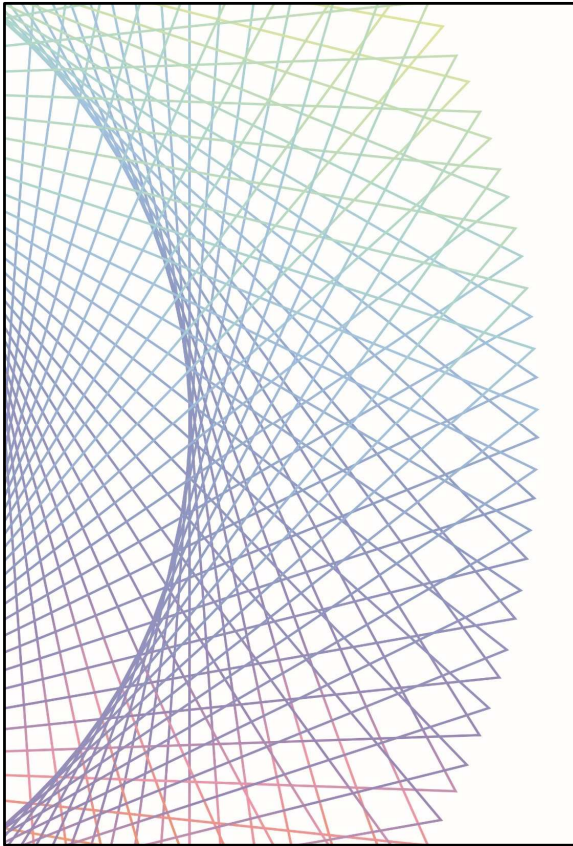


CITIZEN

Earning Presentation
for Six months ended September 30, 2023

CITIZEN WATCH CO., LTD.

November 13, 2023



Financial Results for 2Q of FY 2023

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

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

CITIZEN

(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

3

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

Net sales increased 3.5% to JPY 152.9 billion, reflecting strong performance mainly in the Watches segment.

Operating profit rose 9.6% to JPY 13.5 billion due partly to the effects of a weak yen. The operating profit margin stood at 8.9%.

Ordinary profit and profit attributable to owners of parent climbed 3.7% and 5.9% respectively, to JPY 17.4 billion and JPY 13.3 billion.

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

CITIZEN

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%

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This list shows financial results by business segment.

The Watches segment continued to perform strongly, achieving a 7.0% year-on-year increase in net sales and a 15.9% year-on-year increase in operating profit, or the operating margin of 13.0%.

The Machine Tools segment posted a 1.3% increase in net sales, but posted a 5.5% decrease in operating profit largely due to the impact of the higher cost of purchased materials.

Devices and Components segment recorded a dip in net sales, but profit rose slightly.

Electronics and Other Products segment posted an increase in net sales.

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

CITIZEN

(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		

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Next, I will describe the consolidated financial results for the second quarter.

Net sales increased 5.1% to JPY 80.2 billion. Operating profit climbed 18.3% to JPY 8.0 billion, with an operating margin of 10.0%.

Ordinary profit and profit attributable to owners of parent rose 14.2% and 32.0%, respectively, to JPY 9.4 billion and JPY 7.1 billion.

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

CITIZEN

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%

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Results by business segment for the second quarter are shown here.

All segments achieved growth in net sales and in operating income.
I will provide an overview of each business in the next slide.

Watches (Operating Performance)

CITIZEN

2Q (Jul-Sep)

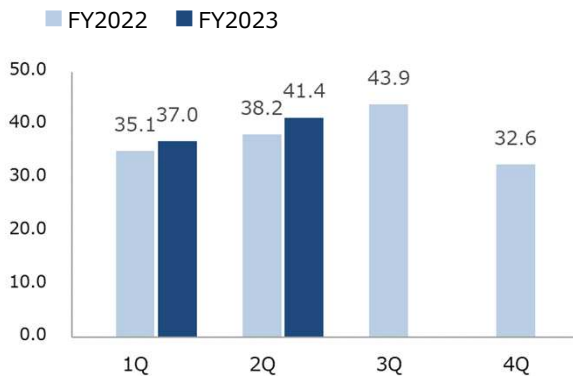
■ Finished watch sales

A trend toward recovery was seen in the domestic market. Additionally, sales increased as the European market remained brisk.

