



CITIZEN

Earning Presentation

for Three months ended June 30, 2023

CITIZEN WATCH CO., LTD.

August 14, 2023

Financial Results for 1Q of FY 2022



Financial Results for 1Q of FY 2023

(Unit : billion yen)	FY2022	FY2023	YoY Change	
	1Q(Apr-Jun) Result	1Q(Apr-Jun) Result	Amount	%
Net sales	71.3	72.6	+ 1.3	+ 1.9%
Operating profit	5.5	5.5	(0.0)	(0.9%)
Operating margin	7.8%	7.6%	-	-
Ordinary Profit	8.5	8.0	(0.5)	(6.5%)
Profit attributable to owners of parent	7.2	6.2	(0.9)	(13.5%)
Exchange rate	¥126/USD ¥137/EUR	¥135/USD ¥147/EUR		

- Net sales Sales increased, reflecting growth in the mainstay Watches segment
- Operating profit Remained nearly unchanged YoY due to factors such as the slump in the Machine Tools segment

Result by Business Segments for 1Q of FY 2023

Net sales (Unit : billion yen)	FY2022	FY2023	YoY Change	
	1Q(Apr-Jun) Result	1Q(Apr-Jun) Result	Amount	%
Watches	35.1	37.0	+ 1.9	+ 5.5%
Machine Tools	19.9	19.5	(0.4)	(2.2%)
Devices and Components	10.9	10.8	(0.1)	(1.0%)
Electronic and Other Products	5.2	5.2	(0.0)	(0.7%)
合計	71.3	72.6	+ 1.3	+ 1.9%
Operating Profit (Unit: billion yen, %:operating margin)				
Watches	3.9 11.2%	4.5 12.2%	+ 0.5	+ 14.8%
Machine Tools	2.7 13.5%	2.3 12.0%	(0.3)	(13.4%)
Devices and Components	(0.0) (0.5%)	0.0 0.4%	+ 0.0	-
Electronic and Other Products	0.3 6.6%	0.1 2.9%	(0.1)	(56.8%)
Eliminations or general corporate	(1.3)	(1.5)	(0.1)	-
Consolidated Total	5.5 7.8%	5.5 7.6%	(0.0)	(0.9%)

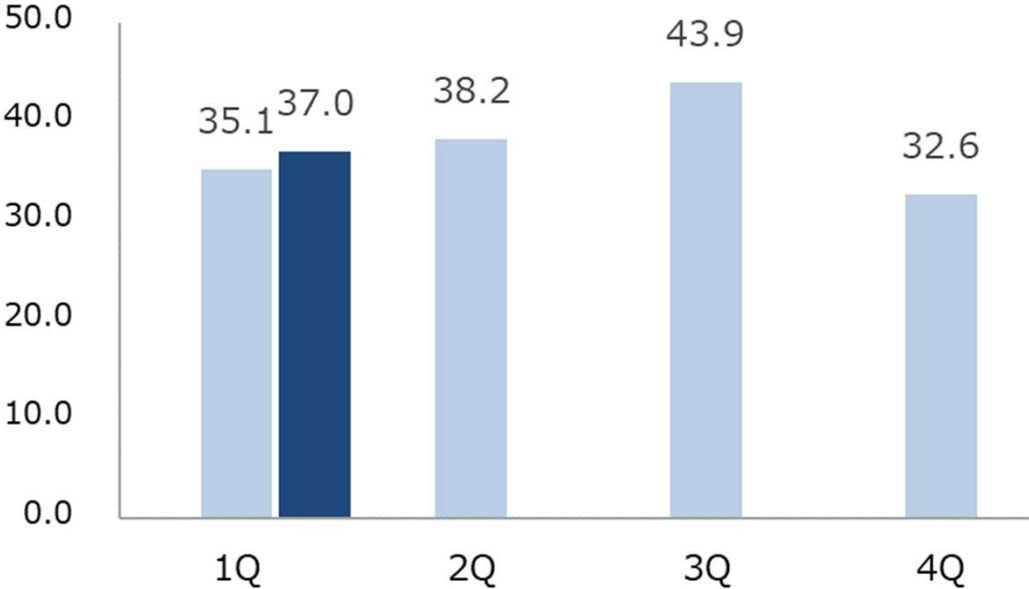
Watches (Operating Performance)

1Q (Apr.-Jun.)

- Finished watch sales A trend toward recovery was seen in the domestic market. Additionally, sales increased as the European market remained brisk.
- Movement sales Despite a drop in sales, the trend toward recovery was visible in mechanical movements.

