



CITIZEN

Earning Presentation

for Six months ended September 30, 2023

CITIZEN WATCH CO., LTD.

November 13, 2023

Financial Results for 2Q of FY 2023



Financial Results for 1H (Apr-Sep) of FY 2023

(Unit : billion yen)	FY2022	FY2023	YoY Change	
	1H(Apr.-Sep.) Result	1H(Apr.-Sep.) Result	Amount	%
Net sales	147.6	152.9	+ 5.2	+ 3.5%
Operating profit	12.3	13.5	+ 1.1	+ 9.6%
Operating margin	8.4%	8.9%	-	-
Ordinary Profit	16.8	17.4	+ 0.6	+ 3.7%
Profit attributable to owners of parent	12.6	13.3	+ 0.7	+ 5.9%
Exchange rate	¥131/USD ¥138/EUR	¥139/USD ¥152/EUR		

- Net sales Sales increased, reflecting continuing growth in the mainstay Watches segment
- Operating profit Profit increased, mainly driven by the Watches segment

Result by Business Segments for 1H (Apr-Sep) of FY 2023

Net sales (Unit : billion yen)	FY2022	FY2023	YoY Change	
	1H(Apr.-Sep.) Result	1H(Apr.-Sep.) Result	Amount	%
Watches	73.3	78.5	+ 5.1	+ 7.0%
Machine Tools	40.9	41.4	+ 0.5	+ 1.3%
Devices and Components	22.9	22.1	(0.7)	(3.2%)
Electronic and Other Products	10.4	10.7	+ 0.3	+ 3.0%
Consolidated Total	147.6	152.9	+ 5.2	+ 3.5%
Operating Profit (Unit: billion yen, %:operating margin)				
Watches	8.8 12.0%	10.2 13.0%	+ 1.3	+ 15.9%
Machine Tools	5.5 13.5%	5.2 12.6%	(0.3)	(5.5%)
Devices and Components	0.0 0.1%	0.4 1.8%	+ 0.3	+ 1,708.2%
Electronic and Other Products	0.7 7.1%	0.6 6.3%	(0.0)	(9.3%)
Eliminations or general corporate	(2.7)	(2.9)	(0.2)	-
Consolidated Total	12.3 8.4%	13.5 8.9%	+ 1.1	+ 9.6%

Financial Results for 2Q (Jul-Sep) of FY 2023

(Unit : billion yen)	FY2022	FY2023	YoY Change	
	2Q(Jul.-Sep.) Result	2Q(Jul.-Sep.) Result	Amount	%
Net sales	76.3	80.2	+ 3.8	+ 5.1%
Operating profit	6.7	8.0	+ 1.2	+ 18.3%
Operating margin	8.9%	10.0%	-	-
Ordinary Profit	8.2	9.4	+ 1.1	+ 14.2%
Profit attributable to owners of parent	5.3	7.1	+ 1.7	+ 32.0%
Exchange rate	¥137/USD ¥140/EUR	¥144/USD ¥157/EUR		

Result by Business Segments for 2Q (Jul-Sep) of FY 2023

Net sales (Unit : billion yen)	FY2022	FY2023	YoY Change	
	2Q(Jul.-Sep.) Result	2Q(Jul.-Sep.) Result	Amount	%
Watches	38.2	41.4	+ 3.1	+ 8.4%
Machine Tools	20.9	21.9	+ 0.9	+ 4.6%
Devices and Components	11.9	11.3	(0.6)	(5.2%)
Electronic and Other Products	5.2	5.5	+ 0.3	+ 6.6%
Consolidated Total	76.3	80.2	+ 3.8	+ 5.1%
Operating Profit (Unit: billion yen, %:operating margin)				
Watches	4.8 12.7%	5.6 13.7%	+ 0.8	+ 16.8%
Machine Tools	2.8 13.5%	2.8 13.1%	+ 0.0	+ 2.0%
Devices and Components	0.0 0.6%	0.3 3.1%	+ 0.2	+ 385.6%
Electronic and Other Products	0.3 7.6%	0.5 9.4%	+ 0.1	+ 32.4%
Eliminations or general corporate	(1.3)	(1.4)	+ 0.0	-
Consolidated Total	6.7 8.9%	8.0 10.0%	(1.2)	+ 18.3%

