

**CITIZEN**

**Earning Presentation**  
**for Three months ended June 30, 2021**

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**CITIZEN WATCH CO., LTD.**

August 13, 2021

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.

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# Financial Results for 1Q of FY 2021

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### Financial Results for 1Q of FY 2021

- Sales and profit increased, exceeding the initial forecast, mainly in the mainstay Watches and Machine Tools segments.
- All businesses achieved to operating profitability due to the recovery of net sales following the resumption of economic activity.

### FY 2021 Forecasts

- Based on actual results for Q1 of FY2021, the forecast for the financial results for H1 has been revised upward.
- Net Sales 268.0 billion yen(Change from previous forecast: +8.0 billion yen)  
Operating profit 13.8 billion yen(Change from the forecast made last year: +3.8 billion yen)

### Dividends Forecasts

- (Change from previous forecast: +4.0 yen) (Interim +2.0 yen, year-end +2.0 yen)  
Increased dividend 18.0 yen (Interim 9.0 yen, year-end 9.0 yen)

# Financial Results for 1Q of FY 2020

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(Unit : billion yen)	FY2020	FY2021	YoY Change	
	Q1 Result	Q1 Result	Amount	%
Net sales	36.8	65.7	+28.9	+0.8
Operating profit	▲ 5.6	4.2	+9.8	-
Operating margin	▲15.3%	6.4%	-	-
Ordinary Profit	▲ 4.9	5.0	+9.9	-
Profit attributable to owners of parent	▲ 6.7	4.3	+11.1	-
Exchange rate	¥108/USD ¥118/EUR	¥109/USD ¥131/EUR	-	-

- Posted a gain on sales of land and buildings : 0.8 billion yen (Extraordinary profit)

# 1Q21 Result by Business Segments

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	Net sales (Unit: billion yen)	FY2020 Q1 Result	FY2021 Q1 Result	YoY change	
				Amount	%
■ Watches		12.0	29.0	+16.9	+141.0%
■ Machine Tools		10.0	18.6	+8.5	+85.2%
■ Devices and Components		10.4	13.1	+2.6	+25.7%
■ Electronic and Other Products		4.2	4.9	+0.6	+15.0%
Consolidated Total		36.8	65.7	+28.9	+78.4%
Operating Profit (Unit: billion yen, %:operating margin)					
■ Watches		▲ 3.8 (▲31.8%)	1.4 (5.2%)	+5.3	-
■ Machine Tools		0.3 (3.7%)	2.6 (14.3%)	+2.3	+618.6%
■ Devices and Components		▲ 0.7 (▲7.3%)	0.9 (7.1%)	+1.6	-
■ Electronic and Other Products		▲ 0.3 (▲7.2%)	0.3 (7.4%)	+0.6	-
Eliminations or general corporate		▲ 1.1	▲ 1.2	▲ 0.1	-
Consolidated Total		▲ 5.6 (▲15.3%)	4.2 (6.4%)	+9.8	-

## Finished products

- Overseas market: In addition to a rapid recovery of sales in North America, sales in China remained strong. Sales in Europe are trending towards recovery as well.
- Domestic market: Sales were sluggish following the declaration of another state of emergency. Sales of new products and other products remained solid.

