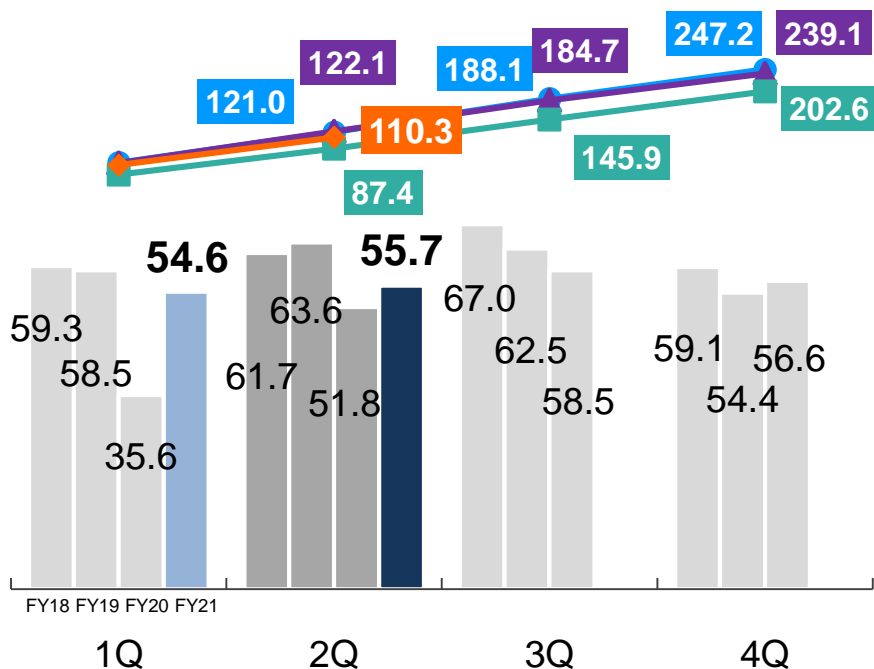
Ordinary Profit :	y/y +5.6
Increase in Operating profit	+4.9
Improve in Equity-method income	+0.7
Others	-0.1

Extraordinary Income/Losses:	-0.8
Extraordinary Income	0.0
Subsidy income	0.0
Extraordinary Losses	0.9
Loss on the spread of infectious disease	0.9

Consolidated Quarterly Performance

Net Sales

(Billions of yen)



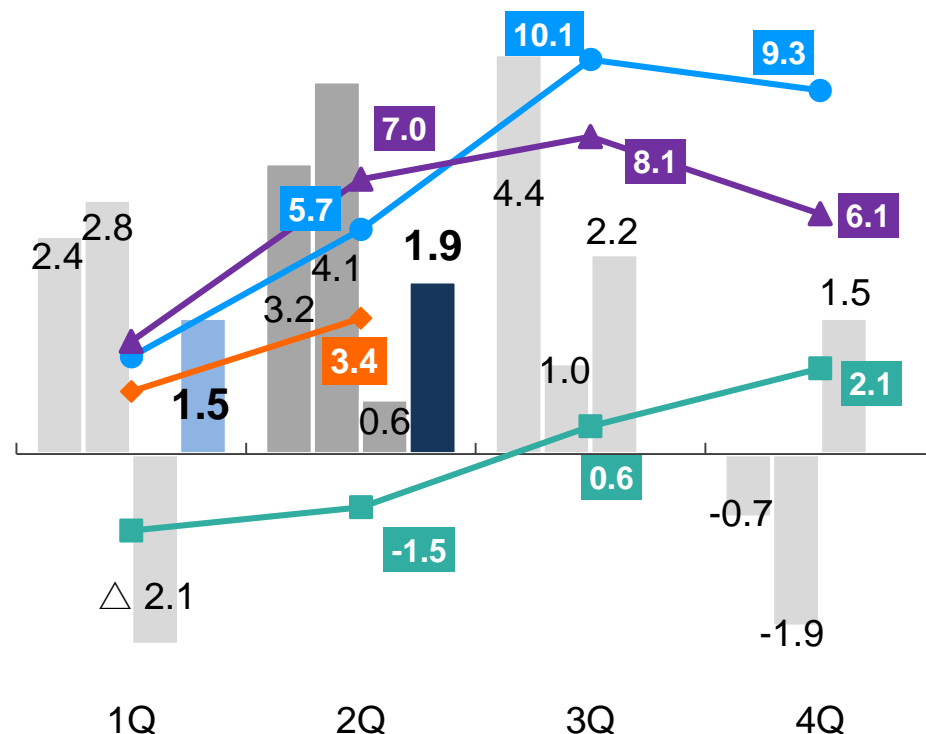
● FY18YTD ▲ FY19YTD ■ FY20YTD ◆ FY21YTD

<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total	1H
FY21	+53.3%	+7.5%				+26.2%
FY20	-39.2%	-18.4%	-6.5%	+4.1%	-15.3%	-28.4%
FY19	-1.4%	+3.1%	-6.7%	-8.0%	-3.3%	+0.9%

Operating Profit

(Billions of yen)

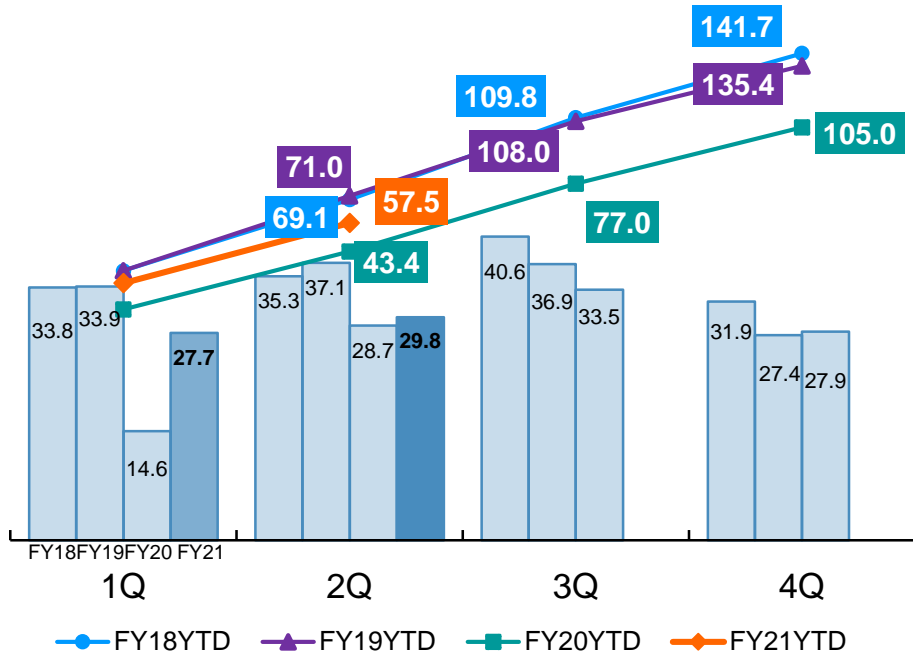


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	1Q	2Q	3Q	4Q	Total	1H
FY21	2.8%	3.5%				3.1%
FY20	-6.1%	1.3%	3.8%	2.6%	1.1%	-1.7%
FY19	4.8%	6.6%	1.8%	-3.6%	2.6%	5.7%
FY18	4.1%	5.3%	6.6%	-1.3%	3.8%	4.7%

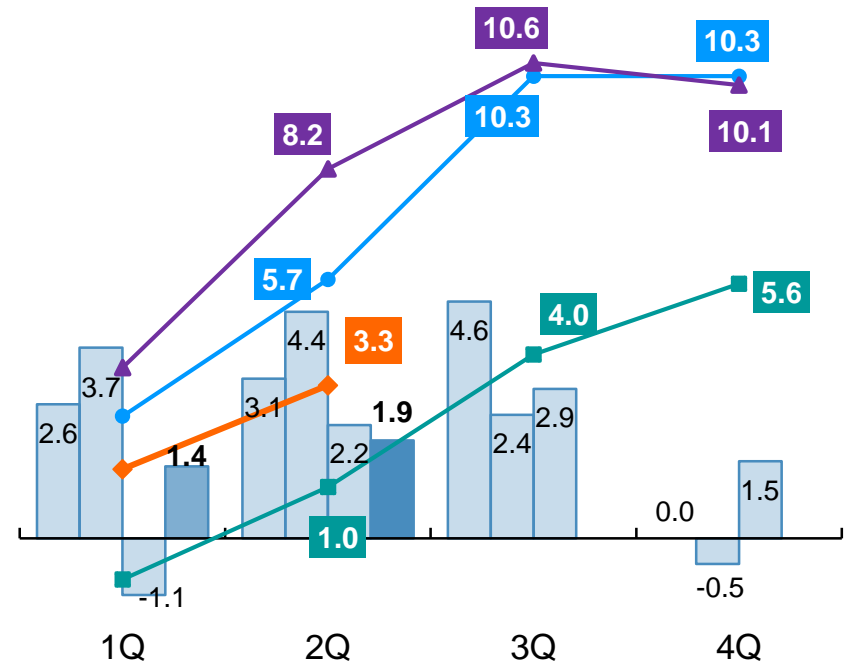
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