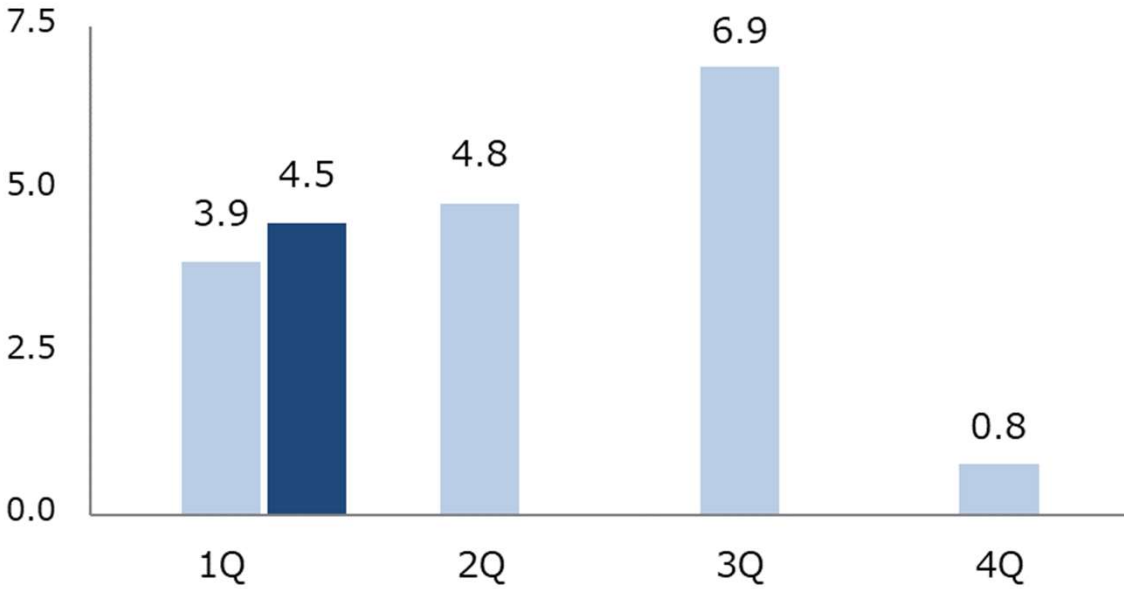
Net sales (billion yen)

■ FY2022 ■ FY2023



Operating profit (billion yen)

