



CITIZEN

Earning Presentation

for Three months ended June 30, 2022

CITIZEN WATCH CO., LTD.

August 12, 2022

Financial Results for 1Q of FY 2022



Key Notes

Financial Results for 1Q of FY 2022

- Sales and profit increased, reflecting significant sales growth in Watches business the solid performance of the Machine Tools business.
- Ordinary profit climbed 69% year on year, partly due to the posting of foreign exchange gains.
- Profit attributable to owners of parent rose 65% year on year.

FY 2022 Forecasts

- Net sales and operating profit remain unchanged from the previous forecast due to increasing uncertainty related to consumption trends reflecting heightened concerns over inflation.
- Ordinary profit and profit attributable to owners of parent reflected the amount equivalent to foreign exchange gains for the first quarter only.
- Net Sales 293.5 billion yen (Change from previous forecast: No change)
Operating profit 22.5 billion yen (Change from previous forecast: No change)
Ordinary profit 26.0 billion yen (Change from previous forecast: +2.0 billion yen)
Profit attributable to owners of parent 19.0 billion yen
(Change from previous forecast: +1.0 billion yen)

Financial Results for 1Q of FY 2022

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(Unit : billion yen)	FY2021	FY2022	YoY Change	
	1Q Result	1Q Result	Amount	%
Net sales	65.7	71.3	+5.5	+8.5%
Operating profit	4.2	5.5	+1.3	+32.0%
Operating margin	6.4%	7.8%	-	-
Ordinary Profit	5.0	8.5	+3.4	+68.6%
Profit attributable to owners of parent	4.3	7.2	+2.8	+65.2%
Exchange rate	¥109/USD ¥131/EUR	¥126/USD ¥137/EUR	-	-

Result by Business Segments for 1Q of FY 2022

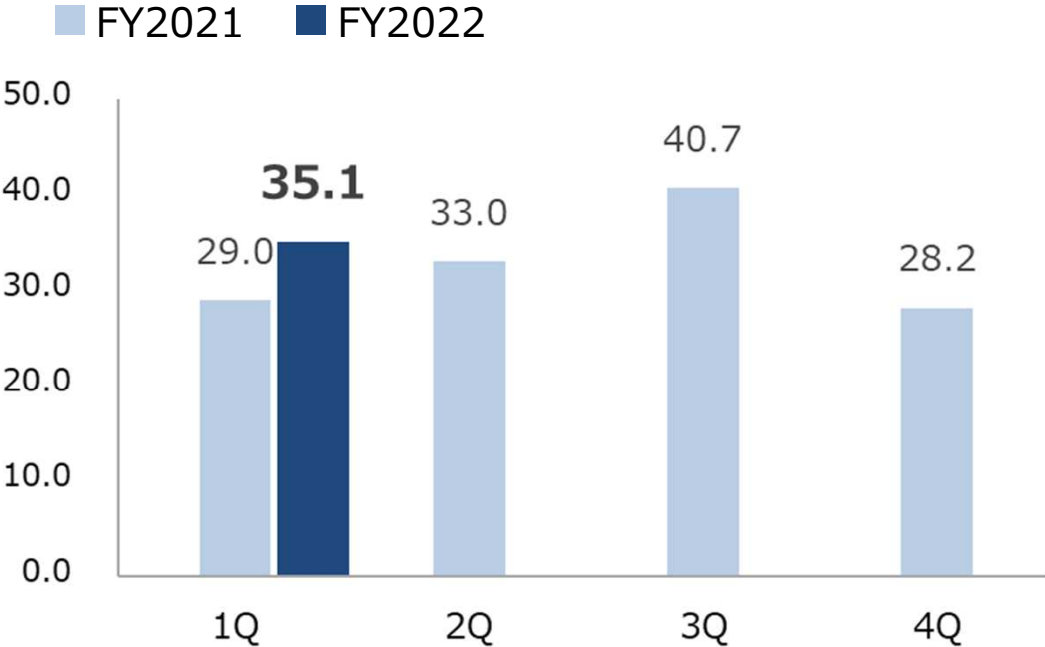
	Net sales (Unit: billion yen)	FY2021 1Q Result	FY2022 1Q Result	YoY change	
				Amount	%
■ Watches		29.0	35.1	+6.1	+21.1%
■ Machine Tools		18.6	19.9	+1.2	+6.9%
■ Devices and Components		13.1	10.9	▲ 2.1	▲16.4%
■ Electronic and Other Products		4.9	5.2	+0.3	+6.9%
Consolidated Total		65.7	71.3	+5.5	+8.5%
Operating Profit (Unit: billion yen, %:operating margin)					
■ Watches		1.4 (5.2%)	3.9 (11.2%)	+2.4	+163.9%
■ Machine Tools		2.6 (14.3%)	2.7 (13.5%)	+0.0	+1.0%
■ Devices and Components		0.9 (7.1%)	▲ 0.0 (▲0.5%)	▲ 0.9	-
■ Electronic and Other Products		0.3 (7.4%)	0.3 (6.6%)	▲ 0.0	▲3.5%
Eliminations or general corporate		▲ 1.2	▲ 1.3	▲ 0.1	-
Consolidated Total		4.2 (6.4%)	5.5 (7.8%)	+1.3	+32.0%

