



CITIZEN

# Earning Presentation

for Nine months ended December 31, 2022

**CITIZEN WATCH CO., LTD.**

February 13, 2023

# Financial Results for 3Q of FY 2022



# Key Notes

## Financial Results for 1-3Q (Apr-Dec) of FY 2022

- Sales and profit increased, reflecting sales growth in the mainstay Watches segment.
- Watches: Sales of finished products continued to increase in the third quarter (Oct - Dec) as well, mainly in the North American market.
- Machine Tools: Sales increased, reflecting progress in production and shipment due to improvements in the parts procurement environment.

## Acquisition of treasury stock

- To enhance shareholder return and increase capital efficiency
- Total number of shares that can be acquired: 75,000,000 shares (maximum)  
Total stock acquisition cost: 40 billion yen (maximum)  
Acquisition period: February 16, 2023 - February 15, 2024

## FY 2022 Forecasts

- The full-year results forecast remains unchanged.

# Financial Results for 1-3Q (Apr-Dec) of FY 2022

(Unit : billion yen)	FY2021	FY2022	YoY Change	
	1-3Q (Apr-Dec) Result	1-3Q (Apr-Dec) Result	Amount	%
Net sales	215.6	230.1	+14.5	+6.8%
Operating profit	19.6	21.0	+1.3	+7.1%
Operating margin	9.1%	9.1%	-	-
Ordinary Profit	22.3	24.4	+2.1	+9.5%
Profit attributable to owners of parent	17.1	19.6	+2.5	+14.6%
Exchange rate	¥111/USD ¥131/EUR	¥135/USD ¥140/EUR		

# Result by Business Segments for 1-3Q (Apr-Dec) of FY 2022

Net sales (Unit : billion yen)	FY2021	FY2022	YoY Change	
	1-3Q(Apr-Dec) Result	1-3Q(Apr-Dec) Result	Amount	%
Watches	102.8	117.3	+ 14.4	+14.1%
Machine Tools	60.0	63.3	+ 3.2	+5.5%
Devices and Components	37.8	34.1	▲ 3.6	▲9.7%
Electronic and Other Products	14.7	15.2	+ 0.4	+3.2%
合計	215.6	230.1	+ 14.5	+6.8%
Operating Profit (Unit: billion yen, %:operating margin)				
Watches	10.3 (10.1%)	15.7 (13.4%)	+ 5.3	+51.8%
Machine Tools	9.4 (15.7%)	8.4 (13.3%)	▲ 0.9	▲10.3%
Devices and Components	2.1 (5.6%)	▲ 0.1 (▲0.5%)	▲ 2.2	-
Electronic and Other Products	1.0 (7.2%)	0.9 (6.4%)	▲ 0.0	▲7.8%
Eliminations or general corporate	▲ 3.3	▲ 3.9	▲ 0.6	-
Consolidated Total	19.6 (9.1%)	21.0 (9.1%)	+ 1.3	+7.1%

# Financial Results for 3Q (Oct-Dec) of FY 2022

(Unit : billion yen)	FY2021	FY2022	YoY Change	
	3Q(Oct-Dec) Result	3Q(Oct-Dec) Result	Amount	%
Net sales	79.8	82.4	+2.6	+3.3%
Operating profit	8.9	8.6	▲ 0.2	▲ 3.1%
Operating margin	11.2%	10.5%	-	-
Ordinary Profit	10.2	7.6	▲ 2.5	▲ 25.4%
Profit attributable to owners of parent	7.3	7.0	▲ 0.2	▲ 3.7%
Exchange rate	¥113/USD ¥130/EUR	¥144/USD ¥144/EUR		