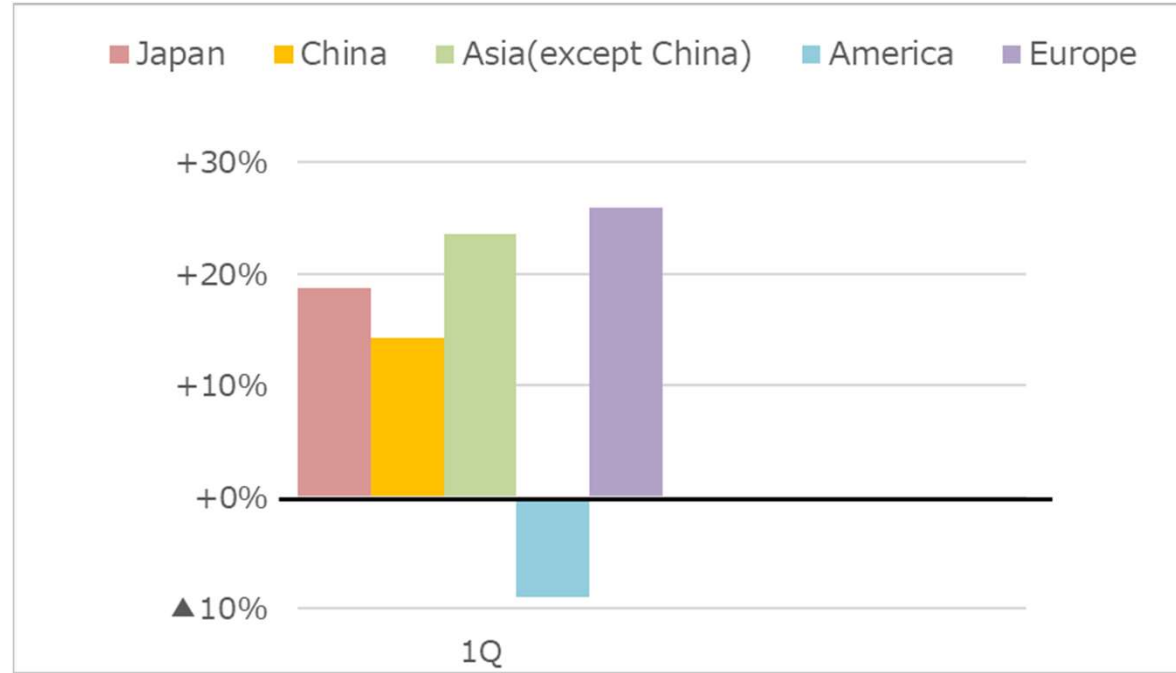
■ FY2022 ■ FY2023



Watches Net sales growth rate by region

Rate of change year on year

* The rate of change in total sales of CITIZEN brand watches and BULOVA brand watches only for North America. For other regions, the rate of change only in sales of CITIZEN brand watches.
* Rate of change based on local currency



■ Japan

Attesa and Promaster led the overall business. Inbound demand was also recovering.

■ China

On track toward recovery, albeit modestly, following the lifting of restrictions on human movement.

■ Asia(except China)

Upward swing in Hong Kong and Singapore as the movement of people was recovering.

■ America

The cautious attitude of jewelry chains, department stores and others was visible, but e-commerce and tourism distribution channels supported net sales.

■ Europe

Britain and Italy continued to perform well. We acquired new clients in France where net sales increased.

Series 8

880 Mechanical with GMT function

- Time display in a second time zone with a 24-hour hand and a GMT function with a bidirectionally rotating bezel to show three different time zones
- Equipped with Type 2 antimagnetic properties enhancing the antimagnetic performance of the movement. High performance is achieved with an average daily difference ranging between -10 and +20 seconds and an approx. 50-hour duration.
- The see-through case back conveys the beats of the movement.



Release date: Fall 2023
Recommended retail price: 220,000 yen (tax included)
Number of models: 2



Release date: Fall 2023
Recommended retail price: 242,000 yen (tax included)
Quantity: 1,300 units worldwide



ATTESA



Release date: June 2023
Recommended retail price:
286,000 yen (tax included)
Quantity: 1,200 units worldwide

The power of Antares is inspired by the first-magnitude star of Scorpius.

- Equipped with the F950 top-end movement from the eco-drive GPS satellite atomic watches from CITIZEN Attesa's ACT Line.
- Specially colored limited model with a sapphire glass bezel.

Watches Topics

UNITE with BLUE is inspired by the beautiful sea that connects the world.

- The face is made of 100% recycled polycarbonate. The development of a structural color face with an unprecedented luster inspired by the beautiful sea.
- Characterized by the wide variety of appearances and color that appear through the reflection of light off of the micro structure within the ink layer, which is not a pigment-based coloring.



Release date: June 2023
Recommended retail price: 44,000 yen - 220,000 yen (tax included)
Model: A total of 7 models from 6 brands, limited quantity

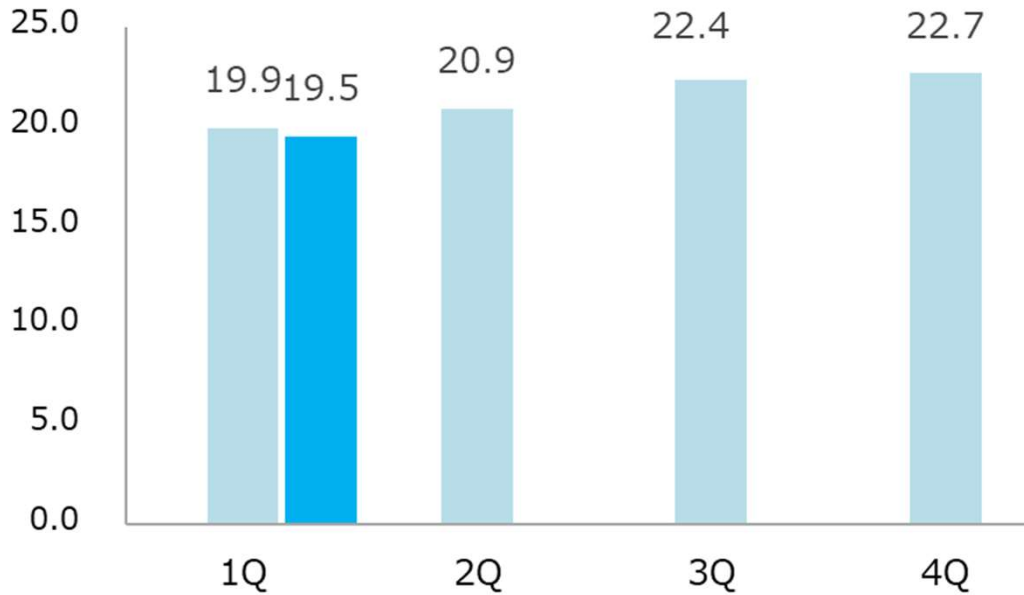
Machine Tools (Operating Performance)

1Q (Apr.-Jun.)