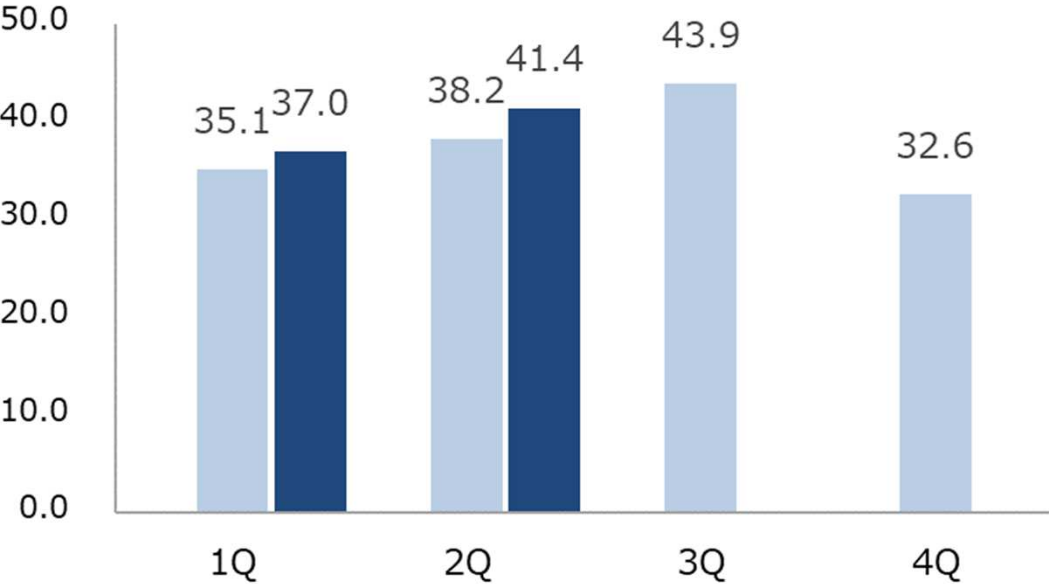
Watches (Operating Performance)

2Q (Jul-Sep)

- Finished watch sales A trend toward recovery was seen in the domestic market. Additionally, sales increased as the European market remained brisk.
- Movement sales Sales increased due to solid sales of mechanical movements despite sluggish growth of analog quartz movements

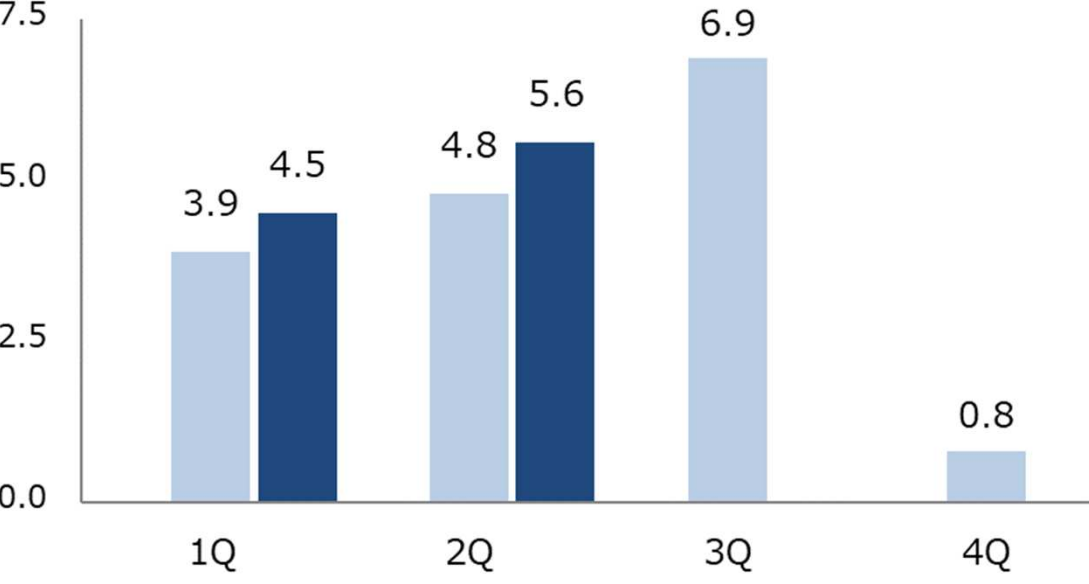
Net sales (billion yen)

FY2022 FY2023



Operating profit (billion yen)

