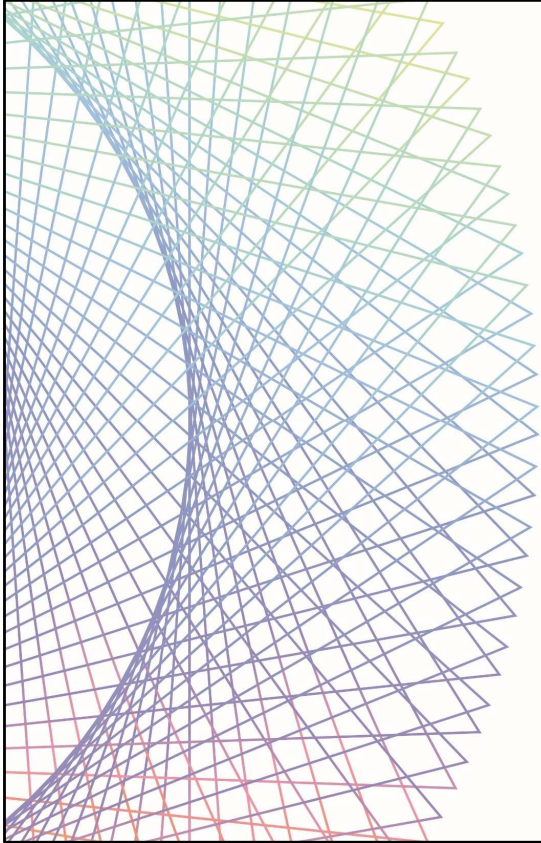


CITIZEN

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

**CITIZEN WATCH CO., LTD.**  
May 12, 2023



Financial Results for FY 2022

My name is Toshiyuki Furukawa, in charge of the Public & Investor Relations Department.  
I will provide an explanation on the financial results for fiscal 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

This is our statement of income for the full year.

Net sales increased 7.1% year on year to JPY 301.3 billion. Operating profit rose 6.4% year on year to JPY 23.7 billion, with an operating margin of 7.9%.

Solid performance was achieved in the mainstay Watches business and Machine Tools business, resulting in increased sales and profit.

Ordinary profit totaled JPY 29 billion, while profit attributable to owners of parent amounted to JPY 21.8 billion.

## Financial results by Business Segments

CITIZEN

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.

4

We are now looking at financial results by segment.

Brisk sales continued in the Watches business, mainly in European and American markets. Net sales improved 14.4% year on year to JPY 150 billion, with operating profit recording a 61.4% rise to JPY 16.6 billion on an operating margin of 11%.

In the Machine Tools business, net sales improved 6.4% year on year to JPY 86.1 billion, reflecting progress in production and shipments from gradual improvements in the second half of the year despite the impact of parts procurement difficulties earlier on. Operating profit stood at JPY 12.2 billion, a slight year-on-year decline that was impacted by rising component and material costs among other factors.

Devices and Components recorded a decline in sales and profit. Electronic and Other Products posted an increase in net sales, but the segment's operating profit remained on par with the previous year.

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

Next, I will describe the financial results for the fourth quarter.

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

CITIZEN

(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		

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Net sales in the fourth quarter increased 8.2% year on year to JPY 71.1 billion. Operating profit rose 1.4% year on year to JPY 2.6 billion, with an operating margin of 3.8%. Ordinary profit declined 7.4% year on year to JPY 4.6 billion, while profit stood at JPY 2.1 billion, down 56.8% year on year.