- Domestic sales While the cautious attitude toward capital expenditures was spreading, sales of automobile-related and other machine tools slumped and slightly dropped.
- Overseas sales Sales dropped due to the slump in the Chinese and Asian markets despite the solid showing in Europe and the Americas.

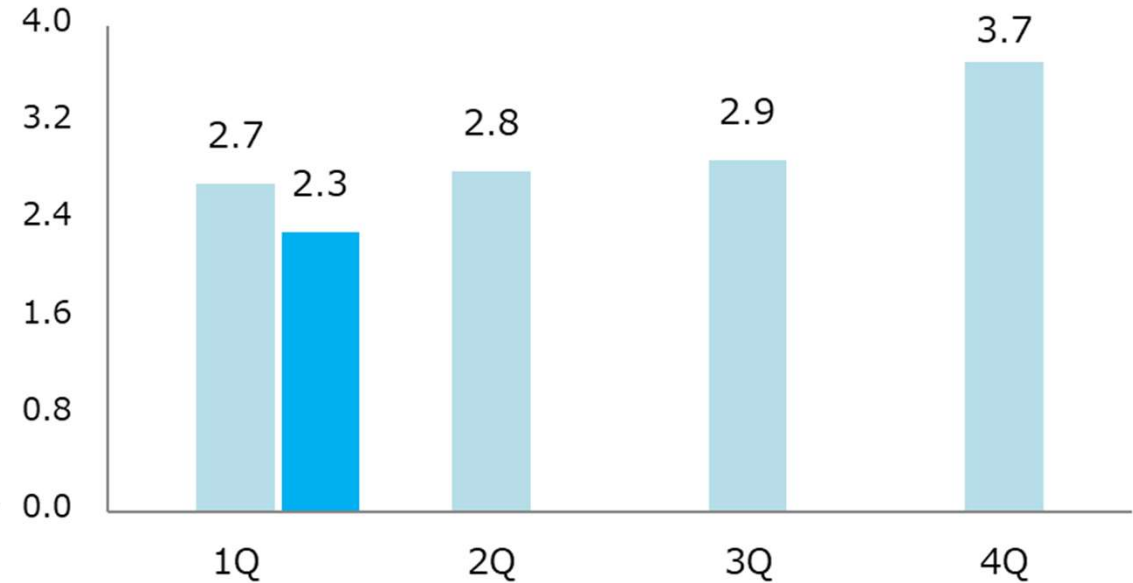
Net sales (billion yen)