Watches (Operating Performance)

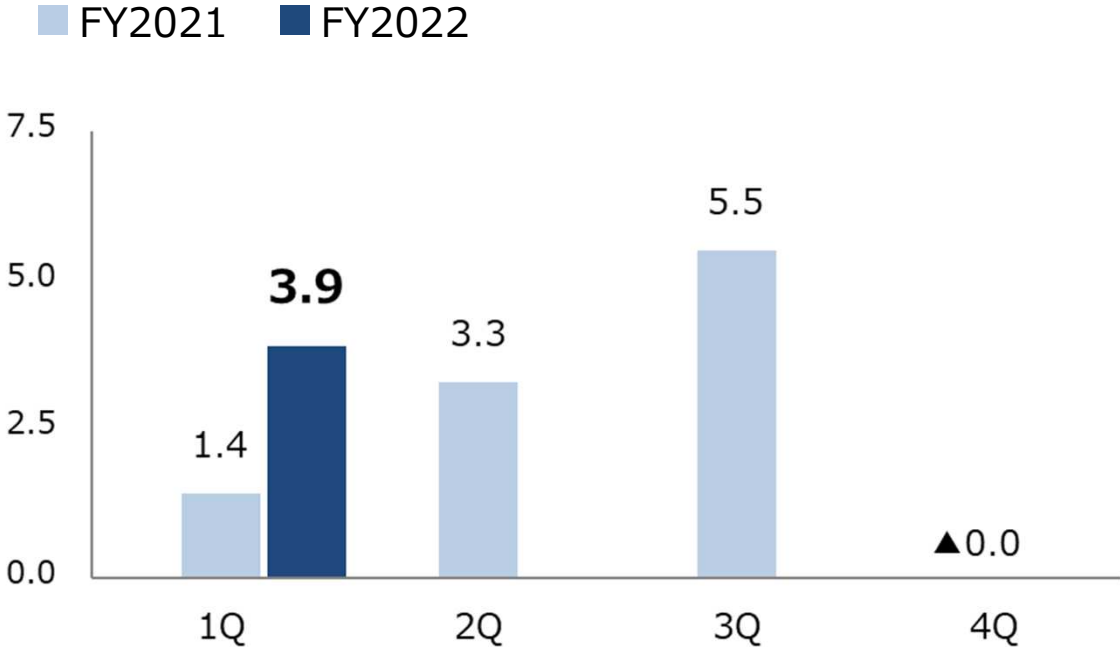
1Q

- Finished watch sales Although sales in the Chinese market declined due to the impact of the lockdown, strong performance the North American and European markets led to a significant increase in sales.
- Movement sales Sales of high value-added quartz movements remained firm, although mechanical movements did not grow as expected.