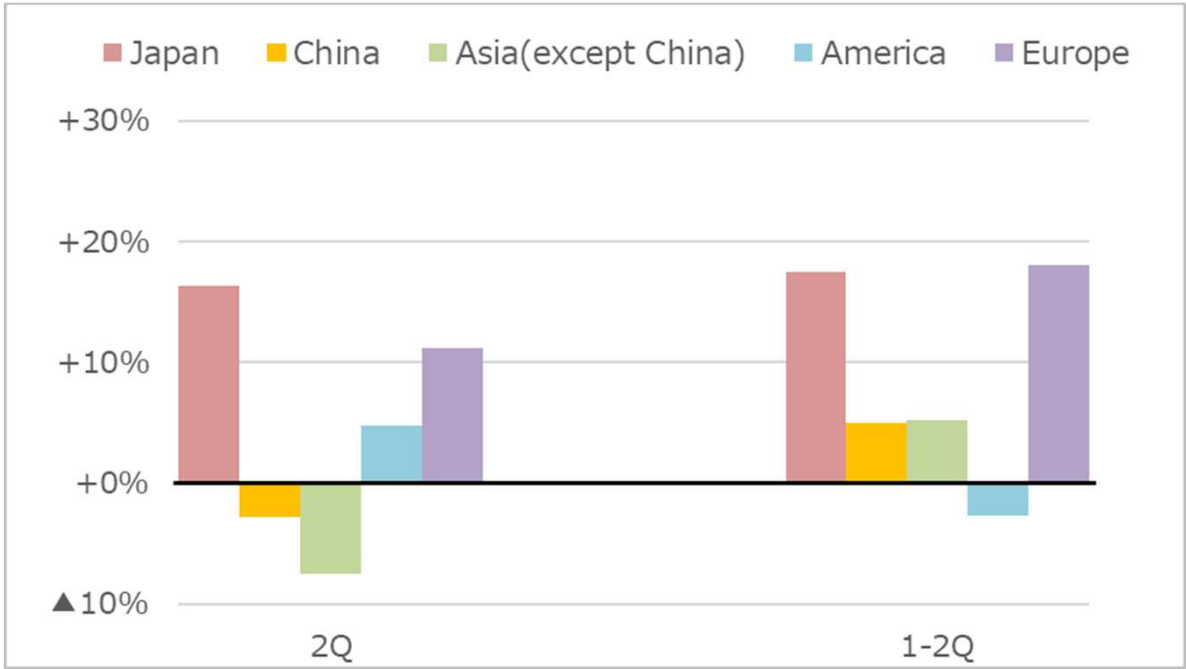
FY2022 FY2023



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



Sales remained at the year-ago level in Japan and Asia (except China).

The strong performances of North America and Europe contributed to a rise in overall sales, offsetting a significant decline in China.

- Japan Attesa and Promaster led the overall business. In addition, inbound demand continued to recover.
- China Consumer confidence continued to be weak.
- Asia (except China) Inbound demand was firm in Singapore, among other countries, but sales in Hong Kong were sluggish.
- America The attitude of jewelry chains, department stores and others was clearly cautious, but e-commerce performed strongly.
- Europe Italy maintained their strong performance, and the number of new dealers rose in France.

Watches: Premium brands

Launched a limited-edition model watch with a *washi* (traditional Japanese paper) face featuring platinum leaves falling like snow.

- Incorporates highly accurate solar power-based eco-drive movements that have a variation of +/- 5 seconds per year.
- The model with a *Tosa washi* face decorated with platinum leaves will be sold in limited quantities.



Release date: November 2023
Recommended retail price: 451,000 yen (tax included)
Quantity: 500 units worldwide

Watches: Enhancement of global model collections

The TSUYOSA collection gaining popularity for its rich color options.

- A popular model known overseas for its TSUYOSA Collection nickname.
- Mechanical watches whose neat design appeals thanks to their vividly colored faces featuring combination with simple and basic hands.



Recommended retail price: 63,800 yen - 66,000 yen (tax included)

Watches: Limited-edition ATTESA model

Launched the Power of Neptune, a limited-edition model featuring the concept of the Neptune, an ice giant.

- Equipped with the F950 top-end movement from the eco-drive GPS satellite atomic watches from CITIZEN Attesa's ACT Line.
- The Power of Neptune, a specially colored limited-edition model with a sapphire glass bezel.

ATTESA



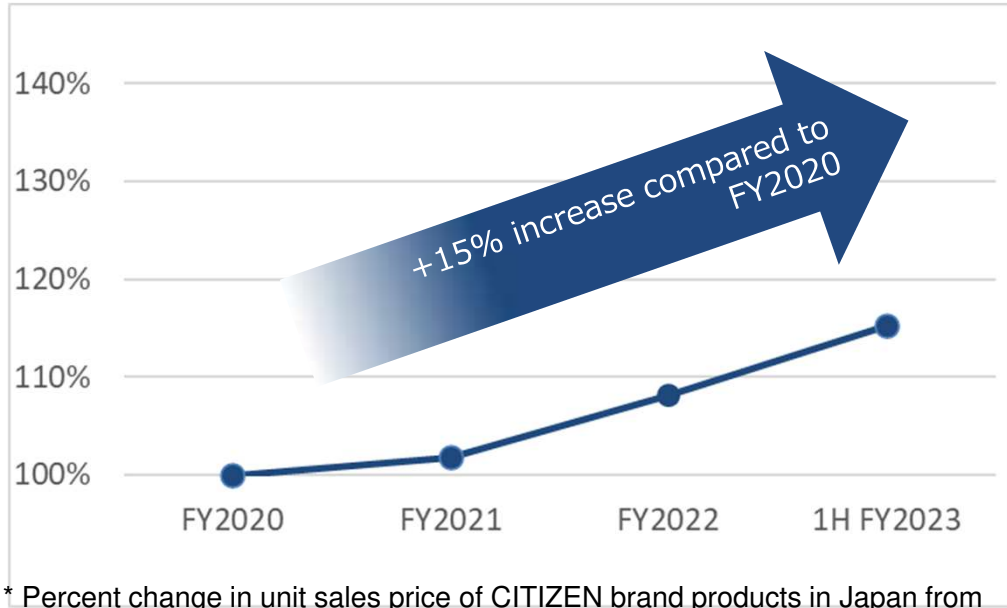
Release date: November 2023
Recommended retail price: 308,000 yen (tax included)
Quantity: 1,900 units worldwide