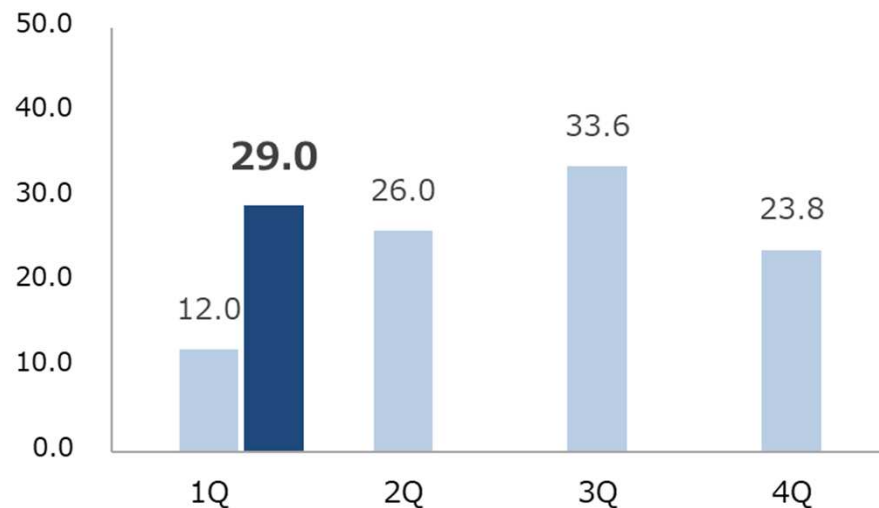
## Movements

- Sales of mechanical movements remained firm. Orders of analog quartz from North America grew.

### Net sales

(billion yen)

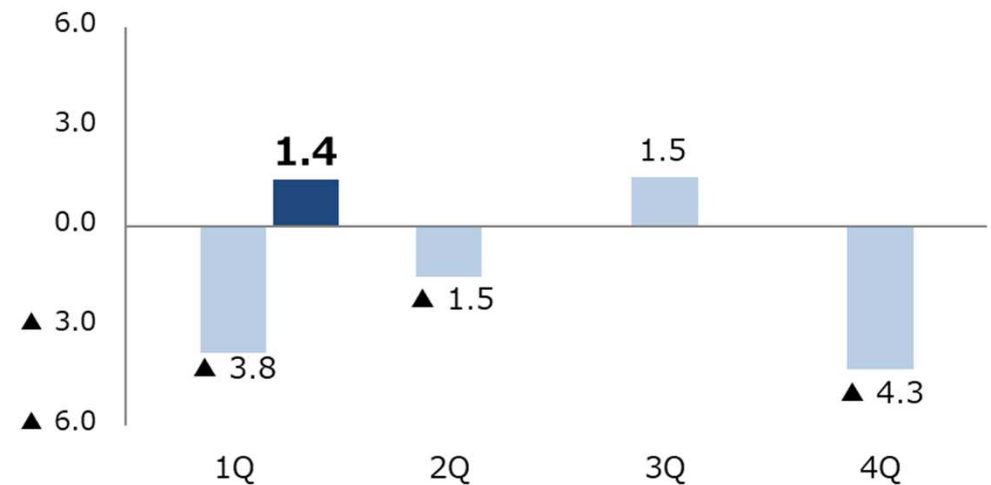
■ FY2020 ■ FY2021



### Operating profit

(billion yen)