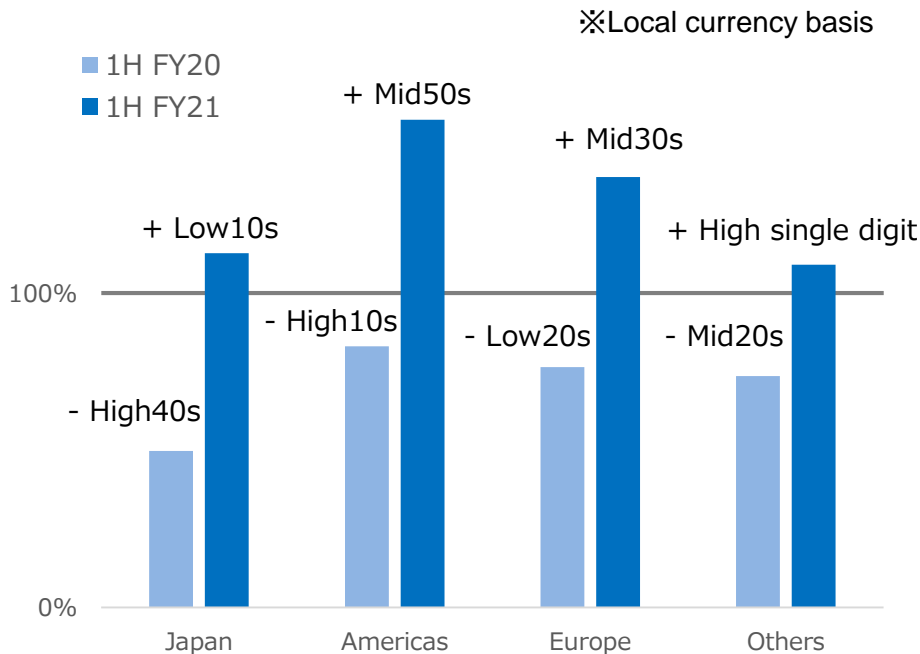
	1Q	2Q	3Q	4Q	Total	1H
FY21	+88.9%	+3.6%				+32.4%
FY20	-56.7%	-22.5%	-9.0%	+1.9%	-22.5%	-38.8%
FY19	+0.3%	+5.1%	-9.0%	-14.2%	-4.5%	+2.7%

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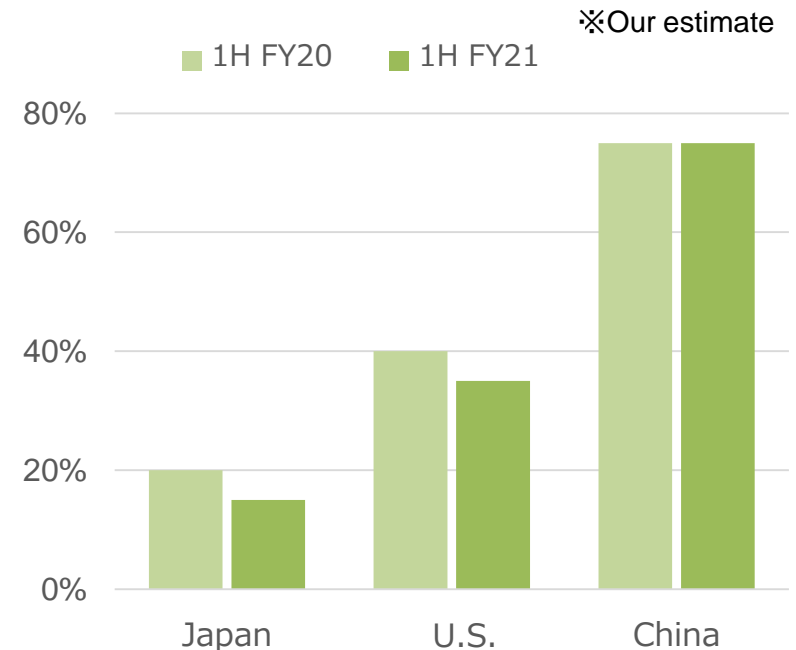
	1Q	2Q	3Q	4Q	Total	1H
FY21	5.1%	6.6%				5.9%
FY20	-7.9%	7.7%	8.8%	5.7%	5.3%	2.4%
FY19	11.1%	12.0%	6.7%	-1.9%	7.5%	11.5%
FY18	7.7%	8.8%	11.3%	0.1%	7.3%	8.3%

- ✓ **Watches (In Japan)** : Although overall net sales were sluggish due to the prolonged state of emergency, Grand Seiko models inspired by the white birch forests in Hiraniwa Plateau, Iwate Prefecture, performed well. Net sales in e-commerce also increased.
- ✓ **Watches (In Overseas)** : Sales of Global Brands (GB) in all regions increased from the same period of the previous fiscal year and two years prior.
Favorable performance was maintained, particularly in the U.S., Europe, China, and Australia.
- ✓ **Movements** : Demand for analogue quartz movements also recovered in line with the economic recovery.

Completed Watches Net Sales Growth by Region (year-on-year)

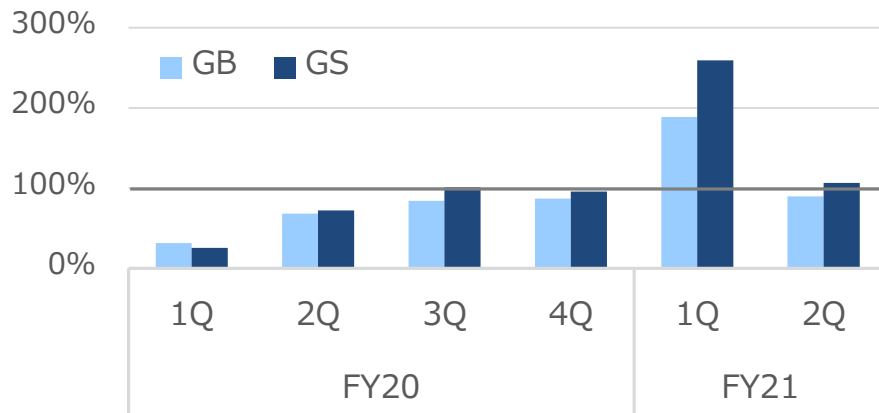


EC Ratio in Completed Watches Net Sales

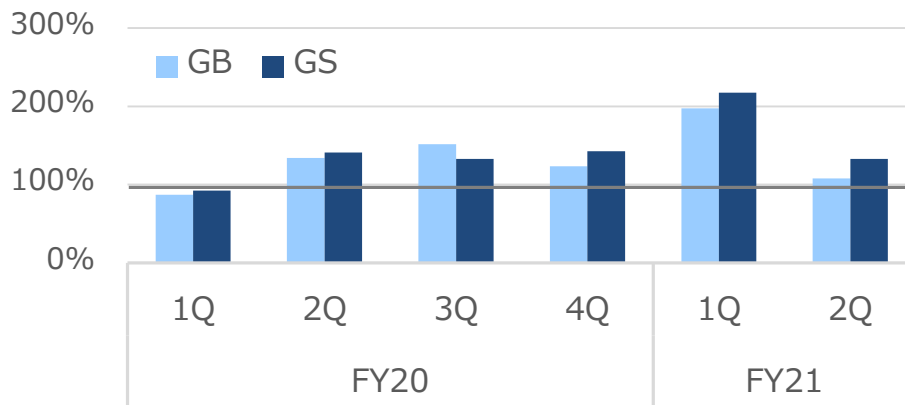


GB & GS Net Sales Growth (year-on-year)

Japan

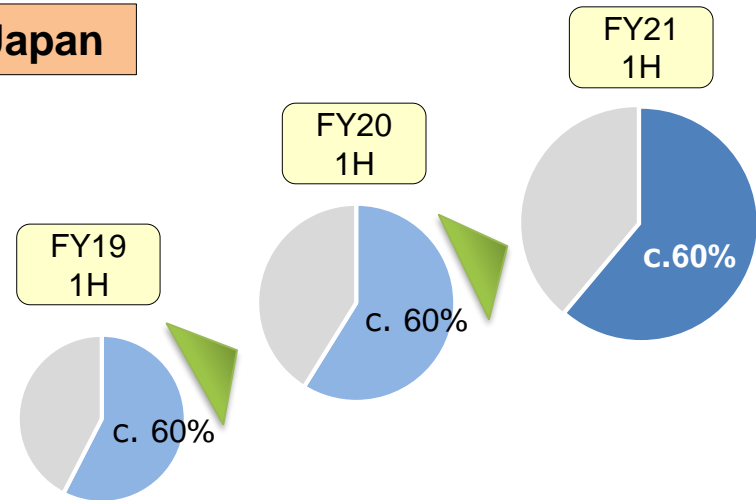


Overseas

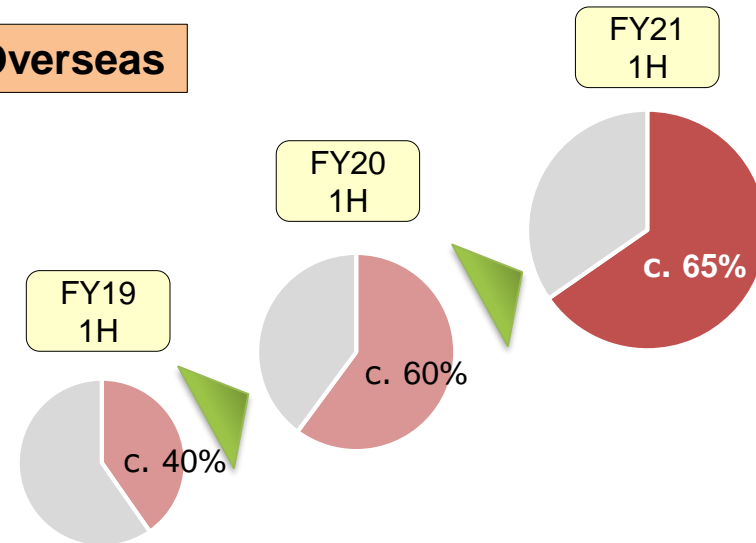


Ratio of GB to Net Sales

Japan

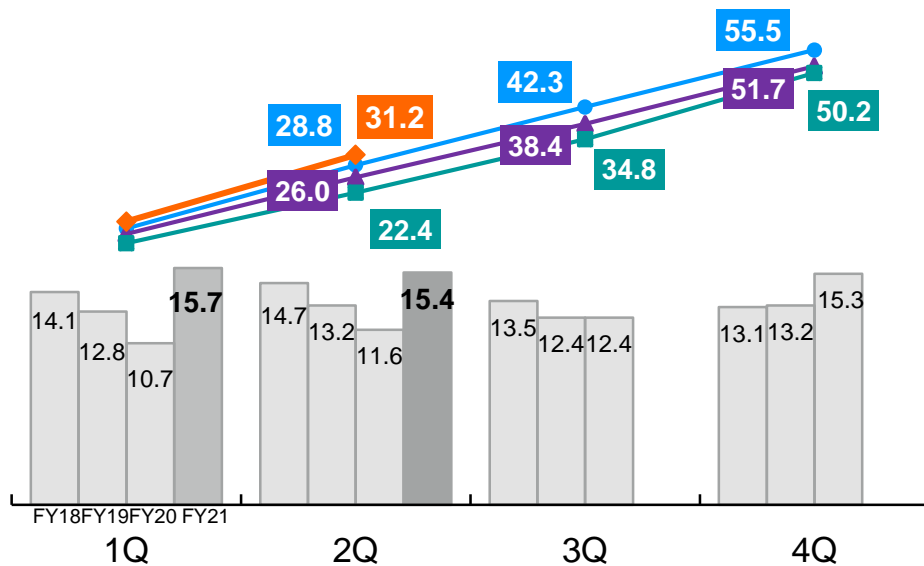


Overseas



Net Sales

(Billions of yen)



