

**Earning Presentation**  
for Six months ended September 30, 2022

**CITIZEN WATCH CO., LTD.**  
November 14, 2022

# Financial Results for 2Q of FY 2022



# Key Notes

## Financial Results for 1H (Apr-Sep) of FY 2022

- Sales and profit increased, reflecting sales growth in the mainstay Watches segment.
- Ordinary profit climbed 39% year on year, partly due to the posting of foreign exchange gains.
- Profit attributable to owners of parent rose 28% year on year.

## FY 2022 Forecasts

- Upward revisions have been made in consideration of the better-than-expected results in the first half.  
Forecasts for the second half reflect growing uncertainty about consumption trends, as well as rising costs.
- Net sales: 303.0 billion yen (Change from previous forecast: +9.5 billion yen)  
Operating profit: 23.0 billion yen (Change from previous forecast: +0.5 billion yen)  
Ordinary profit: 27.5 billion yen (Change from previous forecast: +1.5 billion yen)  
Profit attributable to owners of parent: 20.0 billion yen (Change from previous forecast: +1.0 billion yen)

## Dividends Forecasts

- Change from previous forecast: up 4 yen per share  
Full year: 34 yen (interim: 15 yen, year-end: 19 yen)

# Financial Results for 1H (Apr-Sep) of FY 2022

CITIZEN

(Unit : billion yen)	FY2021	FY2022	YoY Change	
	1H Result	1H Result	Amount	%
Net sales	135.7	147.6	+11.9	+8.8%
Operating profit	10.6	12.3	+1.6	+15.6%
Operating margin	7.9%	8.4%	-	-
Ordinary Profit	12.0	16.8	+4.7	+39.1%
Profit attributable to owners of parent	9.8	12.6	+2.7	+28.1%
Exchange rate	¥110/USD ¥131/EUR	¥131/USD ¥138/EUR	-	-

# Result by Business Segments for 1H (Apr-Sep) of FY 2022

	Net sales (Unit: billion yen)	FY2021 1H Result	FY2022 1H Result	YoY change	
				Amount	%
■ Watches		62.0	73.3	+11.3	+18.2%
■ Machine Tools		38.3	40.9	+2.5	+6.8%
■ Devices and Components		25.5	22.9	▲ 2.6	▲10.3%
■ Electronic and Other Products		9.8	10.4	+0.6	+6.8%
Consolidated Total		135.7	147.6	+11.9	+8.8%
Operating Profit (Unit: billion yen, %:operating margin)					
■ Watches		4.8 (7.8%)	8.8 (12.0%)	+3.9	+82.0%
■ Machine Tools		5.8 (15.4%)	5.5 (13.5%)	▲ 0.3	▲6.1%
■ Devices and Components		1.5 (6.0%)	0.0 (0.1%)	▲ 1.5	▲98.5%
■ Electronic and Other Products		0.7 (7.6%)	0.7 (7.1%)	+0.0	+0.3%
Eliminations or general corporate		▲ 2.3	▲ 2.7	▲ 0.4	-
Consolidated Total		10.6 (7.9%)	12.3 (8.4%)	+1.6	+15.6%

# Financial Results for 2Q (Jul-Sep) of FY 2022

CITIZEN

(Unit : billion yen)	FY2021	FY2022	YoY Change	
	2Q Result	2Q Result	Amount	%
Net sales	69.9	76.3	+6.3	+9.1%
Operating profit	6.4	6.7	+0.3	+4.9%
Operating margin	9.2%	8.9%	-	-
Ordinary Profit	7.0	8.2	+1.2	+17.7%
Profit attributable to owners of parent	5.4	5.3	▲ 0	▲ 1.6%
Exchange rate	¥110/USD ¥130/EUR	¥137/USD ¥140/EUR	-	-



# Result by Business Segments for 2Q (Jul-Sep) of FY 2022

	Net sales (Unit: billion yen)	FY2021 2Q Result	FY2022 2Q Result	YoY change	
				Amount	%
■ Watches		33.0	38.2	+5.2	+15.7%
■ Machine Tools		19.6	20.9	+1.3	+6.7%
■ Devices and Components		12.4	11.9	▲ 0.4	▲ 3.9%
■ Electronic and Other Products		4.9	5.2	+0.3	+6.6%
Consolidated Total		69.9	76.3	+6.3	+9.1%
Operating Profit (Unit: billion yen, %: operating margin)					
■ Watches		3.3 (10.1%)	4.8 (12.7%)	+1.5	+45.3%
■ Machine Tools		3.2 (16.3%)	2.8 (13.5%)	▲ 0.3	▲ 12.0%
■ Devices and Components		0.5 (4.8%)	0.0 (0.6%)	▲ 0.5	▲ 87.7%
■ Electronic and Other Products		0.3 (7.8%)	0.3 (7.6%)	+0.0	+3.9%
Eliminations or general corporate		▲ 1.0	▲ 1.3	▲ 0.3	-
Consolidated Total		6.4 (9.2%)	6.7 (8.9%)	+0.3	+4.9%

