



CITIZEN

**Earning Presentation**  
for the Year ended March 31, 2022

**CITIZEN WATCH CO., LTD.**

May 12, 2023

# Financial Results for FY 2022



# Financial Results for FY 2022

(Unit : billion yen)	FY2021	FY2022	YoY Change	
	1-4Q (Apr-Mar) Result	1-4Q (Apr-Mar) Result	Amount	%
Net sales	281.4	301.3	+ 19.9	+ 7.1%
Operating profit	22.2	23.7	+ 1.4	+ 6.4%
Operating margin	7.9%	7.9%	-	-
Ordinary Profit	27.3	29.0	+ 1.7	+ 6.4%
Profit attributable to owners of parent	22.1	21.8	( 0.3 )	( 1.4% )
Exchange rate	¥112/USD ¥130/EUR	¥135/USD ¥141/EUR		

- Sales and profit increased, reflecting sales growth in the mainstay Watches and Machine Tools segment

## Financial results by Business Segments

Net sales (Unit : billion yen)	FY2021	FY2022	YoY Change	
	1-4Q(Apr-Mar) Result	1-4Q(Apr-Mar) Result	Amount	%
Watches	131.0	150.0	+ 18.9	+ 14.4%
Machine Tools	81.0	86.1	+ 5.1	+ 6.4%
Devices and Components	50.0	44.7	( 5.3 )	( 10.6% )
Electronic and Other Products	19.2	20.4	+ 1.1	+ 6.0%
合計	281.4	301.3	+ 19.9	+ 7.1%
Operating Profit (Unit: billion yen, %:operating margin)				
Watches	10.3 7.9%	16.6 11.1%	+ 6.3	+ 61.4%
Machine Tools	12.5 15.5%	12.2 14.2%	( 0.3 )	( 3.1% )
Devices and Components	2.8 5.7%	( 0.8 ) ( 1.8% )	( 3.6 )	-
Electronic and Other Products	1.1 6.1%	1.1 5.6%	( 0.0 )	( 2.4% )
Eliminations or general corporate	( 4.6 )	( 5.4 )	( 0.7 )	-
Consolidated Total	22.2 7.9%	23.7 7.9%	+ 1.4	+ 6.4%

- Watches: Sales of finished products continued to increase, mainly in the North American and European market.
- Machine Tools: Sales increased, reflecting progress in production and shipment due to improvements in the parts procurement environment.

# Financial Results for 4Q(Jan.-Mar.) of FY 2022



## Financial Results for 4Q(Jan.-Mar.) of FY 2022

(Unit : billion yen)	FY2021	FY2022	YoY Change	
	4Q(Jan-Mar) Result	4Q(Jan-Mar) Result	Amount	%
Net sales	65.8	71.1	+ 5.3	+ 8.2%
Operating profit	2.6	2.6	+ 0.0	+ 1.4%
Operating margin	4.0%	3.8%	-	-
Ordinary Profit	5.0	4.6	( 0.3 )	( 7.4% )
Profit attributable to owners of parent	4.9	2.1	( 2.8 )	( 56.8% )
Exchange rate	¥115/USD ¥129/EUR	¥133/USD ¥142/EUR		

## 4Q(Jan.-Mar.) 2022 Result by Business Segments

Net sales (Unit : billion yen)	FY2021	FY2022	YoY Change	
	4Q(Jan-Mar) Result	4Q(Jan-Mar) Result	Amount	%
Watches	28.2	32.6	+ 4.4	+ 15.7%
Machine Tools	20.9	22.7	+ 1.8	+ 8.9%
Devices and Components	12.1	10.5	( 1.6 )	( 13.3% )
Electronic and Other Products	4.5	5.2	+ 0.6	+ 15.3%
合計	65.8	71.1	+ 5.3	+ 8.2%
Operating Profit (Unit: billion yen, %:operating margin)				
Watches	( 0.0 ) ( 0.3% )	0.8 2.6%	+ 0.9	-
Machine Tools	3.1 15.2%	3.7 16.5%	+ 0.5	+ 18.2%
Devices and Components	0.7 6.2%	( 0.6 ) ( 6.2% )	( 1.4 )	-
Electronic and Other Products	0.1 2.5%	0.1 3.2%	+ 0.0	+ 48.0%
Eliminations or general corporate	( 1.3 )	( 1.4 )	( 0.1 )	-
Consolidated Total	2.6 4.0%	2.6 3.8%	+ 0.0	+ 1.4%

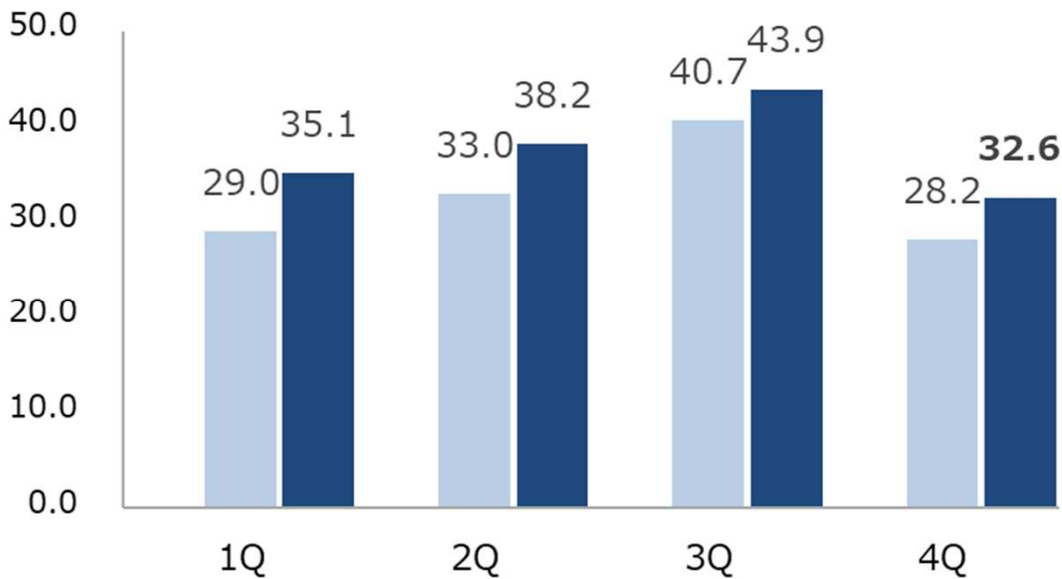
# Watches (Operating Performance)

## 4Q(Jan.-Mar.)

- Watch sales Sales increased with a continued recovery of the domestic market with the main distribution channels remaining firm in the North American and European markets.
- Movement sales Sales decreased given a weak recovery in demand for both mechanical and analog quartz movements.