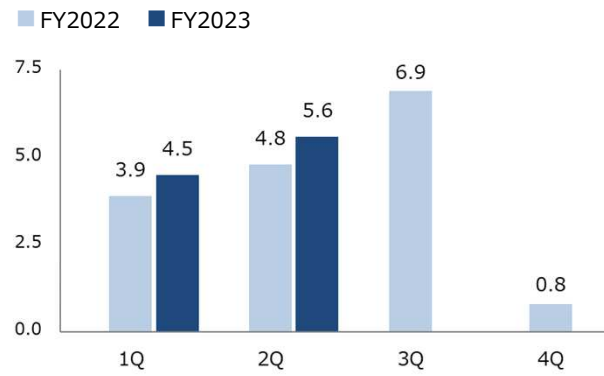
■ Movement sales

Sales increased due to solid sales of mechanical movements despite sluggish growth of analog quartz movements

Net sales (billion yen)



Operating profit (billion yen)



7

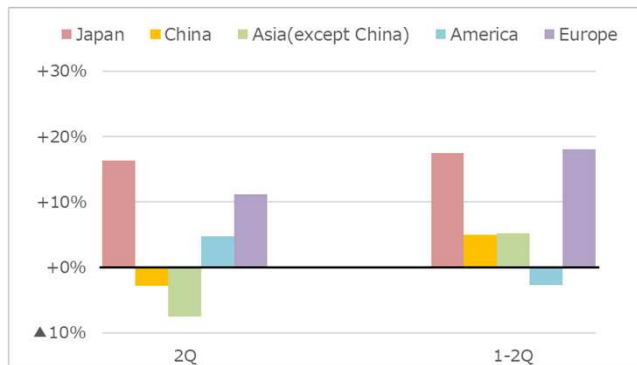
Slide 8>7 shows the results for the Watches segment.

In finished watches sales, the domestic market trended toward recovery and the European market continued to perform strongly. As a result, net sales increased.

In sales of movements, analog quartz movements did not grow as expected. Even so, net sales increased because mechanical movements remained firm.

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.

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

The chart on the left shows year-on-year changes for the second quarter alone. The red bar shows Japan, where net sales increased because core brands such as ATTESA led the overall business and inbound demand continued to trend toward recovery.

Light yellow is China, where net sales decreased slightly due to continued weak consumer confidence.

In Asia, shown in light green, net sales fell due to weak performance in Hong Kong in particular, despite strong inbound demand in Singapore, among other countries.

In North America, the region indicated by the light blue bar, jewelry chains, department stores and others showed a cautious attitude toward purchases. Still, net sales increased due to strong e-commerce sales.

Europe, indicated by the light purple bar, recorded an increase in net sales due to a continued rise in sales in France, coupled with the strong performance maintained in Italy, among other countries.

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.

The
CITIZEN



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

Next, I would like to introduce our new premium brand products.

We launched a new model in The CITIZEN line this month. The model, which will be sold in limited quantities, is equipped with a highly accurate solar power-based eco-drive movement, which has a variation of +/- 5 seconds per year, and a new platinum leaf-decorated version of the well-received Tosa-Washi paper-inspired face.

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)

This slide shows a group of mechanical watches nicknamed the TSUYOSA Collection. They are hero products that have achieved the largest sales quantities among the CITIZEN-branded global models this year.

These watches were initially sold under the TSUYOSA nickname in France and gained popularity quickly in Europe. Subsequently, we launched them in North America and started to sell them in Japan as well in September.

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

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Regarding the ATTESA lineup, we launched the Power of Neptune, a limited edition model featuring the concept of Neptune, this month, continuing on from the Power of Antares launched in June.

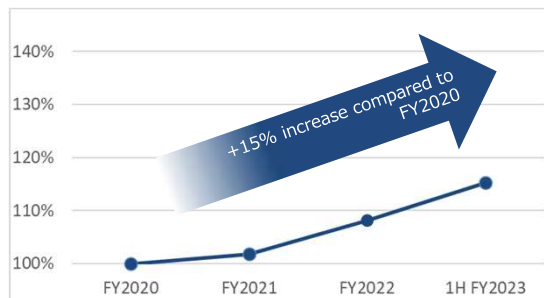
Despite its high price of JPY 300,000 as a ATTESA-branded watch, we have received many pre-orders for the Neptune model as well.