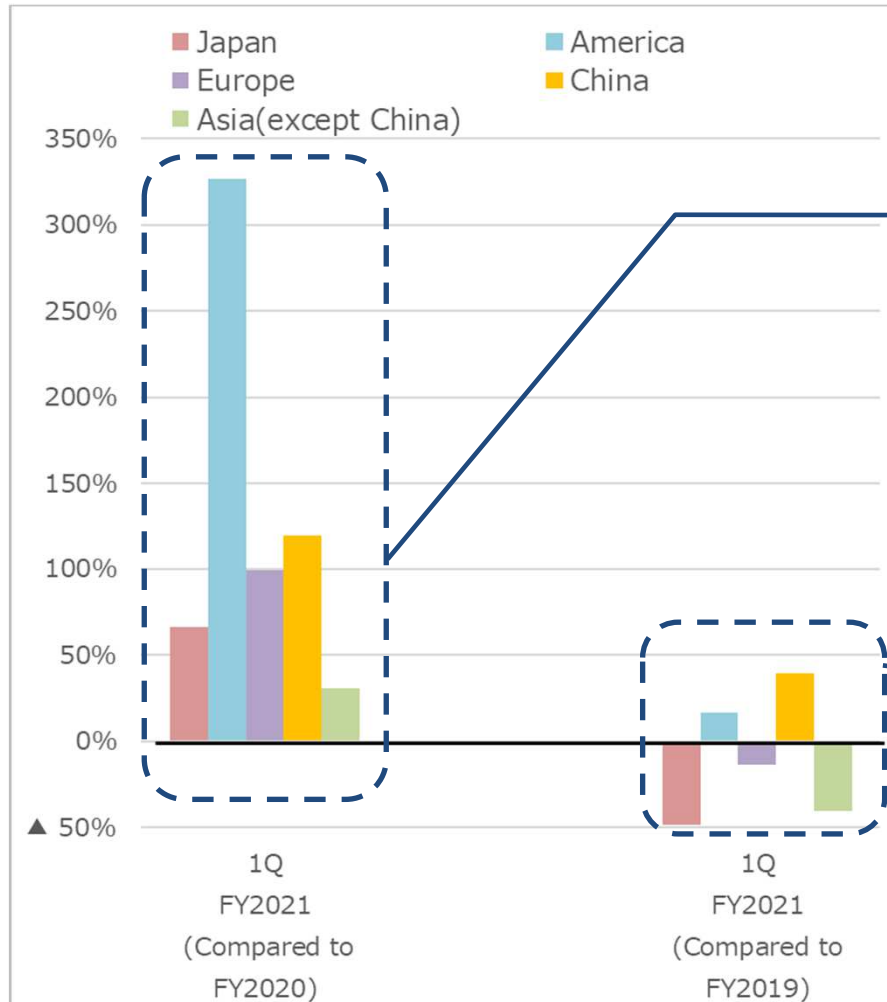
■ FY2020 ■ FY2021



# Watches Net sales growth rate by region

- Rate of change year on year and from the same period the year before last

Rate of change year on year (Q1 of FY2020)



Rate of change grew sharply reflecting the large decline in net sales due to the COVID-19 pandemic in Q1 of FY2020.

- America: A robust recovery exceeding 300% was seen.
- China/Europe: A strong recovery due to the resumption of economic activity was seen.
- Japan: Although it is weak, it is moving toward recovery.

Rate of change from the same period the year before last (Q1 of FY2019)

Compared with both the rate of change from Q1 of FY2021 and from the same period the year before the previous year (Q1 of FY2019), which was before the COVID-19 pandemic

- Recovery was seen in North America and China, where a level exceeding the pre-COVID-19 level was achieved.

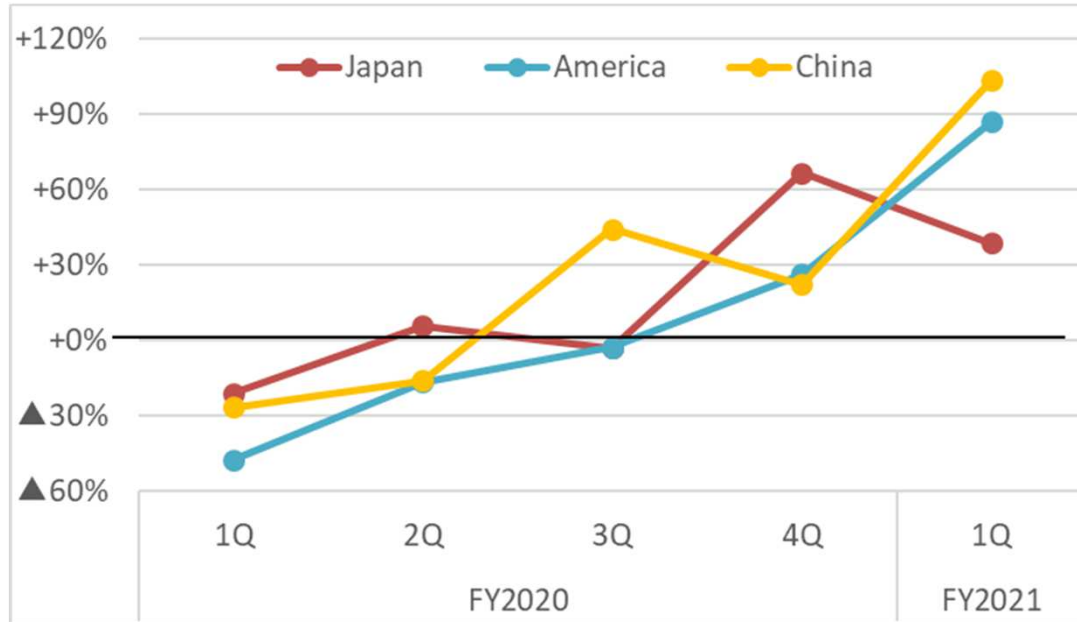
\* The rate of change in total sales of CITIZEN brand watches and BULOVA brand watches only for North America. For other regions, the rate of change only in sales of CITIZEN brand watches.