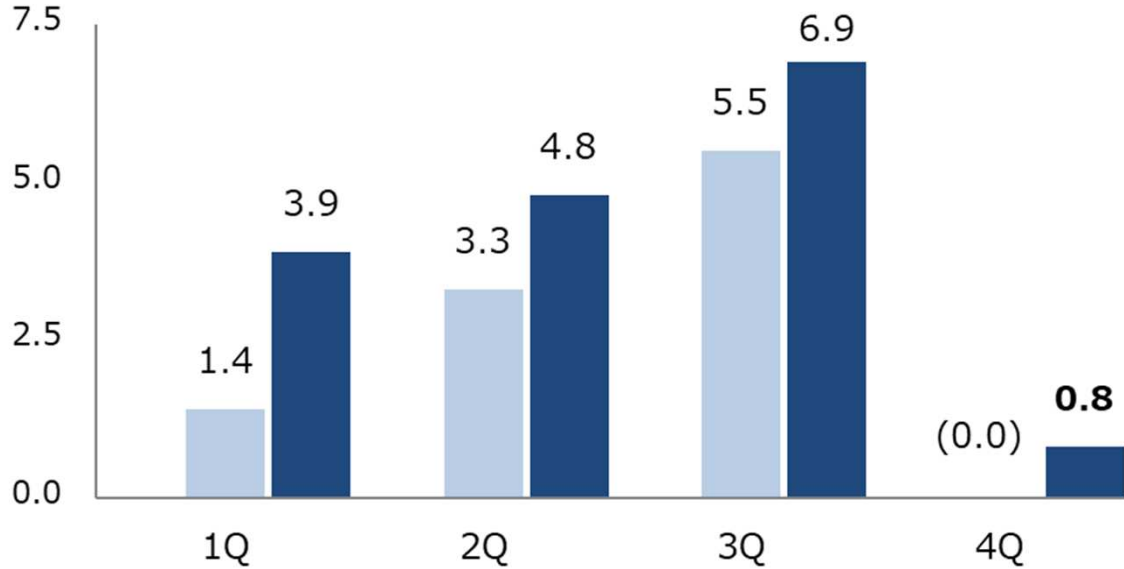
Net sales (billion yen)

FY2021 FY2022



Operating profit (billion yen)

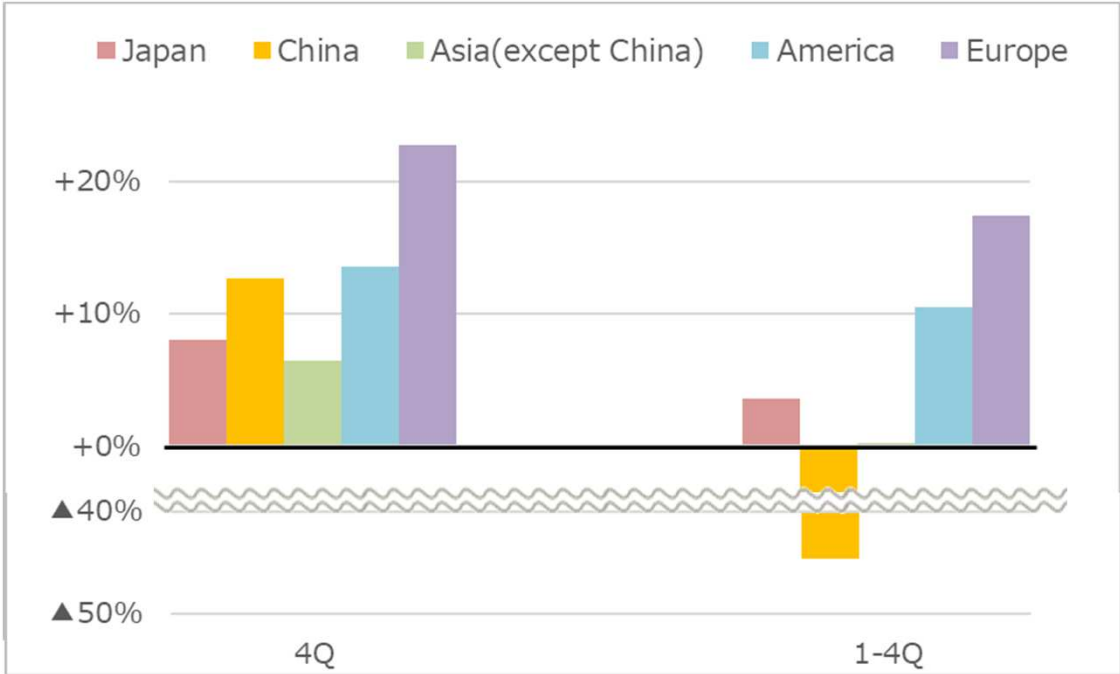
FY2021 FY2022





# Watches Net sales growth rate by region

Rate of change year on year



Performance in North American and Europe stayed strong. In addition, performance in Japan and China improved.

- Japan Sales increased, reflecting the solid performance of new products in particular, although consumer confidence stayed poor due to the high cost of living.
- China Despite the weakening impact of COVID-19 and the recovery in the movement of people, consumption had yet to fully recover.
- Asia (except China) Strong performance was maintained in India, Singapore and some other countries, although the recovery was patchy.
- America In addition to the briskness of the main distribution channels including department stores and jewelry chains, the increase in tourism demand was helpful.
- Europe Sales increased due to strong sales in many areas, including the U.K., Germany and France.

\* 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

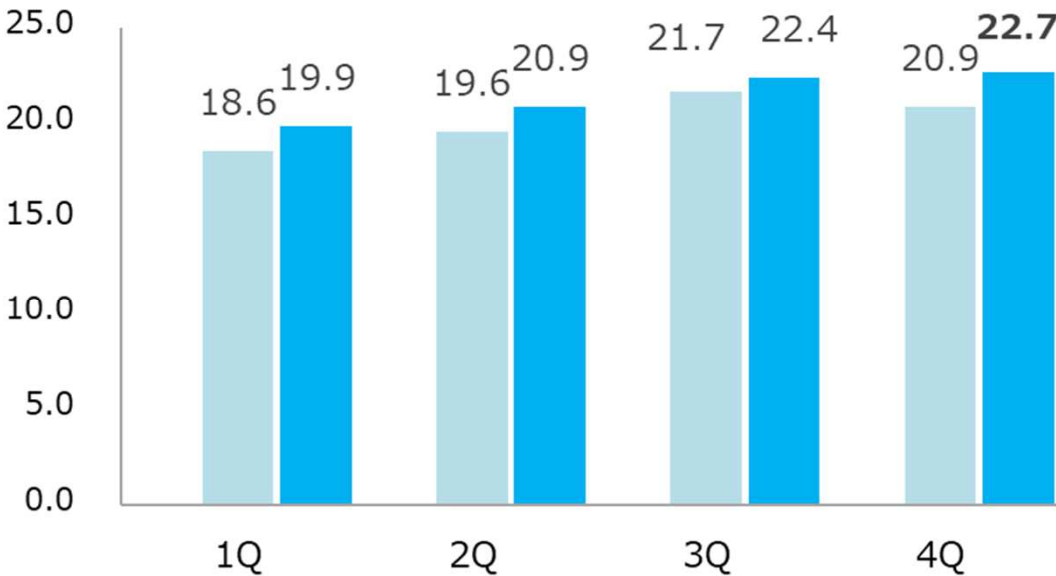
# Machine Tools (Operating Performance)

## 4Q(Jan.-Mar.)

- Domestic market Sales increased due to the strong performance of construction machinery and medical equipment, offsetting sluggish sales to the automotive industry.
- Overseas market Sales rose, driven by the markets in Europe and in the United States, although sales fell in the markets in China and Asia.

