

Ticker Code: 7762

June 3, 2021

**NOTICE OF THE 136th ORDINARY GENERAL MEETING OF
SHAREHOLDERS**

[Disclaimer: Please note that the following purports to be a translation from the original Japanese version prepared for the convenience of our shareholders with voting rights outside Japan for reference. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.]

Dear shareholders,

We hereby notify you that the 136th Ordinary General Meeting of Shareholders of Citizen Watch Co., Ltd. (the “Company”) will be held as described below.

Other than attending the meeting in person, you can exercise your voting right in either of the following ways. Please review “Reference Materials for the General Meeting of Shareholders” below and exercise your voting right by no later than 5:45 p.m. on Thursday June 24, 2021.

[Exercise of voting right in writing (by mail)]

Indicate your approval or disapproval on the enclosed Voting Right Exercise Form and send it to us to arrive by the above deadline.

[Exercise of voting right via the Internet]

Please access the website (<https://evote.tr.mufg.jp/>) designated by the Company, follow the directions on the screen, and indicate your approval or disapproval by the above deadline.

Note: Shareholders outside Japan shall not use these voting procedures.

Very truly yours,

Toshihiko Sato
President and CEO
Citizen Watch Co., Ltd.
6-1-12 Tanashi-cho,
Nishitokyo, Tokyo

If you attend in person, please submit the enclosed Voting Right Exercise Form to the reception desk.
In case of any revision to the Reference Materials for the General Meeting of Shareholders, the Business Report, or Consolidated Financial Statements and Non-Consolidated Financial Statements, we will post the revision on our website.

Our website <https://www.citizen.co.jp/english/ir/stocks/meeting.html>

1. Time and Date: 10:00 a.m. on Friday, June 25, 2021

*The reception is scheduled to open at 9:00 a.m.

2. Place: Citizen Watch Tokyo Works, Conference Room

6-1-12 Tanashi-cho, Nishitokyo, Tokyo

* Please note that the meeting venue is different from last year.

3. Agenda:

Items to be reported:

Item 1: Business Report, Consolidated Financial Statements, and Audit Report on the Consolidated Financial Statements by the Independent Auditors and Audit & Supervisory Board for the 136th term (April 1, 2020 to March 31, 2021)

Item 2: Report on the Non-consolidated Financial Statements for the 136th term (April 1, 2020 to March 31, 2021)

Items to be resolved:

Item 1: Appropriation of Surplus

Item 2: Election of Nine (9) Directors

Item 3: Election of One (1) Audit & Supervisory Board Member

Information about countermeasures to prevent the spread of the novel coronavirus disease (COVID-19)

- From the perspective of preventing the spread of the COVID-19, we strongly recommend to exercise your voting right in advance in writing or via the Internet as much as possible and refrain from attending this General Meeting of Shareholders in person, regardless of your health conditions.
- The number of seats available has been reduced considerably compared to other years. For this reason, we may refuse entry to the venue to some shareholders.
- Shareholders who do not wear a mask and who appear to be unwell may be refused entry.
- We intend to conduct the proceedings of this General Meeting of Shareholders in a shorter time than previous years.
- The aforementioned measures may be updated according to the situation of the spread of infection or what the government or other institution will announce, etc. If you attend the meeting in person, please check our website provided on page 1.

Reference Materials for the General Meeting of Shareholders

Item 1: Appropriation of Surplus

The Company considers the distribution of profits to shareholders to be an extremely important management issue of the Company. The Company has made it a fundamental policy to keep the average of the “shareholder return ratio” (which is the percentage of total amount of dividends and treasury shares purchased to profit attributable to owners of parent for the fiscal year under review) at 60% or more on a three year basis.

As for the year-end dividend for the current fiscal year, considering the balance between dividend payments based on consolidated results and stable dividend payments, the Company proposes a payment of 2.50 yen per share as shown below. This payment, combined with the interim dividend of 2.50 yen per share, will bring the total annual cash dividend for this fiscal year to 5.00 yen per share.

1. Type of dividend

Cash

2. Allotment and total amount of dividend

2.50 yen per common share of the Company

Total amount of dividends: 782,533,955 yen

3. Effective date of dividends from surplus

June 28, 2021

(Reference)

	134 th (FY2018)	135 th (FY2019)	136 th (current term) (FY2020)
Dividend (millions of yen)	6,367	3,752	1,565
(annual cash dividend per share) (yen)	(20)	(12)	(5)
Amount of treasury shares purchased (millions of yen)	–	2,999	–
Total (millions of yen)	6,367	6,752	1,565
Profit attributable to owners of parent (millions of yen)	13,369	(16,667)	(25,173)

Item 2: Election of Nine (9) Directors


The terms of office of all of the present ten (10) Directors will expire at the conclusion of this General Meeting of Shareholders, and the Company proposes to elect nine (9) Directors.

The candidates for the positions of Director are as follows:

No.	Name	Position and areas of responsibility in the Company	Attribute of candidate	Attendance at Board of Directors meetings
1	Toshihiko Sato	President and CEO –	[For reelection]	17/17 (100%)
2	Toshiyuki Furukawa	Director In charge of Corporate Planning Division, Accounting Department, Public & Investor Relations Department and IT Management Department	[For reelection]	17/17 (100%)
3	Keiichi Nakajima	Director –	[For reelection]	17/17 (100%)
4	Shinji Shirai	Director Senior General Manager of Manufacturing Technology Division and in charge of Quality Assurance Department	[For reelection]	17/17 (100%)
5	Yoshitaka Oji	Director Senior General Manager of Watch Business Division, Senior General Manager of Product Development Division, and in charge of Movement Division	[For reelection]	17/17 (100%)
6	Yoshiaki Miyamoto	Director Group Risk Management, General Manager of General Affairs Division and in charge of Personnel Division, CSR Department and Environmental Management Department	[For reelection]	17/17 (100%)
7	Fumiaki Terasaka	Outside Director –	[For reelection] [Outside] [Independent]	16/17 (about 94%)
8	Toshiko Kuboki	Outside Director –	[For reelection] [Outside] [Independent]	16/17 (about 94%)
9	Yoshio Osawa	Outside Director –	[For reelection] [Outside] [Independent]	17/17 (100%)

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations	Number of the Company's shares held
1	 Toshihiko Sato (November 16, 1955) For reelection	April 1981 Joined the Company August 2009 General Manager of R&D Division of the Company April 2012 President of CITIZEN FINETECH MIYOTA CO., LTD. (currently CITIZEN FINEDEVICE CO., LTD.) June 2015 Director of the Company April 2016 Director of Citizen Watch Co., Ltd. April 2016 Responsible for Production, General Manager of Product Development Division, and in charge of Quality Assurance Department of Citizen Watch Co., Ltd. October 2016 Responsible for Watch Production of the Company October 2016 Senior General Manager of Product Development Division and in charge of Quality Assurance Department of the Company April 2017 In charge of Product Division and Quality Assurance Department of the Company April 2017 President of Citizen Watch Manufacturing Co., Ltd. June 2017 Managing Director of the Company April 2018 Senior Managing Director of the Company April 2019 President and CEO of the Company (present)	8,442
		Reasons for nominating the candidate for Director In light of Mr. Toshihiko Sato's achievements and experience in running the Citizen Group's devices and components business, as well as being responsible for the watch production, the Company believes that he will continue to contribute to the promotion of the Citizen Group business, therefore nominated him as a candidate for Director.	Attendance at Board of Directors meetings 17/17 (100%)


No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations	Number of the Company's shares held
2	 <p data-bbox="295 824 497 882">Toshiyuki Furukawa (January 19, 1963)</p> <p data-bbox="327 913 466 940">For reelection</p>	<p>April 1986 Joined the Company</p> <p>March 1993 Assigned to Products Marketing Division of the Company (assigned to New York, U.S.A.)</p> <p>April 2009 Manager of Investor and Public Relations Department of the Company</p> <p>July 2010 Deputy General Manager of Corporate Planning Division of the Company</p> <p>June 2011 General Manager of Corporate Planning Division of the Company</p> <p>April 2015 Director of Citizen Watch Co., Ltd.</p> <p>April 2015 General Manager of Management Planning Division and in charge of Accounting Department of Citizen Watch Co., Ltd.</p> <p>April 2016 President of Citizen Financial Service Co., Ltd.</p> <p>June 2016 Director of the Company (present)</p> <p>June 2016 General Manager of Corporate Planning Division of the Company</p> <p>June 2016 In charge of Accounting Department and Public & Investor Relations Department of the Company (present)</p> <p>October 2016 In charge of IT Management Department of the Company (present)</p> <p>April 2021 In charge of Corporate Planning Division of the Company (present)</p>	7,079
		<p style="text-align: center;">Reasons for nominating the candidate for Director</p> <p>In light of Mr. Toshiyuki Furukawa's achievements in formulating the Citizen Group's management strategy as General Manager of the Company's Corporate Planning Division and achievements and experience being in charge of the Corporate Planning Division, Accounting Department, etc. as Director of the Company after being involved in the Company's investor dialogue and public relations strategy as Manager of the Company's Investor and Public Relations Department, the Company believes he will continue to contribute to the promotion of the Citizen Group business and nominated him as a candidate for Director.</p>	


No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations	Number of the Company's shares held	
3	 Keiichi Nakajima (August 14, 1958) For reelection	April 1982	Joined the Company	21,451
		March 2001	President of Citizen Machinery Asia Co., Ltd.	
		August 2004	General Manager of Corporate Planning Division of CITIZEN PRECISION MACHINERY CO., LTD.	
		March 2008	President of Citizen (ZIBO) Precision Machinery Co., Ltd.	
		April 2008	Senior General Manager of Administration Center of CITIZEN MACHINERY CO., LTD.	
		June 2008	President of Citizen Machinery Asia Co., Ltd.	
		June 2008	President of Citizen Machinery Vietnam Co., Ltd.	
		June 2008	Director of CITIZEN MACHINERY CO., LTD.	
		March 2009	Outside Director of Miyano Machinery Japan Inc. (Currently CITIZEN MACHINERY CO., LTD.)	
		June 2010	Operating Officer of CITIZEN MACHINERY CO., LTD.	
		April 2011	Operating Officer of CITIZEN MACHINERY MIYANO CO., LTD. (Currently CITIZEN MACHINERY CO., LTD.)	
		April 2012	Director and Operating Officer of CITIZEN MACHINERY MIYANO CO., LTD.	
		April 2013	President of CITIZEN MACHINERY MIYANO CO., LTD. (present)	
June 2013	Director of the Company (present)			
		Reasons for nominating the candidate for Director	Attendance at Board of Directors meetings	
		Mr. Keiichi Nakajima has mainly been involved in the Citizen Group's machine tools business, driving the Citizen Group's overall machine tools business as President of CITIZEN MACHINERY CO., LTD., and in light of his achievements and experience in promoting the Company's business strategy, the Company believes he will continue to contribute to the promotion of the Citizen Group business and nominated him as a candidate for Director.	17/17 (100%)	


No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations	Number of the Company's shares held	
4	 <p>Shinji Shirai (August 7, 1960)</p> <p>For reelection</p>	<p>March 1984 Joined Miyota Precision Co., Ltd. (Currently CITIZEN FINEDEVICE CO., LTD.)</p> <p>April 2010 President of Guangzhou Most Crown Electronics Ltd.</p> <p>June 2011 Operating Officer of Citizen Watch Miyota Co., Ltd.</p> <p>April 2013 Operating Officer of Citizen Watch Co., Ltd.</p> <p>April 2013 General Manager of Product Development Department, Technical Development Division of Citizen Watch Co., Ltd.</p> <p>August 2013 Deputy Senior General Manager of Technical Development Division of Citizen Watch Co., Ltd.</p> <p>October 2013 Deputy General Manager of Product Development Division of Citizen Watch Co., Ltd.</p> <p>November 2013 President of SUNCITI TRADING DONGGUAN LTD.</p> <p>April 2016 President of Sunciti Manufacturers Ltd.</p> <p>October 2016 Operating Officer of the Company</p> <p>October 2016 Deputy Senior General Manager of Product Development Division of the Company</p> <p>April 2017 Senior General Manager of Product Division of the Company</p> <p>June 2017 Director of the Company (present)</p> <p>June 2017 In charge of Quality Assurance Department (present)</p> <p>April 2019 Senior General Manager of Manufacturing Technology Division (present)</p> <p>April 2019 President of Citizen Watch Manufacturing Co., Ltd. (present)</p>	8,820	
		Reasons for nominating the candidate for Director		Attendance at Board of Directors meetings
		<p>In light of Mr. Shinji Shirai's experience in managing the Company's subsidiaries manufacturing watches and clocks and his achievements in promoting the manufacturing of watches and clocks as well as technologies and product development relating to such products at the Company and its subsidiaries after being involved in the manufacturing of watches and clocks at such subsidiaries, the Company believes he will continue to contribute to the promotion of the Citizen Group business and nominated him as a candidate for Director.</p>		17/17 (100%)