Net sales (billion yen)



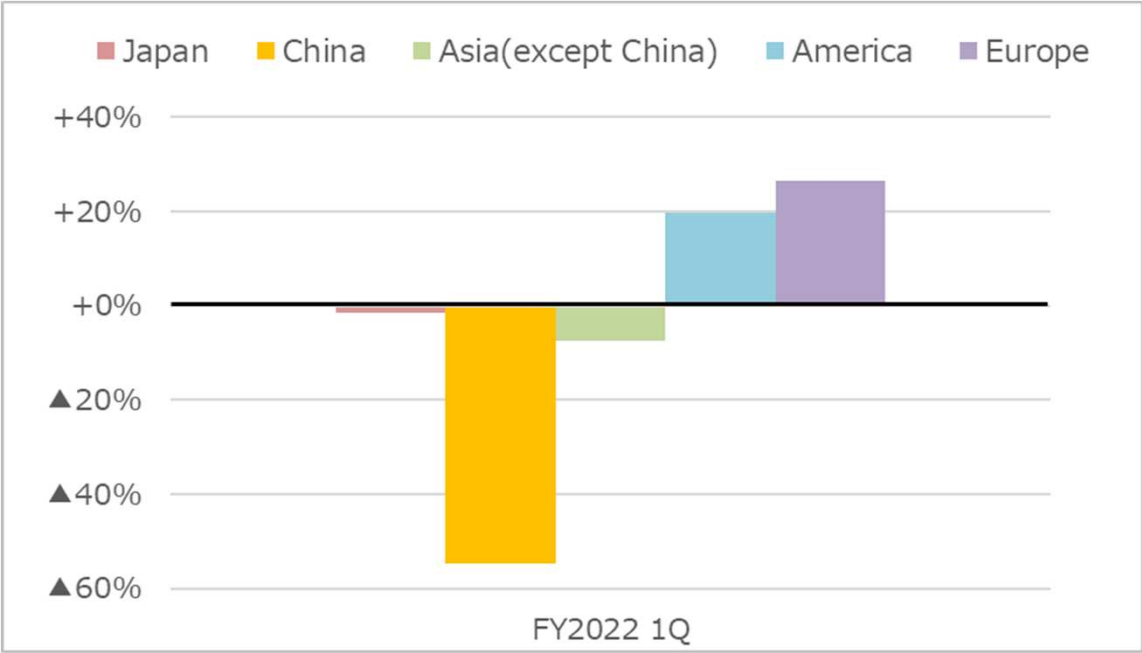
Operating profit (billion yen)



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



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

- Japan Sales remained at the year-ago level, although consumer confidence was trending toward a recovery.
- China Sales decreased significantly due to lockdowns.
- Asia(except China) Sales fell as consumer confidence remained weak.
- America Sales for main distribution including department stores continued to be strong. Sales for tourism distribution were also recovering.
- Europe Sales rose, reflecting solid performances in the U.K., Italy and Spain, as well as France

The
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The CITIZEN - Limited editions featuring
awashi-based watch dials

- Launched two limited editions of the Iconic Nature Collection equipped with beautiful *Tosa washi*-based watch dials with a design featuring the concept of a window view of the four seasons
- Release date: August 25
- Recommended retail price: 385,000 yen (tax included)
- Quantity: globally 250 units only

Watches Initiatives for empowering premium brands



Campanola - Heaven and Earth, the first tourbillon-based models

- Launched two models featuring the combination of a thin and tourbillon-equipped mechanical movement, which was adopted for the brand for the first time, together with an Aizu urushi-based watch dial.
- Release date: June 1
- Recommended retail price: 9,350,000 yen (tax included)
- Quantity: 5 units only for each model



