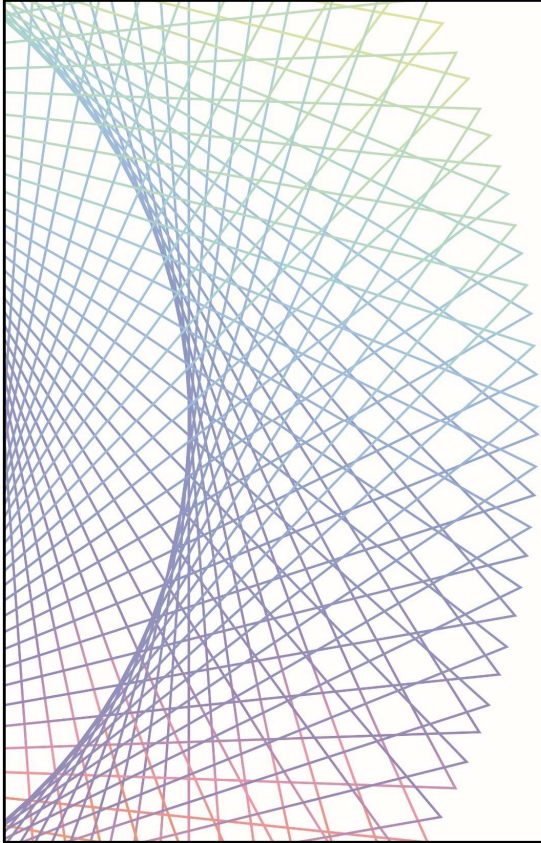


CITIZEN



Earning Presentation
for Three months ended June 30, 2023

CITIZEN WATCH CO., LTD.
August 14, 2023

Financial Results for 1Q of FY 2022

My name is Toshiyuki Furukawa, in charge of the Public & Investor Relations Department. I will provide an explanation on the financial results for the first quarter of fiscal 2023.

Financial Results for 1Q of FY 2023

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(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

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This is the outline of the statement of income for the first quarter.

Net sales increased 1.9% year on year, to JPY 72.6 billion, reflecting growth in the mainstay Watches business.

On the other hand, operating profit remained nearly unchanged year on year, at JPY 5.5 billion, due to factors such as the slump in the Machine Tools business.

Ordinary profit was 8.0 billion yen. It decreased 6.5% year on year due to a decrease in foreign exchange gains and an increase in expenses including commission for purchase of treasury shares.

Profit attributable to owners of parent decreased 13.5% year on year, to JPY 6.2 billion.

This mainly reflects a decline in extraordinary income as well as a decrease in ordinary profit.

While a gain on sale of investment securities of JPY 0.55 billion was posted this time, gain on sale of real estate larger than that was posted last fiscal year.

Result by Business Segments for 1Q of FY 2023

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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%)

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We are now looking at a breakdown of results by segment.

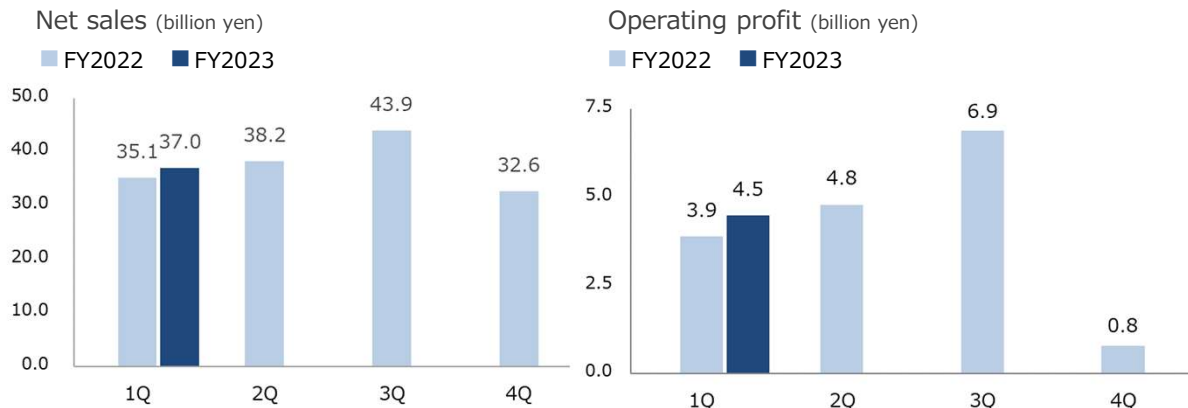
In the Watches business, net sales increased 5.5% year on year, to JPY 37.0 billion. Operating profit rose 14.8% year on year, to JPY 4.5 billion. Thus, both net sales and operating profit grew year on year with an operating margin of 12.2%.