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations	Number of the Company's shares held
5	 <p data-bbox="293 981 499 1037">Yoshitaka Oji (November 23, 1963)</p> <p data-bbox="328 1070 464 1093">For reelection</p>	<p data-bbox="520 309 1206 1317"> April 1986 Joined the Company August 2005 Assigned to Marketing Department, Watch Business Division of the Company (assigned to Singapore) April 2007 Assigned to CB Business Division of Citizen Watch Co., Ltd. (assigned to Singapore) June 2011 General Manager of Business Administration Department, Administration Division of Citizen Watch Co., Ltd. August 2011 General Manager of Business Management Department, Strategic Planning Division of Citizen Watch Co., Ltd. July 2012 General Manager of Management Planning Division of Citizen Watch Co., Ltd. April 2015 General Manager of Corporate Planning Division of the Company June 2016 Operating Officer of Citizen Watch Co., Ltd. June 2016 Deputy General Manager of Product Development Division of Citizen Watch Co., Ltd. October 2016 Operating Officer of the Company October 2016 Deputy Senior General Manager of Product Development Division of the Company April 2017 Deputy Senior General Manager of Watch Business Division of the Company June 2017 Director of the Company (present) April 2019 Senior General Manager of Product Development Division of the Company (present) April 2019 Senior General Manager of R&D Center of the Company April 2019 Senior General Manager of Watch Development Division of the Company April 2020 In charge of Watch Development Division of the Company January 2021 In charge of R&D Center of the Company April 2021 Senior General Manager of Watch Business Division and in charge of Movement Division of the Company (present) </p>	10,307
		Reasons for nominating the candidate for Director	
		<p data-bbox="520 1350 1206 1536"> In light of Mr. Yoshitaka Oji's experience in promoting the management strategy in the Citizen Group's watches business as the General Manager of the Corporate Planning Division of the Company and its subsidiary and his achievements in promoting the product development of watches and clocks at the Company after being involved in the sales of watches and clocks at the Company's overseas subsidiary, the Company believes he will continue to contribute to the promotion of the Citizen Group business and nominated him as a candidate for Director. </p>	<p data-bbox="1238 1350 1342 1440">Attendance at Board of Directors meetings</p> <p data-bbox="1262 1480 1318 1529">17/17 (100%)</p>

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations	Number of the Company's shares held	
6	 Yoshiaki Miyamoto (February 3, 1963) For reelection	August 1990 Joined the Company April 2009 Deputy General Manager of Business Administration Department, Administration Division of Citizen Watch Co., Ltd. December 2010 Deputy General Manager of Strategic Planning Department, Planning Division of Citizen Watch Co., Ltd. April 2012 President of Citizen Watch Manufacturing (Thailand) Co., Ltd. April 2014 President of Citizen Watch Europe GmbH April 2017 Senior Operating Officer April 2017 General Manager of General Affairs Division of the Company (present) June 2017 Group Risk Management and in charge of Personnel Division of the Company (present) June 2018 Director of the Company (present) April 2019 In charge of CSR Department and Environmental Management Department of the Company (present)	8,110	
		Reasons for nominating the candidate for Director		Attendance at Board of Directors meetings
		In light of Mr. Yoshiaki Miyamoto's experience in managing the overseas subsidiaries responsible for watch and clock sales and achievements in the Group Risk Management, the General Affairs Division and the Personnel Division as Director of the Company after promoting startup of new plants at Citizen Group's overseas subsidiaries engaging in manufacturing of watches and clocks, the Company believes he will continue to contribute to the promotion of the Citizen Group business and nominated him as a candidate for Director.		17/17 (100%)

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations	Number of the Company's shares held	
7	 Fumiaki Terasaka (April 12, 1949) For reelection Candidate for Outside Director	March 2004 Operating Officer and Director of Kyushu Sales & Marketing Division of Sapporo Breweries Ltd. September 2004 Director and Senior Officer, Director of Marketing Division of Sapporo Breweries Ltd. March 2005 Director and Executive Managing Officer, Director of Marketing Division of Sapporo Breweries Ltd. March 2009 Executive Managing Officer of Sapporo Breweries Ltd. March 2010 President and Representative Director of Sapporo Breweries Ltd. March 2010 Managing Director and Group Operating Officer of Sapporo Holdings Limited March 2013 Advisor of Sapporo Breweries Ltd. March 2014 Senior Advisor of Sapporo Breweries Ltd. November 2015 Outside Audit & Supervisory Board Member of DAISYO CORPORATION (present) June 2017 Outside Director of FUJITSU GENERAL LIMITED (present) June 2017 Outside Director of the Company (present)	7,039	
		Reasons for nominating the candidate for Outside Director and role expectations		Attendance at Board of Directors meetings
		The Company intends to have Mr. Fumiaki Terasaka assume supervisory functions in the appointment of the Company's President and CEO and processes such as the determination of officer compensation from an independent and objective position, in addition to utilizing his considerable experience in and extensive knowledge of management to check and supervise the Company's management. The Company therefore again nominated him as a candidate for Outside Director.		16/17 (about 94%)

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations	Number of the Company's shares held
8	 Toshiko Kuboki (February 26, 1960) For reelection Candidate for Outside Director	April 1987 Registered as an attorney-at-law February 2002 Conciliation commissioner of Tokyo Family Court (present) April 2009 Retirement Benefit Examination Committee member of Board of Audit of Japan (present) April 2012 Visiting Professor of Graduate School of Law, Chuo University (present) December 2013 Municipal Board of Education member of Chuo-ku, Tokyo (present) June 2015 Outside Director of Qol Co., Ltd. (Currently Qol Holdings Co., Ltd.) (present) June 2015 Outside Auditor of Kyodo News (present) June 2016 Outside Audit & Supervisory Board Member of the Company June 2019 Outside Director of the Company (present)	5,000
		Reasons for nominating the candidate for Outside Director and role expectations	Attendance at Board of Directors meetings
		The Company intends to have Ms. Toshiko Kuboki assume supervisory functions in the appointment of the Company's President and CEO and processes such as the determination of officer compensation from an independent and objective position, in addition to utilizing her professional point of view as an attorney-at-law and her experience as an outside director of another company to check and supervise the Company's management. The Company therefore again nominated her as a candidate for Outside Director. While she has not been involved in the management of a company aside from her position as an Outside Director or Outside Audit & Supervisory Board Member, the Company deems that she has thorough knowledge of corporate legal affairs as an attorney-at-law and will be able to properly perform her duties as Outside Director.	16/17 (about 94%)

No.	Name (Date of birth)	Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations	Number of the Company's shares held	
9	 Yoshio Osawa (January 22, 1952) For reelection Candidate for Outside Director	April 2003	Corporate Officer and General Manager of Network Division of Sumitomo Corporation	-
		April 2005	Executive Officer and General Manager of Network Division of Sumitomo Corporation	
		April 2007	Executive Officer and General Manager of Media Division of Sumitomo Corporation	
		April 2008	Managing Executive Officer and General Manager of Media, Network & Lifestyle Retail Business Unit of Sumitomo Corporation	
		June 2008	Representative Director and Managing Executive Officer of Sumitomo Corporation	
		April 2011	Representative Director and Senior Managing Executive Officer of Sumitomo Corporation	
		June 2013	Representative Director, President and Chief Operating Officer of SCSK Corporation	
		April 2015	Representative Director and President of SCSK Corporation	
		April 2016	Director and Chairman of the Board of SCSK Corporation	
		April 2017	Director of SCSK Corporation	
March 2018	Outside Director of Canon Marketing Japan Inc. (present)			
June 2019	Outside Director of the Company (present)			
		Reasons for nominating the candidate for Outside Director and role expectations	Attendance at Board of Directors meetings	
		The Company intends to have Mr. Yoshio Osawa assume supervisory functions in the appointment of the Company's President and CEO and processes such as the determination of officer compensation from an independent and objective position, in addition to utilizing his considerable experience in and extensive knowledge of management to check and supervise the Company's management. The Company therefore again nominated him as a candidate for Outside Director.	17/17 (100%)	

Notes:

1. "Citizen Watch Co., Ltd." mentioned above in the career summaries of the candidates refers to the subsidiary that was newly incorporated in an incorporation-type split on April 2, 2007 and dissolved through being merged with the Company in October 1, 2016.
2. The number of the Company's shares held by each candidate includes the shares held through the stock ownership plan.
3. No conflict of interest exists between the Company and any of the above candidates.
4. The Company, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, has agreements with Mr. Fumiaki Terasaka, Ms. Toshiko Kuboki and Mr. Yoshio Osawa to limit their liability for damages under Article 423, paragraph (1) of the Companies Act, in order to enable them to fully perform their duties as Outside Directors as expected, and if their reelection is approved at the meeting, the Company intends to continue these agreements. The amount of each Director's total maximum liability for damages under such agreements is the higher of 10,000,000 yen or the minimum liability amount provided for under the relevant laws and regulations.
5. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The insurance policy will cover damages and litigation expenses incurred in cases where an insured receives a claim for damages arising from the performance of duties (including nonfeasance). However, there are exemptions from coverage such as damages arising from an illegal act by the insured with full knowledge of its illegality. If each candidate assumes the office as Director, each of them will be included as an insured in the policy. Insurance premiums are borne by the Company, and the insureds do not bear any of the premiums. In addition, when the policy is renewed next, the Company plans to renew the policy with the same terms.
6. The candidates Mr. Fumiaki Terasaka, Ms. Toshiko Kuboki and Mr. Yoshio Osawa are candidates for Outside Directors of the Company. The Company has appointed all of those candidates as Independent Officers defined by the Tokyo Stock Exchange and registered them with the Exchange as such.


The term of office of Mr. Fumiaki Terasaka as Outside Director from his initial appointment will be four (4) years at the conclusion of this General Meeting of Shareholders. The terms of office of Ms. Toshiko Kuboki and Mr. Yoshio Osawa as Outside Director will be two (2) years at the conclusion of this General Meeting of Shareholders.

Item 3: Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Yoshio Takada will expire at the conclusion of this General Meeting of Shareholders. The Company proposes to elect one (1) Audit & Supervisory Board Member.

The candidate for the position of Audit & Supervisory Board Member is as follows.

Regarding this item, the consent of the Audit & Supervisory Board has been obtained.