Campanola - Moot Time Cosmosign collection

- Launched a model equipped with a Campanola's original moon age-based watch dial that shows the moon age, the positions of the moon and the sun and sunrise and sunset times by accurately recreating the waxing and waning of the moon on the watch dial.
- Release date: May 26
- Recommended retail price: 352,000 yen (tax included)
- Quantity: 150 units

ATTESA



CITIZEN ATTESA - Model featuring collaboration with HAKUTO-R

- The second limited edition of the brand's 35th anniversary model - Unveiled a model featuring collaboration with the HAKUTO-R private lunar surface survey program.
- Sales were strong in the overseas market as well.
- Release date: July 7
- Recommended retail price: 319,000 yen (tax included)
- Quantity: 1,000 units worldwide



depicts the unique lunar surface patterns with newly developed Recrystallized Titanium

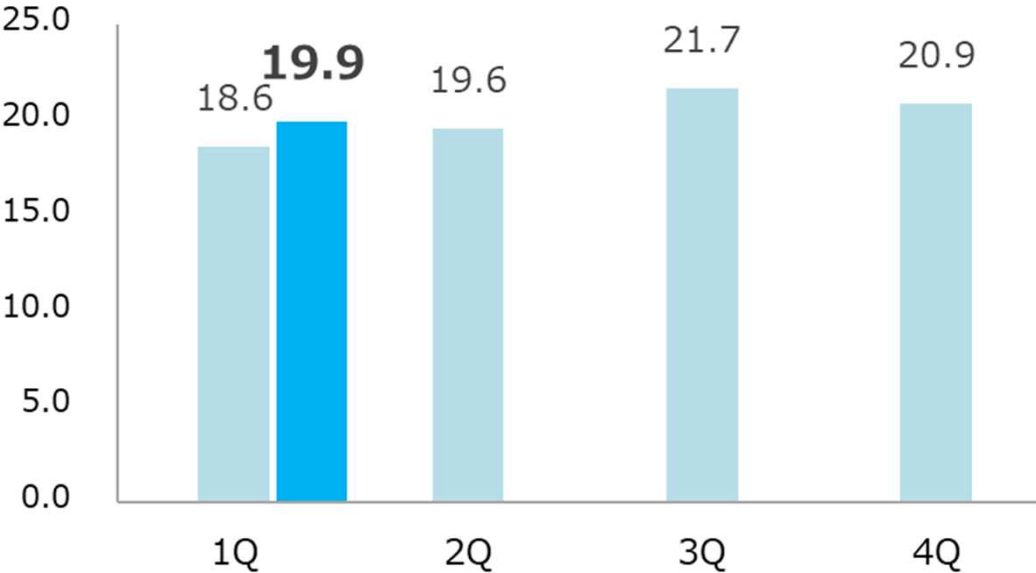
Machine Tools (Operating Performance)

1Q

- Domestic sales Sales increased due to strong sales for a wide range of industries, including semiconductors and construction machinery, offsetting sluggish sales for the automotive industry.
- Overseas sales Sales increased in response to strong demand for capital expenditures, mainly in Europe and the Americas.