# Result by Business Segments for 3Q (Oct-Dec) of FY 2022

Net sales (Unit : billion yen)	FY2021	FY2022	YoY Change	
	3Q(Oct-Dec) Result	3Q(Oct-Dec) Result	Amount	%
Watches	40.7	43.9	+ 3.1	+7.8%
Machine Tools	21.7	22.4	+ 0.7	+3.2%
Devices and Components	12.3	11.2	▲ 1.0	▲8.6%
Electronic and Other Products	4.9	4.7	▲ 0.1	▲3.9%
合計	79.8	82.4	+ 2.6	+3.3%
Operating Profit (Unit: billion yen, %:operating margin)				
Watches	5.5 (13.6%)	6.9 (15.9%)	+ 1.4	+25.5%
Machine Tools	3.5 (16.2%)	2.9 (13.0%)	▲ 0.6	▲17.3%
Devices and Components	0.5 (4.8%)	▲ 0.1 (▲1.7%)	▲ 0.7	-
Electronic and Other Products	0.3 (6.4%)	0.2 (4.9%)	▲ 0.0	▲26.8%
Eliminations or general corporate	▲ 1.0	▲ 1.2	▲ 0.2	-
Consolidated Total	8.9 (11.2%)	8.6 (10.5%)	▲ 0.2	▲3.1%

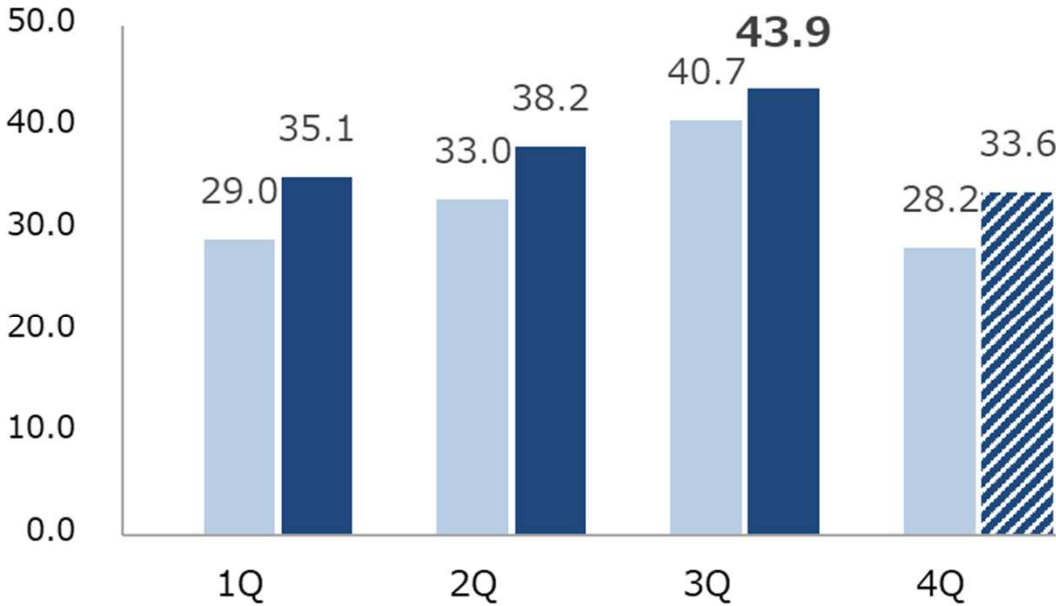
# Watches (Operating Performance)

## 3Q (Oct-Dec)

- Finished watch sales Sales increased, reflecting the continuing trend toward a moderate recovery in the domestic market and strong sales in the year-end shopping season in North America and Europe.
- Movement sales Sales decreased given a weak recovery in demand for both mechanical and analog quartz movements.