Name (Date of birth)	Career summaries, position in the Company, and significant concurrent roles held at other corporations	Number of the Company's shares held	
 Yoshio Takada (December 23, 1956)	April 1980	Joined the Company	5,692
	March 2003	Director of Sunciti Manufacturers Ltd.	
	April 2007	General Manager of Accounting Department of the Company	
	June 2008	Director of CITIZEN MACHINERY CO., LTD.	
	June 2008	General Manager of Accounting Department of CITIZEN MACHINERY CO., LTD.	
	June 2010	Operating Officer of CITIZEN MACHINERY CO., LTD.	
	April 2011	Operating Officer of CITIZEN MACHINERY MIYANO CO., LTD. (Currently CITIZEN MACHINERY CO., LTD.)	
	April 2011	General Manager of Accounting Department of CITIZEN MACHINERY MIYANO CO., LTD.	
	June 2011	Director of Citizen Watch Co., Ltd.	
	June 2011	Senior General Manager of Administration Division of Citizen Watch Co., Ltd.	
	June 2014	President of CITIZEN T.I.C. CO., LTD.	
	June 2017	Full-time Audit & Supervisory Board Member of the Company (present)	
For reelection	Reasons for nominating the candidate for Audit & Supervisory Board Member Mr. Yoshio Takada has experience in managing a subsidiary of the Company as President after mainly being involved in the accounting area at the Company and holding several managerial positions in accounting departments of the Company and its subsidiaries. Based on this and in light of his achievements as an Audit & Supervisory Board Member of the Company, the Company again nominated him as a candidate for Audit & Supervisory Board Member.	Attendance at Board of Directors meetings 17/17 (100%) Attendance at Audit & Supervisory Board meetings 13/13 (100%)	

Notes:

1. "Citizen Watch Co., Ltd." mentioned above in the career summary of the candidate refers to the subsidiary that was newly incorporated in an incorporation-type split on April 2, 2007 and dissolved through being merged with the Company in October 1, 2016.
2. The number of the Company's shares held by the candidate includes the shares held through the stock ownership plan.
3. No conflict of interest exists between the Company and the above candidate.
4. The Company, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, has an agreement with Mr. Yoshio Takada to limit his liability for damages under Article 423, paragraph (1) of the Companies Act, in order to enable him to fully perform his duties as Audit & Supervisory Board Member as expected, and if his reelection is approved at the meeting, the Company intends to continue the agreement. The amount of his total maximum liability for damages under such agreements is the higher of 10,000,000 yen or the minimum liability amount provided for under the relevant laws and regulations.
5. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The insurance policy will cover damages and litigation expenses incurred in cases where an insured receives a claim for damages arising from the performance of duties (including nonfeasance). However, there are exemptions from coverage such as damages arising from an illegal act by the insured with full knowledge of its illegality. If Mr. Yoshio Takada assumes the office as Audit & Supervisory Board Member, he will be included as an insured in the policy. Insurance premiums are borne by the Company, and the insureds do not bear any of the premiums. In addition, when the policy is renewed next, the Company plans to renew the policy with the same terms.

(Reference)

Criteria on Independence of Outside Officers

The Company deems that an Outside Director or Outside Audit & Supervisory Board Member of the Company (“Outside Officer”) or a candidate for Outside Officer possesses independence such that the interests of the Outside Officer or candidate for Outside Officer are unlikely to have conflict with the interests of general shareholders if, after the Company investigates to practically possible and reasonable extent, one or more of the following criteria do not apply with respect to the said individual.

- (1) A party who is now or was previously an officer (excluding the Company’s Outside Director or Outside Audit & Supervisory Board Member) or an employee of the Citizen Group (the “Citizen Group” refers to the group of companies made up of the Company and its subsidiaries; hereinafter the same).
- (2) A party whose major business partner is the Company (Note 1) or an executive of such party (“executive” refers to an executive as defined in Article 2, paragraph (3), item (vi) of the Enforcement Regulations of the Companies Act (Order of the Ministry of Justice No. 12 of 2006); hereinafter, the same).
- (3) A major business partner of the Company (Note 2) or an executive of such party.
- (4) A consultant, accounting professional, or legal professional who receives cash or other financial benefits of 10 million yen or higher as payment from the Citizen Group for reasons other than Director’s or Audit & Supervisory Board Member’s remuneration (if the party receiving such financial benefits is an incorporated entity, association or other organization, then a person belonging to such organization).
- (5) A party receiving donations of cash or other financial benefits of 10 million yen or higher from the Citizen Group (if the party receiving such donation is an incorporated entity, association or other organization, then a person belonging to such organization).
- (6) A party directly or indirectly holding 10% or more of the total number of voting rights held by the Company’s shareholders or an executive of such party.
- (7) In the case that an officer or employee of the Citizen Group is serving as an outside officer at another company, an officer or employee of the company other than the aforementioned outside officer.
- (8) A person to whom any of the criteria (2) through (7) applied in the most recent fiscal year or the past three fiscal years of the Company.
- (9) A spouse or relative within the second degree of kinship of a person to whom any of the criteria (1) through (8) applies.

Notes:

1. “Party whose major business partner is the Company” refers to a party whose sales to the Citizen Group makes up 2% or more of the consolidated net sales of the party’s group (“group” refers to the group of companies made up of the party, its parent, and its subsidiaries; hereinafter the same).
2. “Major business partner of the Company” refers to a party whose group provides the Citizen Group with sales amounting to 2% or more of the consolidated net sales of the Company.

BUSINESS REPORT

From April 1, 2020 to March 31, 2021

I. MATTERS RELATING TO THE CURRENT SITUATION OF THE GROUP**1. Review of Operations**

During the fiscal year under review, the Japanese economy underwent difficult conditions as a result of the decrease in inbound demand and a continued slump in consumption due to the spread of COVID-19. Furthermore, a renewal of the spread of COVID-19 infections weighed down economic recovery led to a moderate recovery in the United States, and factors such as severe restrictions being imposed again in many countries led to a low level of economic activity in Europe. In Asia, although the Chinese economy is headed toward recovery, other areas in Asia lack such momentum.

In this environment, the Citizen Group has implemented a range of initiatives laid out for the “Citizen Group Medium-term Management Plan 2021” formulated in February 2019, such as facilitating the growth of the watches business and machine tools business, promoting sustainable management and strengthening compliance in quality, with a view not merely to continue manufacturing as in the past, but to address the challenge of new, unique value creation.

The consolidated results for the fiscal year under review recorded a decrease in both sales and profit, with net sales of 206.641 billion yen (down 25.8% year on year) and operating loss of 9.551 billion yen (operating profit of 6.136 billion yen in the previous fiscal year). Ordinary loss was 4.143 billion yen (ordinary profit of 7.531 billion yen in the previous fiscal year), and loss attributable to owners of parent was 25.173 billion yen (loss attributable to owners of parent of 16.667 billion yen in the previous fiscal year), due to the posting of extraordinary losses.

Consolidated Results (Billions of yen)

Net sales	206.641	(down 25.8% year-on-year)
Operating loss	9.551	(operating profit of 6.136 in the previous fiscal year)
Ordinary loss	4.143	(ordinary profit of 7.531 in the previous fiscal year)
Loss attributable to owners of parent	25.173	(loss attributable to owners of parent of 16.667 in the previous fiscal year)

Net sales by segment for the fiscal year under review were as follows:

[Watches]

With respect to sales of CITIZEN brand watches in the domestic market, a direct sales EC site was launched and sales of products planned and developed on a cross-brand basis, such as the “Cosmic Blue Collection” of limited models commemorating the 50th anniversary of titanium technology grew along with those of new products. However, there was a significant downturn attributable to the rapid decrease in inbound demand and the decline in consumer confidence associated with self-restraint on travel.

In the overseas market, sales in Europe were relatively strong despite the impact of prolonged lockdowns. Sales decreased in the North American market due to a decline being forced to occur centered on physical stores due to restrictions on travel and sales activities despite signs of recovery in online distribution, etc. in the holiday selling season. In the Asian market, sales decreased due to a continued weakening of the Asian market as a whole

despite the Chinese market strengthening signs of a steady recovery.

Sales of BULOVA brand watches decreased despite steady EC sales amid a drop in physical store sales mainly in the key North American market.

Sales of movements decreased due to a global decline in consumption, but mechanical movements maintained strong demand in markets such as China, and demand for analog quartz movements was also on an increasing trend.

As a result, the watches segment as a whole posted a significant decline in sales with net sales of 95.625 billion yen (down 32.5% year on year), due to the global stagnation of economic activity, although efforts aimed at strengthening EC sales accelerated. Furthermore, despite efforts to improve profitability through the reduction of expenses, the impact of the reduction in sales was significant, and operating loss was 8.192 billion yen (operating profit of 3.938 billion yen in the previous fiscal year).

[Machine Tools]

In the domestic market, revenues decreased due to weak demand for capital expenditures in the first half of the fiscal year despite orders related to automobile-related products appearing to bottom out. Revenues in overseas markets decreased, failing to exceed the previous fiscal year's level despite continuing strong performance in IT-related businesses in China, significantly improving orders for automobile-related products in Europe, and an upturn in orders particularly with respect to medical-related products in the Americas.

As a result, the machine tools segment as a whole posted a decrease in net sales of 46.707 billion yen (down 20.2% year on year), although new initiatives aimed at acquiring new orders such as holding online exhibitions were strengthened while market conditions were on a recovering trend. Furthermore, operating profit decreased to 2.935 billion yen (down 59.6% year on year).

[Devices and Components]

Although sales of auto parts as part of precision machining components gradually increased and approached the previous fiscal year's level as the number of new vehicles sold recovered, overall revenues from precision machining components decreased due to weak sales of switches for smartphones.

Overall revenues from opto-devices decreased due to a fall in sales of LED chips caused by a decline in demand for the U.S. and European markets and the Chinese market amid continued intense price competition for lighting products, despite the market for LEDs for vehicle use coming back.

Demand for quartz devices, among other products, increased for communication devices, but sales of other products as a whole decreased due to the global decrease in demand associated with the spread of COVID-19.

As a consequence, net sales of the devices and components segment as a whole decreased to 45.919 billion yen (down 17.9% year on year). Operating loss was 0.493 billion yen (operating profit of 0.926 billion yen in the previous fiscal year), despite making efforts toward improvement in the profitability such as implementing structural reforms including refining and targeting of the products.

[Electronic and Other Products]

Although a recovery was seen in areas such as barcode printers, and sales of the mainstay photo printers and POS printers increased in the Chinese market and elsewhere in the second half of the fiscal year, revenues from information equipment fell due to the significant impact of the fall in appetite for capital expenditure in the first half of the fiscal

year. Revenues from healthcare equipment increased as a result of a significant increase in demand for thermometers mainly in the domestic market. With respect to other products, revenues decreased due to the withdrawal from jewelry products.

Consequently, the overall electronic and other products segment resulted a decrease in sales and an increase in profit with net sales of 18.389 billion yen (down 18.0 % year on year) and operating profit of 0.394 billion yen (operating loss of 0.215 billion yen in the previous fiscal year).

Note: The difference between each segment's operating loss of 5.355 billion yen in total and that of 9.551 billion yen (the Company's operating loss) is a miscellaneous expense used to write off transactions between each segment and not reported to each segment.

[Sales by Business Segment]

Business segment	Amount (Millions of yen)	Percentage of total (%)	Change from the previous fiscal year (%)
Watches	95,625	46.3	(32.5)
Machine Tools	46,707	22.6	(20.2)
Devices and Components	45,919	22.2	(17.9)
Electronic and Other Products	18,389	8.9	(18.0)
Total	206,641	100.0	(25.8)

Notes:

1. The rate of the sales in the overseas to the gross sales is 66.1%.
2. From the fiscal year under review, "Electronic Products" and "Other Products" have been consolidated and the name has been changed to "Electronic and Other Products." The amount and change from the previous fiscal year have been calculated based on the reclassification of business segments used in the fiscal year under review.

2. Financing

The Company raised funds of 35.0 billion yen through loans from financial institutions, etc., the proceeds of which were used to cover working capital associated with the spread of COVID-19 and expenses for structural reforms.

3. Capital Expenditures

Capital expenditures during the fiscal year totaled 10.907 billion yen, the major expenditures of which are as follows:

- (1) 3.687 billion yen for production facilities in Watches
- (2) 3.197 billion yen for production facilities in Machine Tools
- (3) 2.965 billion yen for production facilities in Devices and Components
- (4) 0.231 billion yen for production facilities in Electronic and Other Products

From the fiscal year under review, "Electronic Products" and "Other Products" have been consolidated and the name has been changed to "Electronic and Other Products."

4. Important Corporate Restructuring

On April 1, 2020, Citizen Machinery Co., Ltd. and Miyano Service Engineering, Inc. carried out a merger among them in which Citizen Machinery Co., Ltd. was the surviving company.

5. Acquisition or Disposition of Shares, Other Equity Interests, or Share Acquisition Rights of Other Companies

Not applicable

6. Challenges Going Forward

As the business environment surrounding our company, we recognize the following environmental changes mainly in the watch business, which is our core business.