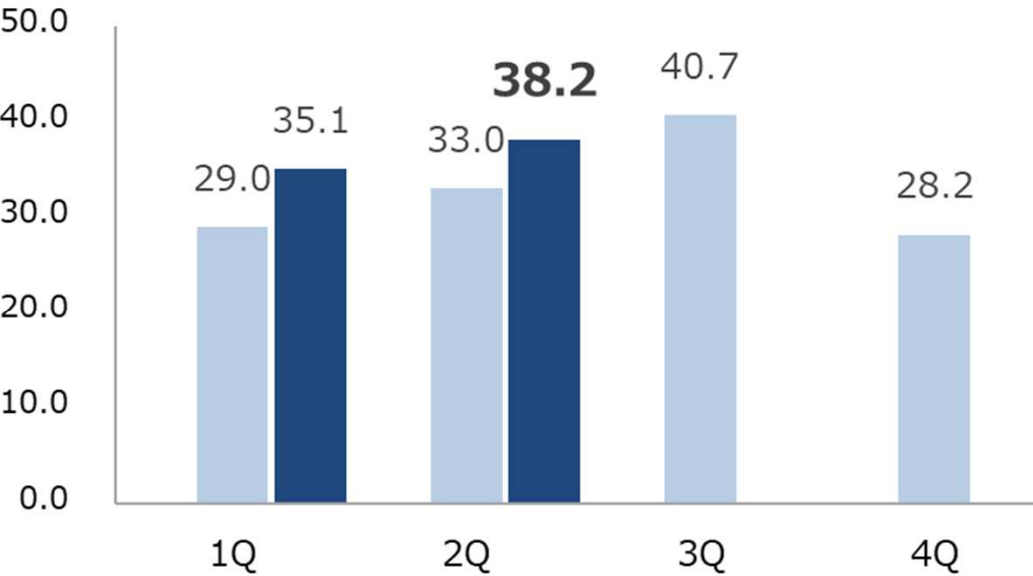
# Watches (Operating Performance)

## 2Q (Jul-Sep)

- Finished watch sales      Sales increased, reflecting the upturn in sales in the domestic market and the strong performances of the North American and European markets, offsetting decreased sales in the Chinese market due to the impact of movement restrictions, etc.
  
- Movement sales      Sales decreased, reflecting weak demand for mechanical movements, coupled with slow sales of analog quartz movements due to growing concern about a recession in the North American and European markets.

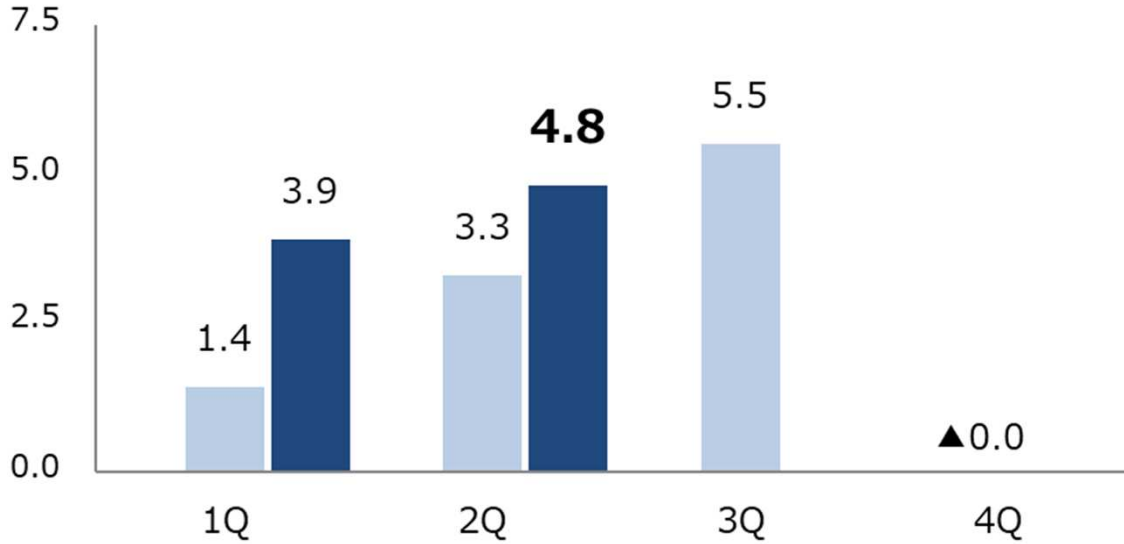
Net sales (billion yen)