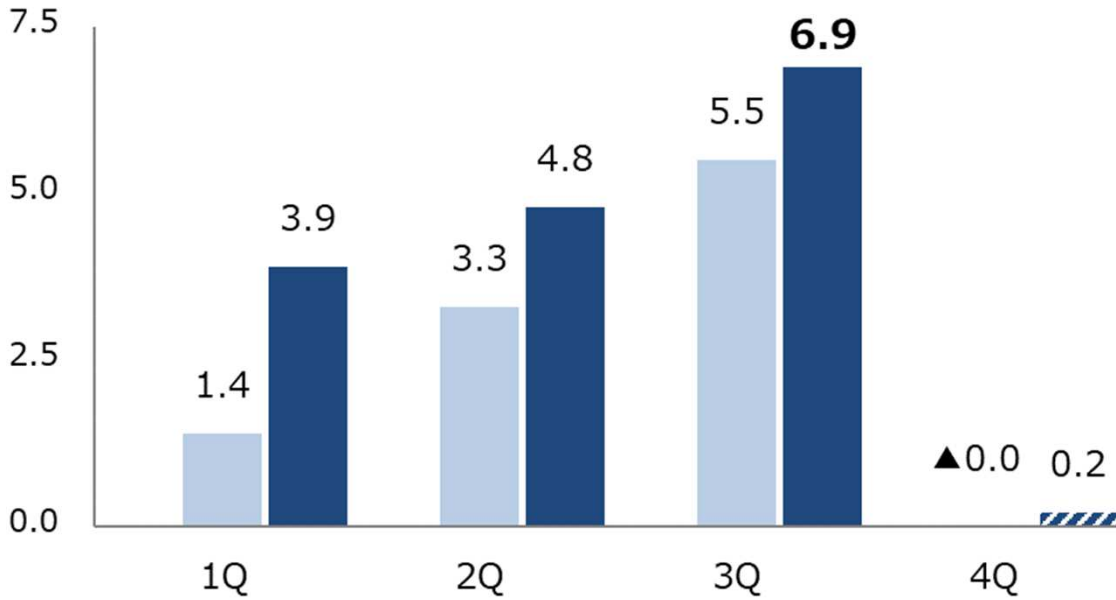
Net sales (billion yen)

FY2021 FY2022



Operating profit (billion yen)