1. Decline in consumption due to the worldwide spread of COVID-19
2. Further growth of e-commerce (EC) distribution and sluggish physical store distribution due to the impact of the spread of COVID-19
3. Shrinkage of the watch market centered on fashion watches along with the expansion of the digital display type smart watch market
4. Shrinkage of the analog quartz movement market
5. Steady demand for mechanical watches centered on high-priced ones

Recognizing an increased risk for a downturn in business due to the impact of the changes in business environment as described above, we will address issues, prioritizing those in the core watch business.

Regarding businesses other than watches, we will continue our efforts in the “Citizen Group Medium-term Management Plan 2021” while paying close attention to downward risks in performance such as changes in the business environment, disruption of supply chains including semiconductors and the COVID-19 impact.

For the watch business, we will prioritize the following four issues.

1. Strengthening the CITIZEN brand

We will further strengthen our domestic market business with the ATTESA and xC, which are equipped with the Eco-Drive that is our core technology for driving watches with light power and are being established as major domestic brands, as well as expand sales into the Asian market. Furthermore, we will further expand PROMASTER, a professional sports watch and CITIZEN L, a sustainable watch, which are being developed as global brands. In addition, we will work to further strengthen the CITIZEN brand by selling products equipped with a newly developed mechanical movements through The CITIZEN brand representing Citizen and the Series 8 mechanical watch brand characterized by a modern and sporty design to make a return to authentic mechanical watches as Citizen’s “new beginning.”

2. Strengthening EC sales and digital marketing

In addition to promoting existing EC sales, we will further expand EC sales by utilizing the direct sales EC platform in the domestic market and the United States. In addition, we will further enhance digital marketing such as Riiiver, FTS (Fine Tuning Service) and AI WATCH RECOMMEND services to offer customer experiences only Citizen can provide and realize digital spaces enabling people not previously interested in watches to find the appeal of watches, create new touchpoints with customers and actively engage in communication utilizing digital technology.

3. Improving the profitability of the movement business

We will work to improve profitability of the movement business by maintaining the manufacturing system of the analog quartz movement rebuilt at a production scale to match demand, and also promoting rationalization such as consolidation and abolition of calibers and further reducing inventory. Further, toward securing steady demand for mechanical movements, we will develop a pricing strategy according to demand to establish a stable profit foundation.

4. Priority area strategy

In order to revitalize the Asian market, which is expected to grow in the future, and, in particular, put the Chinese market back on a growth track, we are working on expanding products for the younger generation as well as expanding EC sales. In the North American market, which is a key market, toward shifting to a profitable structure, we are working to optimize selling, general and administrative expenses, and improve the efficiency of operations through the introduction of digital platforms for clients. In future, we will further promote the expansion of EC sales by proceeding with the acceleration of growth of e-commerce distribution due to the impact of the spread of COVID-19. In the domestic market, which is a major market, we will promote the sales of the major domestic brands ATTESA and xC as a measure to avoid dependence on inbound demand, and also engage in the expansion of sales of high-end products centered on The CITIZEN through the CITIZEN Premium Doors space for introducing the appeal of Citizen's unique premium brands.

We thank our shareholders for their continuing support.

7. Assets and Profit and Loss of the Company

	133 rd (FY2017)	134 th (FY2018)	135 th (FY2019)	136 th (FY2020)
Net sales (millions of yen)	320,047	321,652	278,531	206,641
Ordinary profit (millions of yen)	26,664	26,602	7,531	(4,143)
Profit attributable to owners of parent (millions of yen)	19,303	13,369	(16,667)	(25,173)
Basic earnings per share (yen)	60.65	42.00	(53.07)	(80.52)
Total assets (millions of yen)	412,165	413,911	369,575	365,811
Net assets (millions of yen)	263,713	267,547	230,791	212,864
Net assets per share (yen)	797.75	808.87	709.21	652.47

Notes:

- The figures of ordinary profit, profit attributable to owners of parent and basic earnings per share in parentheses represent losses.
- Basic earnings per share is calculated based on the number of shares by deducting the average total number of treasury shares during the term from the average total number of shares outstanding during the term. Net assets per share is calculated based on the number of shares by deducting the total number of treasury shares at the fiscal year-end from the total number of shares outstanding at the fiscal year-end.
- The Company has introduced a performance-linked stock compensation plan utilizing the Board Incentive Plan (BIP) Trust from the 134th term, and the shares of the Company held by the BIP Trust are presented as treasury shares in the net assets section. Accordingly, the number of shares of the Company held by the BIP Trust is included in the number of treasury shares that are deducted in the calculation of basic earnings per share and net assets per share.

8. Details of Important Subsidiaries

Name	Capital	Voting Right Percentage of the Company (%)	Major Business
Citizen Watch Manufacturing Co., Ltd.	300 million yen	100.0	Watches
Citizen Machinery Co., Ltd.	2,651 million yen	100.0	Machine Tools
Citizen Electronics Co., Ltd.	5,488 million yen	79.3	Devices and Components
Citizen Finedevice Co., Ltd.	1,753 million yen	100.0	Devices and Components
Citizen Systems Japan Co., Ltd.	450 million yen	100.0	Electronic and Other Products
Citizen Watch Company of America, Inc.	US\$ 43.66 million	100.0	Watches
Citizen Watches (H.K.) Ltd.	HK\$ 10 million	100.0	Watches

9. Products of Principal Business (as of March 31, 2021)

Business segment	Principal products
Watches	Watches, movement
Machine Tools	NC automatic lathes
Devices and Components	Automotive parts, switches, LED, micro display devices, quartz crystals
Electronic and Other Products	Printers, healthcare equipment and other products

Note: From the fiscal year under review, "Electronic Products" and "Other Products" have been consolidated and the name has been changed to "Electronic and Other Products."

10. Principal Places of Business (as of March 31, 2021)

	Name	Location
Subsidiaries and others	Citizen Watch Co., Ltd.	Nishitokyo, Tokyo
	Citizen Watch Manufacturing Co., Ltd.	Tokorozawa, Saitama
	Citizen Machinery Co., Ltd.	Kitasaku-gun, Nagano
	Citizen Electronics Co., Ltd.	Fujiyoshida, Yamanashi
	Citizen Finedevice Co., Ltd.	Minamitsuru-gun, Yamanashi
	Citizen Systems Japan Co., Ltd.	Nishitokyo, Tokyo
	Citizen Watch Company of America, Inc.	California, U.S.A.
	Citizen Watches (H.K.) Ltd.	Hong Kong, China

11. Employees (as of March 31, 2021)

Business Segment	Number of employees		Change from the previous fiscal year-end	
Watches	5,312	[2,145]	(1,194)	[(939)]
Machine Tools	1,973	[149]	141	[(89)]
Devices and Components	4,754	[975]	(344)	[(67)]
Electronic and Other Products	1,248	[211]	(90)	[46]
General Corporate	243	[34]	(7)	[(6)]
Total	13,530	[3,514]	(1,494)	[(1,055)]

Notes:

- The number of employees covers all those engaged in operations and figures in brackets represent average annual temporary workers in addition to the number of employees.
- The classification of business segments has been partially changed from the fiscal year under review, and the changes from the previous fiscal year-end have been calculated based on the reclassification of business segments used in the fiscal year under review.
- The decrease in the number of employees in the watches segment is mainly due to calling for voluntary retirement in domestic subsidiaries.

Principal Lenders (as of March 31, 2021)

(Millions of yen)

Name	Borrowed Amount
MUFG Bank, Ltd.	17,900
Mizuho Bank, Ltd.	16,700
Nippon Life Insurance Company	6,000
Sumitomo Mitsui Banking Corporation	6,000
The Hachijuni Bank, Ltd.	3,500
The Yamanashi Chuo Bank, Ltd.	2,500

II. MATTERS CONCERNING COMPANY STOCK AND SHARE ACQUISITION RIGHTS, ETC.

1. Condition of Stocks (as of March 31, 2021)

- (1) Total number of authorized shares: 959,752,000 shares
 (2) Total number of shares issued: 314,353,809 shares
 (3) Number of shareholders: 42,588
 (4) Major shareholders (Top 10)

Name	Number of the Company's shares held (Thousands of shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	41,089	13.13
Custody Bank of Japan, Ltd. (trust account)	25,850	8.26
J.P. MORGAN BANK LUXEMBOURG S.A. 380578	12,789	4.09
Nippon Life Insurance Company	11,948	3.82
Nichia Corporation	10,000	3.20
THE BANK OF NEW YORK 133972	5,414	1.73
STATE STREET BANK AND TRUST COMPANY 505001	5,388	1.72
JP MORGAN CHASE BANK 380684	5,188	1.66
Custody Bank of Japan, Ltd. (trust account 7)	5,156	1.65
Citizen Group Employee Shareholding Association	5,039	1.61

Note: Shareholding ratio is calculated after deducting 1,340,227 treasury shares.

- (5) Status of shares delivered to officers of the Company as compensation for the performance of the duties during the fiscal year under review

Classification	Number of shares	Number of recipients
Directors (excluding Outside Directors)	1,948	1
Outside Directors	–	–
Audit & Supervisory Board Members	–	–

Note: The number of shares includes 1,048 shares sold pursuant to the “Regulations on Delivery of Shares Related to the Officer Compensation BIP Trust” for which an amount equivalent to the proceeds of sale was provided.

2. Status of Share Acquisition Rights (as of March 31, 2021)

Not applicable

III. MATTERS CONCERNING DIRECTORS AND AUDIT & SUPERVISORY BOARD MEMBERS

1. Names, etc. of Directors and Audit & Supervisory Board Members (as of March 31, 2021)

Title	Name	Area of responsibility and significant concurrent role held at other companies (if any)
President and CEO	Toshihiko Sato	President of JAPAN CLOCK & WATCH ASSOCIATION
Managing Director	Norio Takeuchi	Senior General Manager of Watch Business Division Chairman of the Board of Directors of Citizen Watch Company of America, Inc. President of Citizen Watch Italy S.p.A.
Director	Toshiyuki Furukawa	General Manager of Corporate Planning Division and in charge of Accounting Department, Public & Investor Relations Department and IT Management Department
Director	Keiichi Nakajima	President of Citizen Machinery Co., Ltd.
Director	Shinji Shirai	Senior General Manager of Manufacturing Technology Division and in charge of Quality Assurance Department President of Citizen Watch manufacturing Co., Ltd.
Director	Yoshitaka Oji	Senior General Manager of Product Development Division and in charge of Watch Development Division and R&D Center
Director	Yoshiaki Miyamoto	Group Risk Management, General Manager of General Affairs Division and in charge of Personnel Division, CSR Department and Environmental Management Department
Outside Director	Fumiaki Terasaka	Outside Audit & Supervisory Board Member of DAISYO CORPORATION Outside Director of FUJITSU GENERAL LIMITED
Outside Director	Toshiko Kuboki	Attorney-at-law Outside Director of Qol Holdings Co., Ltd.
Outside Director	Yoshio Osawa	Outside Director of Canon Marketing Japan Inc.
Audit & Supervisory Board Member (Full-time)	Yoshio Takada	
Audit & Supervisory Board Member (Full-time)	Noboru Akatsuka	
Outside Audit & Supervisory Board Member	Yaeko Ishida	Attorney-at-law
Outside Audit & Supervisory Board Member		

Notes:

- Ms. Yaeko Ishida uses the name Yaeko Kitadai in her profession as an attorney-at-law.
- In accordance with the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with each Outside Director and Audit & Supervisory Board Member that limit the maximum liability for damages under Article 423, paragraph (1) of the said Act. The maximum amount of liability for damages based on such agreements shall be the higher of 10 million yen or the lowest liability amount stipulated by laws and regulations.
- The Company has entered into a directors and officers liability insurance policy with an insurance company. The insurance policy will cover damages and litigation expenses incurred in cases where an insured receives a claim for damages arising from the performance of duties (including nonfeasance). However, there are exemptions from coverage such as damages arising from an illegal act by the insured with full knowledge of its illegality. All Directors, Audit & Supervisory Board Members and Operating Officers of the Company and its domestic subsidiaries are insured under the insurance policy. Insurance premiums are borne by the Company, and the insureds effectively do not bear any of the premiums. In addition, when the policy is renewed next, the Company plans to renew the policy with the same terms.
- Full-time Audit & Supervisory Board Member Mr. Yoshio Takada has experience in accounting operations holding several managerial positions in accounting departments of the Company and its subsidiaries and has extensive knowledge of finance and