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

CITIZEN

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%

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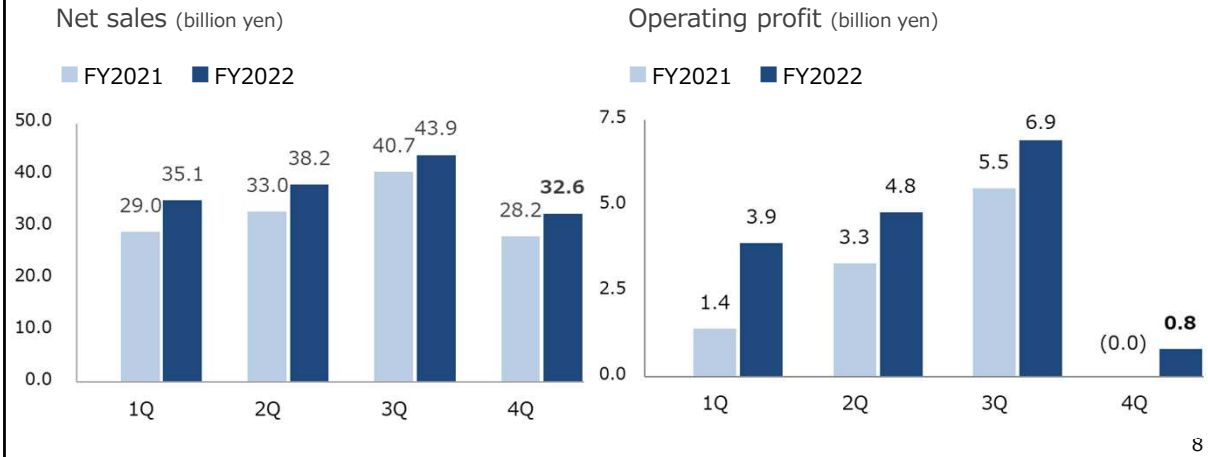
This slide shows financial results by segment for the fourth quarter.

The Watches, Machine Tools and Electronic and Other Products segments each recorded increased sales and profit, with only the Devices and Components segment recording a decline.

I will provide an overview of each business in the next slide.

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.



First is the Watches business.

Net sales rose 15.7% year on year to JPY 32.6 billion for this segment, with operating profit increasing JPY 0.8 billion, a year-on-year improvement of JPY 0.9 billion.

Finished watch sales increased, reflecting a recovering domestic market and continued strong sales in the North American and European markets.

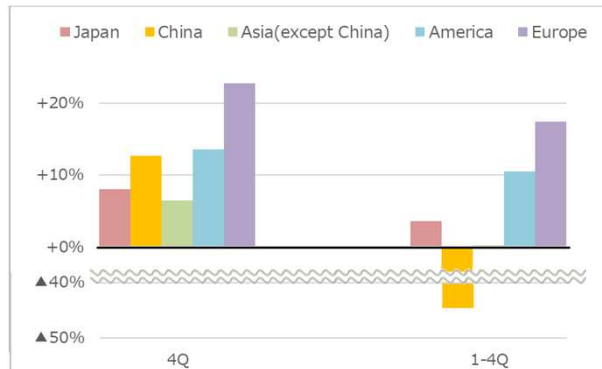
Movement sales declined due to a weak recovery in demand for mechanical and analog quartz movements.



## Watches Net sales growth rate by region

CITIZEN

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

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This slide shows the net sales growth rate by region.

The graph on the left shows year-on-year changes in fourth quarter sales, with the graph on the right showing year-on-year changes in sales for the full year.

I will provide an explanation for the fourth quarter, represented by the bars on the left.

The red bars represent changes in Japan. Consumer confidence remained flat due to the rising prices of goods, but net sales increased due to solid performance of new products and high-priced items.

For China, indicated in yellow, net sales increased in response to recovery in the movement of people thanks to the weakening impact of COVID-19, but consumption did not yet fully recover.

In Asia, shown in light green, sales still varied by country, but strong performance in India and Singapore drove increased net sales.

North America, shown in light blue, achieved higher net sales helped by rising travel demand in addition to brisk sales across main distribution channels including department stores and jewelry chains.

Sales in Europe, indicated by the light purple bar, also increased because sales continued to be strong across a wide area, particularly in the U.K., Germany and France.

4Q(Jan.-Mar.)

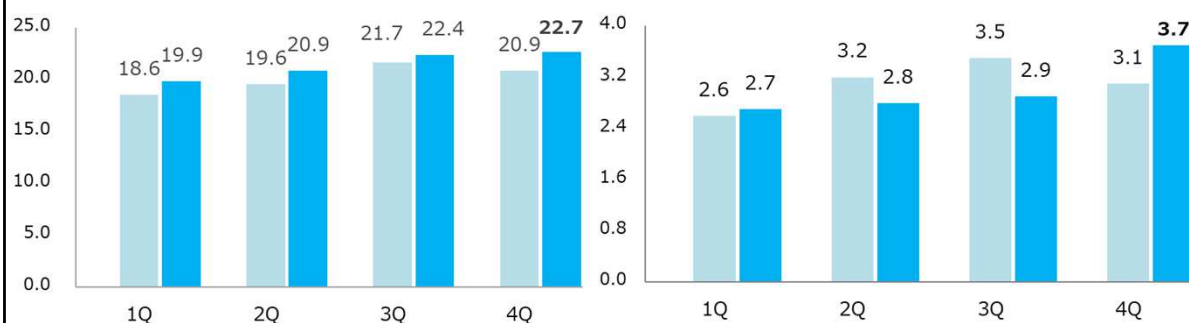
- Domestic market Sales increased due to the strong performance of construction machinery and medical equipment, offsetting sluggish sales to the automotive industry.
- Overseas market Sales rose, driven by the markets in Europe and in the United States, although sales fell in the markets in China and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