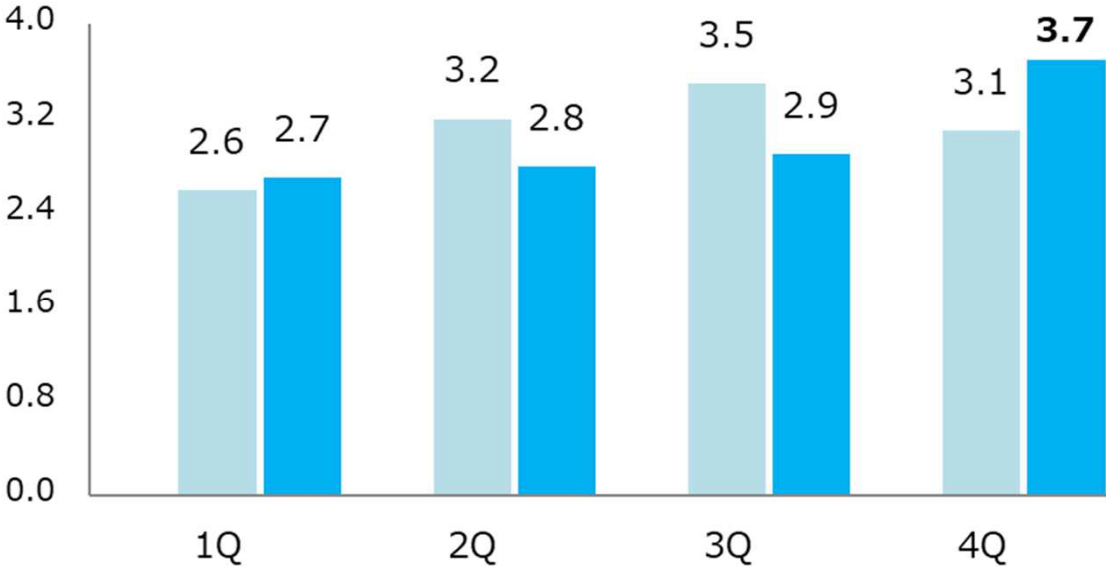
Net sales (billion yen)

FY2021 FY2022



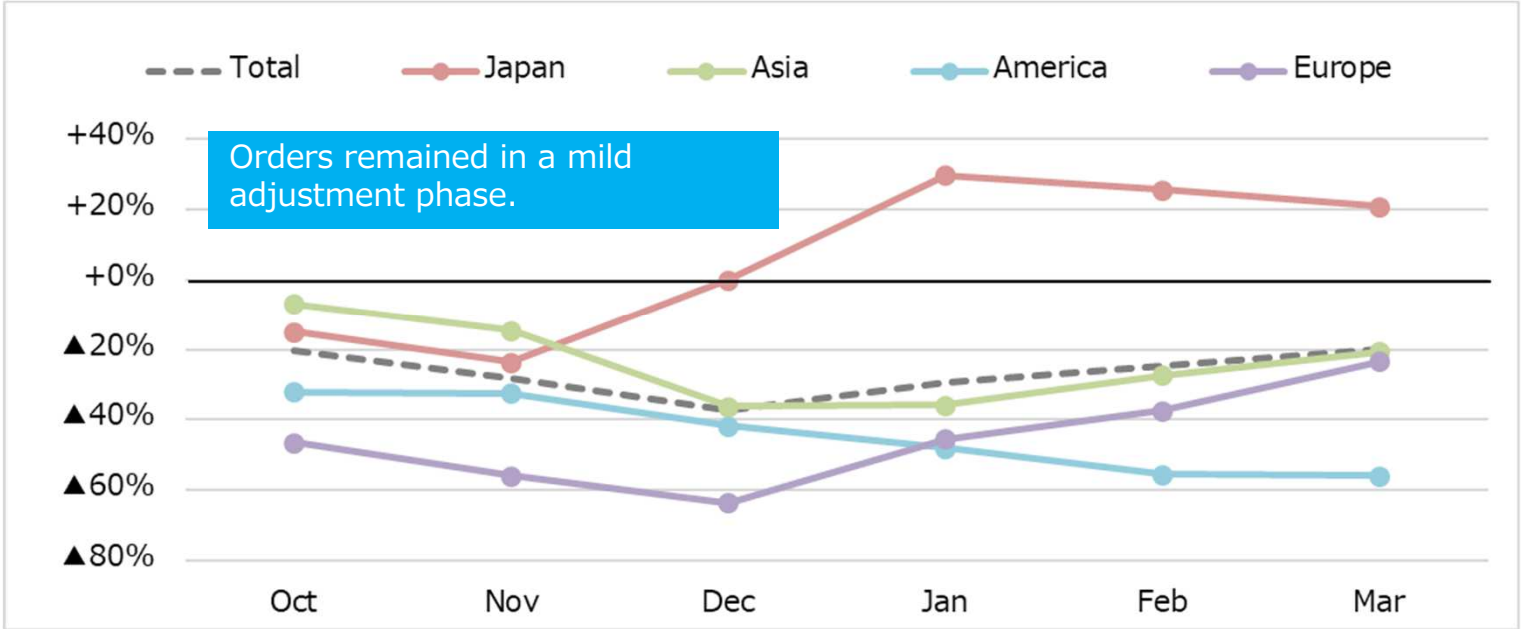
Operating profit (billion yen)

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 4Q (Quarterly number of units in orders)

- Total      ▲20%
- Japan      +21%      While orders received in association with automobiles were poor, order related to construction machinery, medical equipment and other equipment were bullish.
- Asia      ▲21%      Orders received in China and other areas dropped while orders associated with automobiles were strong in India.
- America      ▲56%      Orders received were low amid rising concern about an economic recession.
- Europe      ▲23%      Strong orders were received in relation to medical equipment and other equipment although the appetite for capital investment ended.