\* Other Asian regions are the Asian regions excluding China.

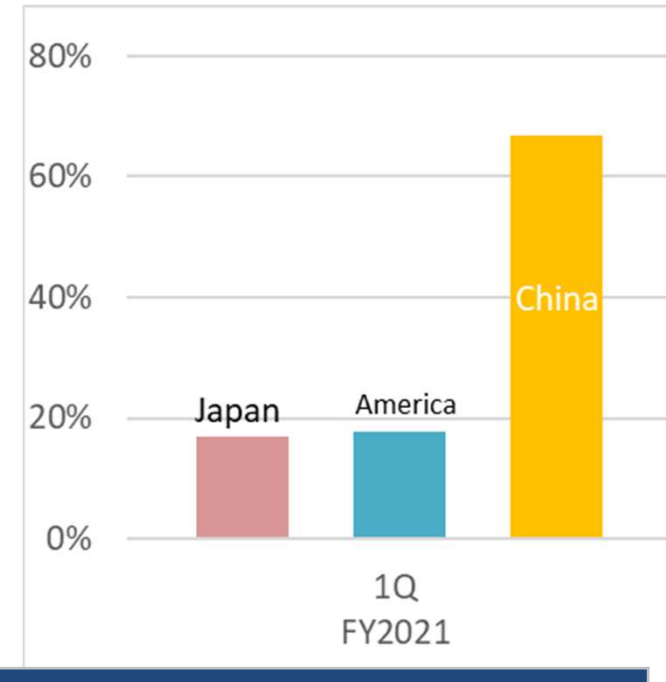
\* Rate of change based on local currency

# Watches Online sales

■ Online sales Rate of change year on year



■ Percentage of sales from online sales



	1Q	
● Japan	+39%	Strengthening digital advertising contributed to solid sales from online events. Sales of main products including ATTESA, etc. remained steady.
● America	+87%	Limited edition products grew in direct online sales. Existing online sales also sharply grew including an increase in sales from live commerce events.
● China	+103%	Sales of new products remained steady during the 618 Sale. Net sales of high unit price products grew in online sales as well.

\* Change is of the CITIZEN brand only in Japan and China Regarding North America, the change is of the CITIZEN brand and the BULOVA brand combined

\* Both change and percentage of sales from online sales are on a local-currency basis.



## Mechanical The CITIZEN Caliber 0200

Launched three high precision models of mechanical The CITIZEN equipped with the beautiful Caliber 0200 movement designed in collaboration with La Joux-Perret (Switzerland).  
(Price including tax: 605,000 yen, 825,000 yen)



## CITIZEN Series 8 Mechanical Watch Brand

Launched eight models of CITIZEN Series 8 watches in three types. CITIZEN Series 8 is a brand of mechanical watch featuring modern, sporty designs that combines function and practicality. (Price including tax: 132,000 yen - 220,000 yen)