Watches: Trends in unit sales price

Increase brand presence to heighten unit sales price

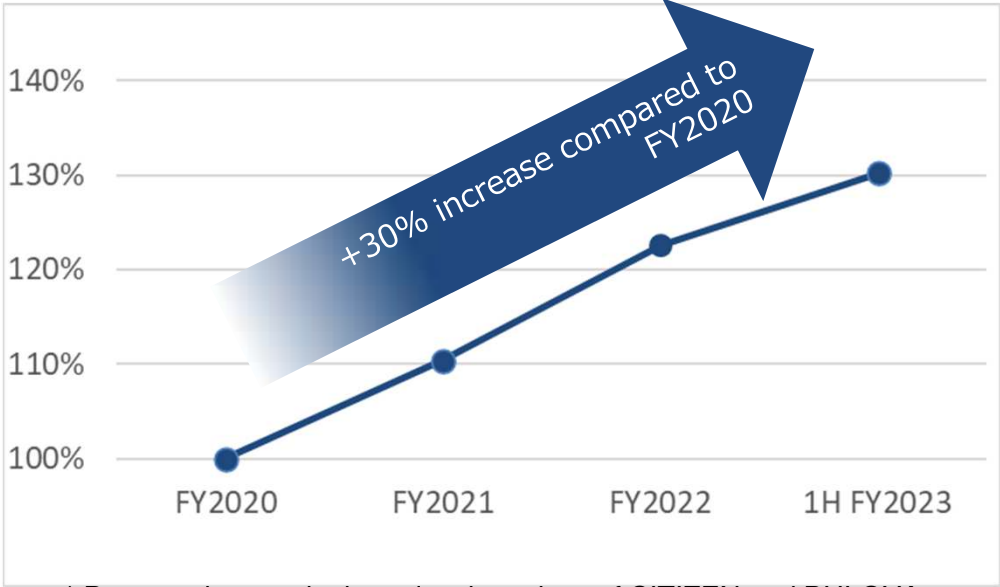
- In Japan, the unit sales price was on a rising trend, helped by the strong performance of ATTESA and PROMASTER.
- In North America, the unit sales price rose after introduction of high value-added products and price increases under the CITIZEN and BULOVA brands.

Changes in unit sales price in Japan



* Percent change in unit sales price of CITIZEN brand products in Japan from FY2020

Changes in unit sale prices in North America (on a local currency basis)



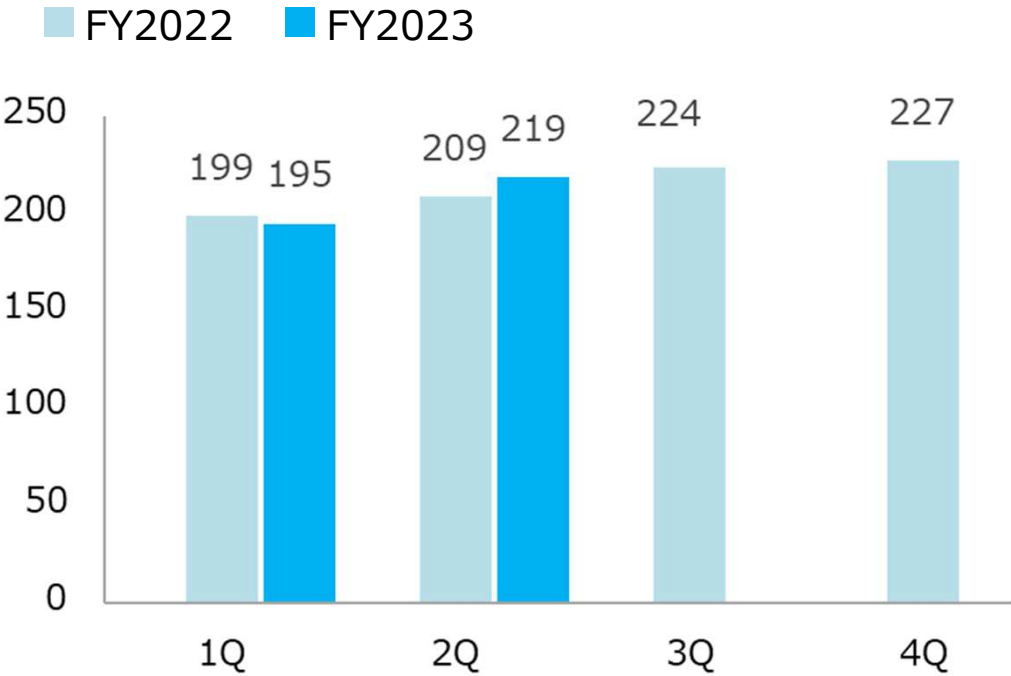
* Percent changes in the unit sales prices of CITIZEN and BULOVA brand products in North America from those in FY2020 (on a local currency basis)