- accounting.
5. Full-time Audit & Supervisory Board Member Mr. Noboru Akatsuka has been managing banks and companies for many years and has extensive knowledge of finance and accounting.
 6. Outside Audit & Supervisory Board Member Ms. Yaeko Ishida is thoroughly experienced in corporate legal affairs as an attorney-at-law and has extensive knowledge of finance and accounting.
 7. The Company has appointed Outside Directors, Mr. Fumiaki Terasaka, Ms. Toshiko Kuboki and Mr. Yoshio Osawa, and Outside Audit & Supervisory Board Members, Mr. Noboru Akatsuka and Ms. Yaeko Ishida as Independent Officers defined by the Tokyo Stock Exchange and registered them with the Exchange as such.
 8. The title and area of responsibility and significant concurrent role held at other companies of President and CEO Mr. Toshihiko Sato changed on May 26, 2021 and of Managing Director Mr. Norio Takeuchi and Directors Mr. Toshiyuki Furukawa and Mr. Yoshitaka Oji changed on April 1, 2021 as follows:

Title	Name	Area of responsibility and significant concurrent role held at other companies (if any)
President and CEO	Toshihiko Sato	In charge of Corporate Planning Division, Accounting Department, Public & Investor Relations Department and IT Management Department Senior General Manager of Watch Business Division, Senior General Manager of Product Development Division, and in charge of Movement Division
Director	Norio Takeuchi	
Director	Toshiyuki Furukawa	
Director	Yoshitaka Oji	

Outside Audit & Supervisory Board Member Ms. Yaeko Ishida will assume the position of Outside Director of Inageya Co., Ltd. on June 24, 2021.

Operating Officers as of April 1, 2021 are as follows:

Title	Name	Area of responsibility
Senior Operating Officer	Katsuhiko Miwa	Senior General Manager of Watch Development Division and R&D Center
Senior Operating Officer	Kanetaka Sekiguchi	President and CEO of Citizen Electronics Co., Ltd.
Senior Operating Officer	Hiroshi Shinohara	President of Citizen Finedevice Co., Ltd.
Operating Officer	Hisashi Utsunomiya	Chairman of the Board of Directors of Citizen Watch Company of America, Inc.
Operating Officer	Mitsunori Morita	General Manager of Accounting Department
Operating Officer	Yoshio Miura	General Manager of Movement Division
Operating Officer	Masami Hayashi	General Manager of Corporate Planning Division
Operating Officer	Yoshihisa Yajima	Deputy Senior General Manager of Watch Business Division

2. Directors and Audit & Supervisory Board Members Who Retired during This Fiscal Year

Name	Retirement date	Reason for retirement	Position, area of responsibility, and significant concurrent role held at other companies at the time of retirement
Toshio Tokura	June 25, 2020	Expiration of term of office	Executive Advisor

3. Directors' and Audit & Supervisory Board Members' Compensation

- (1) Policies, etc. on determination of officer compensation, etc.

The Company passed a resolution on the “Policy on Determination of the Content of Individual Compensation, etc. of Directors” at the meeting of the Board of Directors held on February 25, 2021. A recommendation made by the Compensation Committee was obtained for the resolution on this policy.

The outline of content of the “Policy on Determination of the Content of Individual Compensation, etc. of Directors” is as follows.

(a) Composition of Directors' compensation

The compensation of the Company's Directors shall be made up of fixed compensation, bonuses and performance-linked stock compensation (hereinafter, "bonuses" and "performance-linked stock compensation" are collectively referred to as "performance-linked compensation").

(b) Policies on determination of the amount and method of calculation of fixed compensation, and policies on the determination of the timing and conditions of granting fixed compensation to Directors

The policy on the amount of fixed compensation is that it is at a level enabling Directors to fully exhibit their qualities and abilities, and contribute to the increasing motivation toward sustained growth based on the corporate philosophy of the Company, and enabling the securing of talented personnel, and is determined by taking into consideration changes in the management environment, external data, the level in peer companies and the content of management. In principle, the Compensation Committee delegated by resolution of the Board of Directors holds meetings every June and as needed when there is a change of positions to determine the amount within the range specified in the "Level of Monthly Base Compensation of Directors" and payments are made in cash every month.

In the event of a severe deterioration of performance or the occurrence of a scandal in the Citizen Group (the group of companies made up of the Company and its subsidiaries), the amount of fixed compensation may be changed by resolution of the Board of Directors based on the findings of the Compensation Committee when consulted by the Board of Directors or the President or a recommendation by the Compensation Committee.

(c) Policies on determination of the content of performance indicators for performance-linked compensation, the amount or number and method of calculation of performance-linked compensation, and policies on the determination of the timing and conditions of granting performance-linked compensation to Directors

1) Bonuses

In addition to the policy in (b), the policy is that the amount of bonuses is determined in accordance with the financial evaluation items (net sales, operating profit, etc.) and non-financial evaluation items (global conditions, disasters, M&A, etc.) specified in the Standard of Payment of Bonuses to Directors. In principle, the amount is determined every June by the Compensation Committee delegated by resolution of the Board of Directors. Bonuses shall be paid in cash every July.

2) Performance-linked stock compensation

Performance-linked stock compensation aims at further clarifying the linkage between compensation for Directors and the share value of the Company to promote motivation in contributing to the enhancement of medium- to long-term performance and improvement of corporate value. The content is a performance-linked stock compensation plan for Directors (excluding Outside Directors and Directors who are non-residents of Japan) where the shares of the Company are acquired through a trust using the amount of compensation for Directors contributed by the Company based on their position, and the shares of the Company and the money equivalent to the amount obtained by converting the shares of the Company into cash are delivered and granted (hereinafter, the "Delivery, etc.") to Directors according to the degree of achievement of performance targets. The amount or number and the method of calculation thereof

is specified in the “Regulations on Delivery of Shares Related to the Officer Compensation BIP Trust” by resolution of the Board of Directors based on a recommendation from the Compensation Committee.

In principle, the Company shall conduct the Delivery, etc. of performance-linked stock compensation to each Director at the time they leave office pursuant to the “Regulations on Delivery of Shares Related to the Officer Compensation BIP Trust.”

- (d) Policies on determination of the percentage of the amount of fixed compensation and the amount of performance-linked compensation in the amount of compensation for individual Directors

The compensation of the Company’s Directors is made up of fixed compensation and performance-linked compensation. It is at a level enabling Directors to fully exhibit their qualities and abilities, and contribute to the increasing motivation toward sustained growth based on the corporate philosophy of the Company, and enabling the securing of talented personnel, and is at a level that can increase awareness of contributing to improvement of medium- to long-term performance and increasing corporate value by taking into consideration changes in the management environment, external data, the level in peer companies and the content of management. The percentage of the amounts of fixed compensation and performance-linked compensation in the amount of compensation for individual Directors is approximately 46% fixed compensation and approximately 54% performance-linked compensation (of performance-linked compensation, bonuses account for approximately 39% and performance-linked stock compensation accounts for approximately 15%) when the amount of performance-linked compensation is at maximum. Performance-linked compensation may not be paid as a result of performance evaluation, etc.

Bonuses are paid to Directors excluding Outside Directors and performance-linked stock compensation is paid to Directors excluding Outside Directors and Directors who are non-residents of Japan.

- (e) Matters delegating all or part of determination of the content of compensation of individual Directors to Directors or other third parties

- 1) Name and position and areas of responsibility in the Company of the delegated persons

The determination of the content of compensation of individual Directors shall be delegated to the Compensation Committee whose members are selected from among Directors by resolution of the Board of Directors pursuant to the “Compensation Committee Rules.”

- 2) Details of authority delegated to the persons in 1)

The details of the authority delegated to the Compensation Committee shall be the following matters specified in the “Compensation Committee Rules.”

- (1) Discussion and determination of matters delegated by the Board of Directors in relation to compensation, etc.
- (2) Discussion of matters concerning the policies and standards of the compensation, etc., and the provision of recommendations to the Board of Directors
- (3) Discussion and presentation of findings on matters concerning compensation, etc. in response to consultations by the Board of Directors and the President

(4) Other matters specified by resolution of the Board of Directors

3) Details of measures taken to ensure authority in 2) delegated to the persons in 1) is appropriately exercised

In order to increase transparency concerning the compensation, etc. of Directors, the Company shall establish a Compensation Committee composed of three (3) or more Directors who are appointed by a resolution of the Board of Directors, the majority of which are Outside Directors and which shall include at least one (1) Representative Director. The Compensation Committee shall hold discussions with a majority of members able to participate in resolutions in attendance, and pass resolutions by a majority thereof. The Chairperson of the Compensation Committee shall be an Outside Director elected by mutual election of the members of the Committee. The details of the authority delegated to the Compensation Committee in (e) 2) and other matters related to the Compensation Committee shall be specified in the “Compensation Committee Rules.”

(2) Total amount of compensation, etc. for the fiscal year under review

	Number of officers	Total amount of compensation, etc. (millions of yen)	Amount of fixed compensation out of all compensation, etc. (millions of yen)	Amount of bonus out of all compensation, etc. (millions of yen)	Amount of performance-linked stock compensation out of all compensation, etc. (millions of yen)
Director [Out of which, Outside Directors]	11 [3]	159 [28]	159 [28]	— [—]	— [—]
Audit & Supervisory Board Member [Out of which, Outside Audit & Supervisory Board Members]	3 [2]	43 [24]	43 [24]	— [—]	— [—]
Total [Out of which, outside officers]	14 [5]	203 [52]	203 [52]	— [—]	— [—]

Notes:

- The above figures include Directors who retired upon conclusion of the 135th Ordinary General Meeting of Shareholders held on June 25, 2020.
- Due to sluggish business performance, from May 2020 through October 2020 the amount of fixed compensation for Directors (excluding Outside Directors) has been reduced by between 10% and 25%, depending on a Director’s position, and bonuses will not be paid for the fiscal year under review.
- In order to promote motivation in contributing to the enhancement of single-year and medium- to long-term performance and improvement of corporate value, the performance indicators for bonuses are consolidated net sales and consolidated operating profit in the annual plan in addition to consolidated net sales, consolidated operating profit and ROE in the Medium-term Management Plan. Actual results during the fiscal year under review were consolidated net sales of 206.641 billion yen, consolidated operating loss of 9.551 billion yen and ROE of (11.8)%. Bonuses are calculated multiplying the base monthly compensation for each position by a coefficient determined by the level of achievement of performance indicators and non-financial items.
- The content of performance-linked stock compensation is shares of the Company, and the conditions, etc. at the time of allotment are as stated in “(1) Policies, etc. on determination of officer compensation, etc.” Furthermore, the status of delivery is as stated in “II. 1. (5) Status of shares delivered to officers of the Company as compensation for the performance of the duties during the fiscal year under review.” In order to further clarify the linkage between compensation for Directors and the share value of the Company to promote motivation in contributing to the enhancement of medium- to long-term performance and improvement of corporate value, the performance indicators for performance-linked stock compensation are consolidated net sales, consolidated operating profit and ROE in the Medium-term Management Plan. Actual results during the fiscal year under review were consolidated net sales of 206.641 billion yen, consolidated operating loss of 9.551 billion yen and ROE of (11.8)%. Performance-linked stock compensation is calculated according to the level of achievement of performance indicators, etc.
- The maximum allowance for the total amount of compensation, etc. for Directors (excluding Outside Directors) was set at 370 million yen per year (inclusive of bonuses, etc.) at the 133rd Ordinary General Meeting of Shareholders held on June 27, 2018, and the number of Directors (excluding Outside Directors) at the conclusion of that Ordinary General Meeting of Shareholders was eight (8). Employee salaries for employees who also serve as Directors shall not be paid.
- Separate from note 5 above, at the 133rd Ordinary General Meeting of Shareholders held on June 27, 2018, the total amount of performance-linked stock compensation for Directors (excluding Outside Directors and Directors who are non-residents of Japan) was set at not more than 300 million yen for every three fiscal years (starting in 2018, the first year, at not more than 100

million yen), and the number of Directors (excluding Outside Directors and Directors who are non-residents of Japan) at the conclusion of that Ordinary General Meeting of Shareholders was eight (8).