Net sales (billion yen)

Operating profit (billion yen)

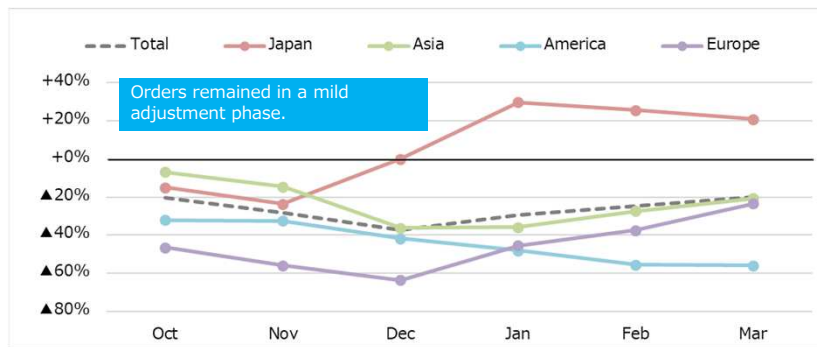
■ FY2021 ■ FY2022

■ FY2021 ■ FY2022



Now, I will provide an overview of the business results in the Machine Tools business. Net sales surpassed the record-setting performance of the third quarter, rising 8.9% year on year to JPY 22.7 billion, with operating profit improving to JPY 3.7 billion. Domestically, net sales rose despite a sluggish automotive market, and also increased overseas, driving by solid performance in Europe and America, despite declines in the Chinese and Asian markets. The operating profit margin stood at 16.5%.

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.

This slide shows the status of orders received by region.

The line graph shows the three-month moving average of orders received and the percentage change year on year.

The following table shows the year-on-year change in orders received for the fourth quarter. The number of units fell 20% year on year.

Looking at orders by region, orders increased 21% increase year on year domestically due to strong performance in the construction machinery and medical fields, offsetting sluggish results of automobile-related products due to a decrease in automotive production.

In Asia, orders were strong in the Indian automotive sector and other industries.

Meanwhile, they plunged in China and other regions. In the overall Asian region, orders were down 21% year on year.

In America, orders remained at a low level, reflecting rising concern about an economic recession, and recorded a 56% decrease year on year.

Similar concerns over an economic slowdown affected Europe, where the appetite for capital investment waned. However, solid performance in medical-related fields reduced the extent of the decrease to 23% year on year.

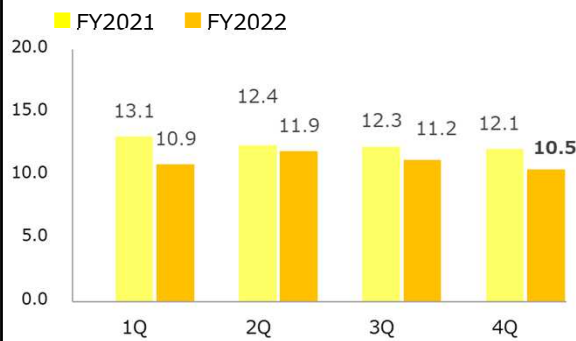
4Q(Jan.-Mar.)

- Precision components
 

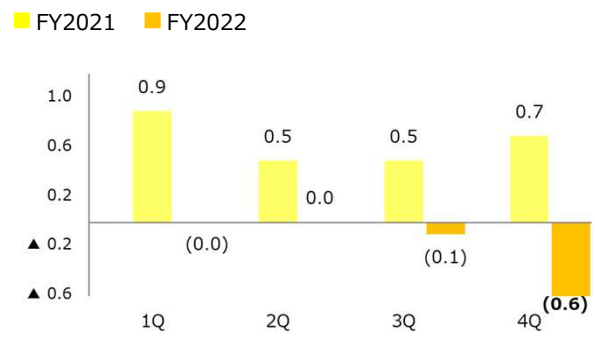
Sales of automotive parts were sluggish given signs of a delay in the recovery of production among automobile manufacturers. Small motors for medical equipment and semiconductor applications performed solidly, but sales decreased slightly due to the impact of difficulties in parts procurement.
- Opto-devices
 

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

Net sales (billion yen)



Operating profit (billion yen)



I will explain the Devices and Components business.