FY2021 FY2022

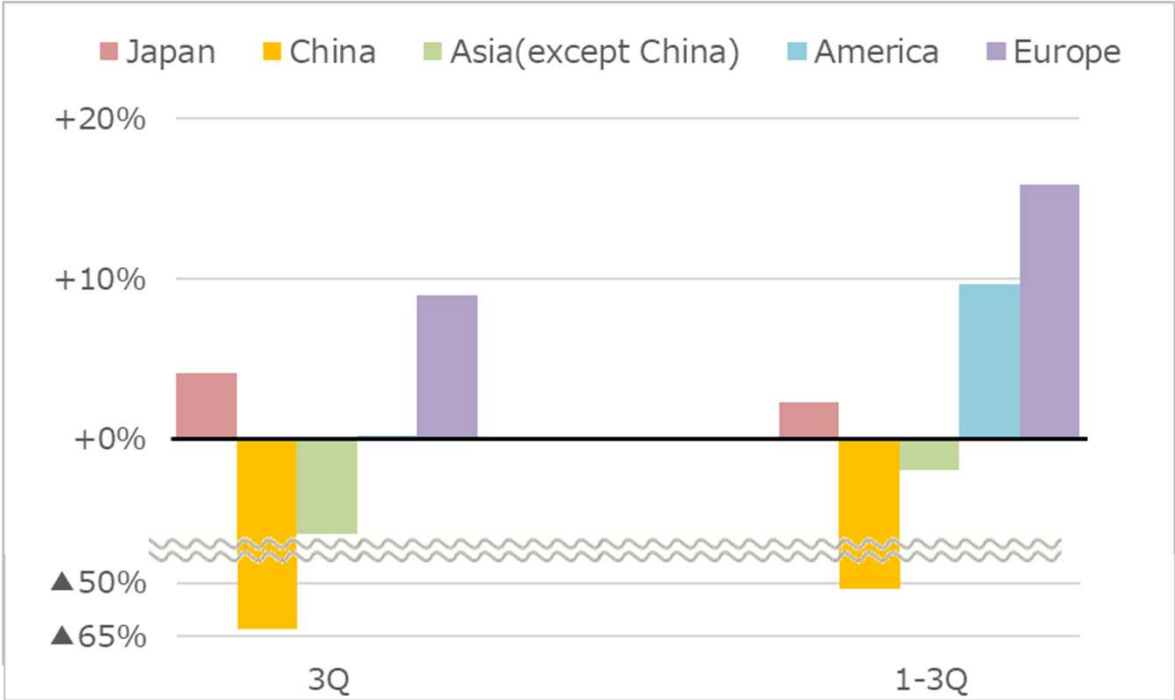




# Watches Net sales growth rate by region

## 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, reflecting the solid performance of new products in particular, although consumer confidence declined due to the rising cost of living.
- China Sales decreased due to the absence of a recovery in consumption following the resurgence of COVID-19, despite the easing of movement restrictions.
- Asia (except China) Sales were trending toward a recovery in India, Singapore, etc.
- America Sell-through remains strong in the year-end sales season.
- Europe Sales increased due to strong sales in the U.K., Germany and France, among other countries.

# Watches Initiatives for empowering premium brands

## Launch of the limited edition of "The CITIZEN" mechanical model

- Launched limited models equipped with the in-house developed Caliber 0200 high-precision mechanical movement, featuring detail inspired by Japanese armor.
- Release date: December 8, 2022
- Recommended retail price: 968,000 yen (tax included)
- 90 units only worldwide and limited



CITIZEN and Manufacture La Joux-Perret S.A., a Group company, leveraged the two companies' expertise to develop the Cal.0200 mechanical movement that features high precision and aesthetics

# Watches Topics

The Blue Universe Collection, the limited edition models released as the third step to celebrate the 35 anniversary of the CITIZEN ATTESA

- The models feature the use of the newly developed Duratect DLC Blue, which achieves a distinctive blue color while maintaining the features of CITIZEN’s proprietary Duratect DLC surface hardening technology.
- The Blue Universe Collection has been released, featuring designs created to beautifully express glittering outer space, which could only be done by ATTESA.
- Release date: November 10, 2022
- Recommended retail price: 132,000 yen - 318,000 yen (tax included)
- 1,000 - 1,900 units worldwide



The models feature the newly developed Duratect DLC Blue on the bezel and the middle link of the strap.

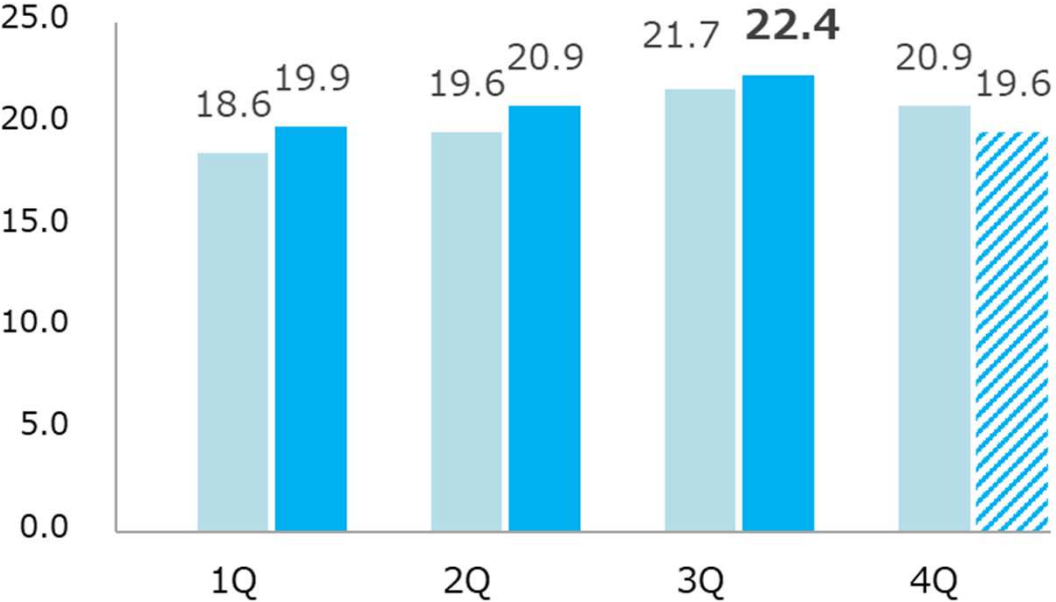
# Machine Tools (Operating Performance)