FY2021    FY2022



Operating profit (billion yen)

FY2021    FY2022

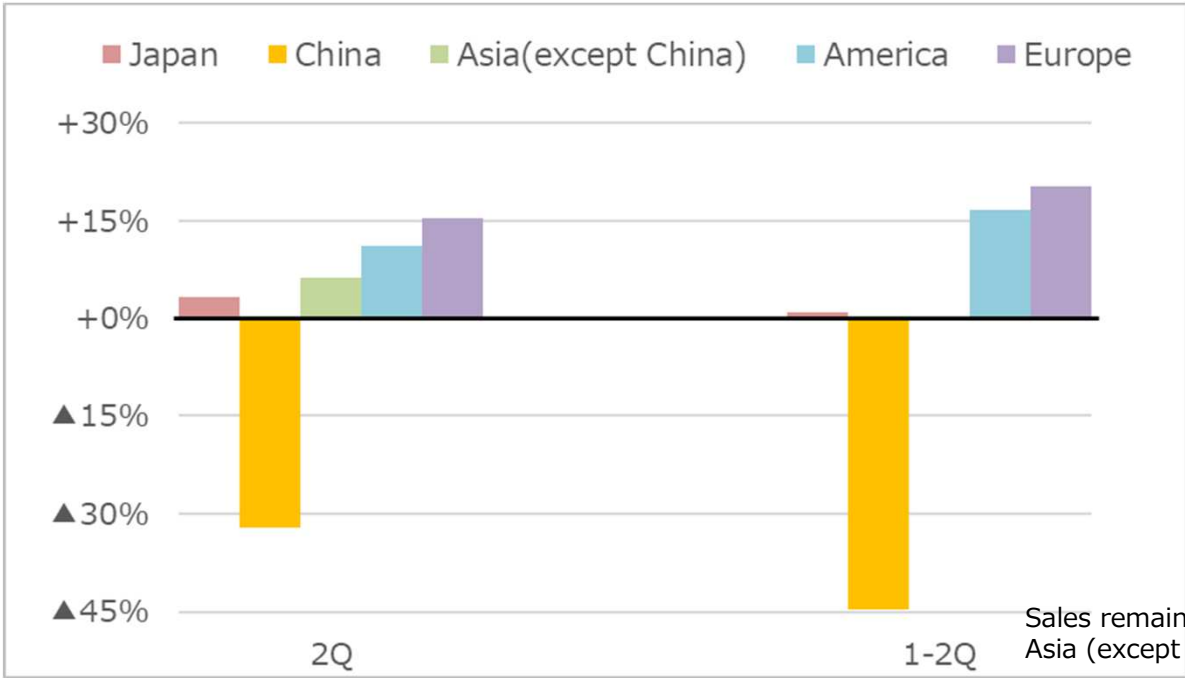




# Watches Net sales growth rate by region

## 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 increased due to the solid performance of new products in particular, despite the limited recovery of the flow of people.
- **China** Sales decreased due to the impact of repeated lockdowns and movement restrictions.
- **Asia (except China)** Sales were trending toward a recovery, reflecting the normalization of economic activities in Southeast Asia and India, among other countries.
- **America** Sales for main distribution including department stores continued to be strong. Sales for tourism distribution also recovered.
- **Europe** Sales increased due to strong sales in the U.K., Germany, France and Spain, among other countries.

# Watches Initiatives in the North American market

## Increase of unit sales price through the enhancement of brand recognition

- Both unit sales price and sales volume are trending higher due to the launch of high value-added products and the implementation of price increases.
- The recovery of sales for department stores and jewelry chains, coupled with significant recoveries in sales for tourism distribution, are contributing to higher unit sales prices.