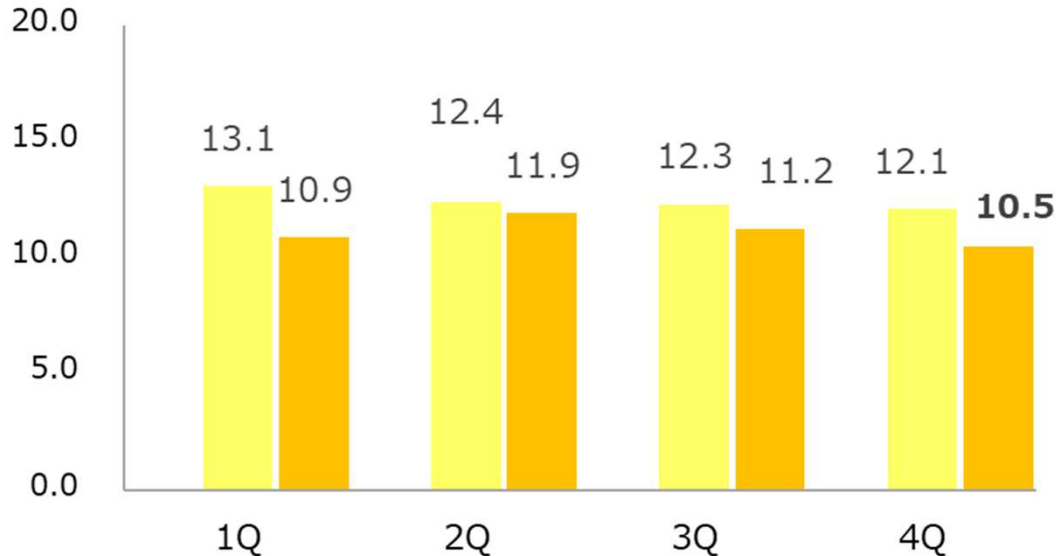
# Devices and Components (Operating Performance)

## 4Q(Jan.-Mar.)

- Precision components** Sales of automotive parts were sluggish given signs of a delay in the recovery of production among automobile manufacturers. 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 (light yellow)    FY2022 (orange)



Operating profit (billion yen)

FY2021 (light yellow)    FY2022 (orange)



# FY 2023 Forecasts



## FY 2023 Forecasts

## FY 2023 Forecasts

- Expected to increase sales and profit due to both Watch and Machine Tool businesses remain strong.

(Unit : billion yen)	FY2022 Result		FY2023 Forecast		YoY Change			
	1H(Apr-Sep)	Full Year	1H(Apr-Sep)	Full Year	Amount		%	
					1H	Full Year	1H	Full Year
Net sales	147.6	301.3	153.0	310.0	+ 5.3	+ 8.6	+ 3.6%	+ 2.9%
Operating profit	12.3	23.7	12.6	25.0	+ 0.2	+ 1.2	+ 2.0%	+ 5.4%
Operating margin	8.4%	7.9%	8.2%	8.1%	-	-	-	-
Ordinary Profit	16.8	29.0	12.7	26.0	( 4.1 )	( 3.0 )	( 24.4% )	( 10.6% )
Profit attributable to owners of parent	12.6	21.8	9.7	20.0	( 2.9 )	( 1.8 )	( 23.3% )	( 8.4% )
Exchange rate	¥131/USD ¥138/EUR	¥135/USD ¥141/EUR	¥130/USD ¥140/EUR	¥130/USD ¥140/EUR				

## Dividends Forecasts

- Dividends per share 40yen (Full year)  
(Second quarter 20yen / Year-end 20yen)
- Reference: Planned annual dividend for FY2022: 34 yen  
(Second quarter 15 yen / Year-end 19 yen)

## Exchange rate impact (1 weaker yen, Annual)

(Unit : billion yen)	USD	EUR
Net sales	+0.9	+0.4
Operating profit	+0.25	+0.2

## FY 2023 Forecast by Business Segment

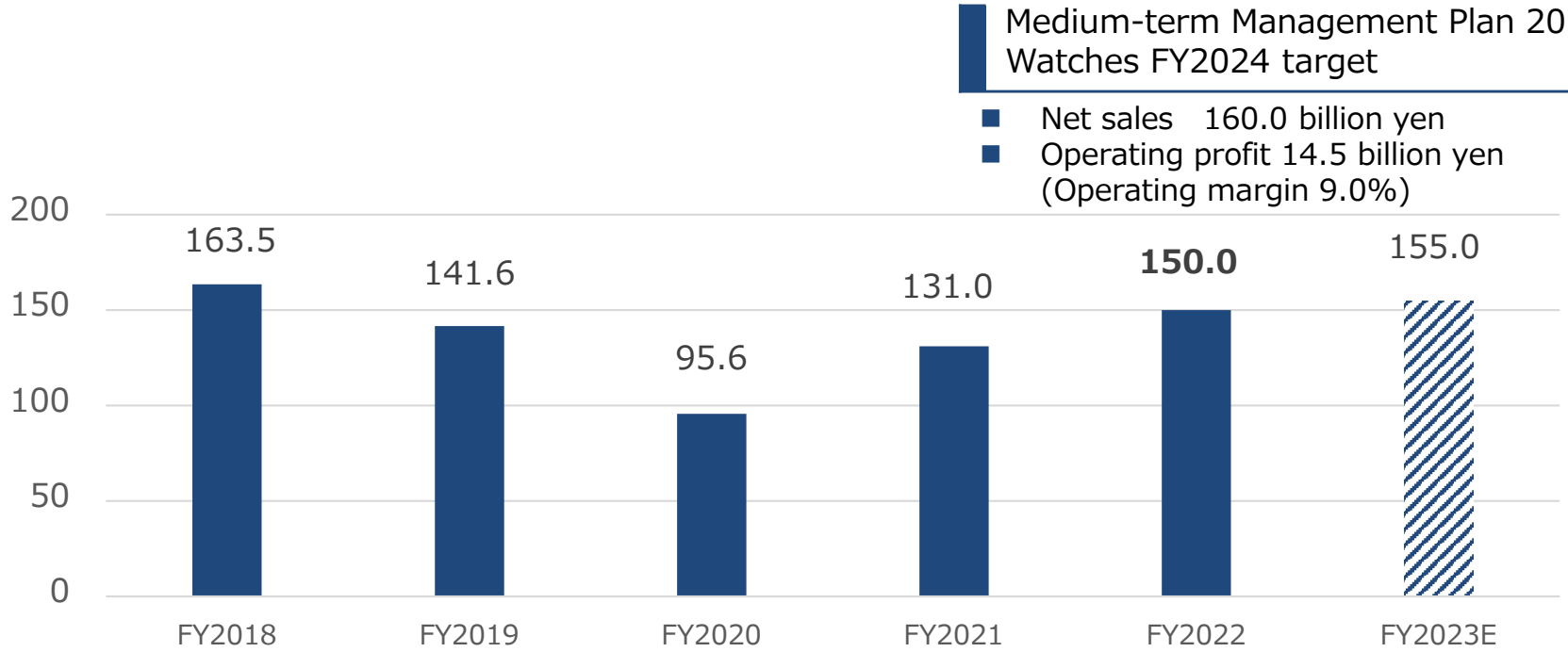
Net sales (Unit : billion yen)	FY2022 Result		FY2023 Forecast		Change			
	1H(Apr-Sep)	Full Year	1H(Apr-Sep)	Full Year	Amount		%	
					1H	Full Year	1H	Full Year
Watches	73.3	150.0	75.0	155.0	+ 16.0	+ 49.0	+ 2.2%	+ 3.3%
Machine Tools	40.9	86.1	44.5	87.0	+ 35.0	+ 8.0	+ 8.8%	+ 1.0%
Devices and Components	22.9	44.7	23.3	47.5	+ 3.0	+ 27.0	+ 1.6%	+ 6.2%
Electronic and Other Products	10.4	20.4	10.2	20.5	( 2.0 )	+ 0.0	( 2.6% )	+ 0.2%
合計	147.6	301.3	153.0	310.0	+ 53.0	+ 86.0	+ 3.6%	+ 2.9%
Operating Profit (Unit: billion yen, %: operating margin)								
Watches	8.8 12.0%	16.6 11.1%	8.7 11.6%	17.0 11.0%	( 1.0 )	+ 3.0	( 1.2% )	+ 2.2%
Machine Tools	5.5 13.5%	12.2 14.2%	6.4 14.4%	12.5 14.4%	+ 8.0	+ 2.0	+ 15.8%	+ 2.4%
Devices and Components	0.0 0.1%	( 0.8 ) ( 1.8% )	0.2 0.9%	0.7 1.5%	+ 1.0	+ 15.0	+ 809.1%	-
Electronic and Other Products	0.7 7.1%	1.1 5.6%	0.3 2.9%	0.8 3.9%	( 4.0 )	( 3.0 )	( 59.7% )	( 30.1% )
Eliminations or general corporate	( 2.7 )	( 5.4 )	( 3.0 )	( 6.0 )	( 2.0 )	( 5.0 )	-	-
Consolidated Total	12.3 8.4%	23.7 7.9%	12.6 8.2%	25.0 8.1%	+ 2.0	+ 12.0	+ 2.0%	+ 5.4%