7. The maximum allowance for the total amount of compensation, etc. for Outside Directors was set at 40 million yen per year at the 134th Ordinary General Meeting of Shareholders held on June 26, 2019, and the number of Outside Directors at the conclusion of that Ordinary General Meeting of Shareholders was three (3). No bonuses will be paid to Outside Directors.
8. The maximum allowance for the total amount of compensation, etc. for Audit & Supervisory Board Members was set at 80 million yen per year at the 122nd Ordinary General Meeting of Shareholders held on June 26, 2007, and the number of Audit & Supervisory Board Members at the conclusion of that Ordinary General Meeting of Shareholders was four (4). No bonuses will be paid to Audit & Supervisory Board Members.
9. In order to increase transparency concerning the compensation of Directors, the Company delegated the determination of the content of individual compensation, etc. of Directors for the fiscal year under review to the Compensation Committee chaired by Outside Director Mr. Fumiaki Terasaka and with Outside Directors Ms. Toshiko Kuboki and Mr. Yoshio Osawa and President and CEO Mr. Toshihiko Sato as members. The Compensation Committee found that the content of the individual compensation, etc. of Directors for the fiscal year under review is in line with the Policy on Determination of the Content of Individual Compensation, etc. of Directors because the determination of the content was delegated to the Compensation Committee by resolution of the Board of Directors and the content of compensation, etc. conforms with said policy resolved by the Board of Directors.

4. Matters Relating to Outside Officers

- (1) Relationships between the Company and organizations where important concurrent positions are held

The Company has no special interest with the organizations where Outside Officers hold important concurrent positions.

- (2) Major activities during the fiscal year ended March 31, 2021

Title and name	Attendance, principal comments and overview of duties performed in relation to roles expected of Outside Directors
Outside Director Fumiaki Terasaka	Mr. Fumiaki Terasaka attended 16 of 17 (approximately 94%) meetings of the Board of Directors held in the fiscal year under review, made comments as needed primarily from the viewpoint of a highly experienced executive, and performed an appropriate role to ensure the suitability and appropriateness of decision making. In addition, he served as the Chairperson of the Nominating Committee and the Compensation Committee, and led the supervisory functions in the appointment of the Company's President and CEO and processes such as determination of officer compensation from an independent and objective position, such as participating in discussions on matters concerning the appointment of the President and CEO, policies on the determination of Directors' compensation and the level of compensation.
Outside Director Toshiko Kuboki	Ms. Toshiko Kuboki attended 16 of 17 (approximately 94%) meetings of the Board of Directors held in the fiscal year under review, made comments as needed primarily from the professional viewpoint of an attorney-at-law, and performed an appropriate role to ensure the suitability and appropriateness of decision making. In addition, she served as a member of the Nominating Committee and the Compensation Committee, and handled the supervisory functions in the appointment of the Company's President and CEO and processes such as determination of officer compensation from an independent and objective position, such as participating in discussions on matters concerning the appointment of the President and CEO, policies on the determination of Directors' compensation and the level of compensation.

Title and name	Attendance, principal comments and overview of duties performed in relation to roles expected of Outside Directors
Outside Director Yoshio Osawa	Mr. Yoshio Osawa attended all 17 meetings of the Board of Directors held in the fiscal year under review, made comments as needed primarily from the viewpoint of a highly experienced executive, and performed an appropriate role to ensure the suitability and appropriateness of decision making. In addition, he served as a member of the Nominating Committee and the Compensation Committee, and handled the supervisory functions in the appointment of the Company's President and CEO and processes such as determination of officer compensation from an independent and objective position, such as participating in discussions on matters concerning the appointment of the President and CEO, policies on the determination of Directors' compensation and the level of compensation.
Outside Audit & Supervisory Board Member Noboru Akatsuka	Mr. Noboru Akatsuka attended all 17 meetings of the Board of Directors held in the fiscal year under review, and also all 13 meetings of the Audit & Supervisory Board. He made comments in the meetings of the Board of Directors as needed primarily from the viewpoint of a highly experienced executive to ensure the suitability and appropriateness of decision making. In addition, he made the necessary comments in the meetings of the Audit & Supervisory Board on the Company's accounting system and internal auditing.
Outside Audit & Supervisory Board Member Yaeko Ishida	Ms. Yaeko Ishida attended all 17 meetings of the Board of Directors held in the fiscal year under review, and also all 13 meetings of the Audit & Supervisory Board. She made comments in the meetings of the Board of Directors as needed primarily from the professional viewpoint of an attorney-at-law to ensure the suitability and appropriateness of decision making. In addition, she made the necessary comments in the meetings of the Audit & Supervisory Board on the Company's compliance system, etc.

Note: Outside Audit & Supervisory Board Member Ms. Yaeko Ishida uses the name Yaeko Kitadai in her profession as an attorney-at-law.

IV. INDEPENDENT AUDITORS

1. Name: Nihombashi Corporation

2. Amount of Compensation

	Millions of yen
(1) Compensation for Independent Auditors for the fiscal year under review	48
(2) Total amount of money and other material benefits to be paid to Independent Auditors by the Company and subsidiaries	80

Notes:

1. In the audit agreement by and between the Company and the Independent Auditors, the Company does not clearly differentiate, and it is also practically impossible to differentiate, between compensation for audits under the Companies Act and compensation for audits under the Financial Instruments and Exchange Act. Thus, the amount stated in (1) above includes compensation for audits under the both Acts.
2. The Audit & Supervisory Board consented to the amount of compensation, etc. of the Independent Auditors after determining that, among others, the content of the audit program, the execution status of accounting audits, and the basis for calculation of compensation estimates of the Independent Auditors were appropriate.
3. Citizen Watch Company of America, Inc. and Citizen Watches (H.K.) Ltd. each of which is the Company's important subsidiary, undertook an audit by KPMG LLP and PHILIP LEE & CO., CERTIFIED PUBLIC ACCOUNTANTS respectively.

3. Non-audit Services

The Company entrusts the Independent Auditors to provide advisory and guidance services concerning the preparation of Annual Reports.

4. Decision Making Policy for Dismissal or Non-reappointment of Independent Auditors

It is the policy of the Company that if the Independent Auditors fall under any of the dismissal events listed in the items of Article 340, paragraph (1) of the Companies Act, the Audit & Supervisory Board shall remove those Independent Auditors with the consents of all Audit & Supervisory Board Members. In this case, an Audit & Supervisory Board Member appointed by the Audit & Supervisory Board shall report on the decision of dismissal and its reasons at the first General Meeting of Shareholders convened after the dismissal.

In addition to the cases mentioned above, if the Audit & Supervisory Board determines that the incumbent Independent Auditors are inadequate as Independent Auditors in consideration of the audit quality, the effectiveness and efficiency of audit processes, the number of successive years for which they served as Independent Auditors, etc., it shall draft a proposal for dismissal or non-reappointment of Independent Auditors.

In addition, the Board of Directors shall request the Audit & Supervisory Board to discuss at a General Meeting of Shareholders the dismissal or non-reappointment of Independent Auditors if it determines it to be necessary due to, for example, difficulties in the execution of duties by the Independent Auditors. In this case, the Audit & Supervisory Board shall draft a proposal to be submitted to the General Meeting of Shareholders after determining whether the dismissal or non-reappointment is appropriate.

V. SYSTEM AND POLICIES OF THE COMPANY

1. System to Ensure the Appropriateness of the Company's Business and its Operation Status

- (1) Summary of the decisions on the development of a system to ensure the appropriateness of the Company's business
 - (a) System to ensure that the Directors and employees perform their duties in conformance with relevant laws and regulations and the Articles of Incorporation
 - 1) The Company shall hold, in principle, a regular meeting of the Board of Directors at least once a month, and shall make decisions on significant matters concerning the performance of business and other matters to be submitted for discussion. In addition, the Company shall supervise the Directors' performance of their duties.
 - 2) In order to ensure that Directors and employees of the Citizen Group perform their duties in conformance with relevant laws and regulations, the Articles of Incorporation, and other internal rules, and to ensure that the Company commits to corporate social responsibility, the Company shall stipulate the Citizen Group Code of Conduct (hereinafter the "Citizen Code of Conduct") as a code of conduct which is applicable in common to all of the companies constituting the Citizen Group. In addition, the Company shall establish the CSR Department, and shall thoroughly inform Directors and employees of the Group of the Citizen Code of Conduct in order to enhance their knowledge and awareness of compliance and foster their adherence to the Citizen Code of Conduct.
 - 3) The Company shall also create an internal reporting system, and thereby aim to prevent, find at an early stage, and correct voluntarily any violation of laws and regulations or misconduct caused by fraudulent acts.
 - 4) The Company shall establish the Internal Audit Department, which is directly controlled by the President and CEO, and the Internal Audit Department shall, based on the audit program, audit as to whether the business of the Group is performed in conformance with relevant laws and regulations and internal rules.
 - 5) It shall be clearly stated in the Citizen Code of Conduct and the like that the Company will decisively reject anti-social forces that threaten social order and sound business activities. The Company shall also develop and enhance its system to cooperate with the police and other related external organizations and block any link with anti-social forces.
 - (b) System for storage and management, etc. of information relating to Directors' performance of their duties
 - 1) The Company shall properly keep and manage the Minutes of General Meetings of Shareholders, Minutes of Board of Directors Meetings, Minutes of Management Committee Meetings, Written Requests for Managerial Decisions, and other information relating to the performance of the duties of Directors in accordance with relevant laws and regulations, the Articles of Incorporation, the Rules on Board of Directors, the Rules on Management Committee, the Rules on Request for Decisions, and other internal rules.
 - 2) The Company shall develop and maintain a system to ensure that the

Company is able to disclose information regarding the Directors' performance of their duties in a timely and appropriate manner pursuant to relevant laws and regulations, the Articles of Incorporation, the Rules on Information Control and Prevention of Insider Trading by the Citizen Group, and other internal rules, when such disclosure of information is requested by Directors, Audit & Supervisory Board Members, shareholders, creditors, and other interested parties, by setting up a position of the General Manager of Information Control and an Information Control Section.

- (c) Regulations and other systems relating to management of risks of loss
 - 1) Business strategy risks inherent in significant decision-making made by the Citizen Group through resolutions of the Board of Directors or determinations by the President and CEO or the Directors in charge of respective operations shall be appropriately managed based on careful deliberations at the Management Committee meetings pursuant to the Rules on Management Committee, Affiliates Management Rules, Citizen Code of Conduct, the management policies and management plan, and the like.
 - 2) In addition to 1) above, the Company shall appropriately manage operational risks inherent in processes, the activities of Directors and employees, systems, external events, etc. through risk management based on our Basic Risk Management Regulations.
- (d) System to ensure the efficient performance of Directors' duties
 - 1) The Company shall establish the Management Committee, and shall thoroughly discuss matters to be resolved at the Board of Directors meetings, and other significant matters relating to the management of the Company.
 - 2) Prior to the decision-making by the Board of Directors, sufficient and appropriate information shall be provided to each of the Directors.
 - 3) The Company shall develop a system in which the duties to be performed by, and the authorities and responsibilities of, each Director are specified by internal rules, resolutions of the Board of Directors, or by other similar decisions, and to ensure that all Directors smoothly and effectively perform their duties.
- (e) System to ensure the appropriateness of the Citizen Group's business
 - 1) The Company shall manage or instruct the subsidiaries concerning the development of the management and internal control systems for the subsidiaries pursuant to the Affiliates Management Rules or other similar rules.
 - 2) Regarding individual business activities of the Citizen Group, the Company shall familiarize the Group companies with the management policies and the management plan established by the Company, and shall clearly define the authorities and responsibilities of the Group companies. Each of the Group companies shall independently carry out their management of business in consideration of the features of the industry in which each of the Group companies engages.
 - 3) The Company shall hold meetings or liaison conference, or the like which consists of the Management Committee and other Group companies to share information and enhance the partnerships concerning the significant

matters of business in the Citizen Group.