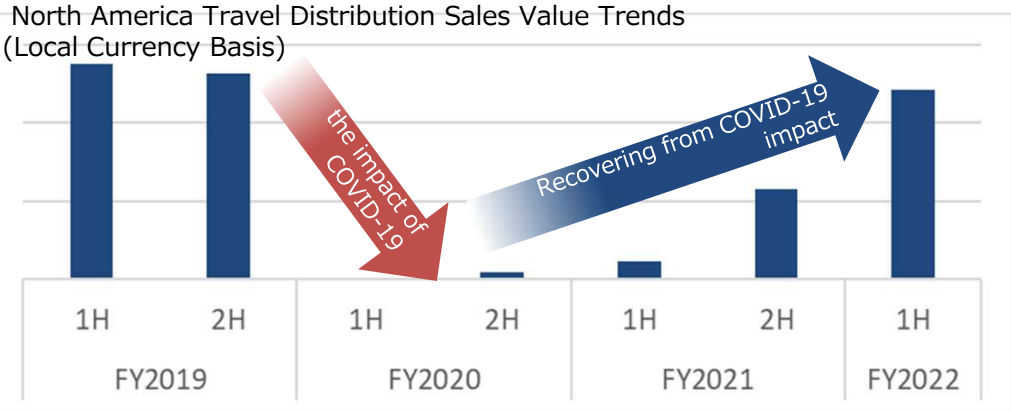
Changes in unit sale prices in North America (on a local currency basis)



\* Changes from the unit sales prices of CITIZEN brand watches and BULOVA brand watches in North America in the first half of FY2020 (on a local currency basis)

## Strengthening of sales aboard cruise vessels by taking advantage of a recovery in tourism demand in North America

- Customers can enjoy shopping at a range of stores on board, including those for watches and jewelry, just like they do in a huge shopping center.
- High-end models are popular in both CITIZEN brand and BULOVA brand watches partly due to the effect of tax exemption
- Strengthen cruise ship sales, especially BULOVA brand with high growth potential



A tax-free shop of wrist watches aboard a large cruise ship

\*Total sales of CITIZEN brand and BULOVA brand watches for tourism distribution in North America (airports, city duty free stores, cruise ships, etc.)



Watches Initiatives for empowering premium brands



LIGHT in BLACK2022 GREEN EDITION

- Launched six models of the LIGHT in BLACK 2022 GREEN EDITION under five brands in limited quantities. The products, which will be sold under main brands featuring the Eco-drive functions, offers light and time like the light of hope created in a jet-black space.
- Release date: September 8
- Recommended retail price: 55,000 yen - 253,000 yen (tax included)



A dial featuring the concept of the vitality of plants that grow by absorbing light.



"CITIZEN PROMASTER" Mechanical Diver

- Launched two models of the Mechanical Divers watch equipped with a movement featuring reinforced magnetic resistance. The models inherit the design of the Challenge Diver watch released in 1977, which has been updated to a modern design.
- Release date: August 19
- Recommended retail price: 96,800 yen (tax included) / 121,000 yen (tax included)

"CITIZEN PROMASTER" Eco-drive Diver

- Launched a limited edition of "Eco-Drive Diver 200m" using the whale shark as a motif.
- Release date: October 20
- Recommended retail price: 66,000 yen (tax included)
- 5,000 units worldwide



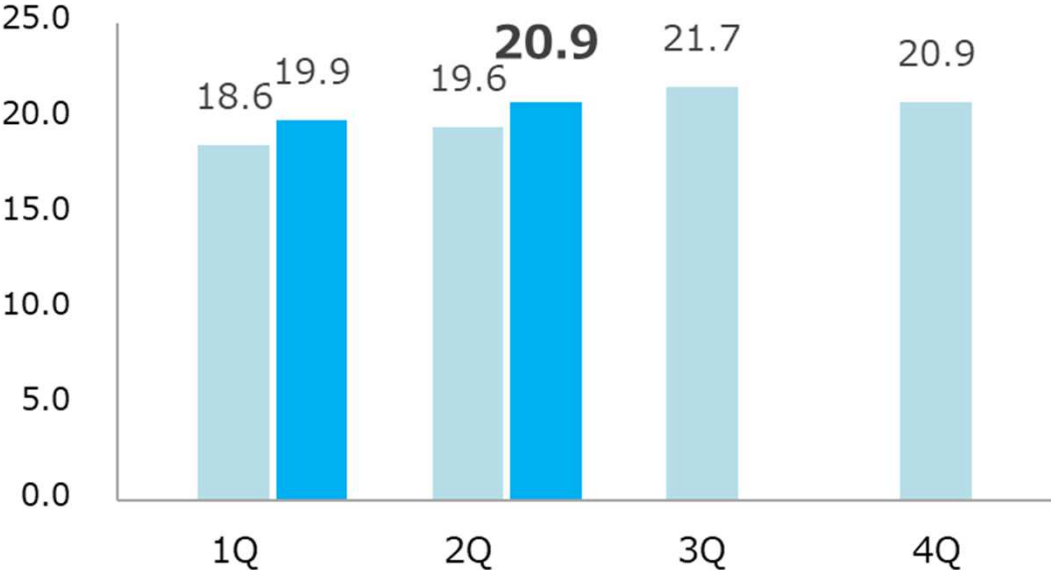
# Machine Tools (Operating Performance)

## 2Q (Jul-Sep)

- 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.