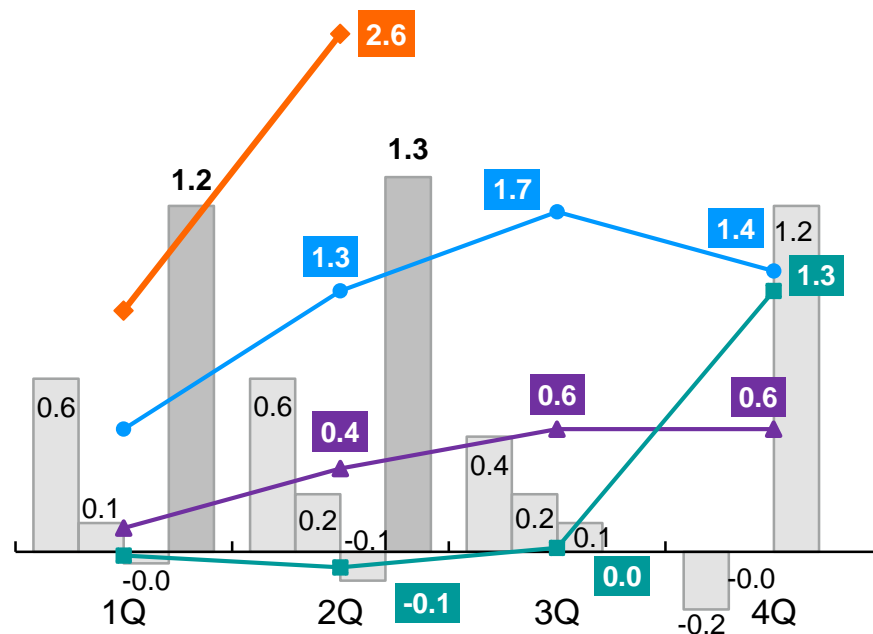
● FY18YTD ▲ FY19YTD ■ FY20YTD ◆ FY21YTD

<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total	1H
FY21	+46.5%	+32.3%				+39.1%
FY20	-16.0%	-11.6%	-0.2%	+15.7%	-3.0%	-13.8%
FY19	-9.2%	-10.1%	-8.2%	+0.8%	-6.8%	-9.6%

Operating Profit

(Billions of yen)



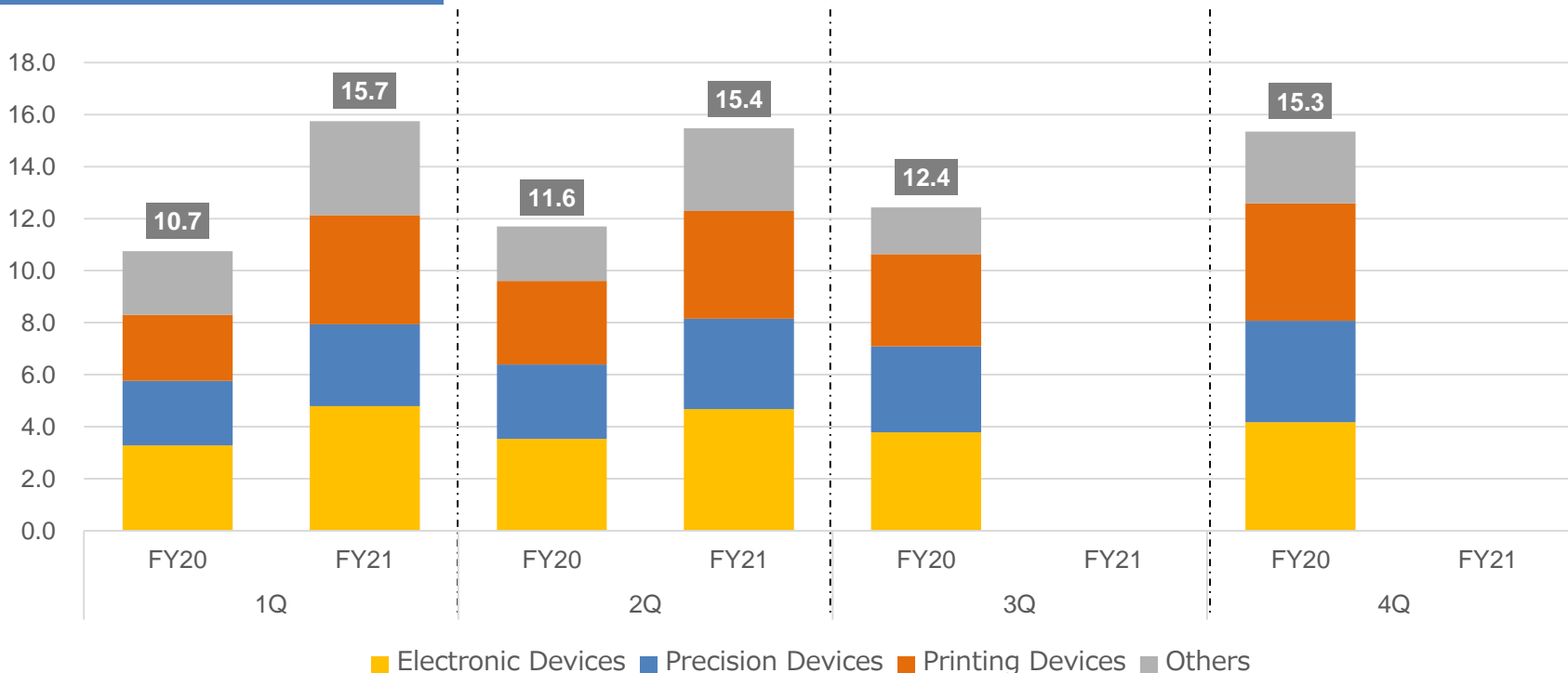
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	1Q	2Q	3Q	4Q	Total	1H
FY21	8.0%	8.7%				8.4%
FY20	-0.4%	-0.9%	1.3%	8.4%	2.6%	-0.6%
FY19	1.5%	1.8%	1.7%	-0.3%	1.2%	1.7%
FY18	4.5%	4.6%	3.0%	-2.2%	2.5%	4.5%

- ✓ **Electronic Devices** : Despite the impact of soaring prices of materials, net sales of micro batteries for medical equipment and quartz crystals, as well as high-performance metals for semiconductor production equipment, increased significantly.
- ✓ **Precision Devices** : Precision components for automobiles and data centers also performed well.
- ✓ **Printing Devices** : Inkjet printheads, mainly for building materials, continued to grow significantly, despite sluggish growth in thermal printers mainly affected by delays in the supply of components and materials due to the spread of the Covid-19 mutant strains.

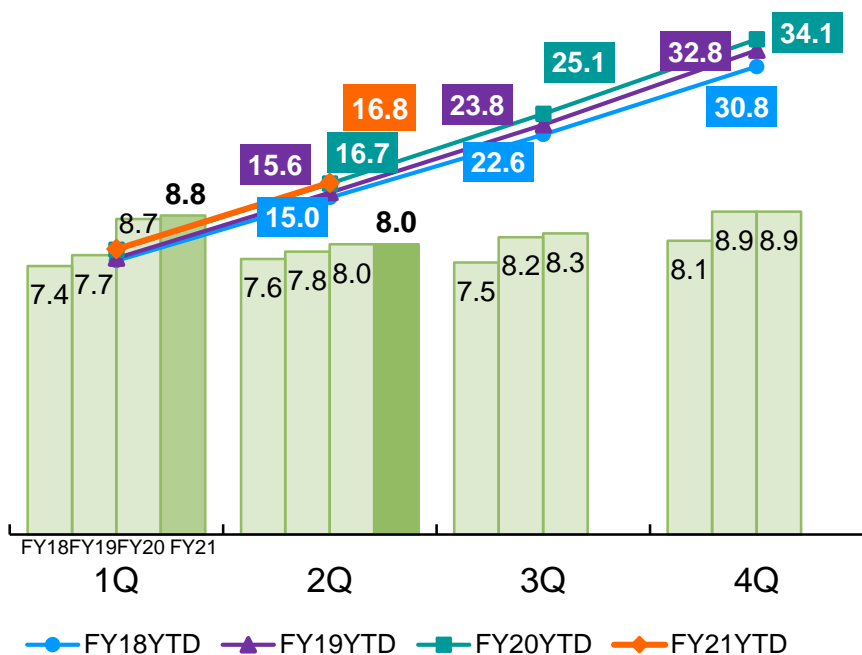
Net Sales by Category

(Billions of yen)



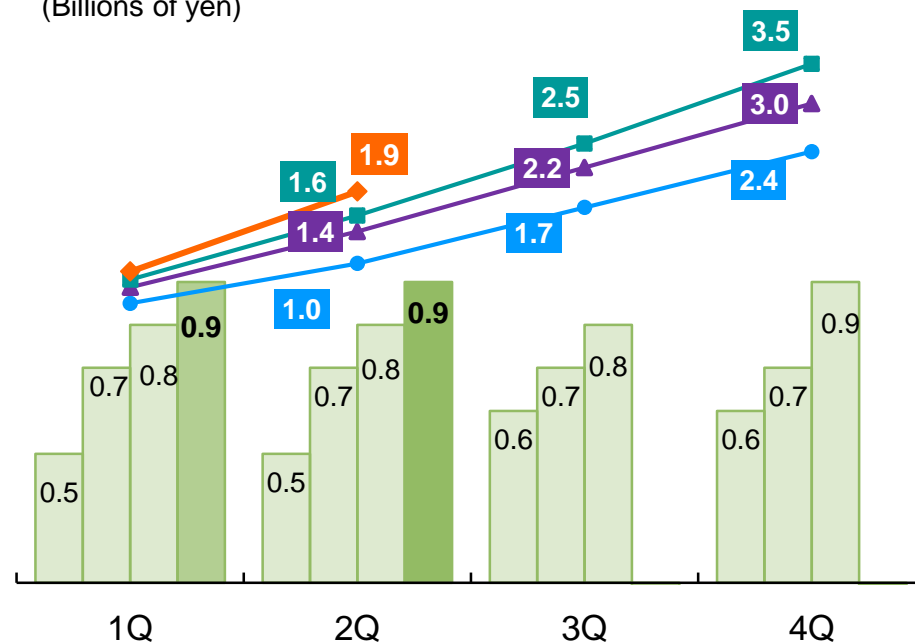
Net Sales

(Billions of yen)