In the Machine Tools business, net sales decreased 2.2% year on year to JPY 19.5 billion and operating profit declined 13.4% year on year to JPY 2.3 billion as sales grew sluggishly while orders received entered an adjustment phase. The operating profit margin stood at 12.0%.

Devices and Components recorded a decline in net sales but moved into the black due to control of fixed costs. Electronic and Other Products posted a decline in profit mainly reflecting saturation of demand for healthcare products.

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.



I will now give an overview of business by segment.

In the Watches business, finished watch sales increased in the domestic market due to gradual recovery of demand from inbound tourists as well as strong performance of core brands such as Attesa and Promaster. Sales in Europe also remained strong and increased year on year.

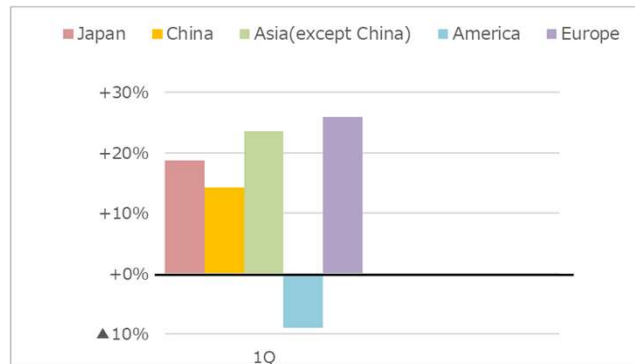
Regarding movement sales, sales of analog quartz movements declined due in part to a weak recovery in multi-hand movements while net sales of mechanical movements recovered to the year-ago level.

Watches Net sales growth rate by region

CITIZEN

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.

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Next, I would like to talk about year-on-year changes in net sales on a local currency basis by region.

The red bar indicates net sales in Japan, which increased because demand from inbound tourists increased and Attesa and Promaster led the overall business as I mentioned earlier.

Net sales in China, which is shown in yellow, increased although the recovery of consumption was slow mainly at brick-and-mortar stores.

Net sales in Asia, shown in light green, increased due to strong results in Hong Kong, Singapore, and other areas as the movement of people was recovering.

In North America, shown in light blue, jewelry chains, department stores and others showed a cautious attitude toward purchases, but e-commerce sales and sales via tourism distribution channels remained strong.

Although net sales decreased year on year, sell-through of our products were not below the previous year's level, and a sound channel inventory state has been maintained on the retailers' side. Net sales in July, the most recent results, are far above the previous year.

Sales in Europe, indicated by the light purple bar, increased due to an increase of dealers in France as well as the strong performance maintained in Italy.

Series8

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

Next, I would like to explain initiatives for empowering premium brands and mechanical watches that we included in the Medium-term Management Plan.

From Series 8, which we are strengthening as a new mechanical watch brand, we will release 880 Mechanical in the coming autumn or later. It will be equipped with a newly developed mechanical movement with the GMT function.

We will take this enhancement of the product lineup as an opportunity to start the full-scale expansion of sales in Europe and North America.

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 Attessa's ACT Line.
- Specially colored limited model with a sapphire glass bezel.