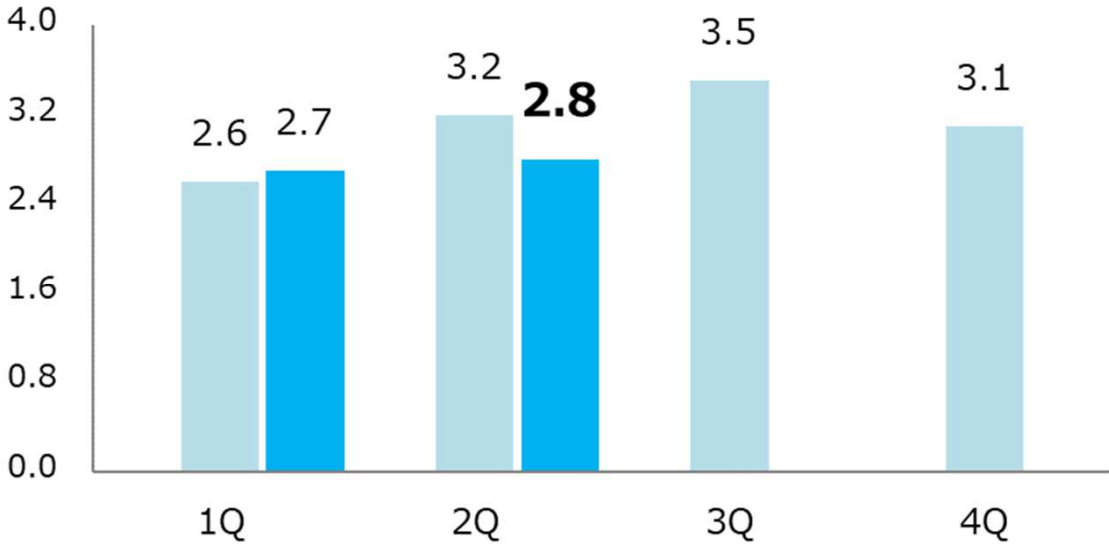
Net sales (billion yen)

FY2021 FY2022



Operating profit (billion yen)