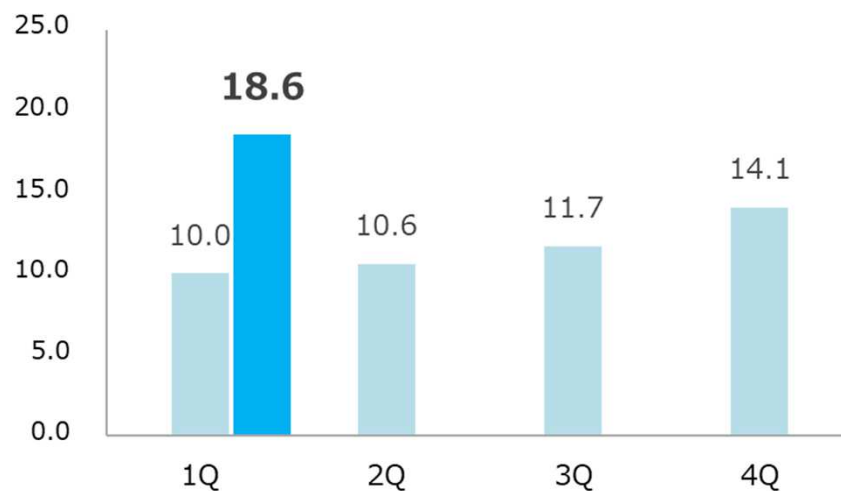


- Domestic market : Orders are recovering in a wide range of industries, but sales are down due to a slow recovery in the automotive sector.
- Overseas market : Sales continued to be strong in China. Sales also increased in Europe due to robust demand for capital investment, which drove orders.

## Net sales

(billion yen)