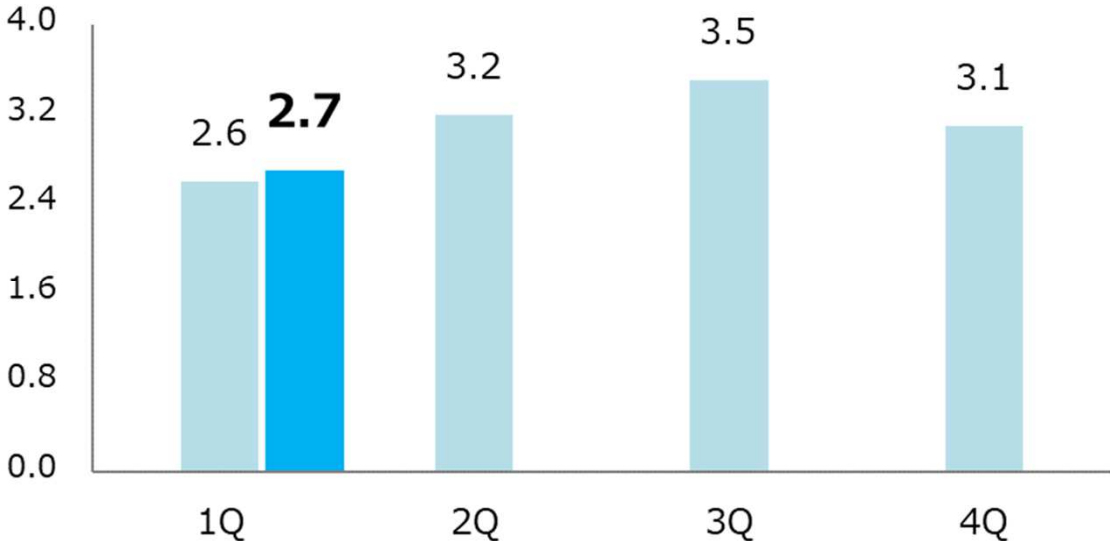
Net sales (billion yen)

FY2021 FY2022



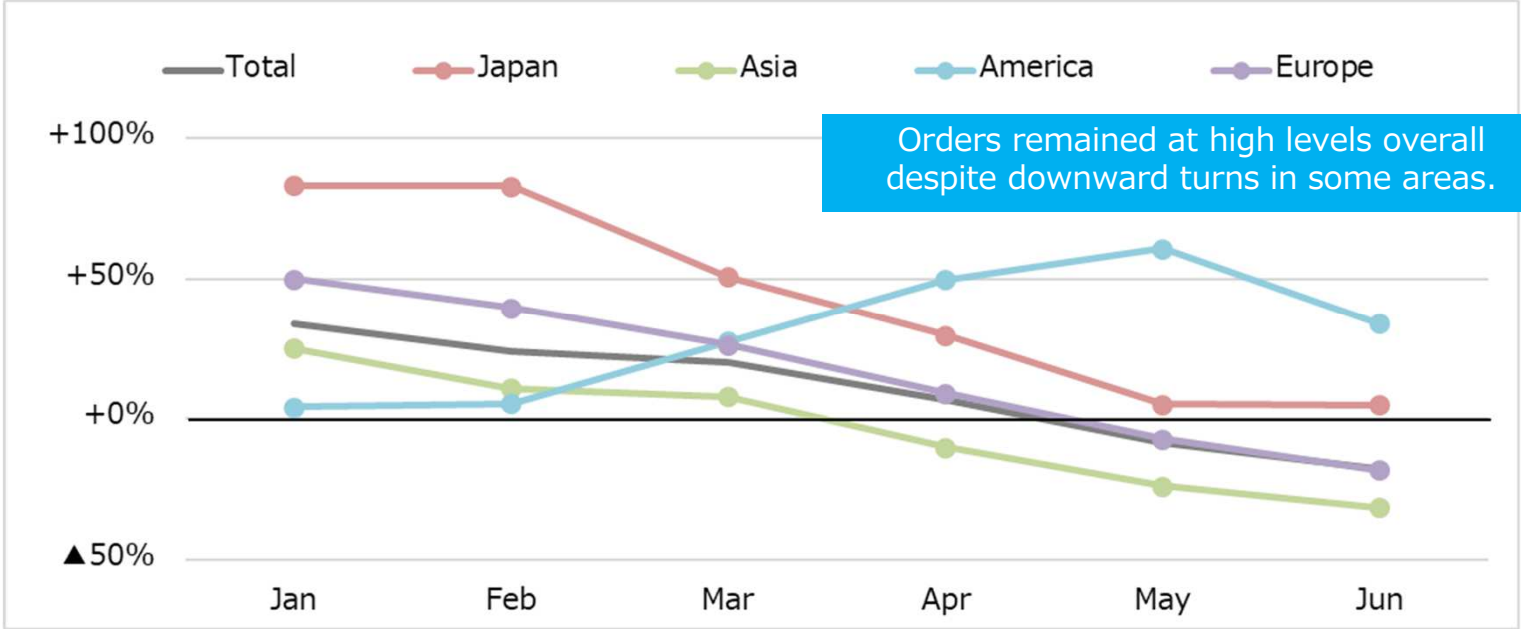
Operating profit (billion yen)