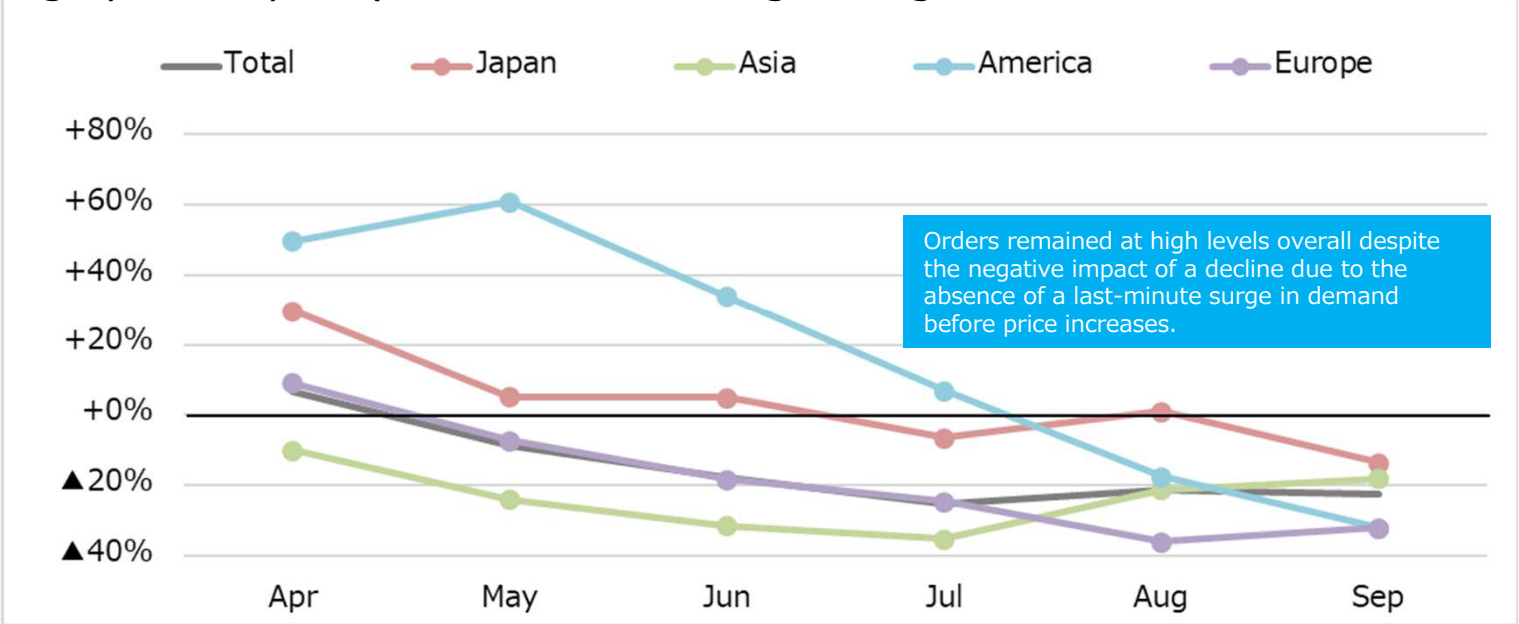
FY2021 FY2022





# 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 2Q (Quarterly number of units in orders received)

- Total ▲22%
- Japan ▲14% Semiconductors and construction machinery remained strong, offsetting slower-than-expected growth of automobiles.
- Asia ▲18% Orders were strong in Korea and India, among other countries, but they decreased in China and other regions.
- America ▲32% Faced difficulties in executing measures for long lead times, although active capital investment particularly in medical-service related industries continued.
- Europe ▲32% Orders, which remained at high levels, registered a decrease due to the increasingly cautious attitude with respect to automobile-related capital investment.



Expanded the floor area of Citizen Machinery Technical Center in India by a factor of about two.

- Relocated the Citizen Machinery Technical Center to the eastern part of Bangalore in October 2022 and expanded the floor area by a factor of about two.
- Aims to increase sales in India by three times from the current level, to 300 per year by 2024.



External view of the new Technical Center



Interior of the new Technical Center

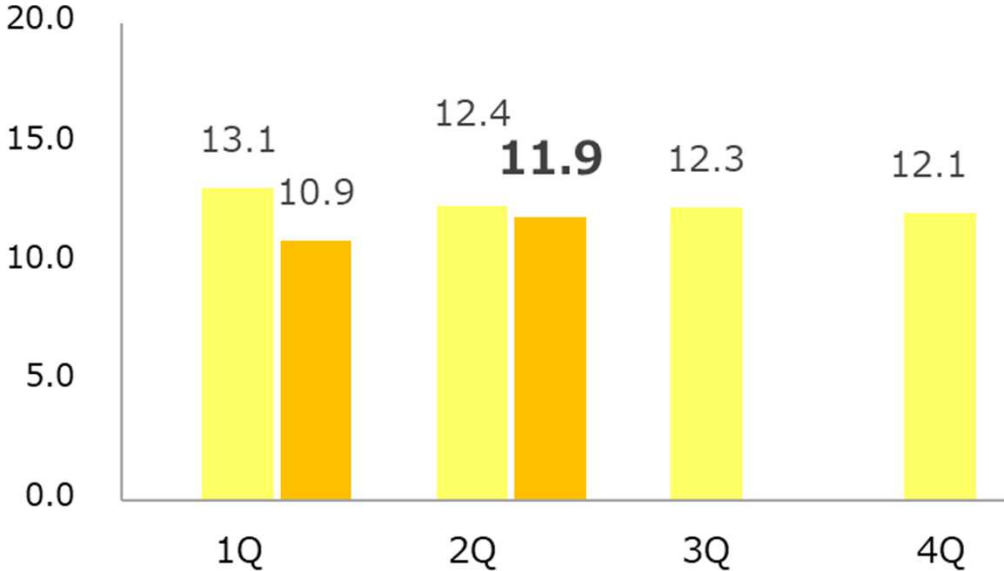
# Devices and Components (Operating Performance)

## 2Q (Jul-Sep)

- 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 used for medical and semiconductor-related products remained steady.
- Opto-devices  
Sales of LEDs for lighting decreased due to the significant impact of lockdowns in China