Medium-term Management Plan 2024 (FY2022-FY2024)  
Activities



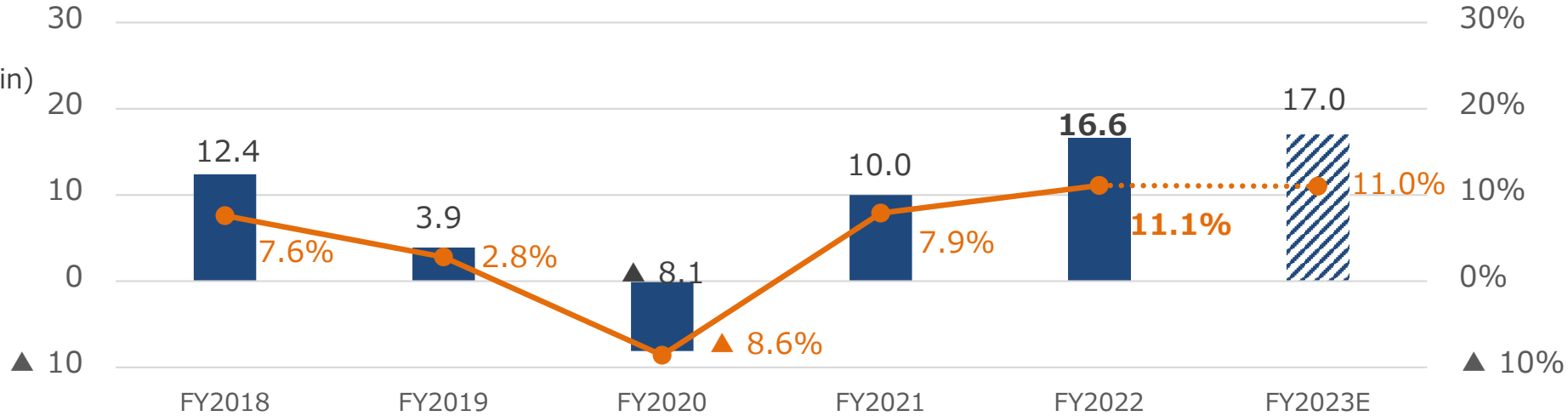


Net sales  
 (billion yen)



Operating profit

(billion yen)  
 (% : Operating margin)



Continuously expand CITIZEN PROMASTER as a core growth driver

- CITIZEN PROMASTER has been rolled out globally as a professional sports watch brand.
- Released in August 2022, the mechanical diving model achieves strong sales globally.
- The Eco Drive Diver 200 m, designed in the motif of a killer whale and popular in overseas markets, will be released in May 2023 in Japan.

 **PROMASTER**



A mechanical diving watch model popular around the world

Release date: August 19, 2022

Recommended retail price:

96,800 yen / 121,000 yen (tax included)

Number of models: 2



A diving watch designed in the motif of a killer whale

Release date: May 18, 2023

Recommended retail price:

66,000 yen (tax included)

Number of models: 3

Expand the CITIZEN L market as it is a core global ladies brand

- CITIZEN is developing it as a core global ladies brand and expanding its market from the Asian regions to Europe and the United States.
- A model designed on the theme of lilies of the valley was released in April 2023. It attains good sales globally.

CITIZEN *L*



Release date: April 13, 2023

Recommended retail price: 48,400 - 53,900 yen (tax included)

Number of models: 2

Step up activities for premium brands and for mechanical watches

- Maintain the strong performance of the premium brands  
(Total sales in Japan in FY2022 increased more than 20% year on year.)
- CITIZEN began rolling out Series 8, a brand of mechanical watches, outside Japan

\* Premium brands: *The CITIZEN*, *CAMPANOLA* and *Eco-Drive One*



Series8



*Heaven and Earth* as the first tourbillon-based models under an affiliated Manufacture La Joux-Perret S.A brand

Release date: December 8, 2022  
Recommended retail price: 968,000 yen (tax included)  
90 units worldwide



A limited model equipped with the Caliber 0200 high-precision mechanical movement

Release date: June 1, 2022  
Recommended retail price: 9,350,000 yen (tax included)  
5 each units worldwide



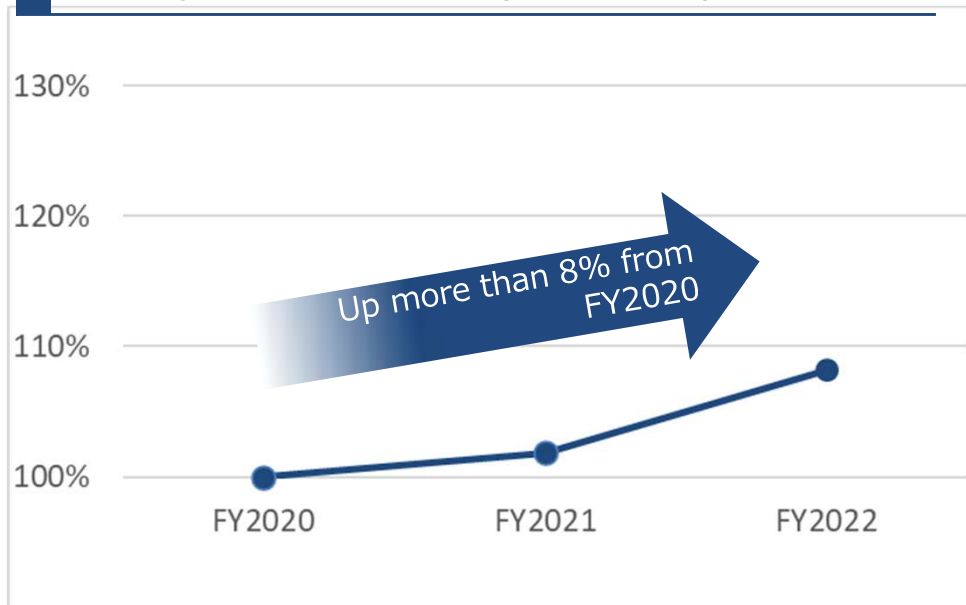
A limited mechanical model commemorating the first anniversary of the brand's relaunch