FY2021 FY2022



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)



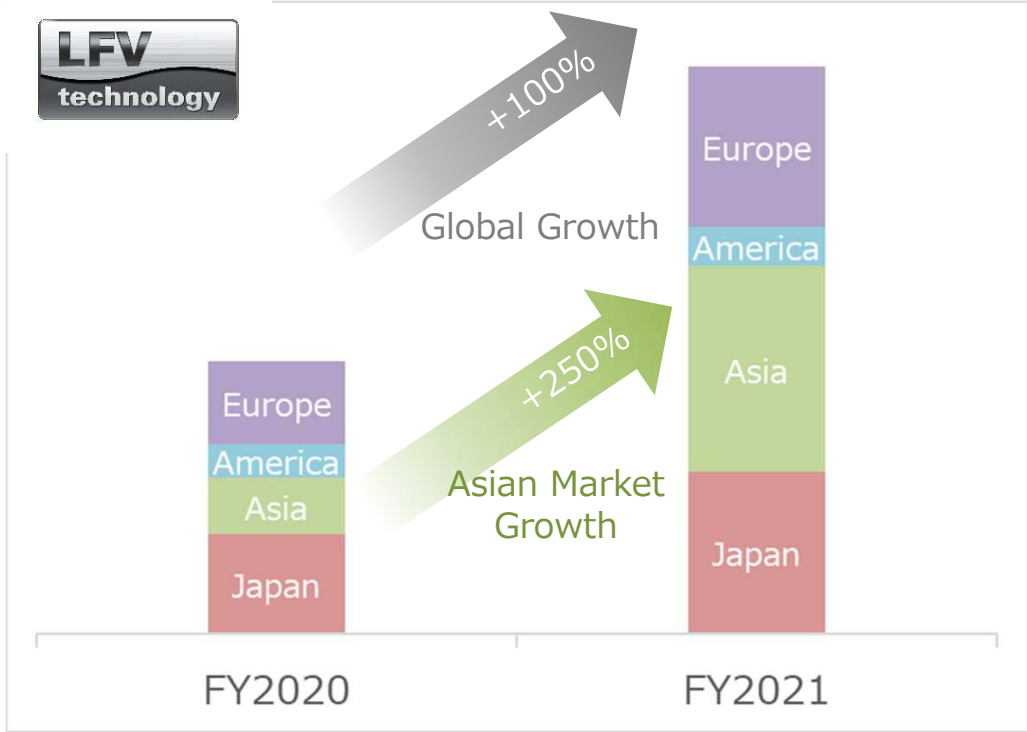
■ Rate of change year on year for 1Q (Quarterly number of units in orders received)

- Total** ▲ 18% Decreased in Asia and European areas, reflecting extended delivery time linked to difficulty with parts procurement.
- Japan** +5% Semiconductors and construction machinery remained strong, offsetting slower-than-expected growth of automobiles.
- Asia** ▲ 32% Demand remained strong in a range of industries in Asia except China, where demand decreased due to the impact of lockdowns.
- America** + 34% Active capital investment particularly in medical-service related industries continued.
- Europe** ▲ 18% An increasingly cautious attitude was seen in capital investment, although orders remained at high levels.