## 3Q (Oct-Dec)

- Domestic sales Sales increased due to the strong performance of semiconductors and construction machinery, offsetting sluggish sales for the automotive industry.
- Overseas sales Sales decreased slightly due to a decline in the markets of China and Asia, notwithstanding continued strength in demand for capital expenditures, especially in Europe and the United States.

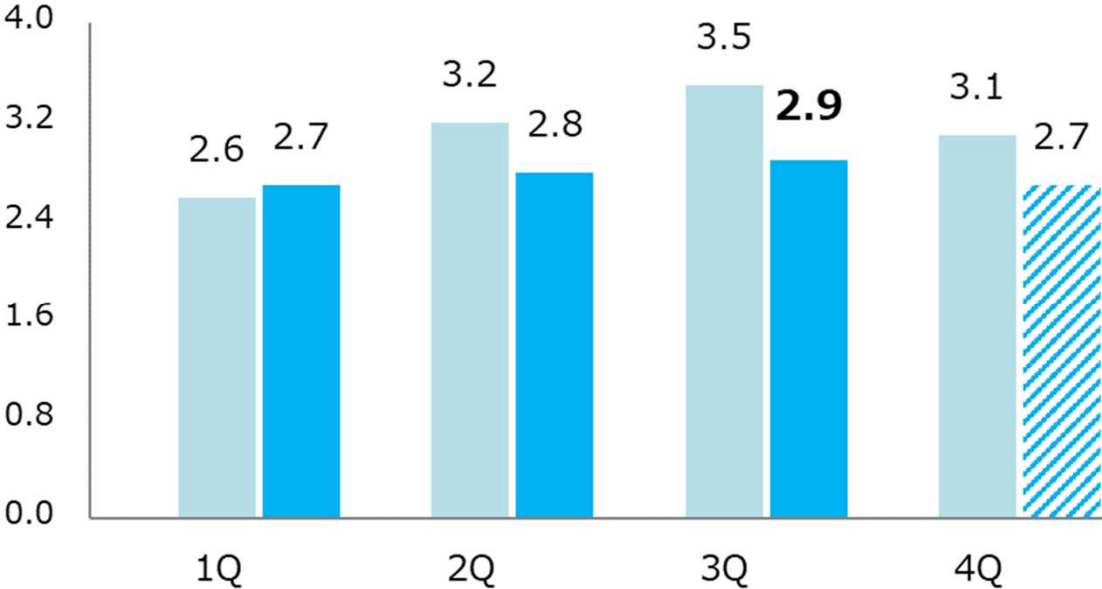
Net sales (billion yen)