Machine Tools (Operating Performance)

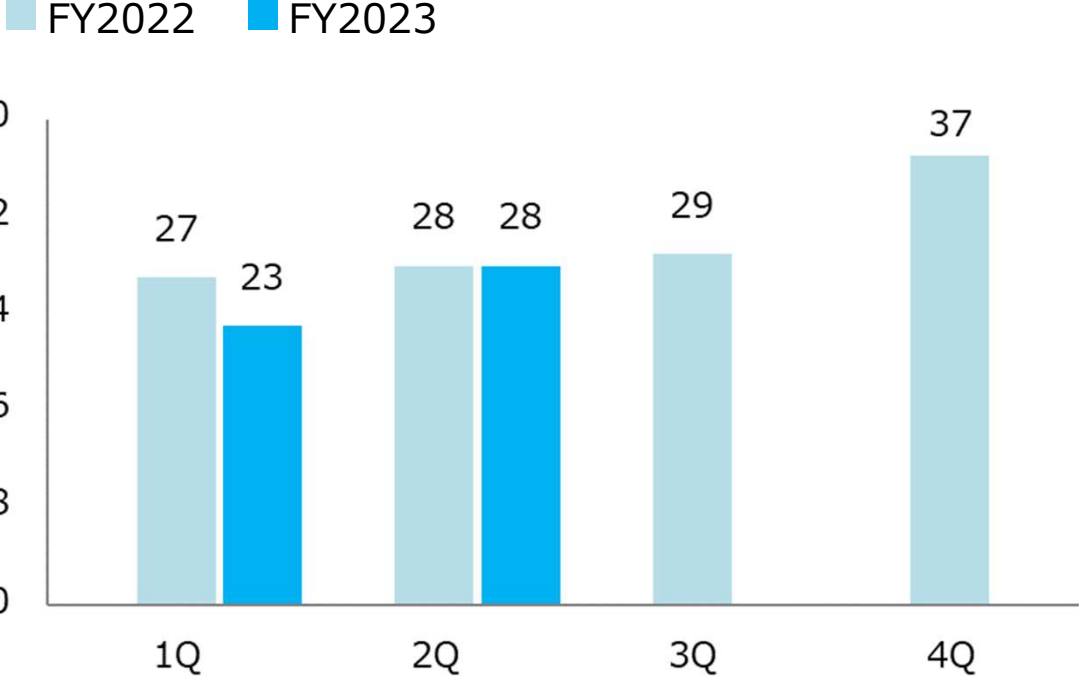
2Q (Jul-Sep)

- Domestic sales Sales increased, reflecting steady sales for the construction machinery and medical equipment industries, among other industries, despite the spread of a cautious stance on capital expenditures.
- Overseas sales Results remained at the level of the previous year while the Chinese and Asian markets remained sluggish, the European and Americas markets remained strong

Net sales (billion yen)