Operating Profit

(Billions of yen)



<Net sales growth % vs. previous fiscal year>

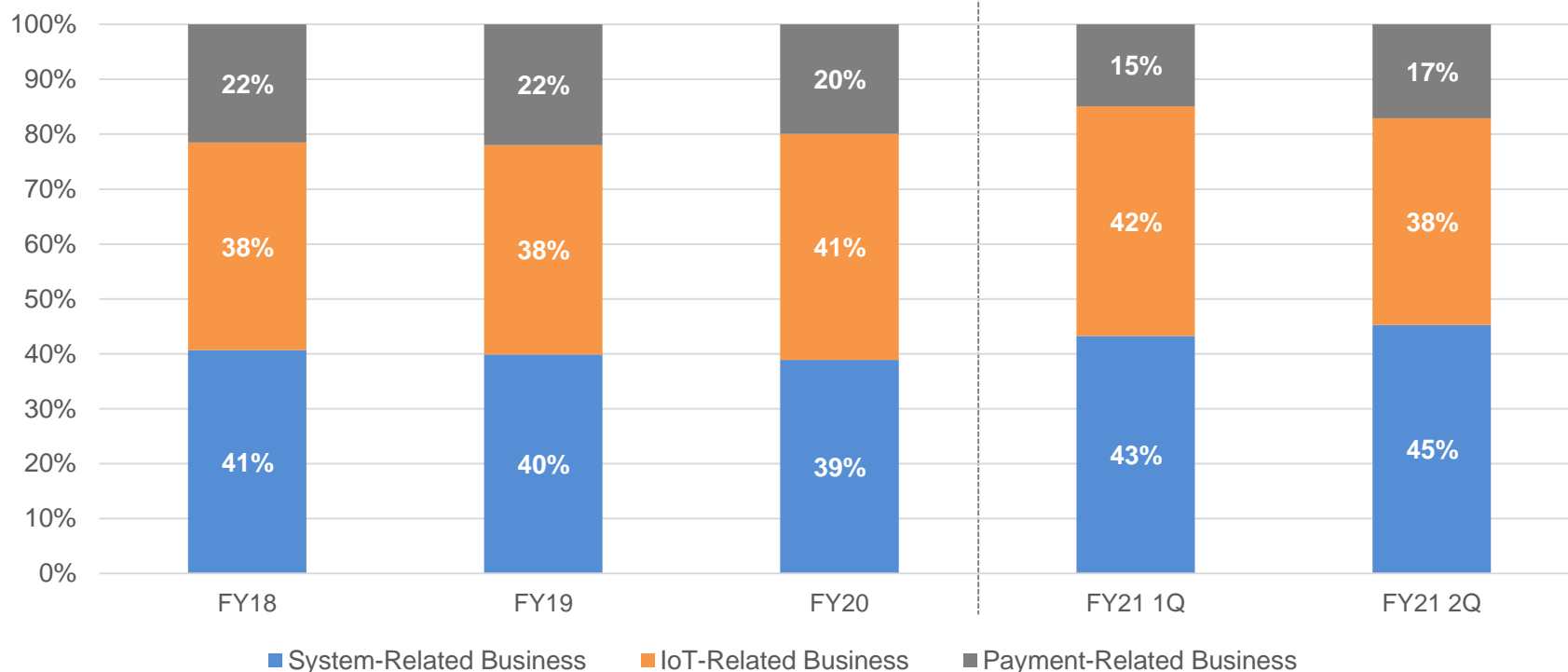
	1Q	2Q	3Q	4Q	Total	1H
FY21	+0.5%	+0.7%				+0.6%
FY20	+13.3%	+1.4%	+1.0%	+0.6%	+3.9%	+7.3%
FY19	+4.3%	+3.1%	+9.0%	+9.7%	+6.6%	+3.7%

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	1Q	2Q	3Q	4Q	Total	1H
FY21	10.7%	11.9%				11.3%
FY20	9.5%	10.7%	10.5%	10.8%	10.4%	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%

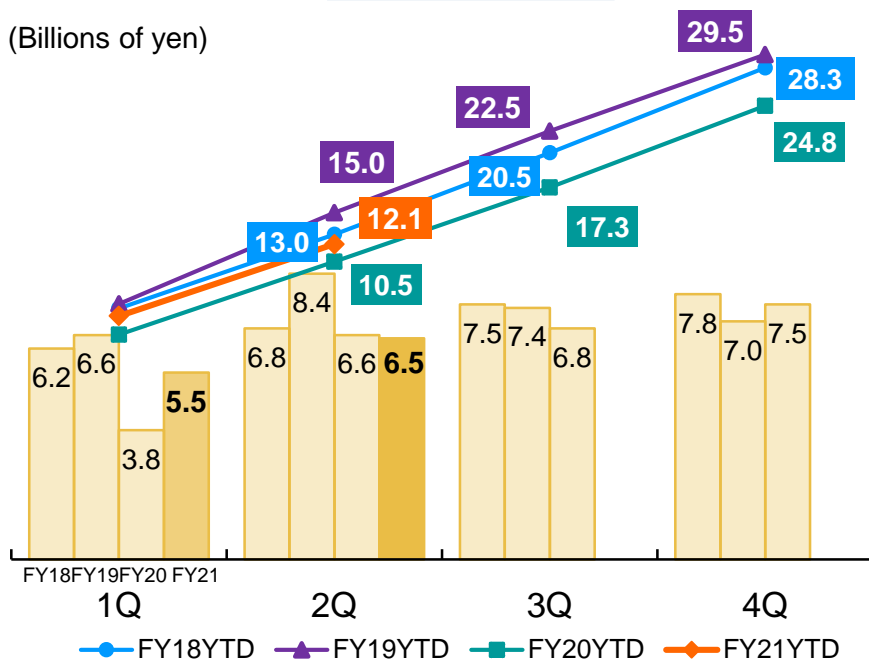
- ✓ Some industries, such as food service, were affected by the coronavirus pandemic, and there were difficulties in procuring components and materials for some products, such as mobile communication equipment. However, in conjunction with the progress in the digitalization of society, there was growth in the network-related business for 5G and the Digital Transformation (DX)-related business for the public sector and communications industry, the performance management and security-related business, the IoT business, other businesses, resulting in continued growth in both revenue and profits for 22 consecutive quarters.

Sales Composition Ratio



Net Sales

(Billions of yen)

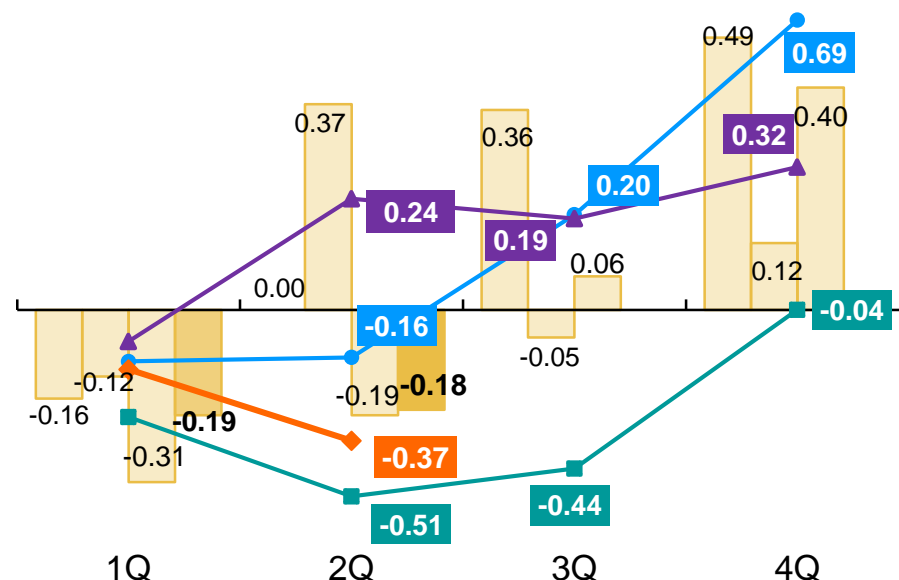


<Net sales growth % vs. previous fiscal year>

	1Q	2Q	3Q	4Q	Total	1H
FY21	+44.0%	-1.5%				+15.1%
FY20	-41.8%	-20.7%	-8.5%	+6.2%	-15.9%	-30.0%
FY19	+6.6%	+23.6%	-0.4%	-9.8%	+4.3%	+15.5%

Operating Profit

(Billions of yen)



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	1Q	2Q	3Q	4Q	Total	1H
FY21	-3.5%	-2.8%				-3.1%
FY20	-8.1%	-3.0%	0.9%	5.4%	-0.2%	-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%

Sales under the Wako Business were sluggish due to the impact of the Japanese government's third declaration of a state of emergency in April, and the fourth one that was issued again in July.