Net sales stood at JPY 10.5 billion, down 13.3% year on year, and an operating loss of JPY 0.6 billion was posted.

Sales of automotive parts continued to struggle, affected by an ongoing delay in the recovery of production among automobile manufacturers.

Sales of small motors decreased slightly, in part due to difficulties in parts procurement, although orders continued to be received in the medical, semiconductor and many other areas.

In opto-devices, net sales decline mainly due to a fall in demand for LEDs for lighting equipment, and the overall segment experienced declines in both sales and profit.

## FY 2023 Forecasts



Next, I will discuss our forecasts for FY2023.

## 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		%	
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

This is an outline of our full-year forecasts for FY2023.

For FY2023, we forecast net sales of JPY 310 billion, up JPY 8.6 billion year on year, operating profit of JPY 25 billion, up JPY 1.2 billion year on year, ordinary profit of JPY 26 billion and profit of JPY 20 billion.

Exchange rate assumptions for the business forecast are JPY 130 to the U.S. dollar and JPY 140 to the euro.

Forecast annual dividends are 40 yen per share, an increase of 6 yen from the previous year, in line with the policy of our Medium-term Management Plan.

## FY 2023 Forecast by Business Segment

CITIZEN

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%

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This slide shows our full-year consolidated earnings forecasts by segment.

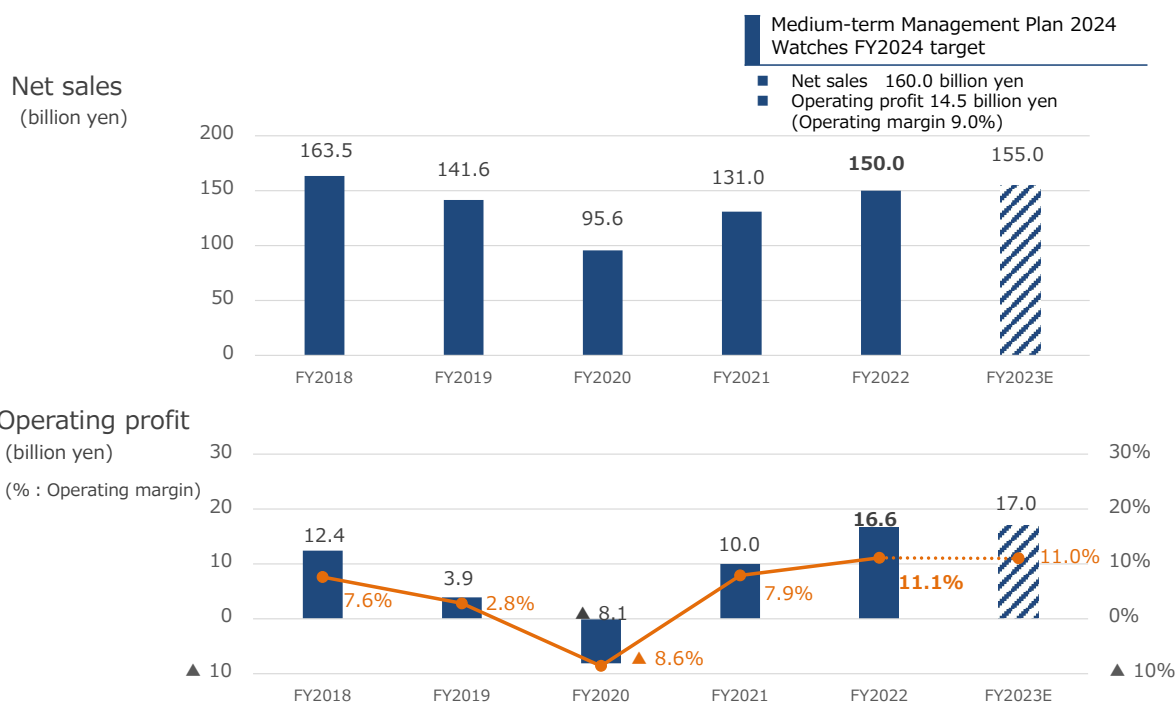
In Watches, we forecast net sales of JPY 155 billion, an increase of JPY 4.9 billion with operating profit of JPY 17 billion, while in Machine Tools we expect net sales to rise JPY 0.8 billion to JPY 87 billion with operating profit of JPY 12.5 billion. This represents a projection of continued increases sales and profit for our two mainstay businesses.