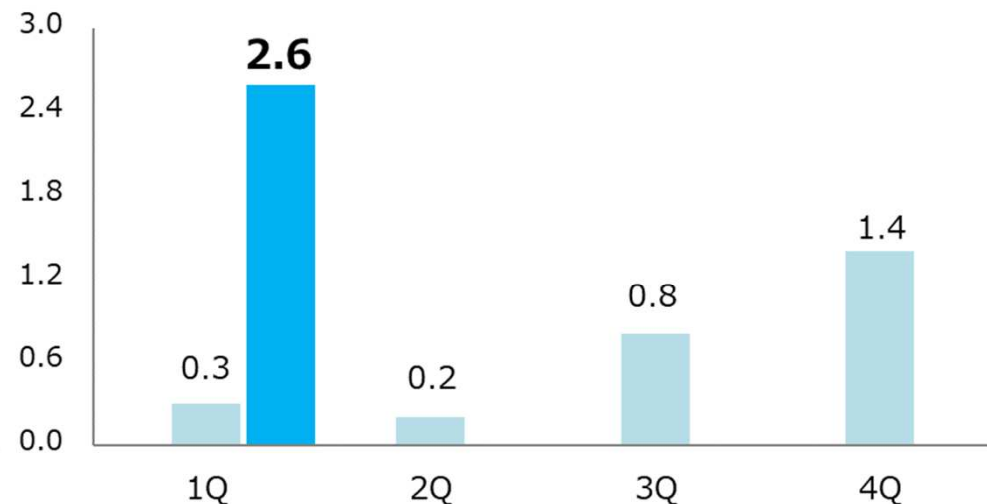
■ FY2020 ■ FY2021



## Operating profit

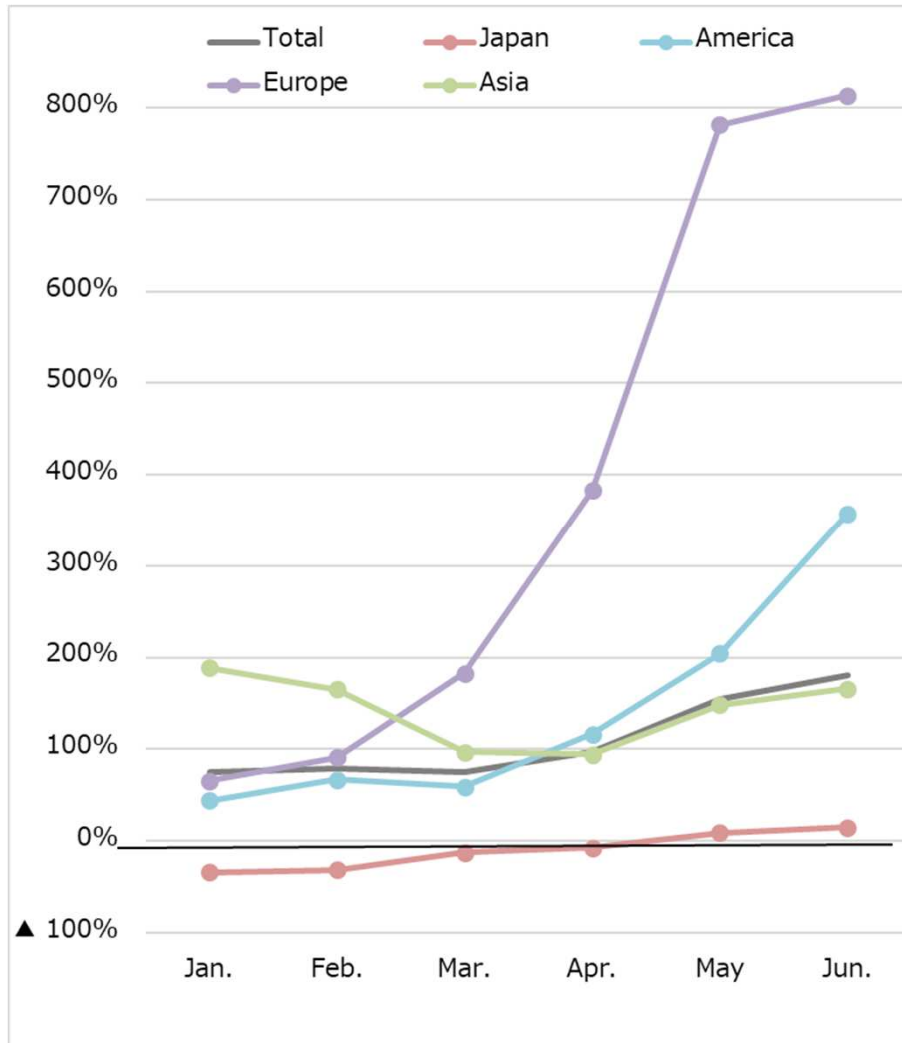
(billion yen)

■ FY2020 ■ FY2021



# 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 (Quarterly number of units in orders received)

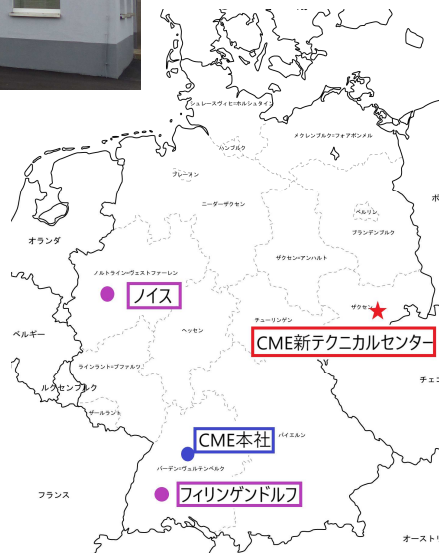
	1Q	
● Total	+180%	Both sales and units have reached the highest-ever level during the Q1.
● Japan	+15%	Orders from semiconductors, housing equipment, construction machinery related businesses were trending upward. Orders from the automobile-related business slowly recovered as well.
● America	+357%	Active orders from a wide range of industries, particularly medical-related industries, are on the rise.
● Europe	+813%	Strong orders obtained from a wide range of industries, including the automotive sector, as a result of the resumption of economic activity.
● Asia	+166%	In addition to orders from IT and smartphone-related businesses, those from medical-related and automobile-related businesses remained strong, as well.