Release date: September 22, 2022  
Recommended retail price: 275,000 yen (tax included)  
700 units worldwide

Increase brand presence to heighten unit sales price

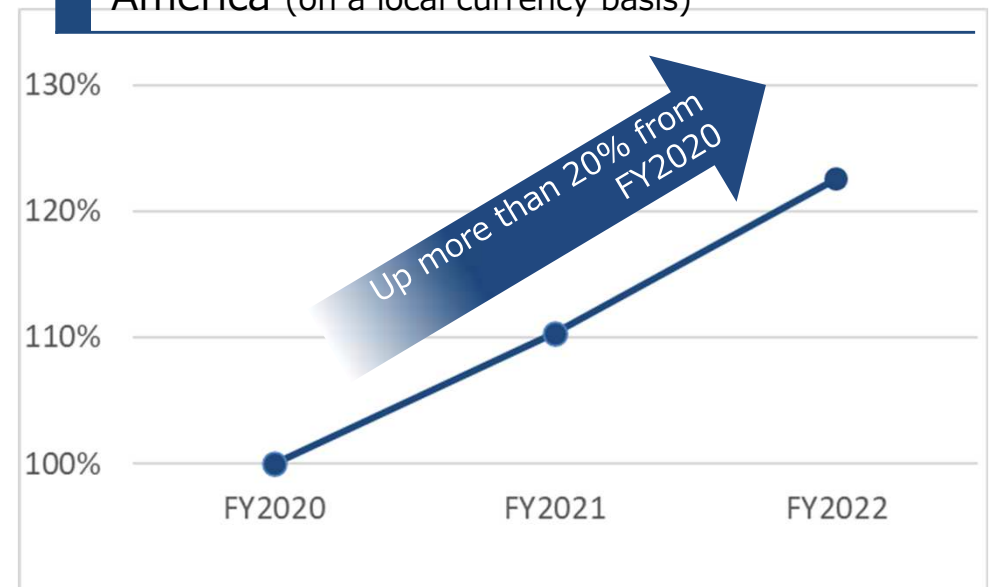
- In Japan, the unit sales price was rising with the strong performance of ATTESA and other sub-brands as well as the premium brands.
- In North America, the unit sales price rose after introduction of high value-added products and price increases under the CITIZEN and BULOVA brands.

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)

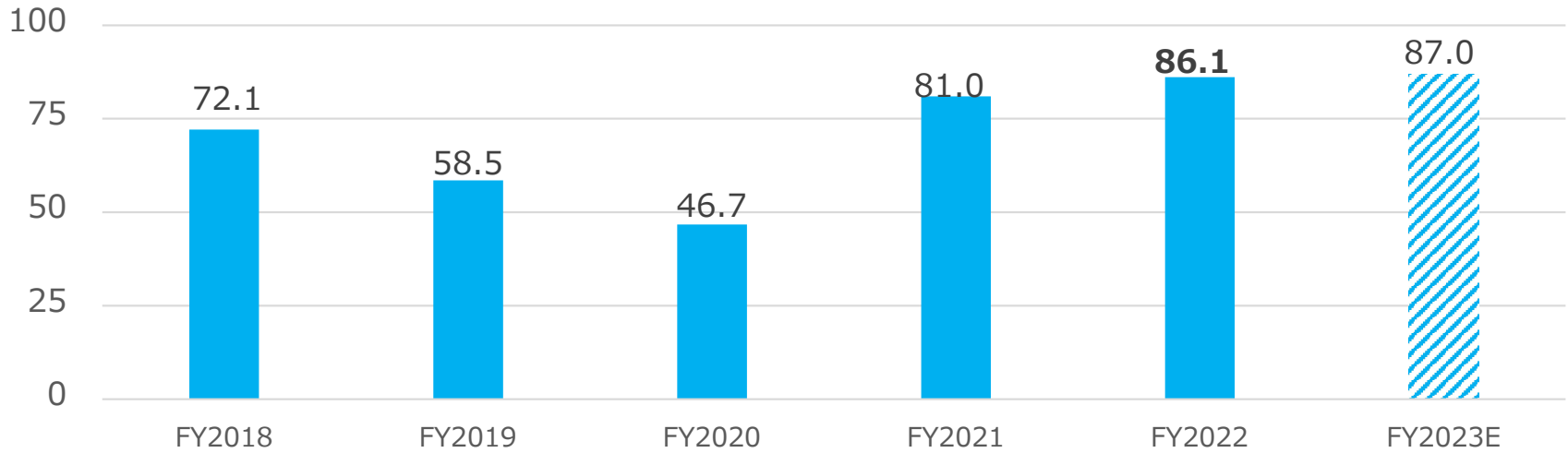


\* Percent change in unit sales price of CITIZEN and BULOVA brand products in North America from FY2020 (on a local currency basis)

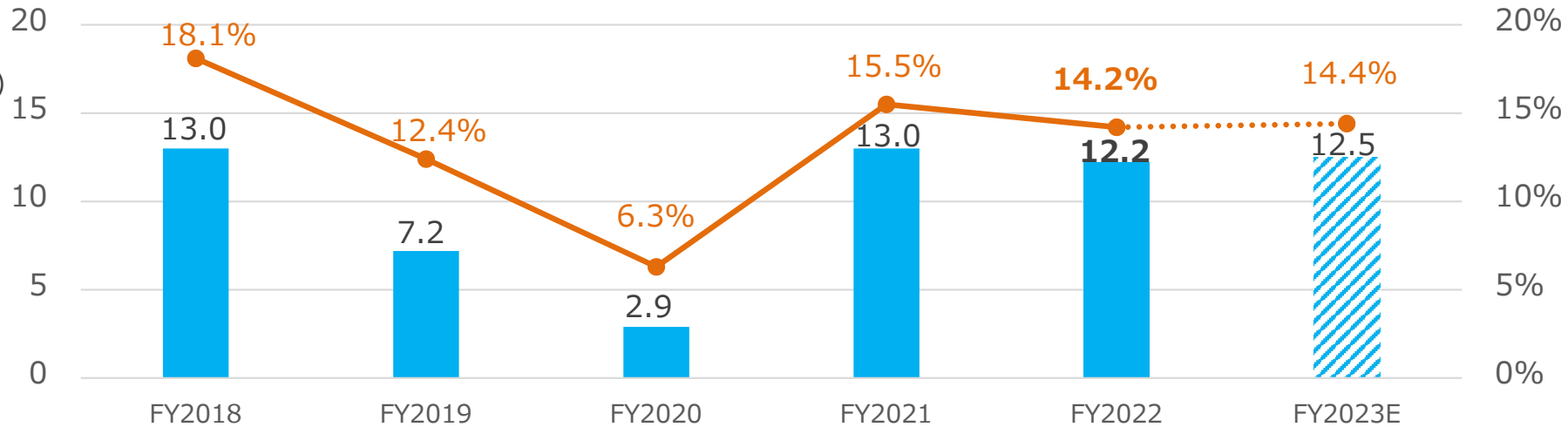
# Medium-term Management Plan 2024 Activities Machine Tools (Operating Performance)

Net sales  
(billion yen)

- Medium-term Management Plan 2024  
Machine Tools FY2024 target
- Net sales 86.0 billion yen
- Operating profit 12.5 billion yen  
(Operating margin 14.5%)



Operating profit  
(billion yen)  
(% : Operating margin)



Establishment of business foundations with an eye toward achieving the net sales of 100 billion yen.