In Devices and Components, we do not expect a significant recovery in market conditions, but provide that net sales should rise JPY 2.7 billion to JPY 47.5 billion, in part reflecting the assumption that sales of automotive parts will rebound from the second quarter onwards. In addition for Electronic and Other Devices we project net sales of JPY 20.5 billion, on part with the previous year.

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

Lastly, I would like to briefly review our activities under Medium-term Management Plan 2024.





In the Watches segment we achieve a steady recovery from the serious downturn of FY2020 due to the COVID-19 pandemic, and in FY2022 operating profit far exceeded the pre-pandemic figure recorded in FY2018.

Although buoyed by favorable foreign exchange rates, the operating margin also reached 11%, surpassing the target metric set in our Medium-term Management Plan.

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

Here I would like to describe the Global Brand Strategy, one of our key strategies. We have been strengthening CITIZEN PROMASTER as a global brand. This line inherits the design characteristics of the Challenge Diver released in 1977, and the mechanical divers model released in August 2022 enjoyed strong sales worldwide. In May 2023, we will begin domestic sales of the Eco Drive Diver 200 m, a model designed in the motif of a killer whale that has proven popular in the European and American markets. We will further step up efforts to promote PROMASTER as a core brand representing a growth driver in the global market.

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

Next is the CITIZEN L brand.

CITIZEN L is developing as a core global ladies brand. We are trying to expand the brand into the European and American markets, adding to the current main focus in Asian markets.

While a full-scale global rollout will take place throughout the current FY2023, we are already off to a good start with the advertising model themed after lilies of the valley meeting a strong reception in European and American markets after going on sale in April.

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*

The  
CITIZEN



*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

CAMPANOLA



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

Series8



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

Next is our strategy for premium brands and mechanical watches.

Net sales of premium brands, *The CITIZEN* and *CAMPANOLA* in particular, grew more than 20% year on year in Japan.

In addition, we bolstered the overseas rollout of the *CITIZEN* Series 8 mechanical watch brand, managing to grow sales in the European market where the sales area was expanded.

We will continue to enhance the lineup in an effort to further expand sales.

Increase brand presence to heighten unit sales price

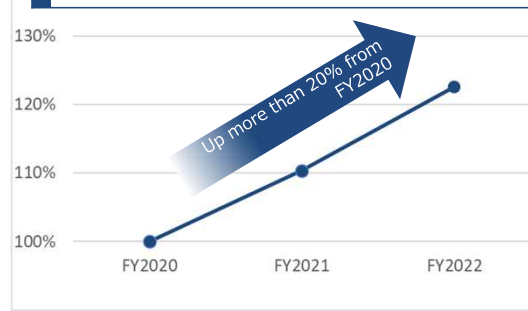
- In Japan, the unit sales price was rising with the strong performance of ATTESA and other sub-brands as well as the premium brands.
- In North America, the unit sales price rose after introduction of high value-added products and price increases under the CITIZEN and BULOVA brands.