- 4) The Company shall request that the subsidiaries regularly report to the Company at opportunities such as the Business Control and Management Committee meetings and Watch Group Control Committee meetings regarding whether the business of the subsidiaries is properly performed, and in addition, shall monitor the same by having the Internal Audit Department conduct an audit, etc.
- (f) Matters relating to employees who assist the Audit & Supervisory Board Members in their duties
- 1) At the request of the Audit & Supervisory Board Members for arranging employees who assist the Audit & Supervisory Board Members in their duties, the Company shall arrange auditing personnel with sufficient ability to assist the Audit & Supervisory Board Members in their duties.
 - 2) If the Company arranges for auditing personnel for a request mentioned in 1) above, the relevant auditing personnel shall exclusively engage in assistance with the duties of the Audit & Supervisory Board Members under the direction of the Audit & Supervisory Board Members in order to ensure the independence of such auditing personnel, and the appointment, dismissal or other personnel changes and personnel evaluations and disciplinary dispositions shall be subject to the prior consent of the Audit & Supervisory Board.
- (g) System relating to reporting to the Audit & Supervisory Board Members
- 1) Directors shall report any decisions that could seriously affect the business or the organization, and the results of internal audits of the Group, to the Audit & Supervisory Board without delay.
 - 2) The Directors shall immediately report to the Audit & Supervisory Board if they become aware of any material breach of relevant laws and regulations, the Articles of Incorporation, the Citizen Code of Conduct, or other internal rules, or any wrongdoing, any possible occurrence of such a breach or wrongdoing in connection with the Group's business, or any other fact which could cause material damage to the Company.
 - 3) If any of the employees of the Company and directors, audit & supervisory board members, and employees of a subsidiary of the Company comes to know the fact referred to in 2) above, such an employee of the Company or an audit & supervisory board member of a subsidiary of the Company may directly report that fact to an Audit & Supervisory Board Member of the Company and such a director or an employee of a subsidiary of the Company may, directly or through an audit & supervisory board member of the subsidiary, report that fact to an Audit & Supervisory Board Member of the Company.
 - 4) In addition to 1), 2) and 3) above, Directors and employees of the Company and directors, audit & supervisory board members and employees of its subsidiaries shall timely and appropriately make a business report at the request of the Audit & Supervisory Board Members.
 - 5) The Company shall ensure that a person who made a report referred to in 1) through 4) above to the Audit & Supervisory Board or an Audit & Supervisory Board Member will not be treated in a disadvantageous manner on the ground that he or she made such a report and take any necessary

measures including the development of relevant internal rules.

(h) Other systems to ensure the effectiveness of audits by the Audit & Supervisory Board Members

- 1) The Company shall have the Audit & Supervisory Board Members attend the Board of Directors meetings, Management Committee meetings, and other important meetings.
- 2) In addition to 1) above, the Company shall maintain communication between the Audit & Supervisory Board Members and directors, audit & supervisory board members and employees of the Group companies by holding talks between the Representative Director and the Audit & Supervisory Board Members on a regular basis, while maintaining the fair attitude and independent position of the Audit & Supervisory Board Members, or by other means, and shall assist the Audit & Supervisory Board Members in collecting information necessary for the Audit & Supervisory Board Members to perform their duties and in improving the audit environment.
- 3) Any expenses or obligations arising in the course of performance of duties by Audit & Supervisory Board Members shall be treated appropriately in accordance with the relevant laws and regulations and internal rules.

(2) Summary of the operation status of the system to ensure the appropriateness of the Company's business

(a) Compliance system

The Company is working to promote compliance by establishing the Citizen Code of Conduct as a code of conduct which is applicable in common to all of the companies constituting the Citizen Group, and by thoroughly informing Directors and employees of the Citizen Code of Conduct to enhance their knowledge and awareness of compliance. In addition, we conduct a CSR awareness survey to Directors and employees of the Citizen Group every year to grasp the awareness of CSR and corporate ethics.

(b) System to ensure efficient execution of duties

The Company holds, in principle, a regular meeting of the Management Committee, twice a month, and thoroughly discusses matters to be resolved at the Board of Directors meetings, determined by President and CEO and other significant matters relating to the management of the Company. In addition, the scope of matters to be submitted for deliberation by the Board of Directors and decision criteria have been specified so as to clarify the duties to be performed by, and the authorities and responsibilities of, each Director. At the same time, the Company appoints Operating Officers to commission the performance of duties, allocating the authority and responsibilities pertaining to specific decisions on business execution and thereby ensuring efficient execution of duties.

(c) Audit & Supervisory Board Members' audit system

Audit & Supervisory Board Members attended the Board of Directors meetings, Management Committee meetings and other important meetings to monitor, among other things, the status of performance of duties and important decision-making processes by Directors and stated their opinions as necessary.

Audit & Supervisory Board Members are putting effort into the coordination of management supervision by holding regular meetings for exchange of opinions with the Representative Director and Independent Auditors, respectively, in addition to holding meetings with Outside Directors. In addition, Audit & Supervisory Board Members confirmed the development and the operation status of the internal control system of the Group by receiving reports on the development and the operation status of the risk management system, the operation status of the whistleblower program and results of monitoring from the Internal Audit Department, the CSR Department, etc., conducting on-site audits, including using a web conferencing system, and demanding explanation as necessary. Audit & Supervisory Board Members have put in place a system for communication with audit & supervisory board members of the Group companies, and collect information about, among others, the status of performance of duties by directors of Group companies.

2. Corporate Governance

(1) Our corporate governance vision

The Company's corporate philosophy is "Loved by citizens, working for citizens," and it derives its name from this. The Company works to contribute to society and increase its corporate value through sustainable corporate activities, in harmony with the local community and the global environment. To continue to promote its aims, the Company believes that it is important to secure transparency in management and monitor many fields of management. Accordingly, the Company is striving to expand and improve its corporate governance.

(2) The Company's organization

(a) Summary of the Company's organization

The Company has a Board of Directors, which is comprised of seven (7) Directors who are familiar with the Company's business lines, and three (3) Outside Directors who are independent from the Company's management. The Company also employs an Audit & Supervisory Board system and has an Audit & Supervisory Board comprised of three (3) Audit & Supervisory Board Members, two (2) of whom are Outside Audit & Supervisory Board Members.

(b) Details of the Company's organization and status of development of internal control system

The Company holds Management Committee meetings that are attended by the fulltime Directors and full-time Audit & Supervisory Board Members to maintain prompt business judgment and management transparency. Matters to be resolved at the Board of Directors meetings and other important managerial issues are fully discussed and deliberated in advance at these meetings.

The Board of Directors makes decisions about the performance of business and supervises these performances. Management of business operations is carried out by the Representative Director, the Directors in charge of operations and the Operating Officers. The Board of Directors meetings were held seventeen (17) times during the fiscal year under review, and all Directors and all Audit & Supervisory Board Members attended about 94% or more of the Board of Directors meetings held during the fiscal year under review during the term of their office.

(c) Nominating Committee and Compensation Committee

The Company has established the Nominating Committee and the Compensation Committee as voluntary institutions to improve the transparency of the management of the Company.

The main duties of the Nominating Committee include discussions on matters concerning the appointment of the Representative Director, the President and CEO, and the Chairman of the Board of Directors, and proposals of such matters to the Board of Directors.

The main duties of the Compensation Committee include discussions on matters concerning the policies and standards of the compensation to be received by Directors, and the provision of advice concerning the same to the Board of Directors.

Each of the above-mentioned Committees is composed of three (3) or more Directors who are appointed by a resolution of the Board of Directors, the majority of which are Outside Directors and which shall include at least one (1) Representative Director.

The Chairperson of each of the Committees shall be an Outside Director, and shall be elected by mutual election of the members of the Committees.

- (d) Status of audits by Audit & Supervisory Board Members, audits by Independent Auditors and internal audits

Each Audit & Supervisory Board Member conducts strict audits on the Directors' performance of their duties, in accordance with the audit policy and audit program stipulated by the Audit & Supervisory Board, by attending the Board of Directors meetings, Management Committee meetings, division meetings, or other such meetings; receiving from the Directors and other officers reports on the status of the performance of their duties; reviewing important written decisions and other documents; and investigating the business and financial status of the Company. The Company also receives a financial audit report from Nihombashi Corporation, which is an Independent Auditor. The Company conducts effective audits on itself and its subsidiaries in collaboration with the Independent Auditor, and is working on the further expansion and improvement of corporate governance. Audit & Supervisory Board meetings were held thirteen (13) times during the fiscal year under review, and all Audit & Supervisory Board Members attended all of the Audit & Supervisory Board meetings held during the fiscal year under review.

With respect to the financial audits, the certified public accountants who independently audited the Company are Mr. Shigehiro Chiba, Mr. Hidekazu Takahashi, Mr. Tatsuya Oritoya and Mr. Yoichi Endo, associates of Nihombashi Corporation. In addition, seven (7) certified public accountants, eight (8) successful candidates who have passed the Certified Public Accountants Examination, etc. assisted in the audit of the Company. The Company ensures fairness and independence while it is audited by the Independent Auditors.

Whether to reappoint the Independent Auditors is deliberated and decided by the Audit & Supervisory Board. If the Audit & Supervisory Board does not approve the reappointment of the Independent Auditors, such proposal will be deliberated on at the Ordinary General Meeting of Shareholders pursuant to the Companies Act.

For details of the decision-making policy for the dismissal or non-reappointment of the Independent Auditors, see "IV. INDEPENDENT AUDITORS, 4. Decision Making Policy for Dismissal or Non-reappointment of Independent Auditors."

Further, the Company has established the Internal Audit Department as an internal audit division and conducts audits in accordance with an annual audit program to confirm that the business execution of the Company and its subsidiaries is appropriate and reasonable.

The auditing organizations, the internal audit division, and the internal control division closely communicate with each other.

- (e) Relationship with outside officers

The Citizen Group has no special interest with Outside Directors, Mr. Fumiaki Terasaka, Ms. Toshiko Kuboki or Mr. Yoshio Osawa, or Outside Audit & Supervisory Board Members, Mr. Noboru Akatsuka or Ms. Yaeko Ishida.

3. CSR Efforts

The Citizen Group has established the Citizen Group Code of Conduct as a behavioral guideline that embodies its corporate philosophy, "Loved by citizens, working for citizens." The Company considers its contributions to the resolution of social issues through its action

of disseminating this Citizen Group Code of Conduct to each and every employee and ensuring that it is practiced to be part of its CSR activities.

With respect to the social issues that we tackle, we consider how they fit in with the Citizen Group's Materiality (significant issues) that was reviewed in FY2020 based on changes in the environment within the company and social conditions, and while linking them with actions aimed at problem resolution, we proactively report our progress to the public. We also announced our support for the Task Force on Climate-related Financial Disclosures (TCFD), and are actively engaged in addressing the risk of climate change. Also, the implementation of the Social Contribution Activity Dispatch Program launched in 2018 as part of the project commemorating the 100th anniversary of the Company's founding was postponed due to the impact of COVID-19, but it will continue in future.

To sustainably develop with society, the Citizen Group will expand its business by contributing to solving social issues through its business including the achievement of the United Nations Sustainable Development Goals (SDGs), aiming to be a business group that continues business for the next 100 years.

4. Basic Policy Relating to Persons Who Control Decision-making over the Financial and Business Policies of the Company

(1) Basic Policy

The mission of the Citizen Group is to provide the best products and services to all citizens around the world, as its name implies. Under its corporate philosophy "Loved by citizens, working for citizens," the Company has been making its utmost efforts to protect and enhance the corporate value and the common interest of its shareholders, by contributing to the better lives of citizens all over the world through "manufacturing of products that are loved and trusted by citizens."