FY2021 FY2022



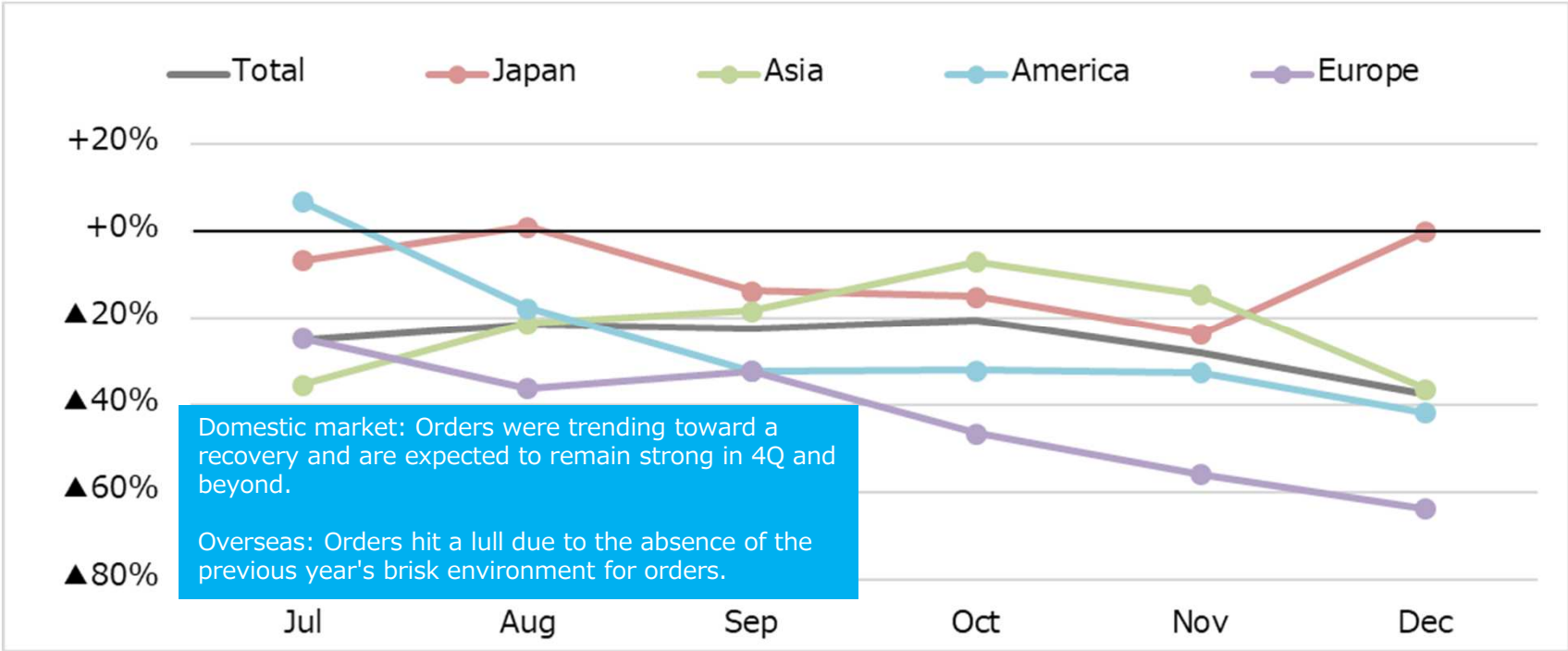
Operating profit (billion yen)

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)



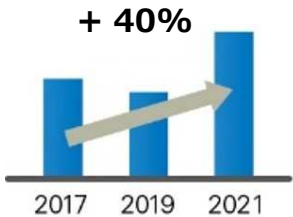
■ Rate of change year on year for 3Q (Quarterly number of units in orders received)

- Total ▲37%
- Japan +0% Semiconductors and construction machinery in particular underpinned the business, despite the decline of automobiles due to production cutbacks and other factors.
- Asia ▲36% Orders were strong in Korea and India, among other countries, but they decreased in China and other regions.
- America ▲42% Growth in orders slowed on rising concern over a recession, as lead times continued to grow.
- Europe ▲64% The increase in appetite for capital investment came to a halt, mainly reflecting concern over a economic recession.

# Machine Tools Differentiation by leveraging processing technologies

Shipments of LFV-equipped machines remained strong and the total number of machines shipped exceeded 5,000 units.

- After the launch of the machines in 2013, companies operating in Japan and Europe began to introduce them, followed by those operating in Americas and Asia.
- The number of LFV-equipped machine models increased to 13, and will gradually be enhanced going forward.



# Devices and Components (Operating Performance)

## 3Q (Oct-Dec)

### Precision components

Sales of automotive parts were sluggish given signs of a delay in the recovery of production among automobile manufacturers.