Watches: Trends in unit sales price

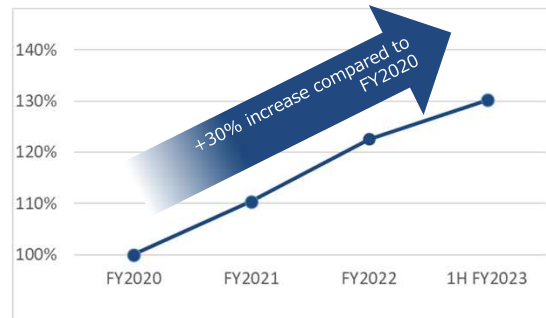
Increase brand presence to heighten unit sales price

- 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)

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Moving on, I will now explain the increase of unit sales prices, which is a policy in the Medium-Term Management Plan.

In Japan, unit sales prices increased 15% compared with FY2020, with sales driven by products of core brands including ATTESA and PROMASTER and the product mix continued to improve.

In North America, unit sales prices rose 30% compared with levels in FY2020 after the introduction of high value-added products and price increases in all CITIZEN- or BULOVA-branded products.

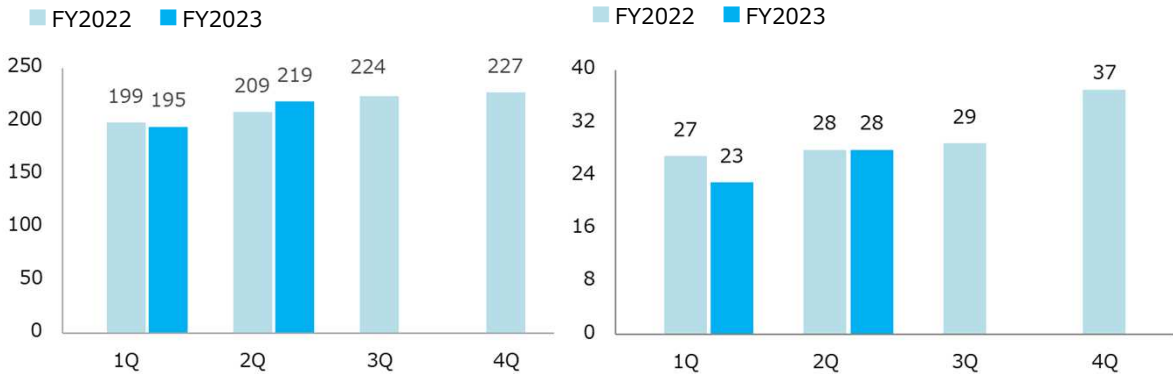
We will continue to promote these premium brands and mechanical watches in hopes that they will better resonate with more customers and become their preferred brand.

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)



This slide shows operating performance for the second quarter in the Machine Tools segment.

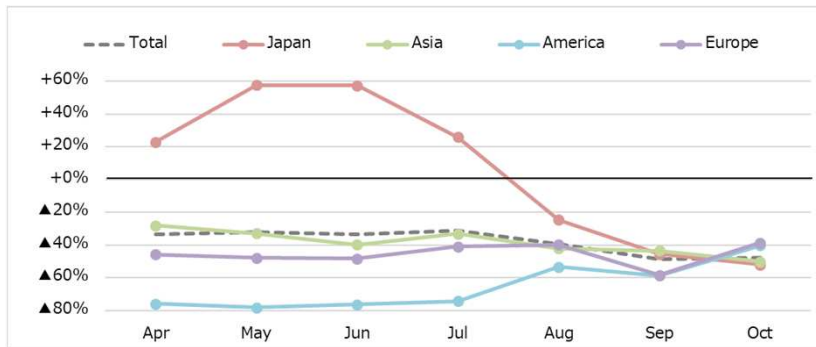
Net sales increased 4.6% year on year to JPY 21.9 billion. Operating profit rose 2.0% year on year to JPY 2.8 billion.

Sales increased in Japan, reflecting steady sales in the construction machinery and medical equipment industries, among other industries, despite the increase in the number of companies taking a cautious stance on capital expenditures.

Looking overseas, net sales were at the level of the previous year, reflecting solid performance in Europe and the Americas, despite sluggish sales in China and Asia.

Operating profit rose only 2.0%, partly reflecting an increase in materials costs and depreciation 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 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.

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 second quarter. Orders received in total decreased 48% year on year due to adjustments continuing overall.

In Japan, orders received decreased 45% year on year, reflecting the continuation of generally weak market conditions due to the increase in the number of companies taking a cautious stance on capital expenditures.

Orders received fell 43% year on year in Asia because the market continued to slump amid growing uncertainty about the future.

In the Americas, orders received declined 59% year on year. They were trending toward a slowdown due to rising concerns about an economic recession.