Changes in unit sales price in Japan



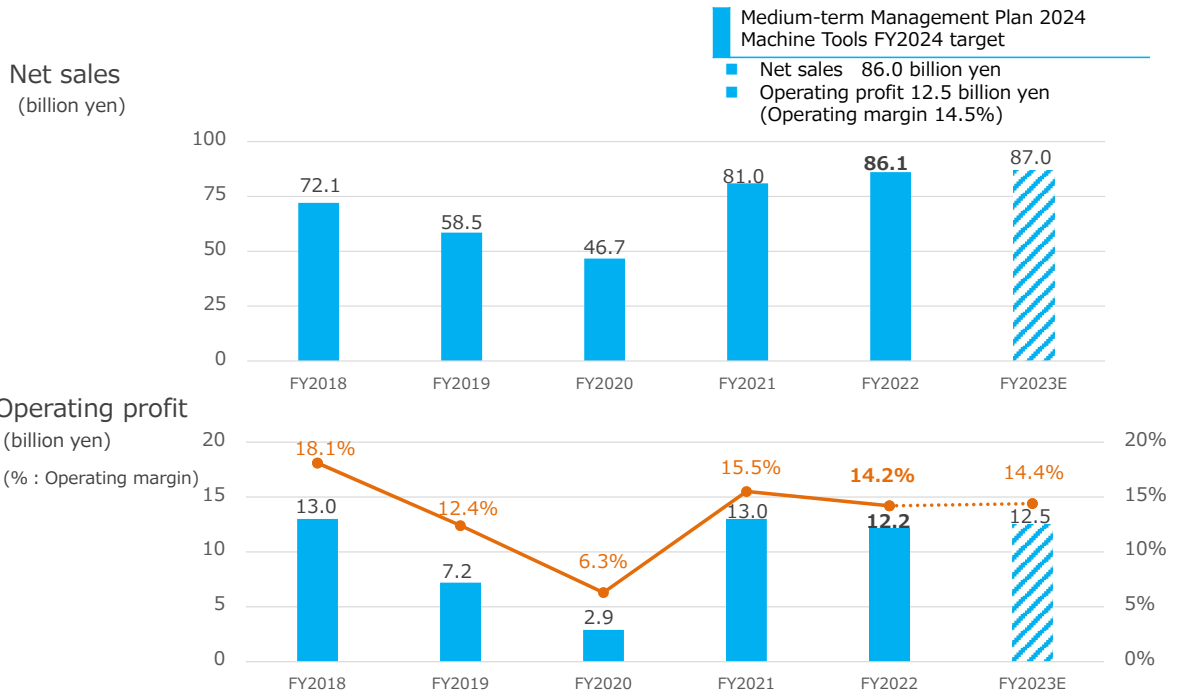
\* Percent change in unit sales price of CITIZEN brand products in Japan from FY2020

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)

Here I will explain about the changes in unit sales prices in the two major regions. In the Japanese market, unit sales prices rose more than 8% compared with FY2020 levels, helped by strong performance of CITIZEN ATTESA and premium brands. In the North American market, unit sales prices jumped more than 20% compared with FY2020 levels after the introduction of high value-added products and price increases under the CITIZEN and BULOVA brands. We will continue to promote these premium brands and mechanical watches with the aim that they will better resonate with more customers and become their preferred brand.



This slide shows operating performance in the Machine Tools segment.

Net sales achieved the target set in the Medium-term Management Plan, in the first year of the plan.

Operating profit fell short of the target by a slim margin in part due to increased costs, but we will strive to achieve the target set out in the Medium-term Management Plan in FY2023.

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



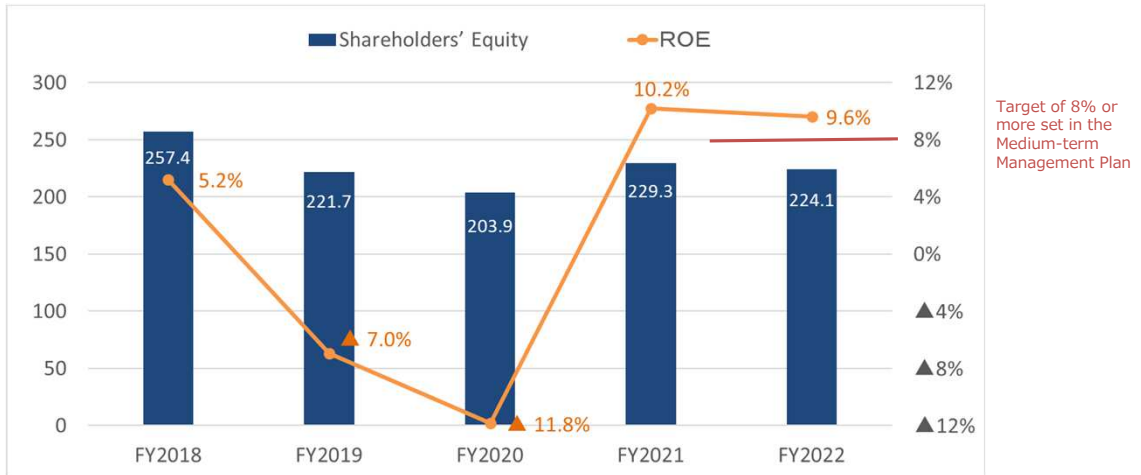
Precision machining plant at the Karuizawa Headquarters

- 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

With an eye toward our long-term target in the Machine Tools segment of JPY 100 billion in net sales, to date we have boosted production capacity in China and Thailand. This month, expansion work on a precision machining plant at the Karuizawa Headquarters was completed, and will soon enter operation. Production capacity will increase 40% from FY2021 levels as a result of these capital investments.