## New technical centers were opened at machine tools sales companies in Germany and Italy.

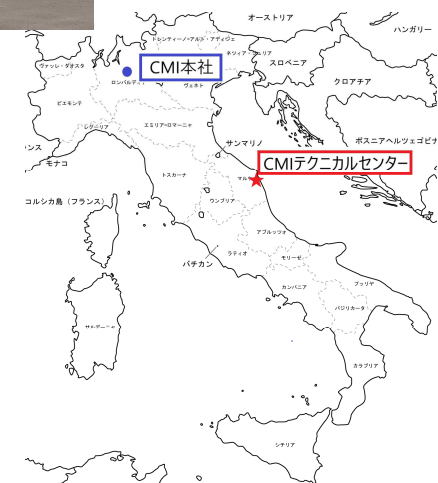
Technical centers were opened in Germany and Italy in July to strengthen our sales network in Europe, one of our key sales regions, and to provide more attentive services.



Citizen Machinery Europe GmbH Technical Center East



CITIZEN MACCHINE ITALIA s.r.l. Ancona Technical Center

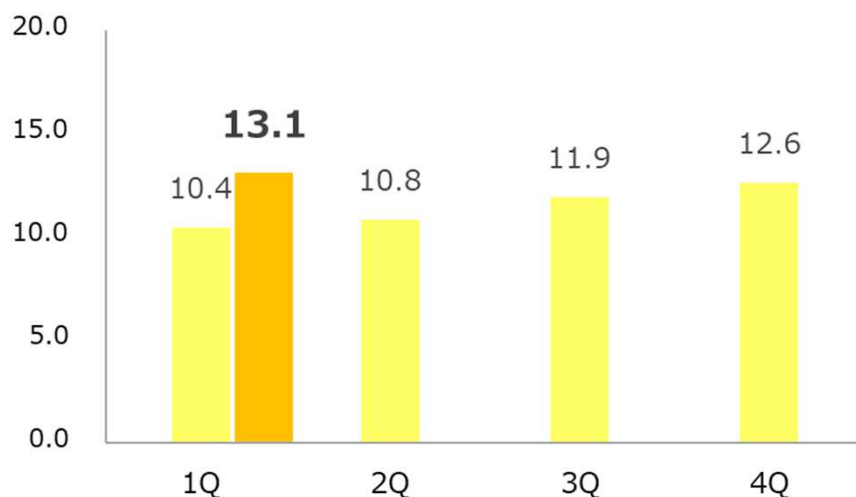


- Precision machining components: Automobile components remained solid with the recovery of the automotive market. Sales of switches increased as well.
- Opto-devices: Orders of LEDs for lighting equipment from Europe and America recovered. Orders of In-vehicle LEDs and LEDs for gaming also recovered.

## Net sales

(billion yen)

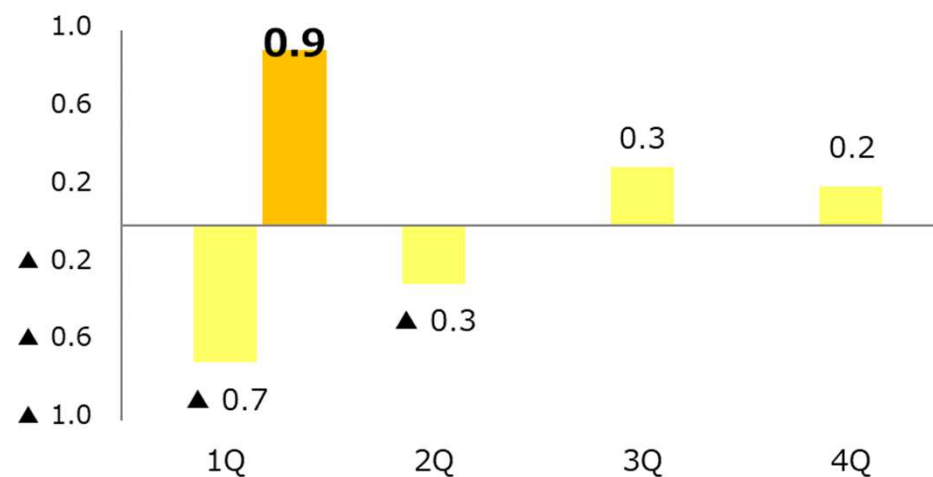
■ FY2020 ■ FY2021



## Operating profit

(billion yen)