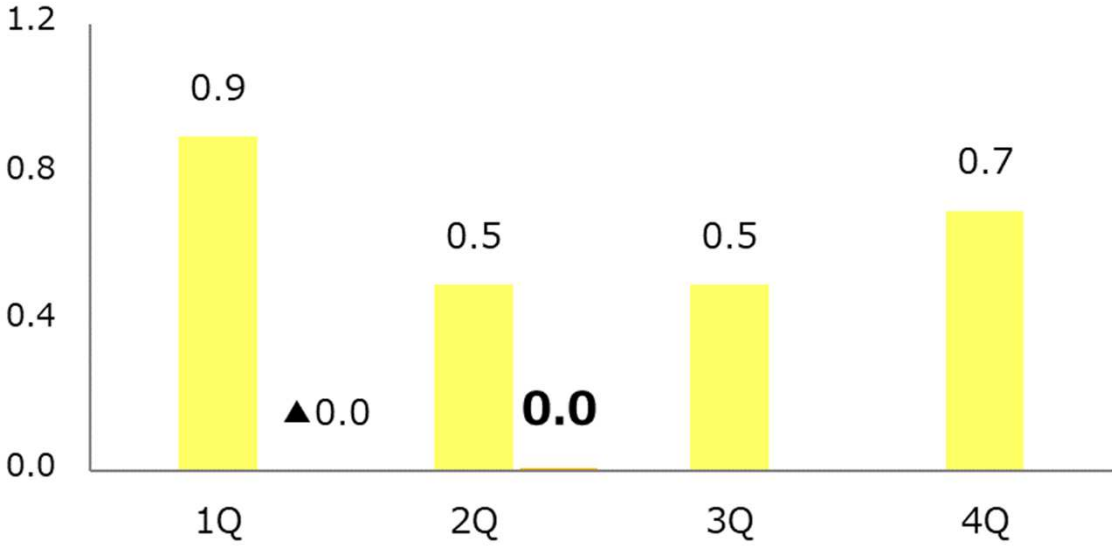
Net sales (billion yen)

FY2021 FY2022



Operating profit (billion yen)

FY2021 FY2022



# FY 2022 Forecasts











## FY 2022 Forecasts

(Unit: billion yen)	FY2022 Forecast (8/12)		FY2022 Forecast (11/14)		Change	
	2H	Full Year	2H	Full Year	2H	Full Year
Net sales	151.0	293.5	155.3	303.0	+4.3	+9.5
Operating profit	12.0	22.5	10.6	23.0	▲ 1.3	+0.5
Operating margin	7.9%	7.7%	6.9%	7.6%	—	—
Ordinary Profit	13.0	26.0	10.6	27.5	▲ 2.3	+1.5
Profit attributable to owners of parent	10.0	19.0	7.3	20.0	▲ 2.6	+1.0
Exchange rate	¥120/USD ¥130/EUR	¥120/USD ¥130/EUR	¥140/USD ¥140/EUR	¥136/USD ¥139/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 (8/12)		FY2022 Forecast (11/14)		Change	
	2H	Full Year	2H	Full Year	2H	Full Year
 Watches	74.0	142.0	77.6	151.0	+3.6	+9.0
 Machine Tools	41.0	82.0	42.0	83.0	+1.0	+1.0
 Devices and Components	26.0	51.0	25.0	48.0	▲ 0.9	▲ 3.0
 Electronic Products and Others	10.0	18.5	10.5	21.0	+0.5	+2.5
Consolidated Total	151.0	293.5	155.3	303.0	+4.3	+9.5
Operating Profit (Unit: billion yen, %:operating margin)						
 Watches	6.1 (8.2%)	11.5 (8.1%)	7.1 (9.3%)	16.0 (10.6%)	+1.0	+4.5
 Machine Tools	6.4 (15.6%)	12.8 (15.6%)	5.6 (13.5%)	11.2 (13.5%)	▲ 0.7	▲ 1.6
 Devices and Components	1.7 (6.5%)	2.9 (5.7%)	0.3 (1.5%)	0.4 (0.8%)	▲ 1.3	▲ 2.5
 Electronic Products and Others	0.5 (5.0%)	0.8 (4.3%)	0.2 (2.4%)	1.0 (4.8%)	▲ 0.2	+0.2
Eliminations or general corporate	▲ 2.7	▲ 5.5	▲ 2.8	▲ 5.6	▲ 0.1	▲ 0.1
Consolidated Total	12.0 (7.9%)	22.5 (7.7%)	10.6 (6.9%)	23.0 (7.6%)	▲ 1.3	+0.5