Balance Sheets as of September 30, 2021

(Billions of yen)

	Sep. 30, 2019	Sep. 30, 2020	Mar. 31, 2021(a)	Sep. 30, 2021(b)	Variance (b)-(a)
Inventories	61.1	72.4	68.4	73.4	+5.0
Interest Bearing Debt	109.2	135.2	131.2	125.8	-5.4

Net Assets	111.6	104.5	113.0	116.4	+3.3
Total Assets	298.7	311.0	319.6	322.3	+2.7

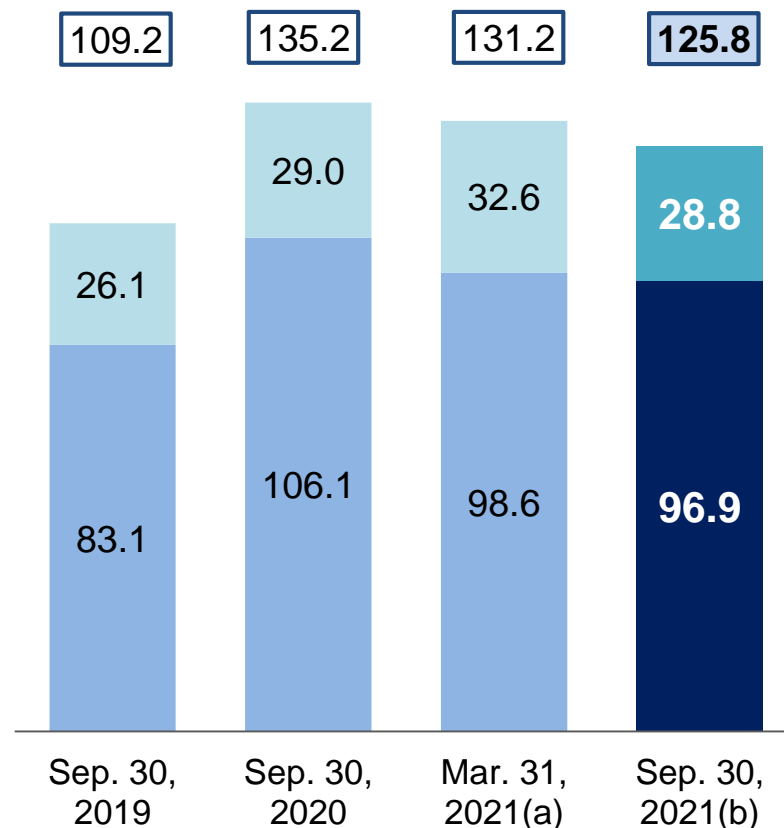
Equity Capital Ratio	37.0%	33.2%	34.9%	35.7%	+0.7pt
Net Debt Equity Ratio	0.7	1.0	0.8	0.8	-0.0
Number of Employees	12,204	12,193	12,092	12,013	-79

Interest Bearing Debt

(Billions of yen)

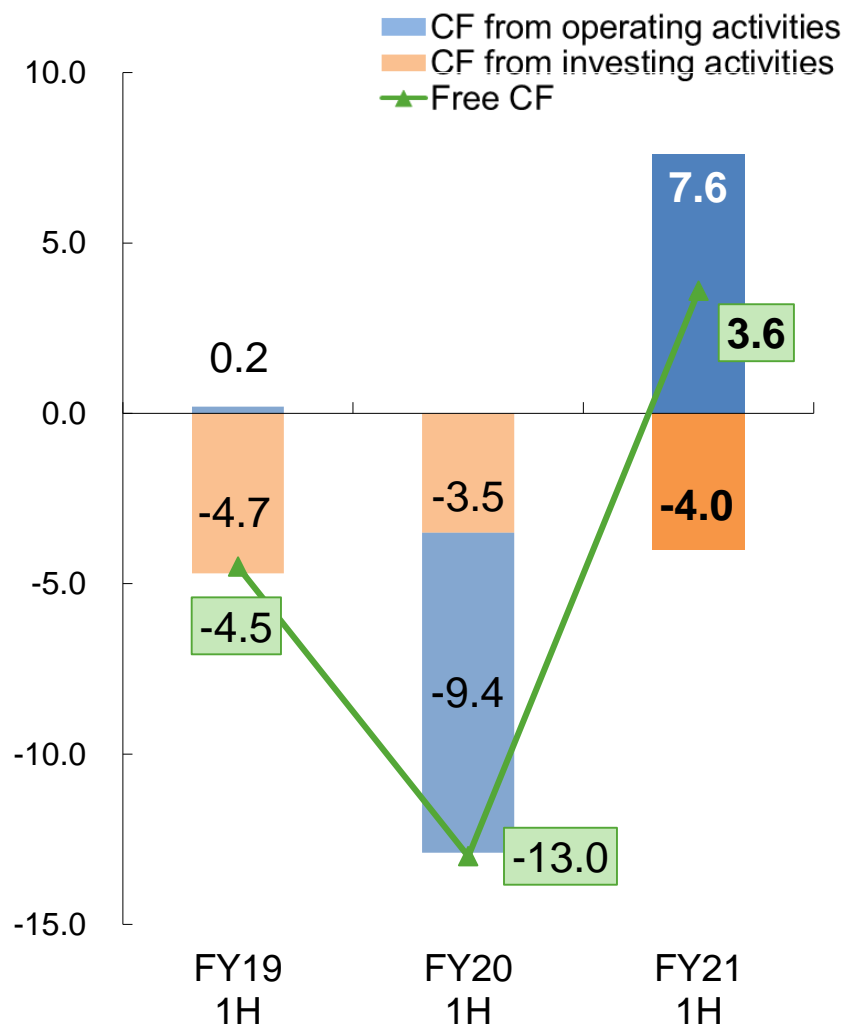
■ Cash & Deposits □ Interest Bearing Debt

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



Statement of Cash Flows

(Billions of yen)



(Billions of yen)

	FY19 1H	FY20 1H	FY21 1H
Profit before income taxes	7.8	3.4	2.7
Depreciation	5.0	5.1	5.2
Others	-12.6	-18.1	-0.3
Net cash provided by (used in) operating activities	0.2	-9.4	7.6
Purchase of property, plant and equipment	-3.9	-12.6	-3.2
Others	-0.7	9.1	-0.8
Net cash provided by (used in) investing activities	-4.7	-3.5	-4.0
Net increase (decrease) in short- and long-term borrowings	-0.4	18.4	-4.9
Others	-2.3	-2.6	-2.1
Net cash provided by (used in) financing activities	-2.7	15.8	-7.1
Effect of exchange rate change on cash and cash equivalents etc.	-0.4	-0.1	-0.0
Cash and cash equivalents	26.1	28.8	28.8
Free cash flow	-4.5	-13.0	3.6

2. Financial Forecast for FY2021

Summary of Financial Forecast for FY2021

(Billions of yen)

	Full Year					2H (6 months)		
	FY20 Actual	FY21 Forecast		Variance vs. FY20	Variance vs. Previous	FY20 Actual	FY21 Forecast (Nov. 9)	Variance vs. FY20
		Previous (Aug. 10)	Current (Nov. 9)					
Net sales	202.6	235.0	235.0	+32.3	±0.0	115.1	124.6	+9.4
Operating profit	2.1	5.5	6.0	+3.8	+0.5	3.7	2.5	-1.1
%	1.1%	2.3%	2.6%	+1.5pt	+0.2pt	3.2%	2.0%	-1.2pt
Ordinary profit	0.6	6.0	6.5	+5.8	+0.5	2.6	2.9	+0.2
%	0.3%	2.6%	2.8%	+2.5pt	+0.2pt	2.3%	2.4%	+0.0pt
Profit attributable to owners of parent	3.4	4.0	4.0	+0.5	±0.0	1.3	2.8	+1.4
%	1.7%	1.7%	1.7%	-0.0pt	±0.0pt	1.2%	2.3%	+1.1pt

*Exchange rates for the forecast 3Q-4Q: JPY 105 / USD 1.00, JPY 125 / EUR 1.00

Financial Forecast for FY2021 by Segment

(Billions of yen)

	Net sales				
	FY20 Actual	FY21 Forecast		Variance vs. FY20	Variance vs. Previous
		Previous (Aug. 10)	Current (Nov. 9)		
Watches	105.0	126.0	123.0	+17.9	-3.0
Electronic Devices	50.2	56.0	63.0	+12.7	+7.0
Systems Solutions	34.1	36.0	36.0	+1.8	±0.0
Sub total	189.3	218.0	222.0	+32.6	+4.0

	Operating profit				
	FY20 Actual	FY21 Forecast		Variance vs. FY20	Variance vs. Previous
		Previous (Aug. 10)	Current (Nov. 9)		
Watches	5.6	7.0	7.0	+1.3	±0.0
Electronic Devices	1.3	3.0	4.0	+2.6	+1.0
Systems Solutions	3.5	4.0	4.0	+0.4	±0.0
Sub total	10.4	14.0	15.0	+4.5	+1.0

Time Creation, WAKO and others	24.8	30.0	27.0	+2.1	-3.0
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Time Creation, WAKO and others	-0.0	0.5	0.0	+0.0	-0.5
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Cons. adj.	-11.5	-13.0	-14.0	-2.4	-1.0
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Cons. adj.	-8.2	-9.0	-9.0	-0.7	±0.0
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Cons. total	202.6	235.0	235.0	+32.3	±0.0
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Cons. total	2.1	5.5	6.0	+3.8	+0.5
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*Exchange rates for the forecast 3Q-4Q: JPY 105 / USD 1.00, JPY 125 / EUR 1.00

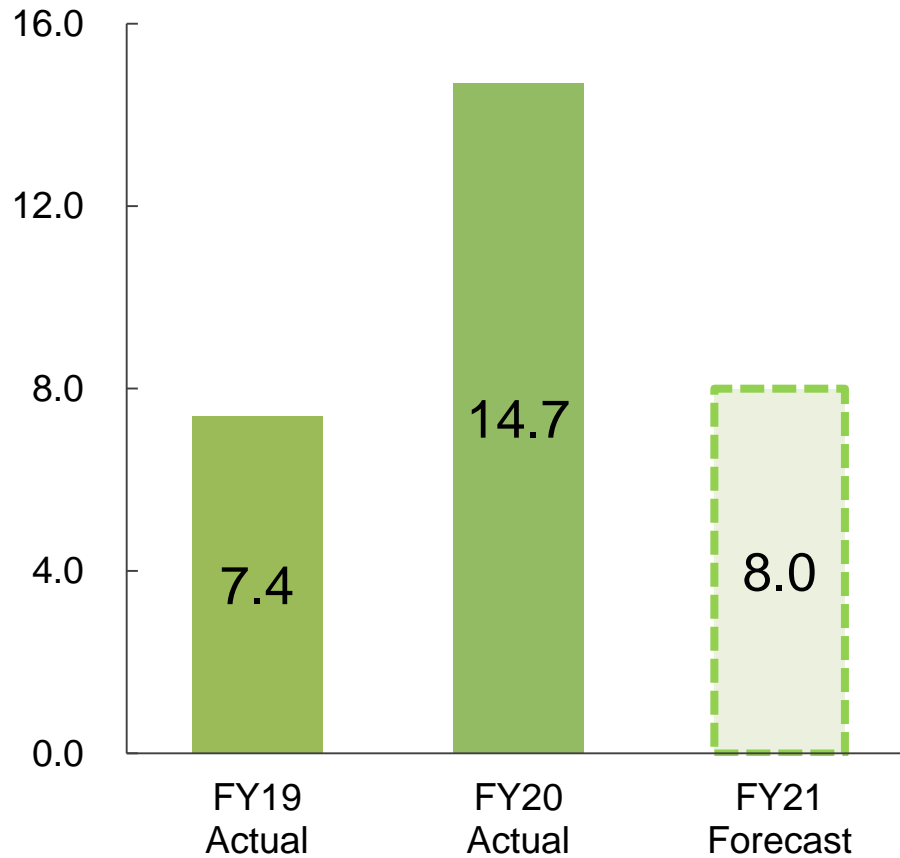
Financial Forecast for FY2021 by Segment