■ FY2020 ■ FY2021



# FY 2021 Forecasts

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(Unit: billion yen)	FY2021 Forecast (5/13)		FY2021 Forecast (8/13)		Change	
	1H	Full Year	1H	Full Year	1H	Full Year
	Net sales	122.0	260.0	130.0	268.0	+8.0
Operating profit	3.5	10.0	7.3	13.8	+3.8	+3.8
Operating margin	2.9%	3.8%	+5.6%	+5.1%	–	–
Ordinary Profit	4.0	11.0	8.0	15.0	+4.0	+4.0
Profit attributable to owners of parent	4.0	9.0	6.5	11.5	+2.5	+2.5
Exchange rate	¥105/USD ¥125/EUR	¥105/USD ¥125/EUR	¥105/USD ¥125/EUR	¥105/USD ¥125/EUR	–	–

# FY2021 Forecast by Business Segment

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Net sales (Unit: billion yen)	FY2021 Forecast (5/13E)		FY2021 Forecast (8/13E)		Change	
	1H	Full Year	1H	Full Year	1H	Full Year
■ Watches	57.0	124.0	58.0	125.0	+1	+1
■ Machine Tools	31.0	67.0	37.0	73.0	+6	+6
■ Devices and Components	25.0	51.0	25.5	51.5	+1	+1
■ Electronic Products and Others	9.0	18.0	9.5	18.5	+1	+1
Consolidated Total	122.0	260.0	130.0	268.0	+8	+8
■ Watches	1.2 (2.1%)	4.0 (3.2%)	2.7 (4.7%)	5.5 (4.4%)	+2	+2
■ Machine Tools	4.0 (12.9%)	9.0 (13.4%)	5.3 (14.3%)	10.3 (14.1%)	+1	+1
■ Devices and Components	0.5 (2.0%)	1.5 (2.9%)	1.4 (5.5%)	2.4 (4.7%)	+1	+1
■ Electronic Products and Others	0.2 (2.2%)	0.5 (2.8%)	0.5 (5.3%)	0.8 (4.3%)	+0	+0
Eliminations or general corporate	▲ 2.4	▲ 5.0	▲ 2.6	▲ 5.2	▲ 0	▲ 0
Consolidated Total	3.5 (2.9%)	10.0 (3.8%)	7.3 (5.6%)	13.8 (5.1%)	+4	+4

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# Operating performance by segment for Q1 of FY2021(Compared to FY2019)

	Net sales (Unit: billion yen)	FY2019 Q1 Result	FY2021 Q1 Result	YoY change	
				Amount	%
■ Watches		33.5	29.0	▲ 4.4	▲13.4%
■ Machine Tools		15.7	18.6	+2.9	+18.5%
■ Devices and Components		14.5	13.1	▲ 1.4	▲9.7%
■ Electronic and Other Products		6.0	4.9	▲ 1.1	▲19.3%
Consolidated Total		69.9	65.7	▲ 4.1	▲5.9%
Operating Profit (Unit: billion yen, %:operating margin)					
■ Watches		0.6 (2.0%)	1.4 (5.2%)	+0.8	+119.6%
■ Machine Tools		2.6 (16.7%)	2.6 (14.3%)	+0.0	+2.0%
■ Devices and Components		0.3 (2.4%)	0.9 (7.1%)	+0.5	+172.2%
■ Electronic and Other Products		0.0 (1.2%)	0.3 (7.4%)	+0.2	+405.0%
Eliminations or general corporate		▲ 1.9	▲ 1.2	+0.6	-
Consolidated Total		1.8 (2.6%)	4.2 (6.4%)	+2.4	+133.1%