Construction of the precision machining plant at the Karuizawa Headquarters has been completed.

- Accelerate the enhancement of the production capacities with a long-term target of 100 billion yen in net sales
- In May 2023, construction of the precision machining plant at the Karuizawa Headquarters was completed. The production capacity of core components is now 60% higher than in FY2021.
- The capital investment in plants in China, Thailand and the Headquarters for the establishment of a business foundation have ended. It is expected that production capacity will be 40% higher than in FY2021.



Factory in China

- Production capacity doubled (to a maximum of 350 units per month)
- Total floor area: 34,200 m<sup>2</sup>
- Beginning of operations: February 2021



Thai Factory

- Production capacity increased 50% (to a maximum of 350 units per month)
- Extension area: 4,475 m<sup>2</sup>  
(Total floor area after extension: 27,488 m<sup>2</sup>)
- Beginning of operations: November 2022



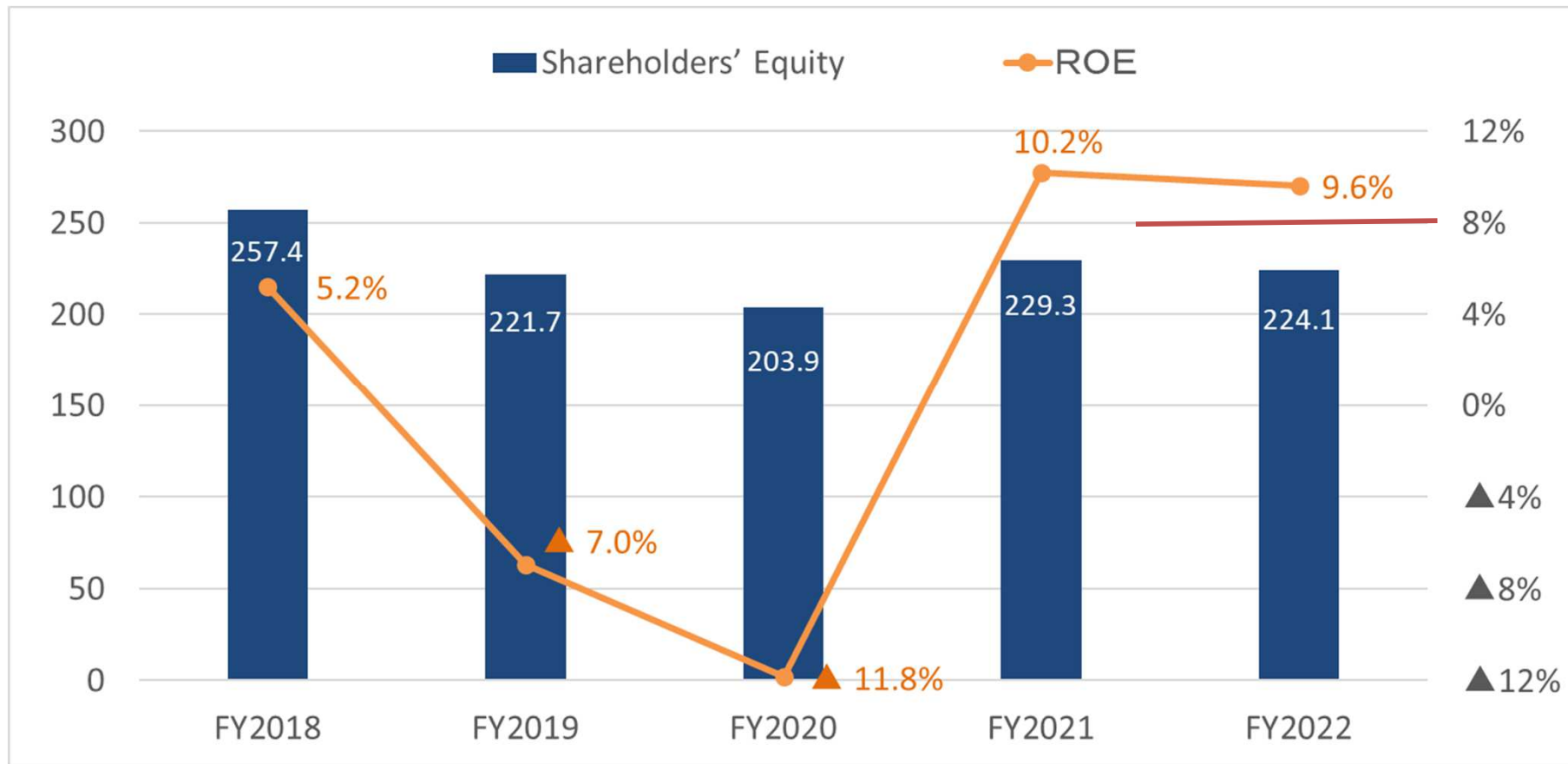
Precision machining plant at the Karuizawa Headquarters

- Production capacity of core components increased 60%
- Total floor area of the precision machining plant: 4,459 m<sup>2</sup>
- Beginning of operations: May 2023

# ROE target

## ROE target of 8.0% or more set in the Medium-term Management Plan 2024

- Increase profitability and reduce shareholders' equity to meet the target of 8.0% or more set in the Medium-term Management Plan 2024
- Aim to keep ROE at 8.0% or higher in the future