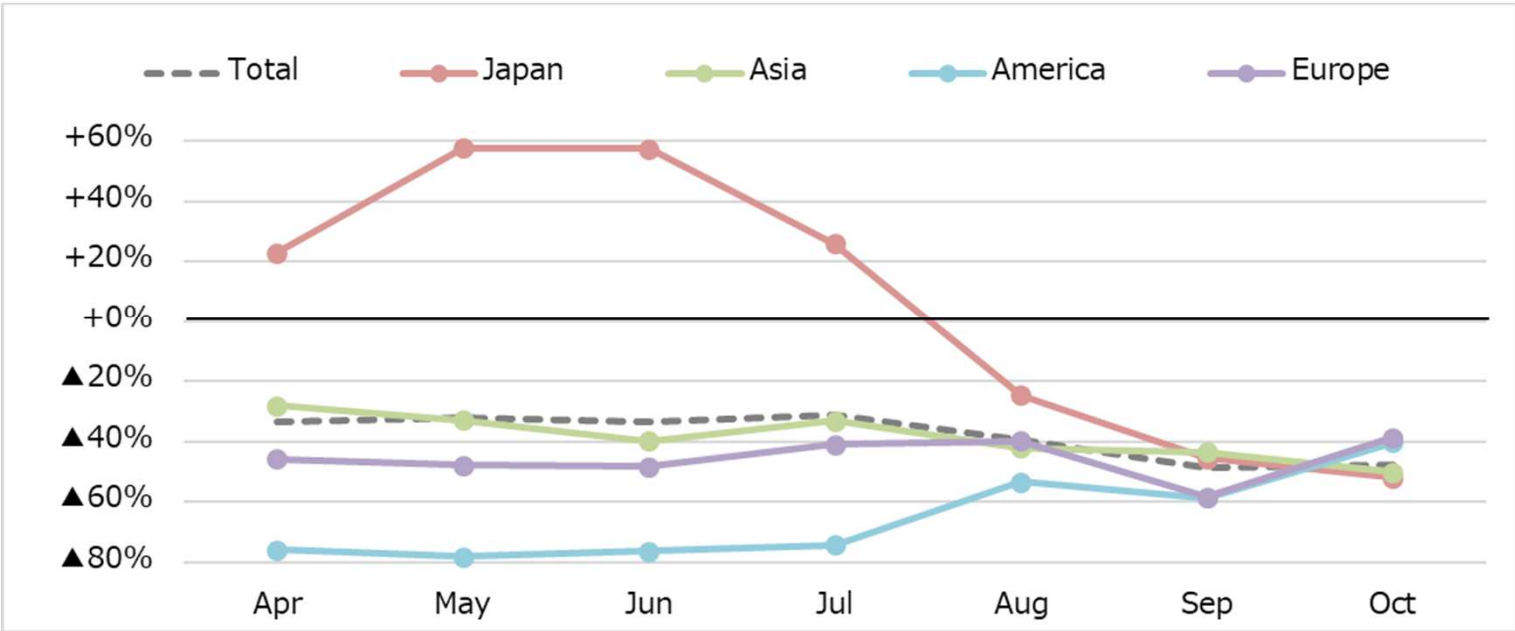


Operating profit (billion yen)



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 2Q (Quarterly number of units in orders received)

- Total ▲48% Orders remained in an adjustment phase although a recovery is anticipated.
- Japan ▲45% Market conditions remained weak overall, reflecting the spread of a cautious stance on capital expenditures..
- Asia ▲43% Market conditions continued to be in a slump due to growing uncertainty about the future.
- America ▲59% The number of orders continued to trend downward, reflecting rising concerns about a recession.
- Europe ▲58% 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)

2Q (Jul-Sep)

- Precision components

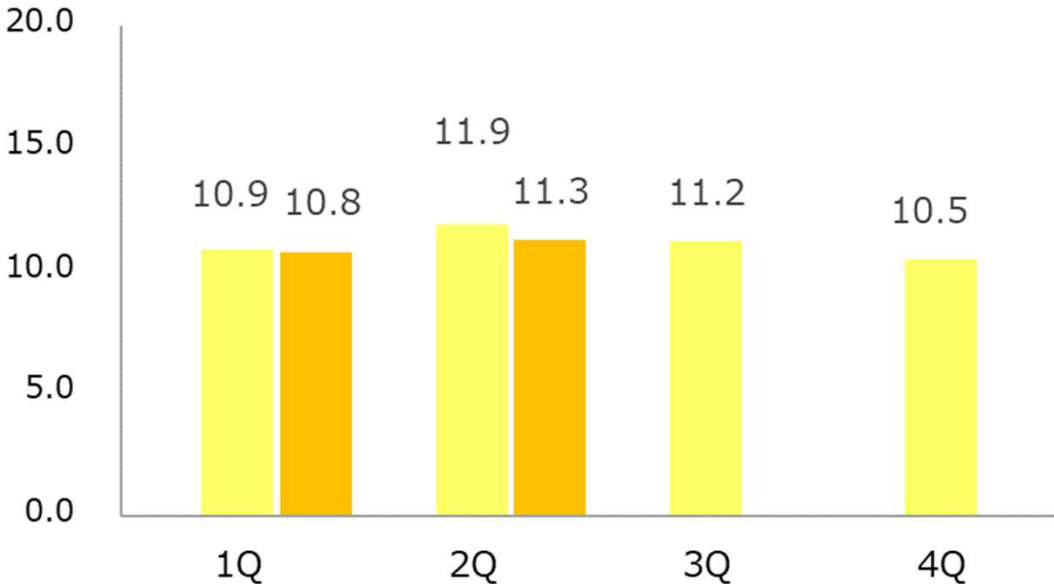
Sales of auto components climbed, given a recovery in automotive production of automakers.
 Sales of small motors increased with the recovery in market conditions across a broad range of areas, including healthcare.
 Sales of precision components decreased overall, affected by slow sales of other components including crystal devices.