(Billions of yen)

	Net sales 2H (6 months)			Operating profit 2H (6 months)		
	FY20 Actual	FY21 Forecast (Nov. 9)	Variance vs. FY20	FY20 Actual	FY21 Forecast (Nov. 9)	Variance vs. FY20
Watches	61.5	65.4	+3.8	4.5	3.6	-0.9
Electronic Devices	27.7	31.7	+4.0	1.4	1.3	-0.0
Systems Solutions	17.3	19.1	+1.7	1.8	2.0	+0.2
Sub total	106.6	116.3	+9.6	7.8	7.1	-0.7
Time Creation, WAKO and others	14.3	14.8	+0.5	0.4	0.3	-0.0
Cons. adj.	-5.8	-6.6	-0.7	-4.6	-4.9	-0.3
Cons. total	115.1	124.6	+9.4	3.7	2.5	-1.1

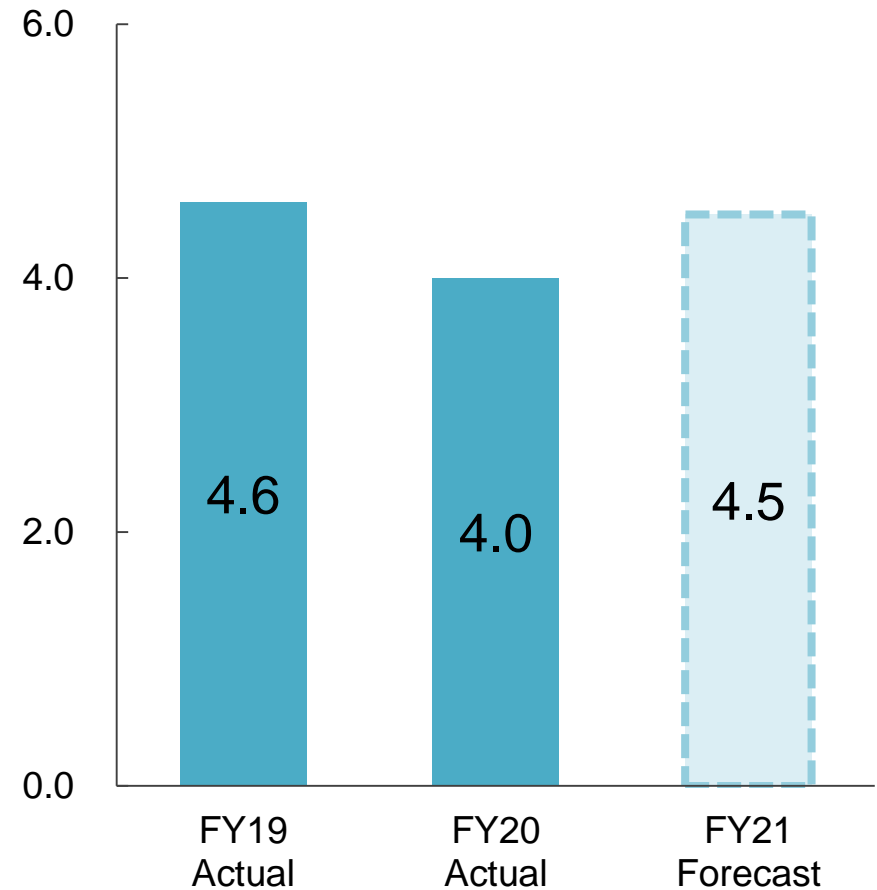
Investment

(Billions of yen)

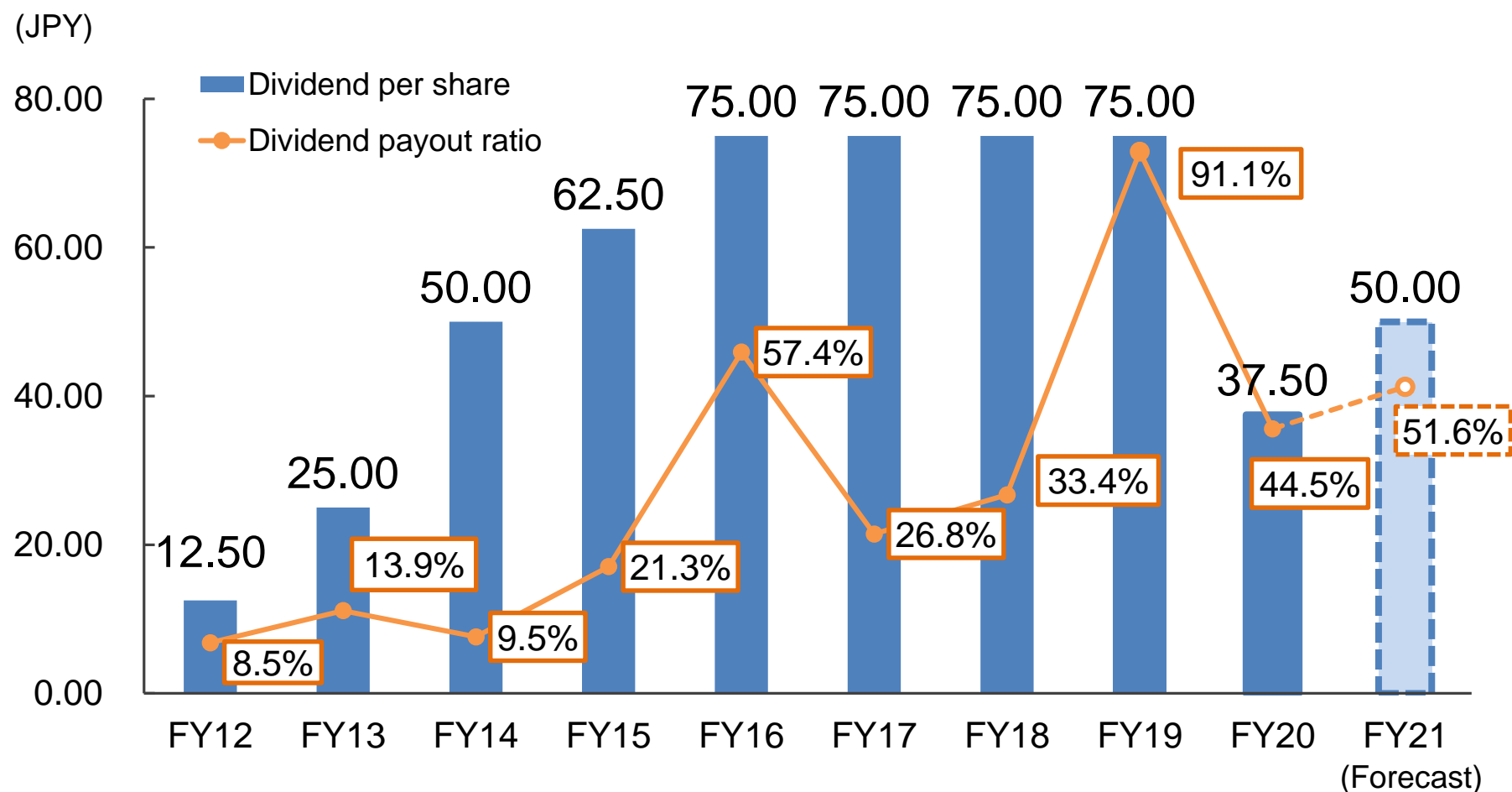


R&D Expenses

(Billions of yen)



*No changes in forecast for FY2021 presented on August 10, 2021



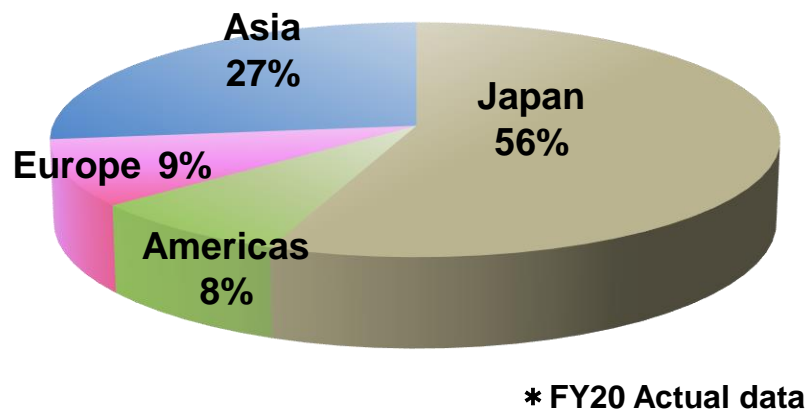
*The Company conducted a share consolidation of every five shares of its common stock into one share as of October 1, 2017. The annual dividends above reflect the share consolidation.