Machine tools Initiatives for the Differentiation by leveraging processing technologies



Total number of LFB-equipped machines shipped globally



- Global shipments of LFB-equipped machines doubled year-on-year.
- Substantial increase in Asian markets as well due to growing demand for production efficiency

※ The low frequency vibration-cutting (LFB) technology is CITIZEN's original processing technology that facilitates processing while simultaneously breaking chips into very fine pieces.

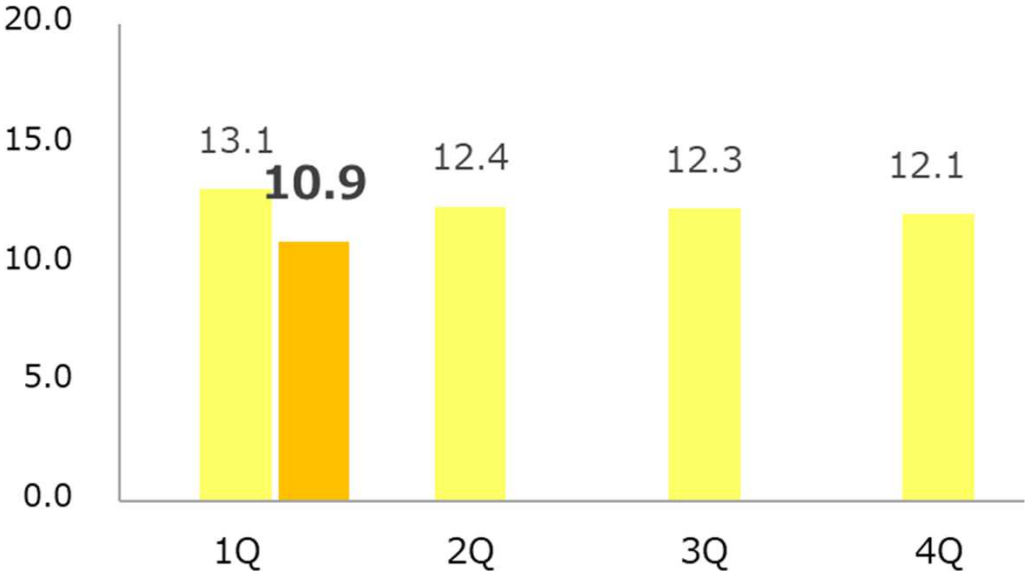
Devices and Components (Operating Performance)

1Q

- Precision components
Sales of automotive parts decreased due to the impact of production reductions by car manufacturers, etc.
Sales of quartz devices remained at the year-ago level, reflecting a slowdown in IoT demand.
Sales of small motors for medical equipment and semiconductor applications remained strong, but did not grow as expected due to the impact of difficulties in parts procurement.
- Opto-devices
Sales of LEDs for lighting decreased due to the significant impact of lockdowns in China, coupled with decreased sales of in-vehicle LEDs.