- Opto-devices

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

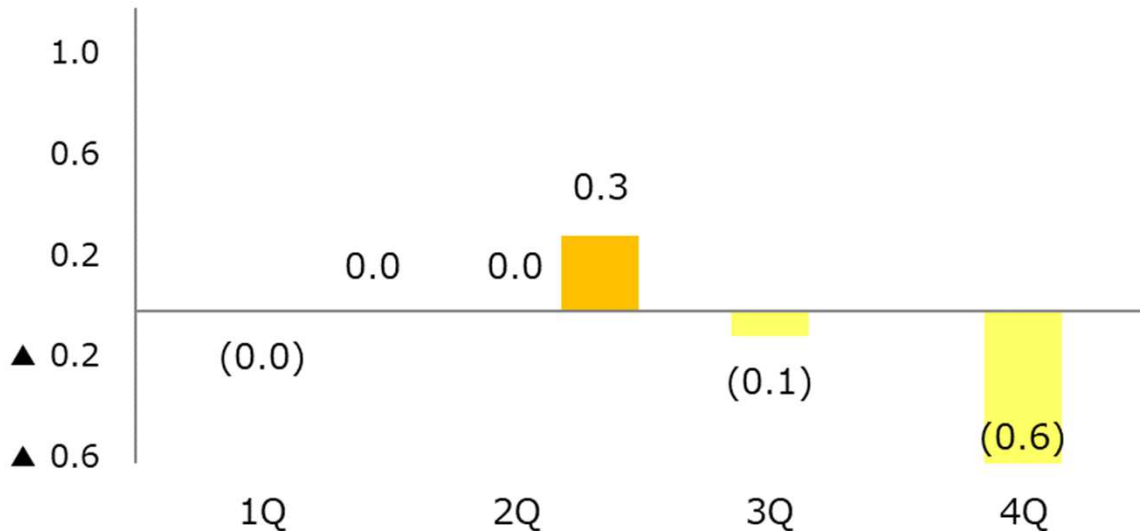
Net sales (billion yen)

FY2022 FY2023



Operating profit (billion yen)

FY2022 FY2023



Note: FY2022 1Q operating loss 2Q return to profitability
 FY2023 1Q return to profitability

FY 2023 Forecasts



FY 2023 Forecasts

FY 2023 Forecasts

(Unit : billion yen)	FY2023 5/12 E		FY2023 11/13 E		YoY Change			
	2H(Oct.-Mar.)	Full Year	2H(Oct.-Mar.)	Full Year	Amount		%	
					1H	Full Year	1H	Full Year
Net sales	157.0	310.0	157.1	310.0	+ 0.1	+ 0.0	+ 0.1%	+ 0.0%
Operating profit	12.4	25.0	11.4	25.0	(1.0)	+ 0.0	(8.1%)	+ 0.0%
Operating margin	7.9%	8.1%	7.3%	8.1%	-	-	-	-
Ordinary Profit	13.3	26.0	11.0	28.5	(2.2)	+ 2.5	(16.7%)	+ 9.6%
Profit attributable to owners of parent	10.3	20.0	7.6	21.0	(2.6)	+ 1.0	(26.1%)	+ 5.0%
Exchange rate	¥130/USD ¥140/EUR	¥130/USD ¥140/EUR	¥145/USD ¥155/EUR	¥142/USD ¥153/EUR				