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Further, from CITIZEN Attesa, our titanium watch brand, in June we released the Power of Antares, inspired by the first-magnitude star of Scorpius, with a limited quantity of 1,200 units worldwide.

Despite its price that is near JPY 300,000, the model has sold out in Japan in terms of sales to retailers.

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.

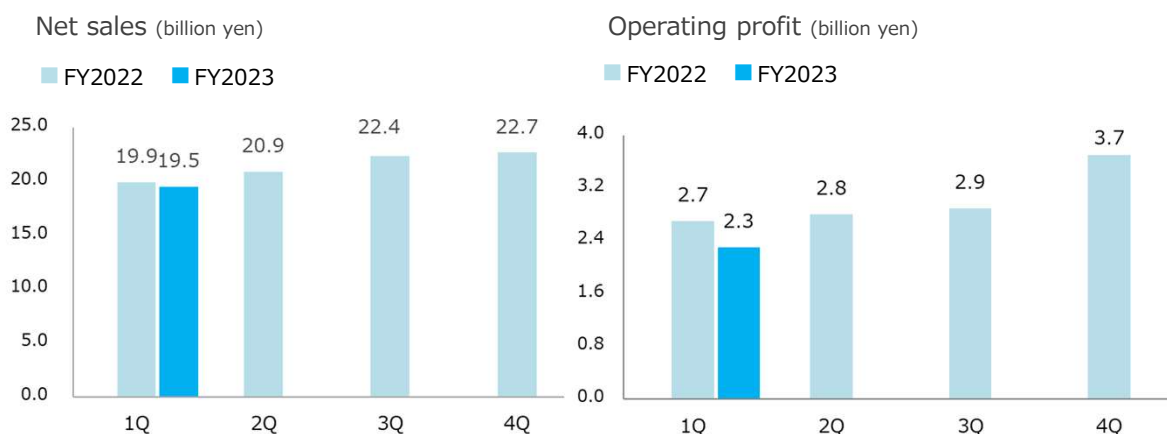


Release date: June 2023
Recommended retail price: 44,000 yen - 220,000 yen (tax included)
Model: A total of 7 models from 6 brands, limited quantity

These are UNITE with BLUE that we released in June in a cross-brand project. These watches were designed with inspiration from the beautiful sea that connects the world. To express the beauty of the ocean that connects all the continents and lives on the Earth into one, we developed dial faces with an unprecedented luster using structural color inks. The unique Eco Drive dial faces which create a luster by reflecting light, have been evaluated highly, and this collection of watches also sold out in terms of sales to retailers.

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.



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Now, I will provide an overview of the business results in the Machine Tools business.

Net sales were JPY 19.5 billion, down 2.2% year on year. Operating profit decreased by 13.4% from the year-ago level, to JPY 2.3 billion.

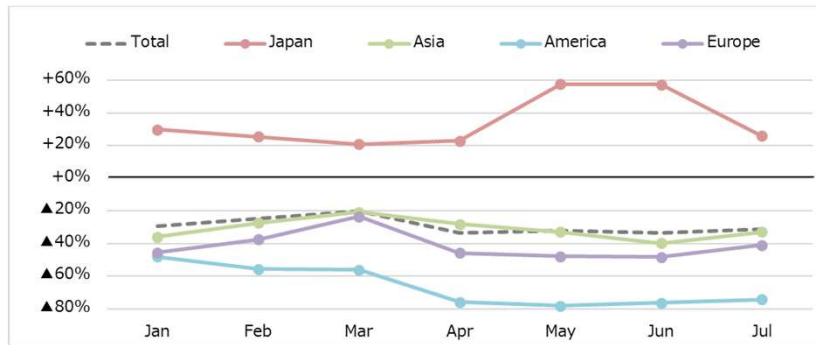
Domestically, sales of automobile-related and other machine tools slumped, dropping slightly, while the cautious attitude toward capital expenditures was spreading.