FY2022 FY2023



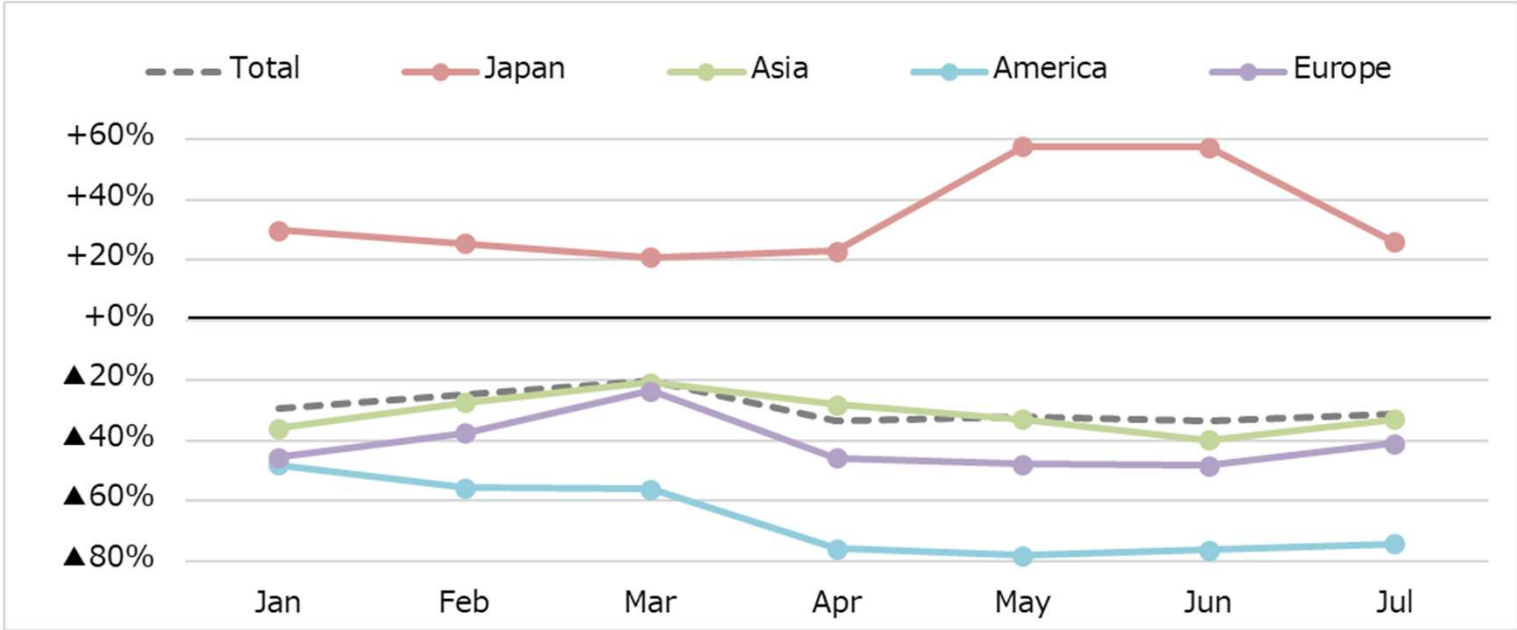
Operating profit (billion yen)

FY2022 FY2023



Machine tools Changes in monthly orders received (units)

■ Rate of change year on year (three-month moving average of the numbers of units in orders received)



■ Rate of change year on year for 1Q (Quarterly number of units in orders received)

- Total** ▲34% The adjustment phase was continuing, although we have generally retained a large number of orders received.
- Japan** +57% With the improvement of the prolonged lead time, the number of orders temporarily rose in automobile-related products. But that increase is slowing.
- Asia** ▲40% Even after the zero-COVID policy in China ended, market conditions did not recover and continued to slump.
- America** ▲76% The increase in the number of orders was slowing with the rise of concerns about a recession.
- Europe** ▲48% The appetite for capital investment was limited due to factors such as concerns about inflation and recession and soaring energy prices.

Devices and Components (Operating Performance)

1Q (Apr.-Jun.)

- Precision components

Auto components were trending mildly upward in step with the recovery of auto production.

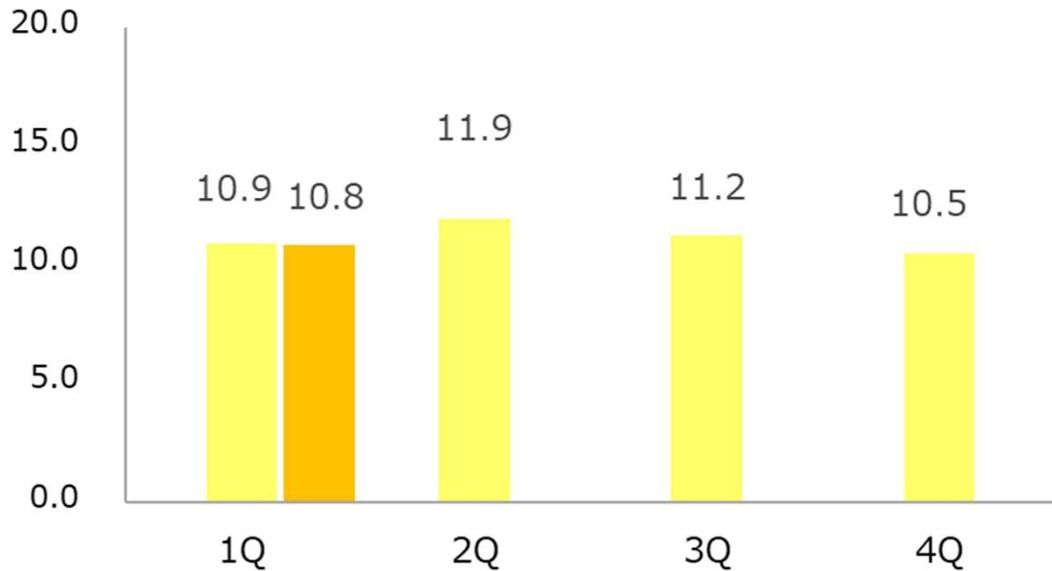
Sales of small motors increased with the recovery in market conditions across a broad range of areas, including healthcare.