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 58% year on year.

It appears that we have reached the bottom in the second quarter in terms of the decline of orders received. Despite this, with orders received expected to remain at low levels in general, the situation will be unpredictable throughout the second half.

Devices and Components (Operating Performance)

CITIZEN

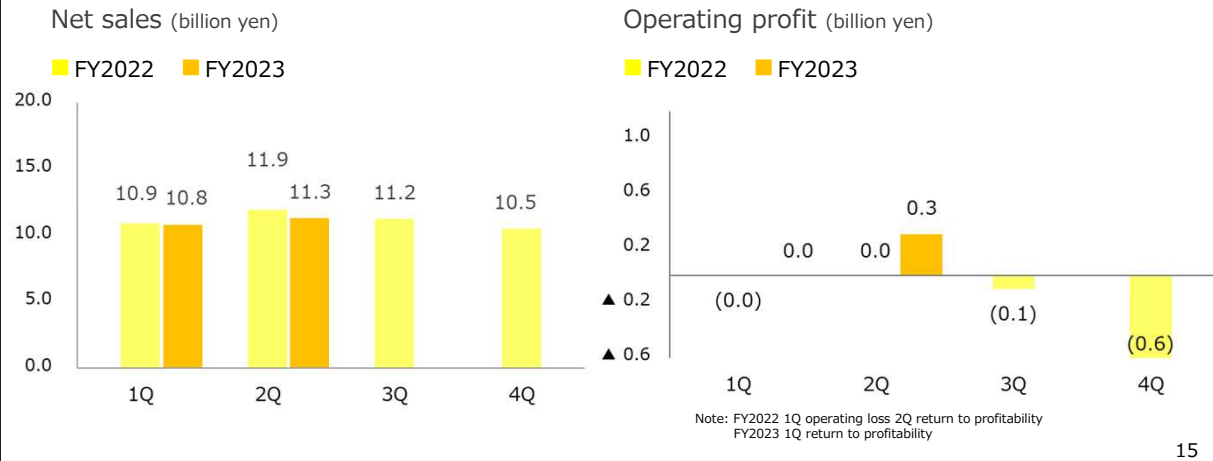
2Q (Jul-Sep)

■ 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.



15

I will explain the Devices and Components segment.

Net sales were JPY 11.3 billion, down 5.2% year on year, but operating profit increased to JPY 0.3 billion.

Sales of auto components climbed, given a recovery in automotive production of automakers.

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

Meanwhile, sales of precision components decreased overall, affected by slow sales of other components including crystal devices.

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

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

We have made partial revisions to the consolidated results forecasts.

We have changed the assumed exchange rates for the second half, setting them at JPY 145 to the US dollar and JPY 155 to the euro, while also conducting a review by factoring in the most recent situation of each business.

For the fiscal year ending March 31, 2024, we have left sales and operating profit unchanged, but revised ordinary profit and profit attributable to owners of parent upward to JPY 28.5 billion and JPY 21.0 billion, respectively.