Overseas sales decreased, despite the solid showing in Europe and the Americas which was more than offset by the slump in China and Asia.

Sales targets for April were not achieved, partly reflecting the record-high sales posted in the fourth quarter of the previous fiscal year. Sales recovered to the forecast level in May and June but not so much that they were able to make up for the delay, resulting in the decline in net sales.

Operating profit decreased due to the sluggish growth of sales and an increase in personnel expenses, the cost of parts, depreciation and amortization and other expenses.

■ 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.

This slide shows the status of orders received by region.

The line graph shows the three-month moving average of orders received and the percentage change year on year.

The table under the graph shows the rates of change year-on-year in the first quarter.

Orders received in total decreased 34% year on year due to adjustments continuing overall.

Domestically, due to the improvement of the lead times that had been prolonged, the number of orders rose temporarily in automobile-related products and others, up 57% year on year, but they have been on a slowing trend since July.

In Asia, market conditions did not recover even after the zero-COVID policy in China ended, and orders received in Asia as a whole declined 40% year on year.

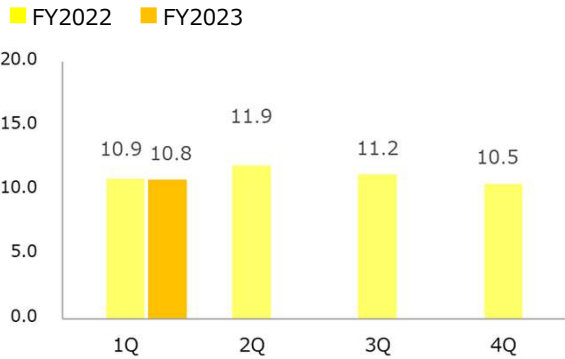
In the Americas, orders received have been on a slowing trend due in part to monetary restraint, decreasing 76% year on year.

In Europe, the appetite for capital investment was limited due to factors such as concerns about inflation and recession and soaring energy prices, and orders received declined 48% year on year.

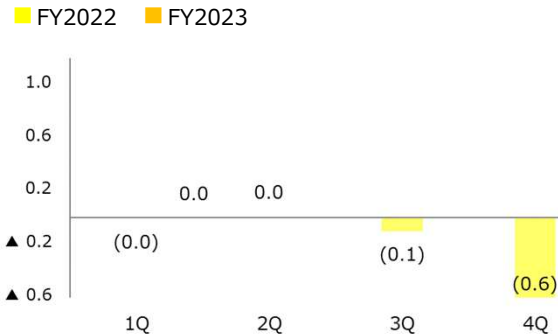
1Q (Apr.-Jun.)

- 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)



Operating profit (billion yen)