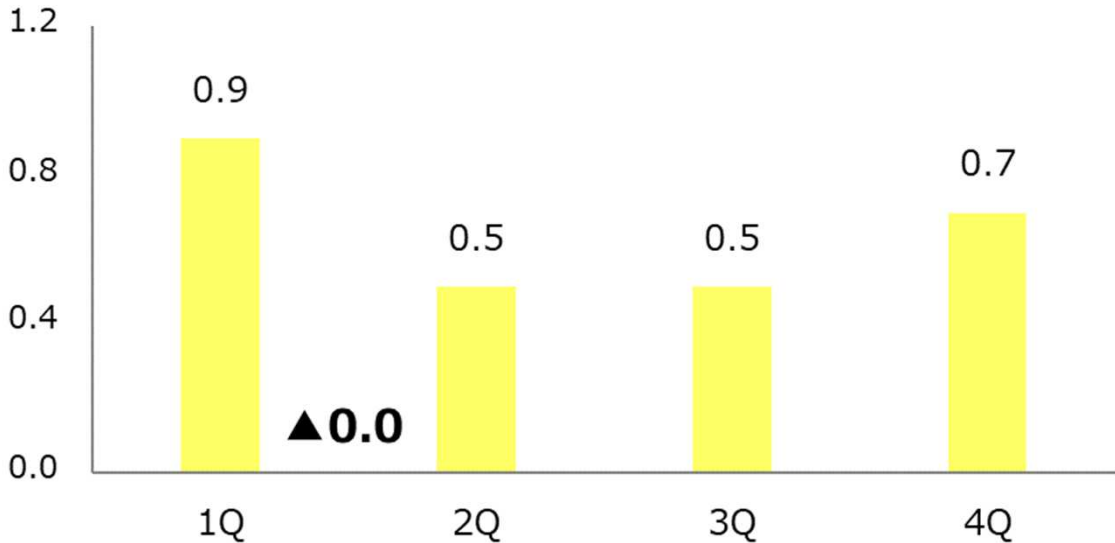
Net sales (billion yen)

FY2021 FY2022



Operating profit (billion yen)

FY2021 FY2022





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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 2022 Forecasts

(Unit: billion yen)	FY2022 Forecast (5/12)		FY2022 Forecast (8/12)		Change	
	1H	Full Year	1H	Full Year	1H	Full Year
Net sales	142.5	293.5	142.5	293.5	+0.0	+0.0
Operating profit	10.5	22.5	10.5	22.5	+0.0	+0.0
Operating margin	7.4%	7.7%	7.4%	7.7%	–	–
Ordinary Profit	11.0	24.0	13.0	26.0	+2.0	+2.0
Profit attributable to owners of parent	8.0	18.0	9.0	19.0	+1.0	+1.0
Exchange rate	¥120/USD ¥130/EUR	¥120/USD ¥130/EUR	¥120/USD ¥130/EUR	¥120/USD ¥130/EUR	–	–

■ Exchange rate impact (1 weaker yen, Annual)

Net sales	USD	EUR	Operating profit	USD	EUR
	+0.9	+0.4		+0.25	+0.2

FY2022 Forecast by Business Segment

	Net sales (Unit: billion yen)	FY2022 Forecast (5/12)		FY2022 Forecast (8/12)		Change	
		1H	Full Year	1H	Full Year	1H	Full Year
■	Watches	68.0	142.0	68.0	142.0	+0.0	+0.0
■	Machine Tools	41.0	82.0	41.0	82.0	+0.0	+0.0
■	Devices and Components	25.0	51.0	25.0	51.0	+0.0	+0.0
■	Electronic Products and Others	8.5	18.5	8.5	18.5	+0.0	+0.0
	Consolidated Total	142.5	293.5	142.5	293.5	+0.0	+0.0
	Operating Profit (Unit: billion yen, %:operating margin)						
■	Watches	5.4 (7.9%)	11.5 (8.1%)	5.4 (7.9%)	11.5 (8.1%)	+0.0	+0.0
■	Machine Tools	6.4 (15.6%)	12.8 (15.6%)	6.4 (15.6%)	12.8 (15.6%)	+0.0	+0.0
■	Devices and Components	1.2 (4.8%)	2.9 (5.7%)	1.2 (4.8%)	2.9 (5.7%)	+0.0	+0.0
■	Electronic Products and Others	0.3 (3.5%)	0.8 (4.3%)	0.3 (3.5%)	0.8 (4.3%)	+0.0	+0.0
	Eliminations or general corporate	▲ 2.8	▲ 5.5	▲ 2.8	▲ 5.5	+0.0	+0.0
	Consolidated Total	10.5 (7.4%)	22.5 (7.7%)	10.5 (7.4%)	22.5 (7.7%)	+0.0	+0.0

■ No change in net sales and operating income from the forecast as of May 12, 2022