Exchange Rate Sensitivity (Oct. 2021-Mar. 2022) **FY2021**

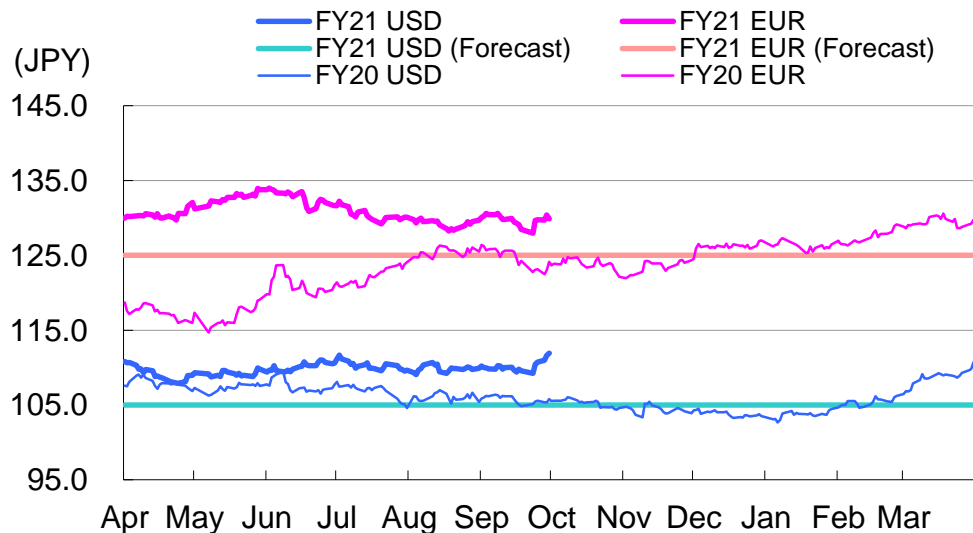
(Millions of yen)	USD	EUR
Exchange rate forecast	JPY 105.0	JPY 125.0
For Net sales	c. 400	c. 60
For Operating profit	c. 80	c. 20

(JPY)		1Q	2Q	1H	Forecasted rate
Average	USD	109.5	110.1	109.8	105.0
	EUR	131.9	129.8	130.9	125.0
Closing Date	USD	110.6	120.0	-	105.0
	EUR	131.6	129.9	-	125.0

Sales by Area



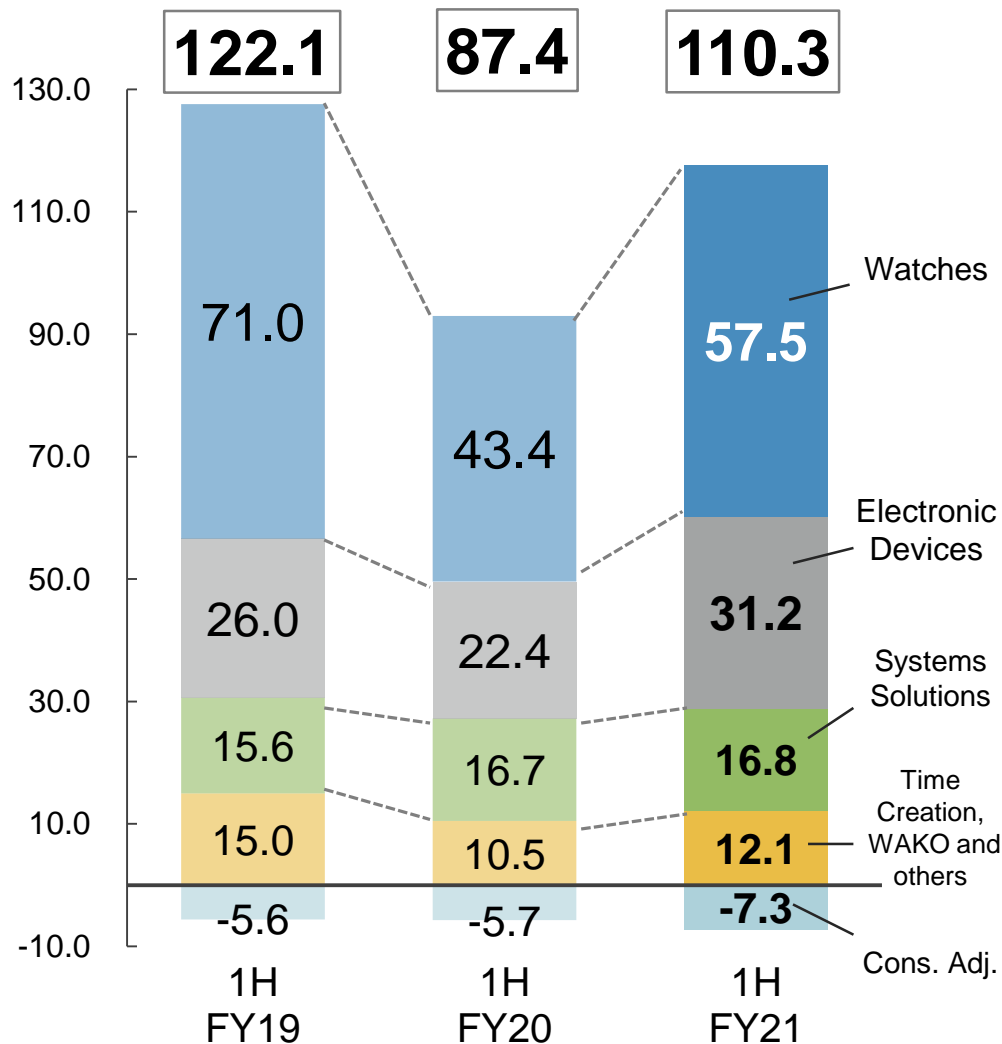
Trend of Exchange Rate



Reference

Net Sales by Segment for 1H21 (Apr. - Sep. 2021)

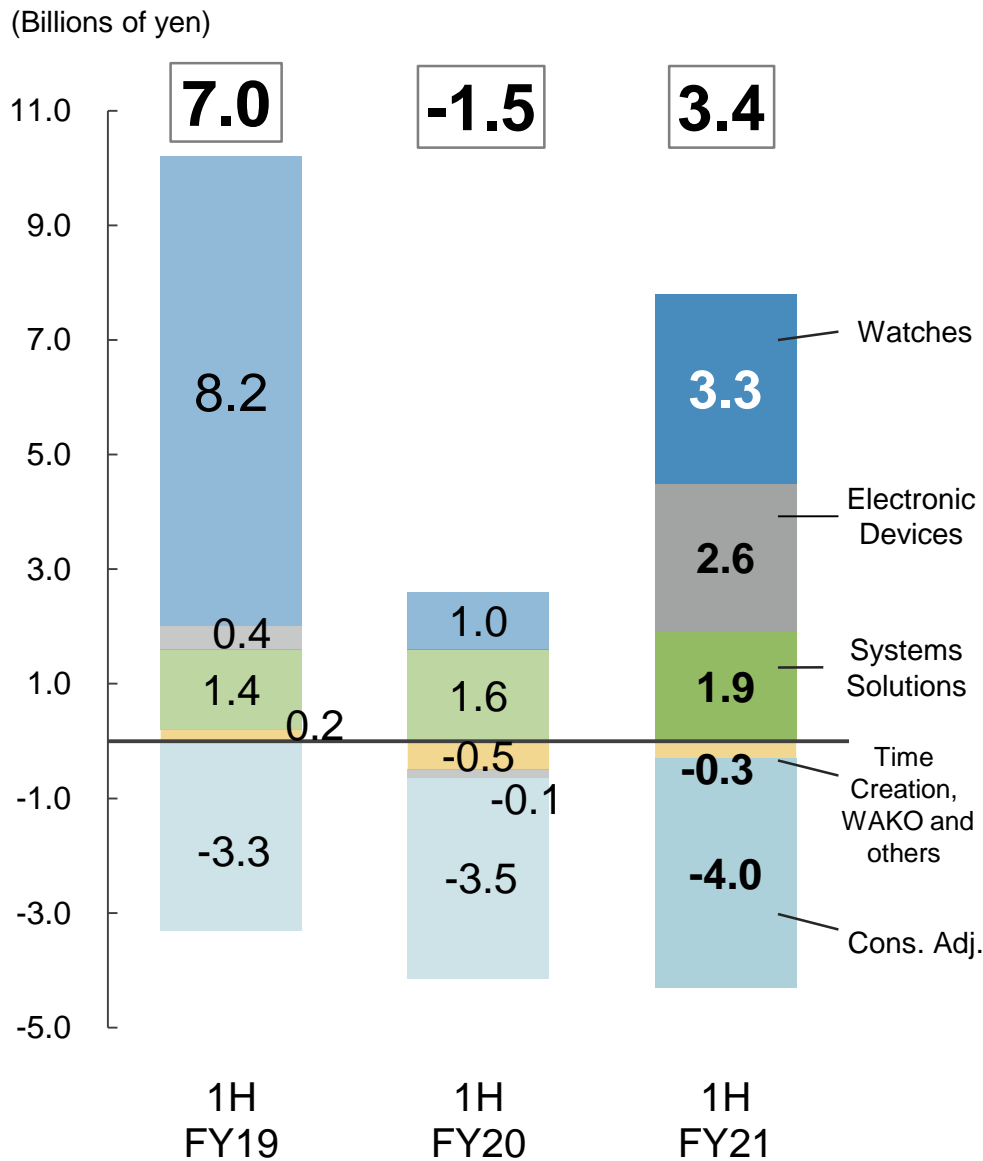
(Billions of yen)



(Billions of yen)

	Net Sales (Composition ratio)			
	FY19 1H	FY20 1H	FY21 1H	Variance
Watches	71.0 (58%)	43.4 (50%)	57.5 (52%)	+14.0
Electronic Devices	26.0 (21%)	22.4 (26%)	31.2 (28%)	+8.7
Systems Solutions	15.6 (13%)	16.7 (19%)	16.8 (15%)	+0.1
Sub Total	112.7	82.7	105.6	+22.9
Time Creation, WAKO and others	15.0 (12%)	10.5 (12%)	12.1 (11%)	+1.5
Cons. Adj.	-5.6 (-5%)	-5.7 (-7%)	-7.3 (-7%)	-1.6
Cons. Total	122.1	87.4	110.3	+22.9

Operating Profit by Segment for 1H21 (Apr. - Sep. 2021)



(Billions of yen)

	Operating Profit			
	FY19 1H	FY20 1H	FY21 1H	Variance
Watches	8.2	1.0	3.3	+2.3
Electronic Devices	0.4	-0.1	2.6	+2.7
Systems Solutions	1.4	1.6	1.9	+0.2
Sub Total	10.1	2.5	7.8	+5.3
Time Creation, WAKO and others	0.2	-0.5	-0.3	+0.1
Cons. Adj.	-3.3	-3.5	-4.0	-0.4
Cons. Total	7.0	-1.5	3.4	+4.9