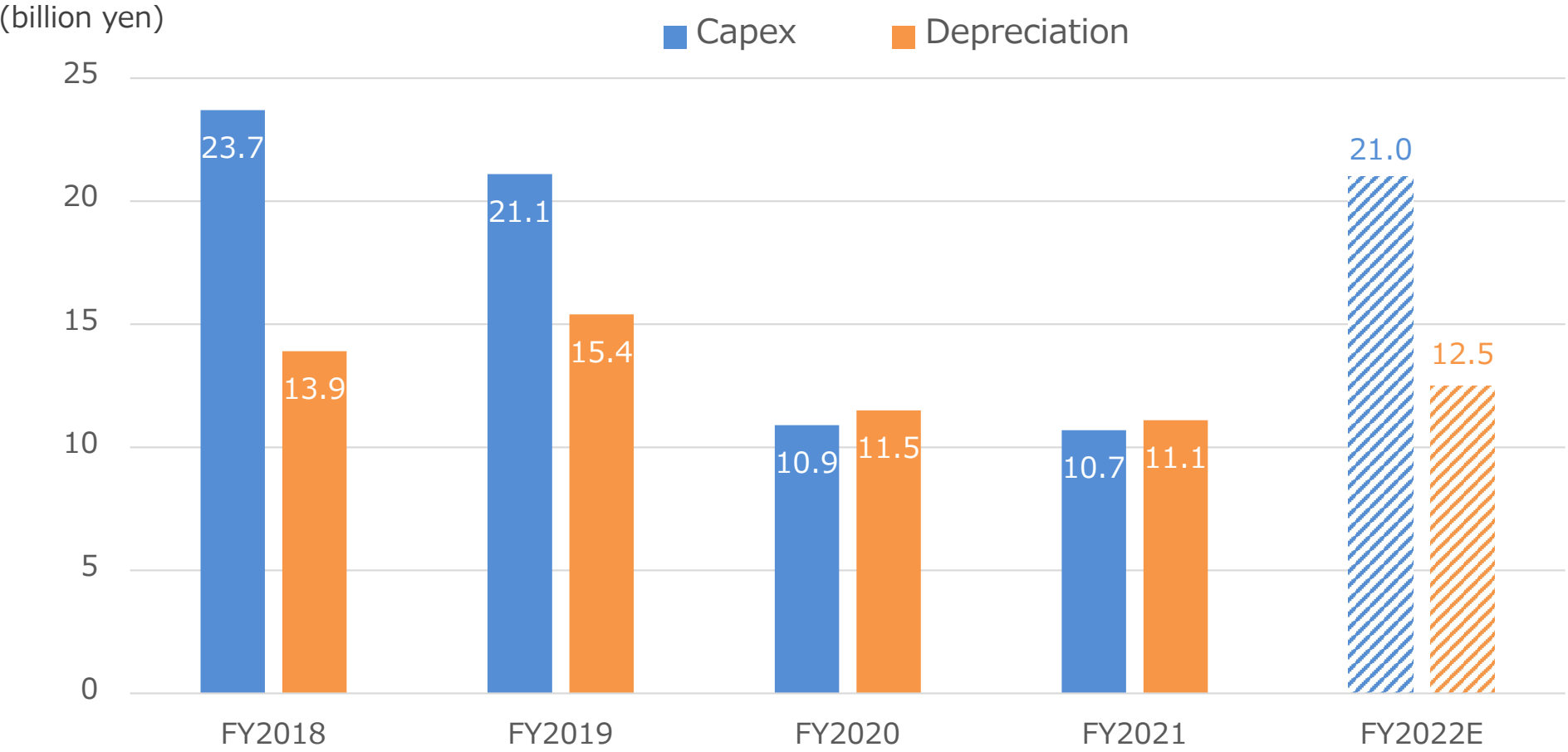


# CITIZEN

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%

## Balance Sheet

(Unit: billion yen)	March 31, 2022	September 30, 2022	Change from end of previous fiscal year
Current assets	270.1	290.3	+20.1
Cash and deposits	110.9	101.5	▲ 9.3
inventories	97.0	111.1	+14.1
Non-current assets	124.8	125.4	+0.6
Property, plant and equipment	74.8	76.3	+1.5
Investment securities	37.2	36.8	▲ 0.4
<b>Total assets</b>	<b>394.9</b>	<b>415.7</b>	<b>+20.8</b>

(Unit: billion yen)	March 31, 2022	September 30, 2022	Change from end of previous fiscal year
Liabilities	156.2	154.4	▲ 1.8
Interest- bearing debt	66.1	65.2	▲ 0.9
Net assets	238.6	261.3	+22.6
Shareholders' equity	204.0	211.1	+7.1
Foreign currency translation adjustment	16.6	32.6	+16.0
<b>Total liabilities and net assets</b>	<b>394.9</b>	<b>415.7</b>	<b>+20.8</b>

# Statement of Cash Flow

	2H21	1H22	Change
(Unit: billion yen)			
<b>Cash flow from operating activities</b>	19.5	1.3	▲ 18.2
<b>Cash flow from investing activities</b>	▲ 5.5	▲ 10.0	▲ 4.5
<b>Free cash flow</b>	13.9	▲ 8.6	▲ 22.5
<b>Cash flow from financial activities</b>	▲ 18.3	▲ 6.8	+11.5
<b>Balance of cash and cash equivalents</b>	111.2	103.3	▲ 7.9