FY2023 Forecast by Business Segment

CITIZEN

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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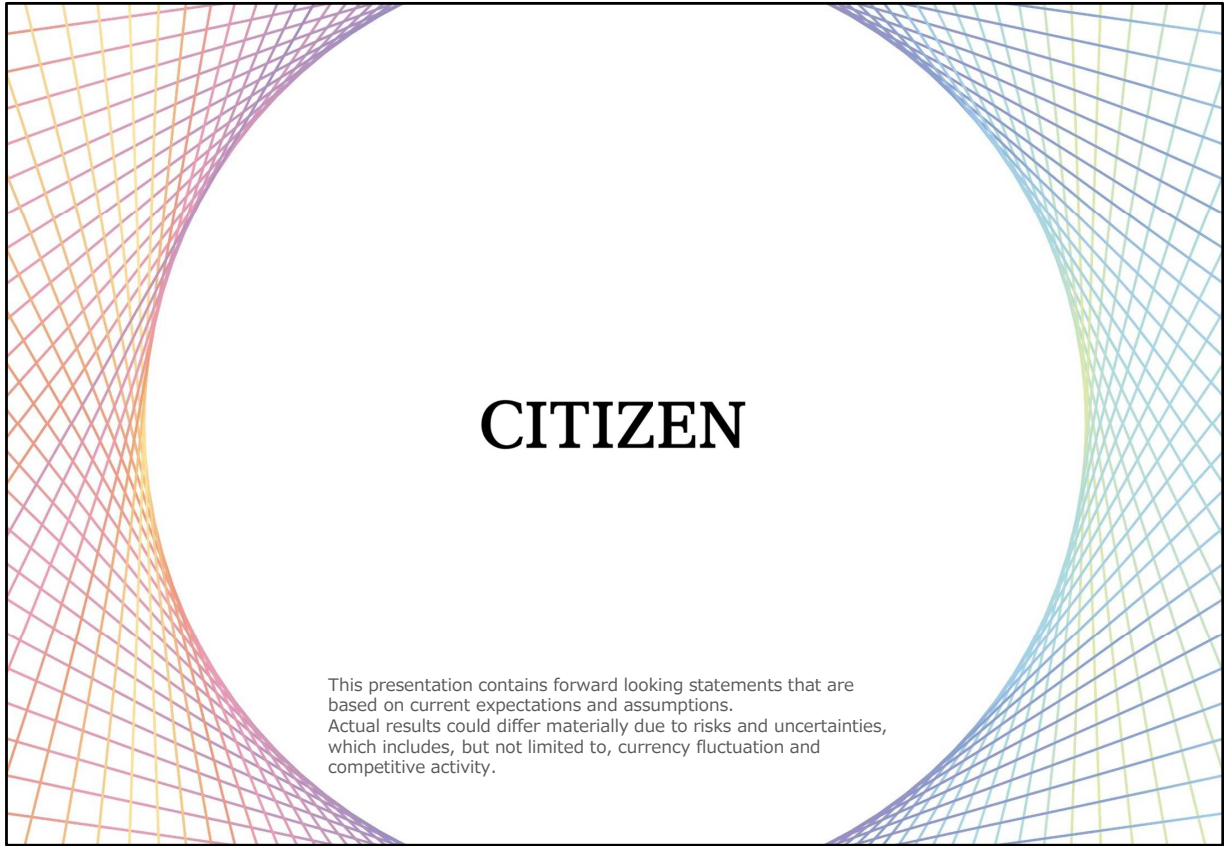
I will provide an additional explanation related to the results forecasts for the second half by segment.

For Watches segment, we have revised the results forecast upward, assuming a slight downturn in movements sales, this reflects the effect of a weak yen.

In Machine Tools segment, we have hit the bottom earlier than expected in the decline of orders received and have decided to adjust the forecast for the second half downwards.

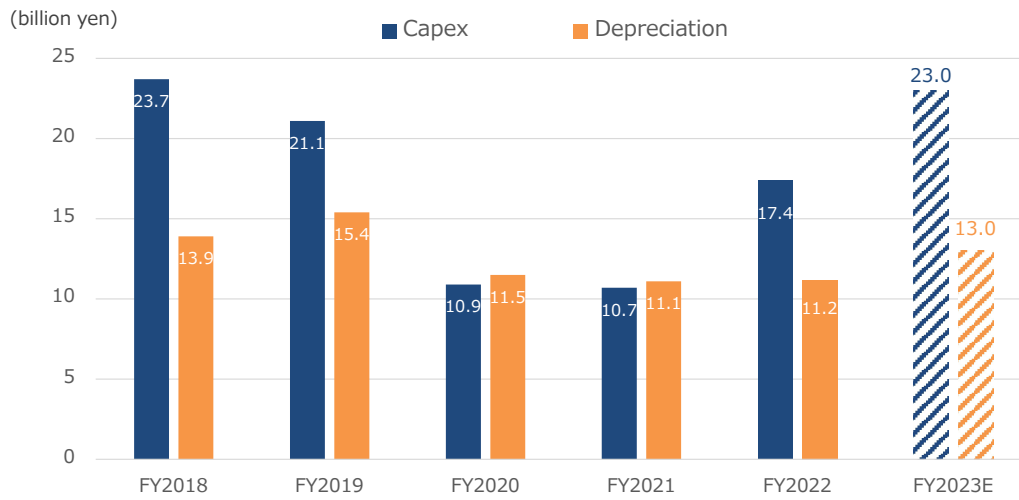
In Devices and Components segment, sales of automotive parts increased as projected. However, with sales of other components such as opto-devices and crystal devices expected to remain sluggish, we have decided to make a downward adjustment.

Regarding Electronic and Other Products segment, we have revised the results forecast upward, assuming an increase in sales of photo printers in particular, reflecting the elimination of a backlog of orders accumulated due to semiconductor shortages.



That concludes my presentation.
Thank you for your attention.

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)