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

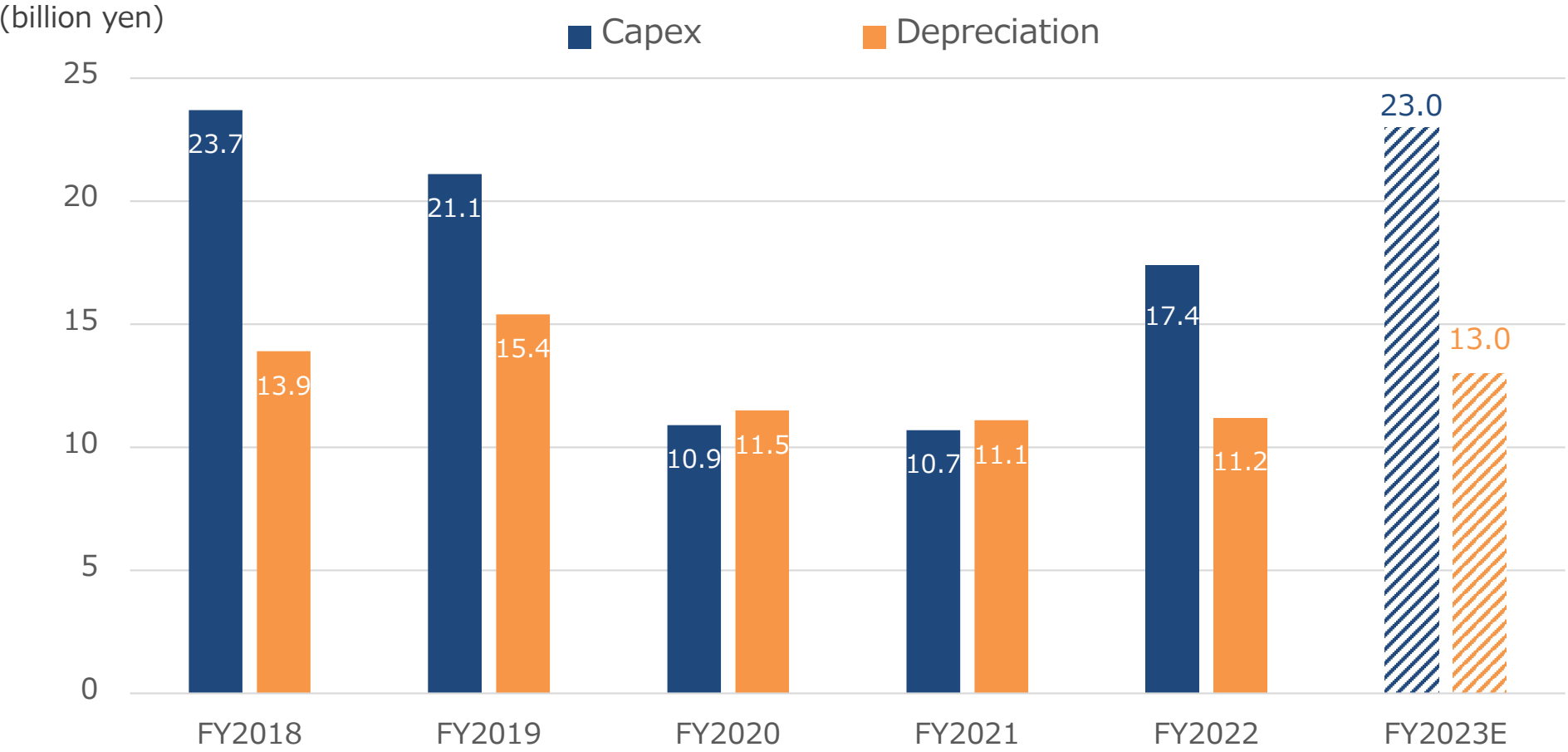
Net sales (Unit : billion yen)	FY2023 Forecast (5/12 E)		FY2023 Forecast (11/13 E)		Change			
	2H(Oct.-Mar.)	Full Year	2H(Oct.-Mar.)	Full Year	Amount		%	
					1H	Full Year	1H	Full Year
Watches	80.0	155.0	87.4	166.0	+ 74.0	+ 110.0	+ 9.4%	+ 7.1%
Machine Tools	42.5	87.0	37.5	79.0	(49.0)	(80.0)	(11.6%)	(9.2%)
Devices and Components	24.2	47.5	19.8	42.0	(43.0)	(55.0)	(18.2%)	(11.6%)
Electronic and Other Products	10.3	20.5	12.2	23.0	+ 19.0	+ 25.0	+ 18.9%	+ 12.2%
Consolidated Total	157.0	310.0	157.1	310.0	+ 1.0	+ 0.0	+ 0.1%	+ 0.0%
Operating Profit (Unit: billion yen, %:operating margin)								
Watches	8.3 (10.4%)	17.0 (11.0%)	9.4 (10.9%)	19.7 (11.9%)	+ 11.0	+ 27.0	+ 14.4%	+ 15.9%
Machine Tools	6.1 (14.4%)	12.5 (14.4%)	3.9 (10.6%)	9.2 (11.6%)	(21.0)	(33.0)	(34.8%)	(26.4%)
Devices and Components	0.5 (2.1%)	0.7 (1.5%)	▲ 0.2 (▲1.0%)	0.2 (0.5%)	(7.0)	(5.0)	-	(71.4%)
Electronic and Other Products	0.5 (4.9%)	0.8 (3.9%)	1.2 (10.0%)	1.9 (8.3%)	+ 7.0	+ 11.0	+ 144.8%	+ 137.5%
Eliminations or general corporate	▲ 3.0	▲ 6.0	▲ 3.1	▲ 6.0	(1.0)	+ 0.0	-	-
Consolidated Total	12.4 (7.9%)	25.0 (8.1%)	11.4 (7.3%)	25.0 (8.1%)	(10.0)	+ 0.0	(8.1%)	+ 0.0%



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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.

Capital expenditures/ Depreciation



- Accelerate investment in rationalization of Watches business and growth of Machine Tools business based on "Medium-term Management Plan 2024"
- Image of investment distribution: Watches segment + Machine Tools segment over 70%

Shareholder returns

Medium-term Management Plan 2024

Dividend policy for FY2022 to FY2024

- Emphasis on continued payment of stable Dividends
- A dividend payout ratio of around 50%
- Acquisition of treasury stock: to be judged flexibly depending on the situation

Dividends forecasts for FY2023

- Dividends per share 40.0 yen (Full year)
(Second quarter 20.0yen /Year-end 20.0yen)