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



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

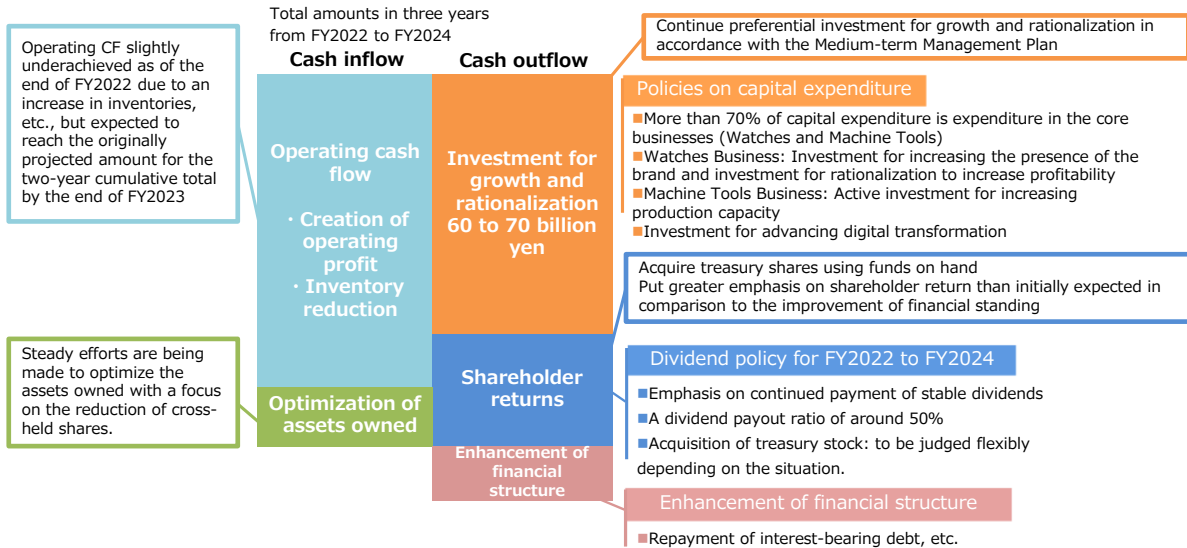
This slide shows the change in ROE.

In our Medium-term Management Plan, we had targeted an ROE of at least 8.0%, but in FY2022, we managed to surpass the target with a figure of 9.6% due to profitability improvements and a reduction in shareholders' equity.

In the future, we will continue aiming to keep ROE at 8.0% or higher.



- 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.

Finally, I would like to talk about cash allocation.

This is a reproduction of materials from our Medium-term Management Plan, with the callout boxes briefly describing current conditions.