Sales of quartz devices took a downward turn, reflecting a slowdown in IoT demand.

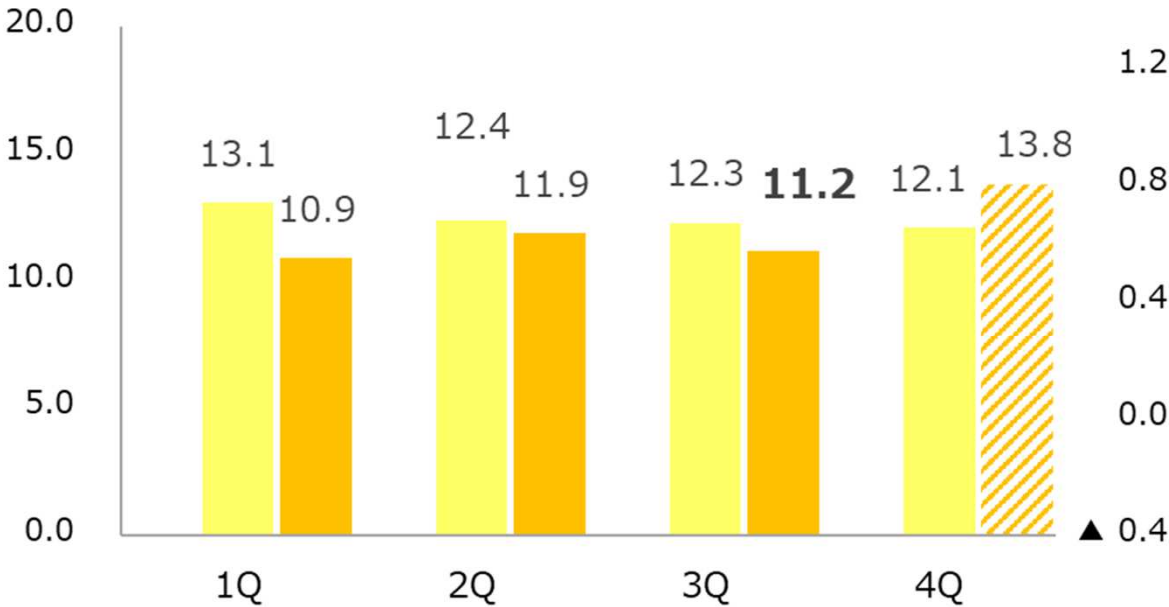
Small motors for medical equipment and semiconductor applications performed solidly, but sales decreased slightly due to the impact of difficulties in parts procurement.

### Opto-devices

Sales decreased because of sluggish demand for LEDs for lighting equipment in particular.

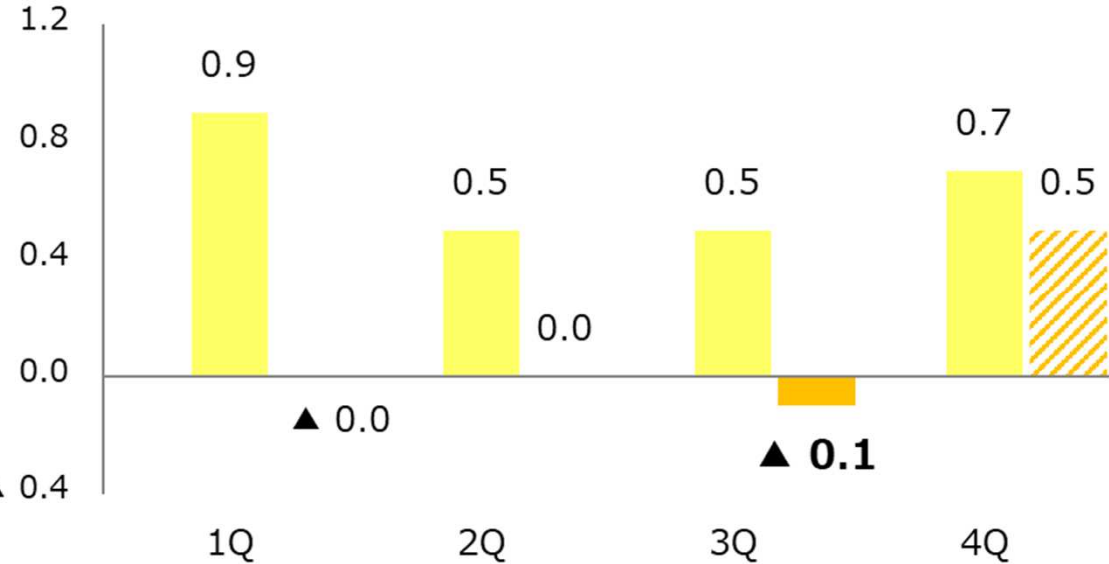
Net sales (billion yen)