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

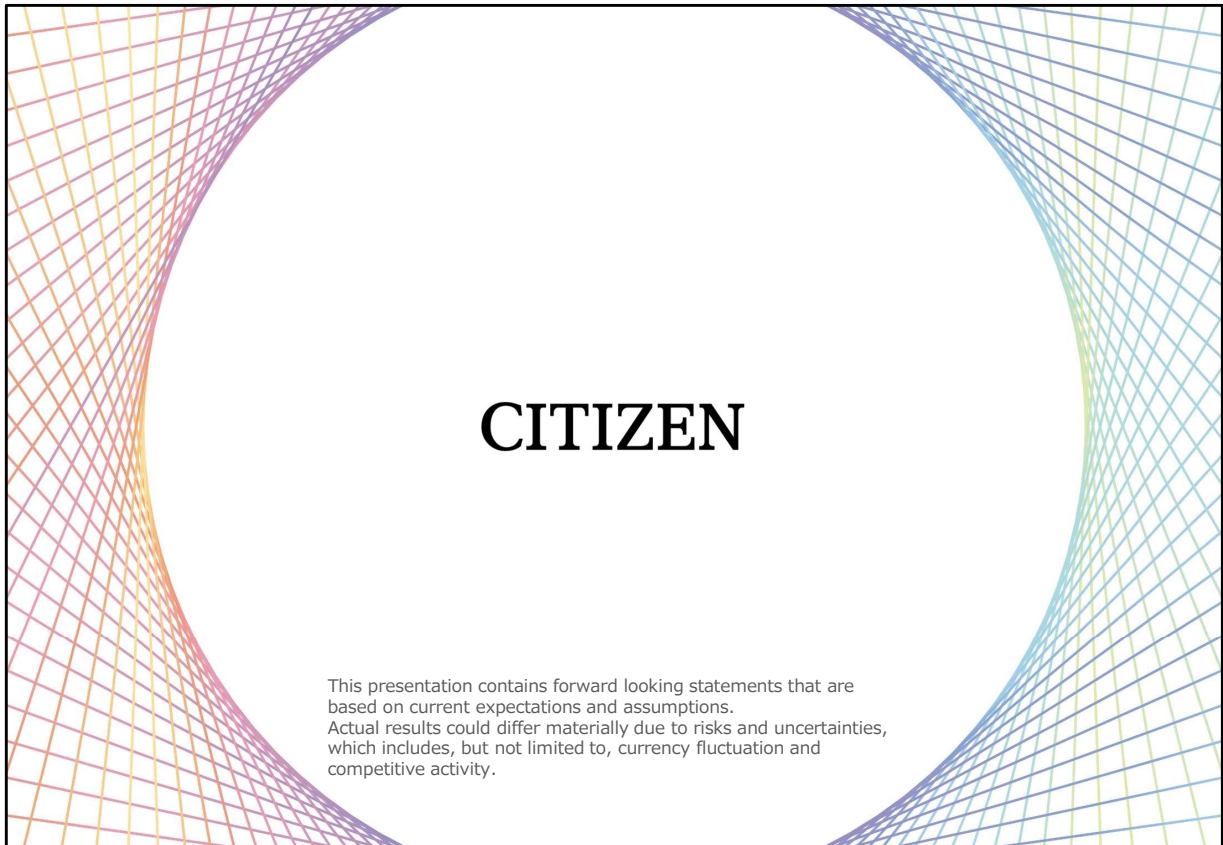
Finally, I will explain the Devices and Components business.

Net sales were JPY 10.8 billion, down 1.0% year on year, but we moved into the black in terms of operating profit.

Sales of automotive parts decreased but are expected to start increasing in the second quarter and result in a return to profitability.

Sales of small motors remained strong and increased year on year, with orders received in a broad range of areas including healthcare.

In opto-devices, net sales decreased year on year mainly because sales of illumination LEDs did not recover.



That is everything I have to explain. Please let me add that we did not change the consolidated earnings forecasts and the previous forecasts which we announced in May have also not been changed.

That concludes my presentation.
Thank you for your attention.

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		%	
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			
	1H(Apr-Sep)	Full Year	1H(Apr-Sep)	Full Year	Amount		%	
					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	16.6	8.7	17.0	(1.0)	+ 3.0	(1.2%)	+ 2.2%
	12.0%	11.1%	11.6%	11.0%				
Machine Tools	5.5	12.2	6.4	12.5	+ 8.0	+ 2.0	+ 15.8%	+ 2.4%
	13.5%	14.2%	14.4%	14.4%				
Devices and Components	0.0	(0.8)	0.2	0.7	+ 1.0	+ 15.0	+ 809.1%	-
	0.1%	(1.8%)	0.9%	1.5%				
Electronic and Other Products	0.7	1.1	0.3	0.8	(4.0)	(3.0)	(59.7%)	(30.1%)
	7.1%	5.6%	2.9%	3.9%				
Eliminations or general corporate	(2.7)	(5.4)	(3.0)	(6.0)	(2.0)	(5.0)	-	-
Consolidated Total	12.3	23.7	12.6	25.0	+ 2.0	+ 12.0	+ 2.0%	+ 5.4%
	8.4%	7.9%	8.2%	8.1%				