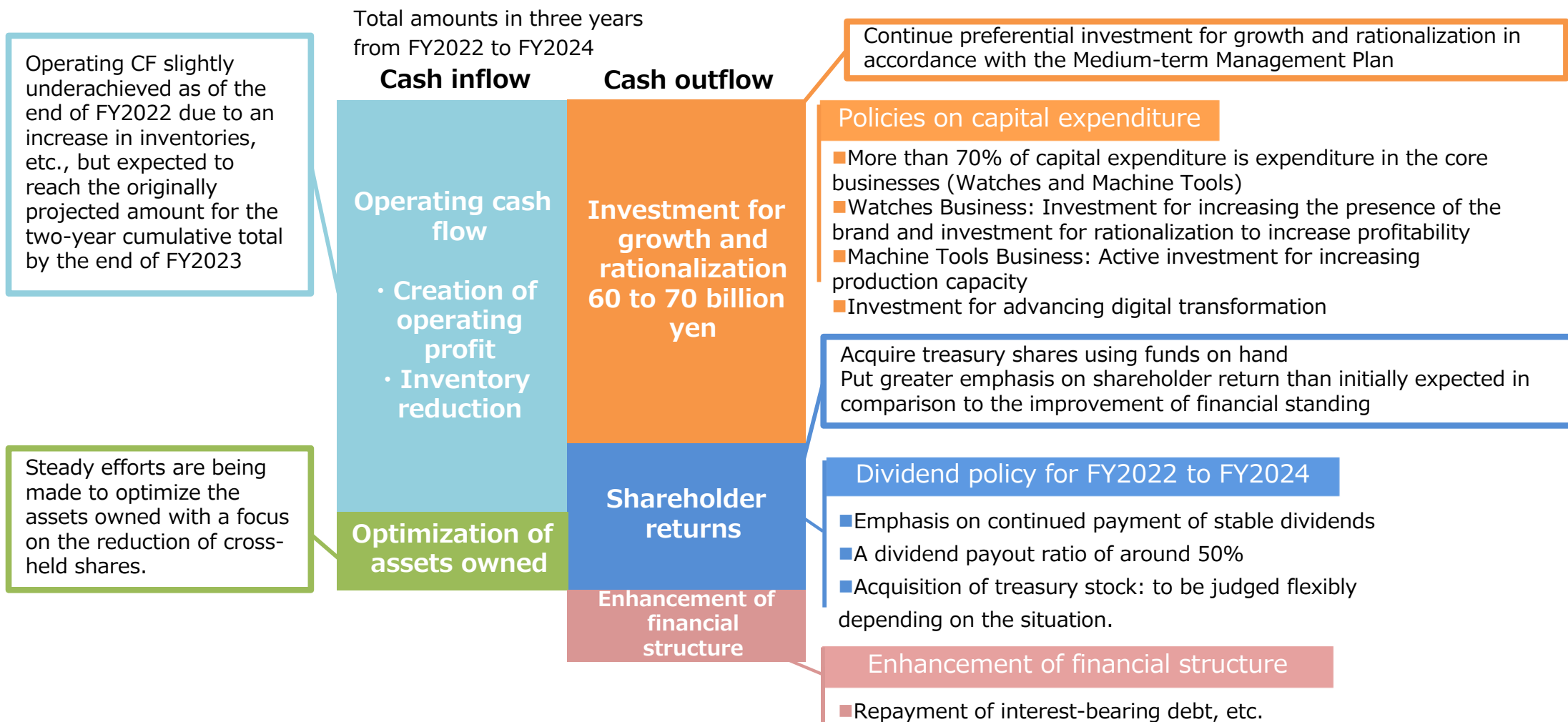
Target of 8% or more set in the Medium-term Management Plan

\* ROE = Profit attributable to owners of parent / Shareholders' equity (average of amounts at beginning and end of fiscal year)



# Cash Allocation

- Continue preferential investment for growth and rationalization in the future
- In FY2022, CITIZEN decided to acquire treasury shares using funds on hand in accordance with its shareholder return policy.
- Continue to control the balance sheet properly in consideration of the the cost of capital

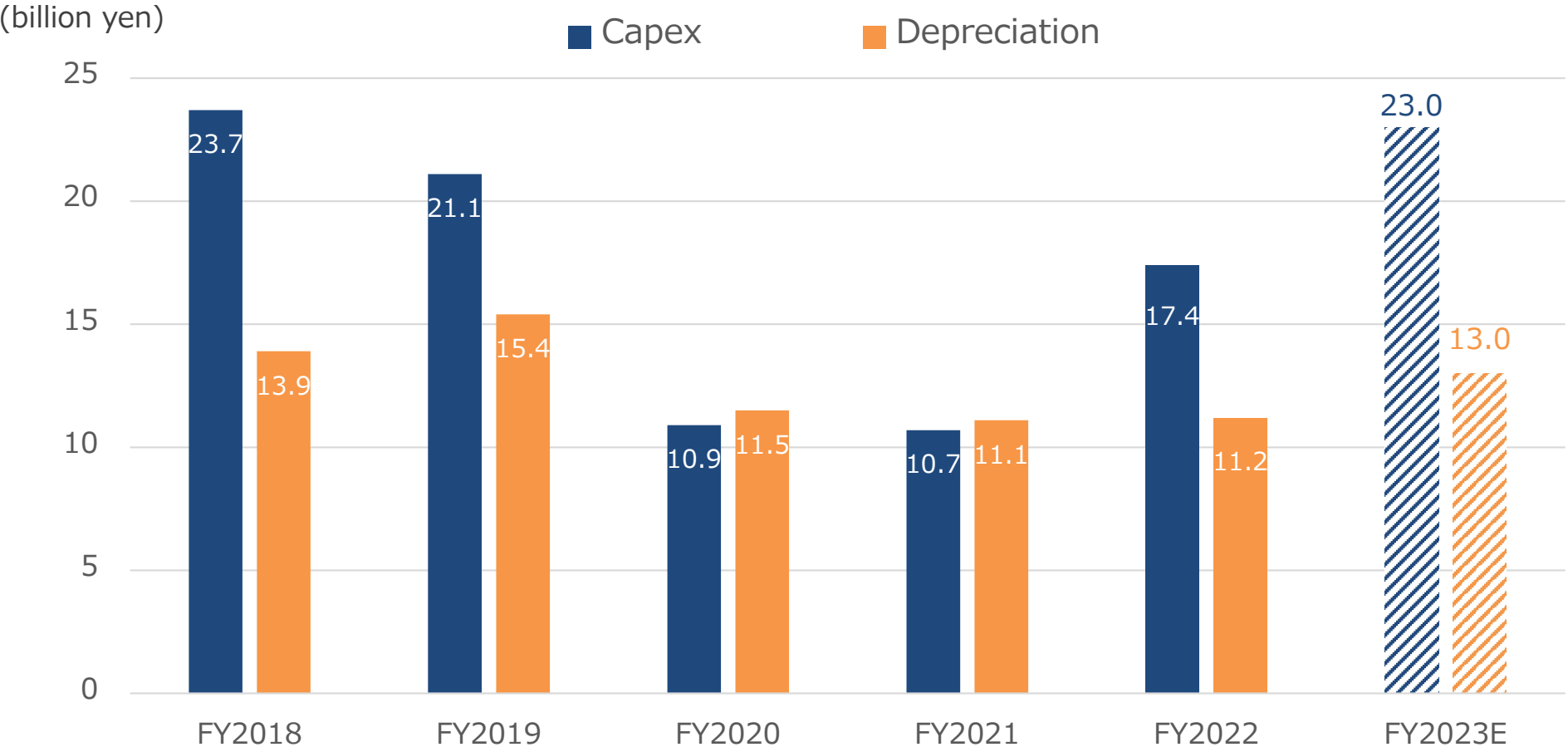


\* The size of each item is a rough estimate and does not represent the amount planned.



**CITIZEN**

# 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)