FY2021 FY2022



Operating profit (billion yen)

FY2021 FY2022



The CITIZEN Group obtained SBT certification for its greenhouse gas emissions reduction targets



### **Greenhouse gas emissions reduction targets in the CITIZEN Group Environmental Goals 2030**

Scope 1 and 2 50.4% reduction (from the level in FY2018) by FY2030: Equivalent to the 1.5°C level target\*.

Scope 3 30% reduction (from the level in FY2018) by FY2030 with respect to Category 1 and Category 11.

The target aims to limit rises in global temperature to 1.5°C above the preindustrial era levels. Greenhouse gas emissions reductions by at least 4.2% per year are being sought.



# FY 2022 Forecasts



## FY 2022 Forecasts

(Unit : billion yen)	FY2022 Forecast (11/14 E)		FY2022 Forecast (2/13 E)		Change	
	2H(Oct-Mar)	Full Year	2H(Oct-Mar)	Full Year	2H	Full Year
Net sales	155.3	303.0	155.3	303.0	+0.0	+0.0
Operating profit	10.6	23.0	10.6	23.0	+0.0	+0.0
Operating margin	6.9%	7.6%	6.9%	7.6%	-	-
Ordinary Profit	10.6	27.5	10.6	27.5	+0.0	+0.0
Profit attributable to owners of parent	7.3	20.0	7.3	20.0	+0.0	+0.0
Exchange rate	¥140/USD ¥140/EUR	¥136/USD ¥139/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 (11/14 E)		FY2022 Forecast (2/13 E)		Change	
	2H(Oct-Mar)	Full Year	2H(Oct-Mar)	Full Year	2H	Full Year
Watches	77.6	151.0	77.6	151.0	+0.0	+0.0
Machine Tools	42.0	83.0	42.0	83.0	+0.0	+0.0
Devices and Components	25.0	48.0	25.0	48.0	+0.0	+0.0
Electronic and Other Products	10.5	21.0	10.5	21.0	+0.0	+0.0
合計	155.3	303.0	155.3	303.0	+0.0	+0.0
Operating Profit						
(Unit: billion yen, %: operating margin)						
Watches	7.1 (9.3%)	16.0 (10.6%)	7.1 (9.3%)	16.0 (10.6%)	+0.0	+0.0
Machine Tools	5.6 (13.5%)	11.2 (13.5%)	5.6 (13.5%)	11.2 (13.5%)	+0.0	+0.0
Devices and Components	0.3 (1.5%)	0.4 (0.8%)	0.3 (1.5%)	0.4 (0.8%)	+0.0	+0.0
Electronic and Other Products	0.2 (2.4%)	1.0 (4.8%)	0.2 (2.4%)	1.0 (4.8%)	+0.0	+0.0
Eliminations or general corporate	▲ 2.8	▲ 5.6	▲ 2.8	▲ 5.6	+0.0	+0.0
Consolidated Total	10.6 (6.9%)	23.0 (7.6%)	10.6 (6.9%)	23.0 (7.6%)	+0.0	+0.0



# 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.