Consolidated P/L for 2Q21 (Jul. - Sep. 2021)

(Billions of yen)

	FY19 2Q	FY20 2Q	FY21 2Q	Variance		
				Amt.	%	
Net Sales	63.6	51.8	55.7	+3.9	+7.5%	
Gross Profit	25.9	20.9	23.3	+2.4	+11.5%	
%	40.8%	40.3%	41.8%	+1.5pt		
Operating Profit	4.1	0.6	1.9	+1.2	+190.8%	
%	6.6%	1.3%	3.5%	+2.2pt		
Ordinary Profit	4.5	0.5	1.7	+1.2	+227.9%	
%	7.1%	1.0%	3.2%	+2.1pt		
Income before income taxes	4.5	1.9	1.3	-0.6	-31.6%	
Profit attributable to owners of parent	3.2	1.1	1.1	-0.0	-2.1%	
%	5.1%	2.2%	2.0%	-0.2pt		
Exchange Rates (JPY)	USD	107.4	106.2	110.1	+3.9	+3.7%
	EUR	119.4	124.1	129.8	+5.7	+4.6%

Net Sales :	y/y	+3.9
Exchange rate fluctuations	c.	+1.0
Impact of the adoption of accounting standard for revenue recognition		+0.8

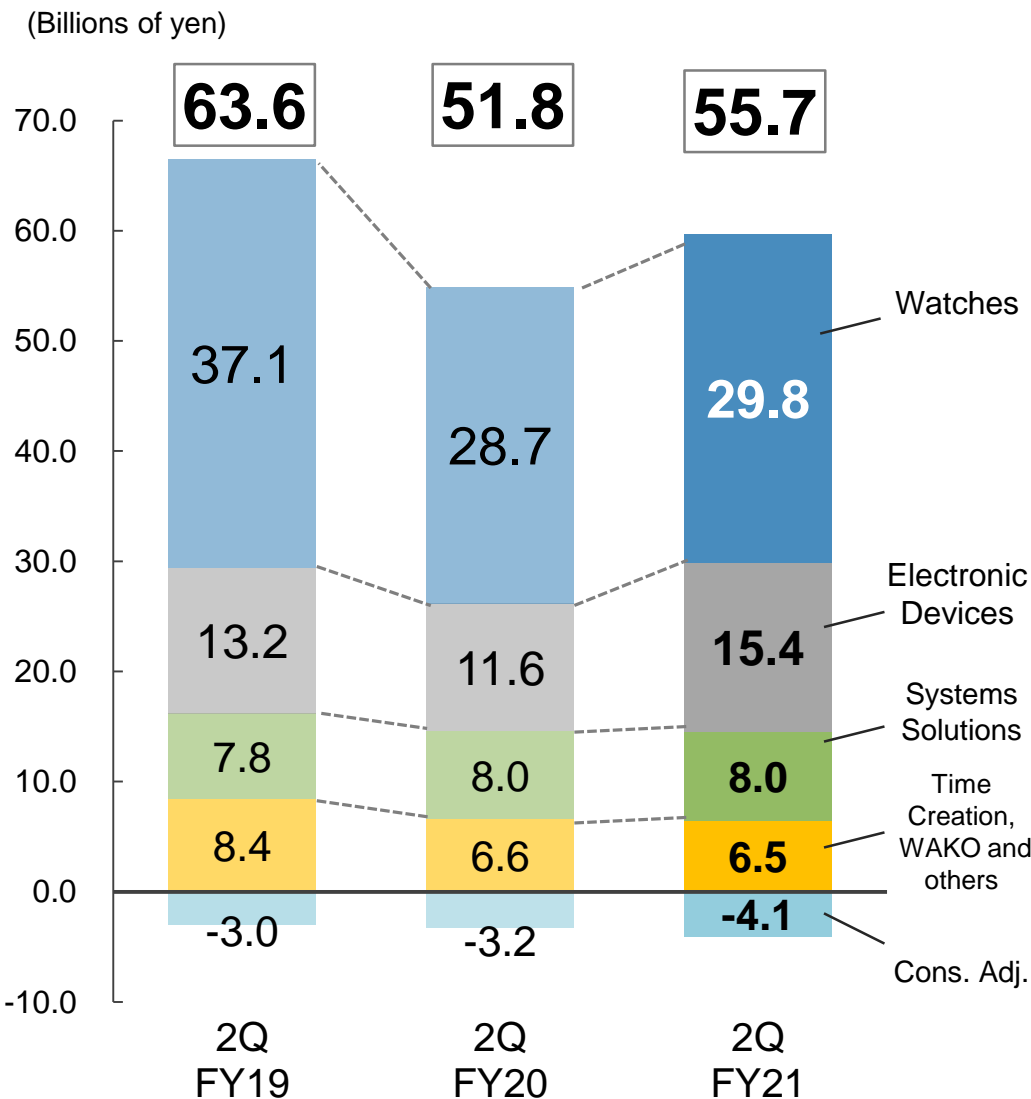
Operating Profit :	y/y	+1.2
Impact of increase in Net sales		+1.6
Impact of improved GP%		+0.7
Increase in SG&A expenses		-1.1

Ordinary Profit :	y/y	+1.2
Increase in Operating profit		+1.2
Improve in Equity-method income		+0.1
Others		-0.2

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

Net Sales by Segment for 2Q21 (Jul. - Sep. 2021)

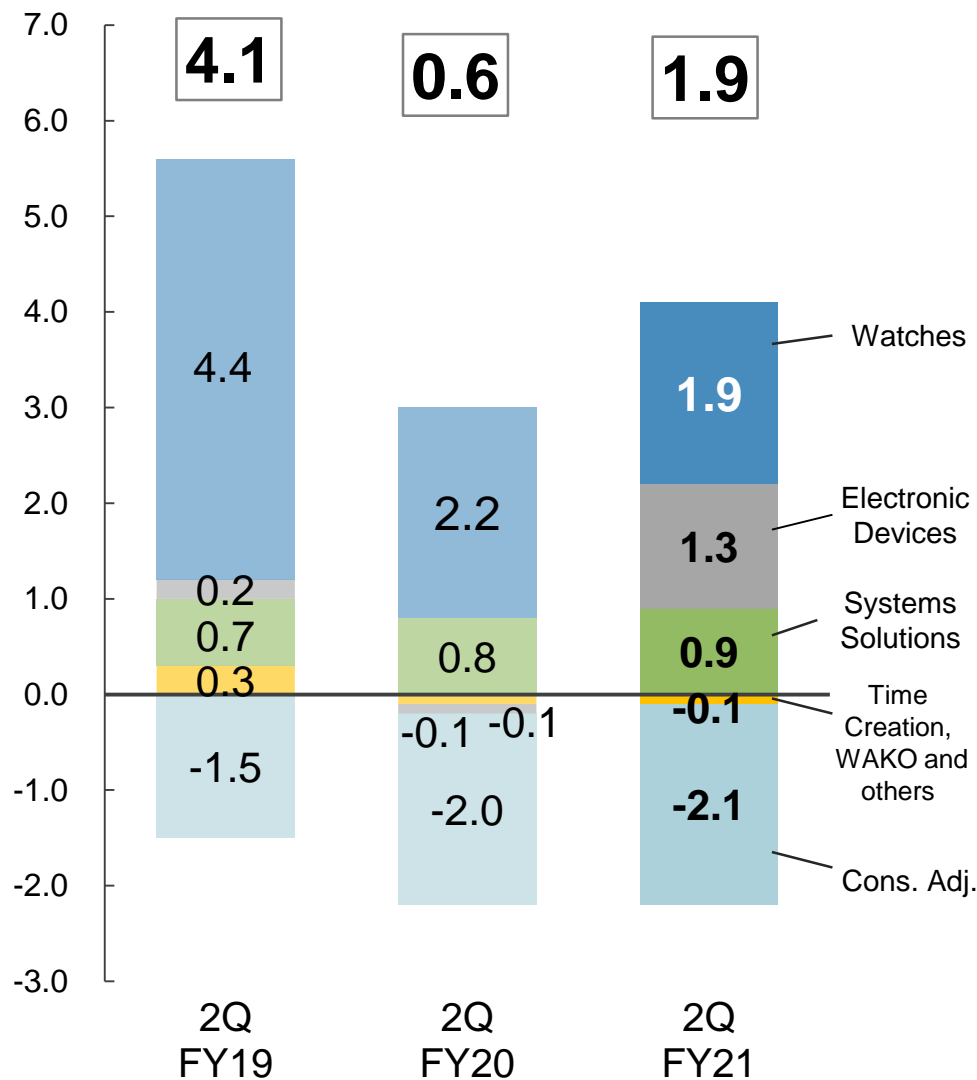
(Billions of yen)



	Net Sales (Composition ratio)			
	FY19 2Q	FY20 2Q	FY21 2Q	Variance
Watches	37.1 (58%)	28.7 (56%)	29.8 (53%)	+1.0
Electronic Devices	13.2 (21%)	11.6 (23%)	15.4 (28%)	+3.7
Systems Solutions	7.8 (12%)	8.0 (15%)	8.0 (14%)	+0.0
Sub Total	58.2	48.4	53.3	+4.8
Time Creation, WAKO and others	8.4 (13%)	6.6 (13%)	6.5 (12%)	-0.0
Cons. Adj.	-3.0 (-5%)	-3.2 (-6%)	-4.1 (-7%)	-0.8
Cons. Total	63.6	51.8	55.7	+3.9

Operating Profit by Segment for 2Q21 (Jul. - Sep. 2021)

(Billions of yen)



(Billions of yen)

	Operating Profit			
	FY19 2Q	FY20 2Q	FY21 2Q	Variance
Watches	4.4	2.2	1.9	-0.2
Electronic Devices	0.2	-0.1	1.3	+1.4
Systems Solutions	0.7	0.8	0.9	+0.0
Sub Total	5.4	2.9	4.2	+1.3
Time Creation, WAKO and others	0.3	-0.1	-0.1	+0.0
Cons. Adj.	-1.5	-2.0	-2.1	-0.0
Cons. Total	4.1	0.6	1.9	+1.2

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.*