- Opto-devices

Sales of opto-devices decreased, mainly due to a drop in sales of illumination LEDs.

Net sales (billion yen)

FY2022 FY2023



Operating profit (billion yen)

FY2022 FY2023



"FY 2023 Q1 turned into a profit (FY 2022 Q1 recorded an operating loss)."



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This presentation contains forward looking statements that are based on current expectations and assumptions. Actual results could differ materially due to risks and uncertainties, which includes, but not limited to, currency fluctuation and competitive activity.

FY 2023 Forecasts

- The previous forecast (May 12, 2023) remains unchanged in terms of the consolidated performance and dividends forecasts.

FY 2023 Forecasts

(Unit : billion yen)	FY2022 Result		FY2023 Forecast		YoY Change			
	1H(Apr-Sep)	Full Year	1H(Apr-Sep)	Full Year	Amount		%	
					1H	Full Year	1H	Full Year
Net sales	147.6	301.3	153.0	310.0	+ 5.3	+ 8.6	+ 3.6%	+ 2.9%
Operating profit	12.3	23.7	12.6	25.0	+ 0.2	+ 1.2	+ 2.0%	+ 5.4%
Operating margin	8.4%	7.9%	8.2%	8.1%	-	-	-	-
Ordinary Profit	16.8	29.0	12.7	26.0	(4.1)	(3.0)	(24.4%)	(10.6%)
Profit attributable to owners of parent	12.6	21.8	9.7	20.0	(2.9)	(1.8)	(23.3%)	(8.4%)
Exchange rate	¥131/USD ¥138/EUR	¥135/USD ¥141/EUR	¥130/USD ¥140/EUR	¥130/USD ¥140/EUR				

Dividends Forecasts

- Dividends per share 40yen (Full year)
(Second quarter 20yen / Year-end 20yen)
- Reference: Planned annual dividend for FY2022: 34 yen
(Second quarter 15 yen / Year-end 19 yen)

Exchange rate impact (1 weaker yen, Annual)

(Unit : billion yen)	USD	EUR
Net sales	+0.9	+0.4
Operating profit	+0.25	+0.2

FY2023 Forecast by Business Segment

- The previous forecast (May 12, 2023) remains unchanged.

Net sales (Unit : billion yen)	FY2022 Result		FY2023 Forecast		Change Amount		Change %	
	1H(Apr-Sep)	Full Year	1H(Apr-Sep)	Full Year	1H	Full Year	1H	Full Year
Watches	73.3	150.0	75.0	155.0	+ 16.0	+ 49.0	+ 2.2%	+ 3.3%
Machine Tools	40.9	86.1	44.5	87.0	+ 35.0	+ 8.0	+ 8.8%	+ 1.0%
Devices and Components	22.9	44.7	23.3	47.5	+ 3.0	+ 27.0	+ 1.6%	+ 6.2%
Electronic and Other Products	10.4	20.4	10.2	20.5	(2.0)	+ 0.0	(2.6%)	+ 0.2%
合計	147.6	301.3	153.0	310.0	+ 53.0	+ 86.0	+ 3.6%	+ 2.9%
Operating Profit (Unit: billion yen, %:operating margin)								
Watches	8.8 12.0%	16.6 11.1%	8.7 11.6%	17.0 11.0%	(1.0)	+ 3.0	(1.2%)	+ 2.2%
Machine Tools	5.5 13.5%	12.2 14.2%	6.4 14.4%	12.5 14.4%	+ 8.0	+ 2.0	+ 15.8%	+ 2.4%
Devices and Components	0.0 0.1%	(0.8) (1.8%)	0.2 0.9%	0.7 1.5%	+ 1.0	+ 15.0	+ 809.1%	-
Electronic and Other Products	0.7 7.1%	1.1 5.6%	0.3 2.9%	0.8 3.9%	(4.0)	(3.0)	(59.7%)	(30.1%)
Eliminations or general corporate	(2.7)	(5.4)	(3.0)	(6.0)	(2.0)	(5.0)	-	-
Consolidated Total	12.3 8.4%	23.7 7.9%	12.6 8.2%	25.0 8.1%	+ 2.0	+ 12.0	+ 2.0%	+ 5.4%