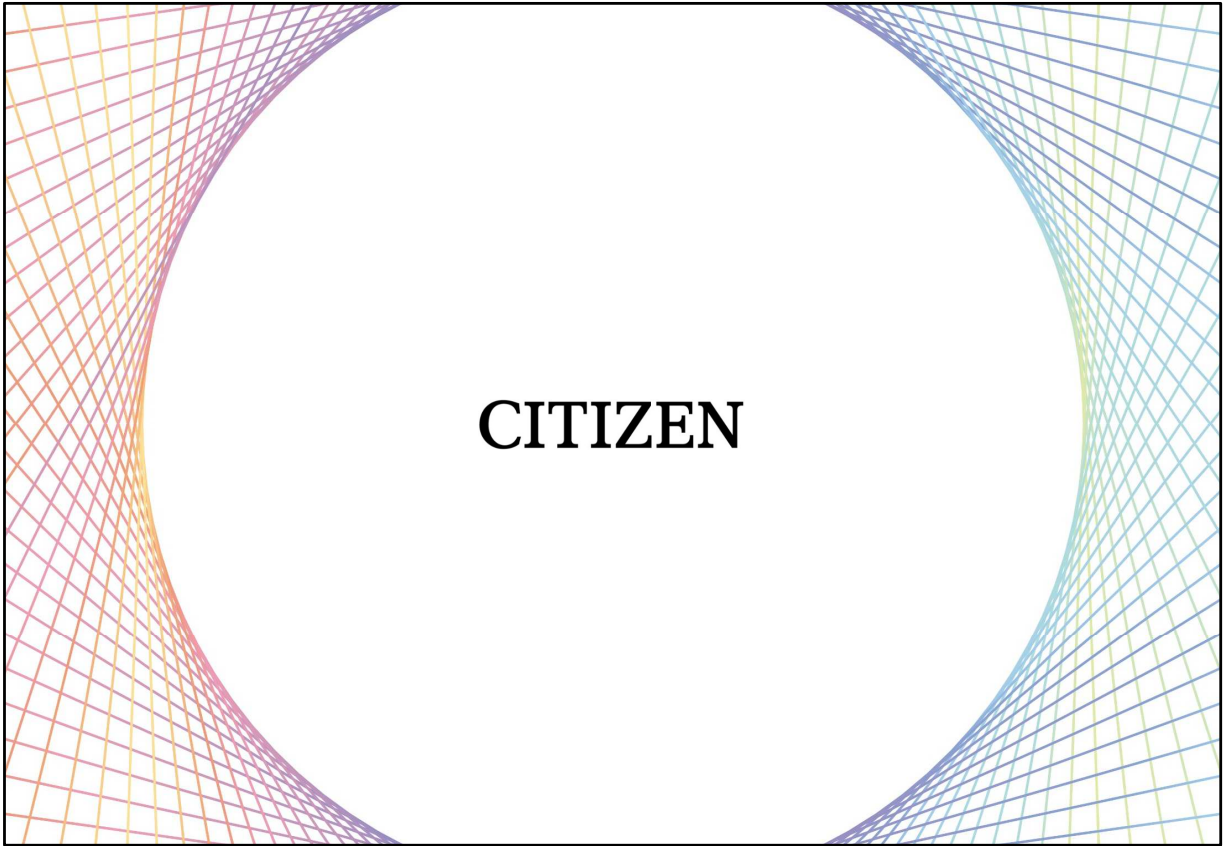
I will start by describing cash inflow. Operating cash flow slightly unachieved due to an increase in inventories and other factors, but is expected to reach the originally projected amount for the two-year cumulative total by the end of FY2023.

Steady efforts are underway to optimize the assets owned with a focus on the reduction of cross-held shares.

We will continue to allocate preferential investment for growth and rationalization as scheduled, in accordance with the Medium-term Management Plan.

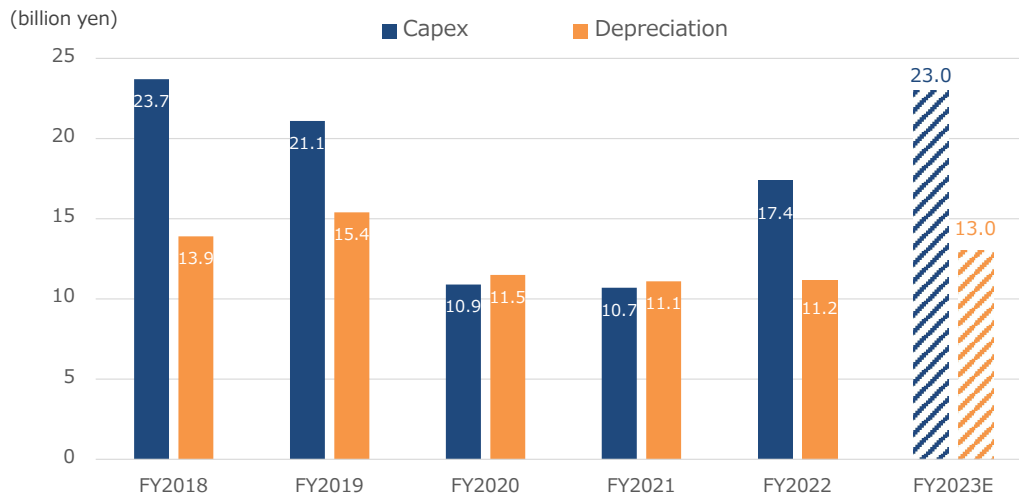
Regarding shareholder returns and enhancement of the financial structure, as a large-scale acquisition of treasury shares using funds on hand that had been kept as a risk buffer is underway, in the balance with interest-bearing debt, we shifted the weighting towards shareholder returns.

Going forward, we will continue to control the balance sheet properly with the cost of capital in mind.



That concludes my presentation.  
Thank you for your attention.

## 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)