The Company believes that persons who control decision-making over its financial and business policies should appropriately and consistently implement the Group's management strategies with medium- to long-term perspectives, with a good understanding of its corporate philosophy and unique business profiles, thereby achieving the further creation and enhancement of the corporate value and the common interest of its shareholders.

Nonetheless, the Company holds a view that if a large-scale purchase of the Company's shares occurs, the Company will give consideration as long as such large-scale purchase is beneficial to its corporate value and the shareholders' common interest, and a decision of acceptance or rejection of the said issue should be made ultimately by its shareholders.

In light of the current legal framework and financial environment, however, it is difficult to deny the possibility of a large-scale purchase that would not be beneficial to the corporate value of the Company or the common interest of its shareholders. Examples of such a largescale purchase would include those that, judging from the objectives and the manner in which large-scale purchases are conducted, do not seek rationalization of the management in good faith and could cause irreparable damage to the Company; those that may in effect force the shareholders to sell their shares of the Company; those that do not provide sufficient time and information for the shareholders and the Board of Directors of the targeted company to examine the purchase conditions, or for the Board of Directors of the targeted company to make alternative proposals; and those that necessitate further negotiation between the targeted company and the large-scale purchaser for the chance of a better bargain than that which has been offered by the purchaser.

The Company considers persons who carry out such large-scale purchases are, exceptionally, not suitable for controlling decision-making over the financial and business policies of the Company. Therefore, to those who intend to conduct large-scale purchases, to secure the

corporate value of the Company and the common interest of its shareholders, the Company will request to provide necessary and sufficient information for the shareholders to make appropriate judgements, disclose the opinions of the Board of Directors, etc. and take appropriate measures based on the Financial Instruments and Exchange Act, the Companies Act and other related laws and regulations, while striving to keep time and information for shareholders to consider the matter.

(2) Special efforts to implement the Basic Policy

The Company has implemented various measures for the purpose of having many shareholders hold shares in the long run upon understanding the corporate value of the Company.

For example, in February 2019, the Company established its new medium-term management plan, “Citizen Group Medium-term Management Plan 2021,” a medium-term management plan, which covers years until the fiscal year ending March 31, 2022 (hereinafter the “Management Plan”) by incorporating the challenges left over from the “Citizen Global Plan 2018” that covered years until the fiscal year ended March 31, 2019, as well as new challenges going forward.

In the Management Plan, we are working on the four key measures below toward realizing the Citizen Group’s medium-term management vision, titled “Innovation for the Next – *Sense the Time and Create an Impression for the Future*”: 1. Strengthening the CITIZEN brand; 2. Strengthening EC sales and digital marketing; 3. Improving the profitability of the movement business; and 4. Priority area strategy.

(3) Opinion of the Board of Directors on the efforts mentioned in (2) above and reasons thereof

The purpose of the efforts mentioned in (2) above is to protect and enhance the corporate value and common interest of the shareholders of the Company, which, as a result, will help the Company to implement the Basic Policy. Therefore, the Company believes that such efforts are implemented not for the sake of the Company’s officers maintaining their position, but to comply with the Basic Policy and meet the shareholders’ common interest.

Note: In this Business Report, all monetary amounts and numbers of shares are rounded down to the specified unit; provided, however, that ratios, basic earnings per share and net assets per share are rounded off to the specified unit.

Consolidated Balance Sheet

(As of March 31, 2021)

(Millions of yen)

Account title	Amount	Account title	Amount
ASSETS		LIABILITIES	
Current assets	244,444	Current liabilities	59,745
Cash and deposits	101,816	Notes and accounts payable - trade	15,576
Notes and accounts receivable - trade	44,102	Electronically recorded obligations - operating	9,041
Electronically recorded monetary claims - operating	1,371	Notes payable - facilities	241
Merchandise and finished goods	52,018	Electronically recorded obligations - non-operating	395
Work in process	19,372	Short-term borrowings	9,648
Raw materials and supplies	18,857	Income taxes payable	1,381
Consumption taxes receivable	2,129	Accrued expenses	9,451
Other	5,926	Provision for bonuses	4,778
Allowance for doubtful accounts	(1,150)	Provision for bonuses for directors (and other officers)	157
		Provision for product warranties	984
		Provision for environmental measures	2
		Provision for loss on reorganization	715
Non-current assets	121,366	Other	7,369
Property, plant and equipment	75,948	Non-current liabilities	93,201
Buildings and structures	39,877	Bonds payable	10,000
Machinery, equipment and vehicles	15,811	Long-term borrowings	55,212
Tools, furniture and fixtures	4,275	Deferred tax liabilities	2,281
Land	10,649	Provision for loss on reorganization	103
Leased assets	1,249	Retirement benefit liability	22,590
Construction in progress	4,085	Asset retirement obligations	75
Intangible assets	4,652	Other	2,937
Software	3,590	Total liabilities	152,946
Leased assets	2	NET ASSETS	
Other	1,059	Shareholders' equity	193,713
		Share capital	32,648
Investments and other assets	40,765	Capital surplus	33,740
Investment securities	33,341	Retained earnings	128,393
Long-term loans receivable	251	Treasury shares	(1,069)
Deferred tax assets	5,293	Accumulated other comprehensive income	10,273
Other	2,185	Valuation difference on available-for-sale securities	6,503
Allowance for doubtful accounts	(306)	Foreign currency translation adjustment	4,871
		Remeasurements of defined benefit plans	(1,100)
		Non-controlling interests	8,878
		Total net assets	212,864
Total assets	365,811	Total liabilities and net assets	365,811

Note: Figures are rounded down to the nearest millions of yen.

Consolidated Statement of Income

(Year ended March 31, 2021)

(Millions of yen)

Account title	Amount
Net sales	206,641
Cost of sales	140,742
Gross profit	65,898
Selling, general and administrative expenses	75,450
Operating loss	9,551
Non-operating income	6,501
Interest income	256
Dividend income	1,129
Rental income	166
Share of profit of entities accounted for using equity method	440
Foreign exchange gains	854
Subsidy income	3,357
Other	297
Non-operating expenses	1,093
Commission for syndicated loans, etc.	215
Interest expenses	415
Loss on sale of notes receivable - trade	16
Depreciation of assets for rent	51
Provision of allowance for doubtful accounts	125
Other	268
Ordinary loss	4,143
Extraordinary income	2,762
Gain on sale of investment securities	1,452
Gain on sale of non-current assets	819
Gain on sale of businesses	350
Other	141
Extraordinary losses	12,381
Loss on sale of non-current assets	19
Loss on retirement of non-current assets	241
Impairment losses	2,857
Loss on valuation of investment securities	1,220
Reorganization cost	238
Extra retirement payments	4,374
Loss on COVID-19	3,034
Other	394
Loss before income taxes	13,761
Income taxes - current	920
Income taxes - deferred	10,756
Loss	25,439
Loss attributable to non-controlling interests	265
Loss attributable to owners of parent	25,173

Note: Figures are rounded down to the nearest millions of yen.

Consolidated Statement of Changes in Equity

(Year ended March 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2020	32,648	33,730	154,855	(1,069)	220,165
Changes during period					
Purchase of shares of consolidated subsidiaries		9			9
Change in scope of consolidation			(506)		(506)
Dividends of surplus			(782)		(782)
Loss attributable to owners of parent			(25,173)		(25,173)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				1	1
Net changes in items other than shareholders' equity					
Total changes during period	-	9	(26,462)	0	(26,451)
Balance as of March 31, 2021	32,648	33,740	128,393	(1,069)	193,713

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2020	3,578	(1,095)	(921)	1,560	9,066	230,791
Changes during period						
Purchase of shares of consolidated subsidiaries						9
Change in scope of consolidation						(506)
Dividends of surplus						(782)
Loss attributable to owners of parent						(25,173)
Purchase of treasury shares						(0)
Disposal of treasury shares						1
Net changes in items other than shareholders' equity	2,924	5,966	(179)	8,712	(187)	8,524
Total changes during period	2,924	5,966	(179)	8,712	(187)	(17,927)
Balance as of March 31, 2021	6,503	4,871	(1,100)	10,273	8,878	212,864

Note: Figures are rounded down to the nearest millions of yen.

Notes to Consolidated Financial Statements

1. Premise of going concern

Not applicable

2. Basis of presenting the consolidated financial statements

(1) Scope of consolidation

- (a) Number of consolidated subsidiaries 80

The names of main consolidated subsidiaries are Citizen Machinery Co., Ltd., Citizen Electronics Co., Ltd., Citizen Finedevice Co., Ltd. and Citizen Systems Japan Co., Ltd.

Effective from the beginning of the fiscal year under review, Egasca S.A. was included in the scope of consolidation because of increased materiality.

In addition, effective from the beginning of the fiscal year under review, Miyano Service Engineering, Inc. was excluded from the scope of consolidation because the company was merged with Citizen Machinery Co., Ltd., a consolidated subsidiary of the Company. Further, Citizen Jewelry Co., Ltd., Astar Precision Co., Ltd., Bulova Italy s.r.l and Bulova Trading (Shanghai) Co., Ltd. were excluded from the scope of consolidation because they were liquidated.

- (b) Status of non-consolidated subsidiaries

The name of a main non-consolidated subsidiary is Citizen Customer Service Co., Ltd.

The reason for exclusion is because the total assets, net sales, profit/loss (equivalent portion for equity holdings), and retained earnings (equivalent portion for equity holdings) of the non-consolidated subsidiary excluded from the scope of consolidation were individually immaterial in comparison to net assets, net sales, profit/loss and retained earnings, as reported on the consolidated financial statements, and also would not materially impact the consolidated financial statements taken together.

(2) Application of the equity method

- (a) Number of non-consolidated subsidiaries under the equity method –
(b) Number of affiliates under the equity method 2

The names of affiliates under the equity method are Marubeni Citizen-Cincom Inc. and First Cainta Resources Corporation.

- (c) Status of non-consolidated subsidiaries and affiliates to which the equity method is not applied

The major non-consolidated subsidiary to which the equity method is not applied is Citizen Customer Service Co., Ltd., and the main affiliate to which the equity method is not applied is VELDT Inc.

The reason for non-application is based on the immateriality of the individual impacts of their profit/loss (equivalent portions for equity holdings), retained earnings (equivalent portions for equity holdings), and other financial measures on the consolidated financial statements, and based on the overall lack of importance of each of these companies to the consolidated group.

- (3) Fiscal year of consolidated subsidiaries
- (a) Consolidated subsidiaries whose closing date is different from the closing date for the consolidated financial statements are as follows:
- December 31 57
- (b) When preparing consolidated financial statements, the necessary settlements are made to prepare the financial statements which form the basis for the consolidated financial statements prepared on the consolidated closing date.
- (c) Conventionally, when preparing the consolidated financial statements, for certain consolidated subsidiaries whose closing dates fall on December 31, the necessary settlements are made to prepare the financial statements which form the basis for the consolidated financial statements; however, from the fiscal year under review, for the convenience of consolidated subsidiary management, eight consolidated subsidiaries (Citizen Watch Company of America, Inc. and seven others) have had their closing dates changed to March 31. There is no impact from this change on the consolidated financial statements.
- (4) Accounting policies
- (a) Valuation standards and method for major assets
- 1) Securities
- Available-for-sale securities
- Those with determinable market values are stated at market value method based on market price as of the consolidated closing date (valuation differences are reported as components of net assets and the cost of securities sold is primarily calculated based on the moving average method).
- Those without determinable market values are stated at cost based on the moving average method.
- 2) Derivatives
- Derivatives are stated at market value method.
- 3) Inventories
- Inventories are primarily stated at cost on the gross average method (with balance sheet values reflecting write downs for decreased profitability).
- (b) Depreciation and amortization methods used for important depreciable assets
- 1) Depreciation of property, plant and equipment (excluding leased assets) is calculated using the straight-line method.
- Primary useful lives are as follows:
- | | |
|-----------------------------------|---------------|
| Buildings and structures | 2 to 60 years |
| Machinery, equipment and vehicles | 2 to 10 years |
- 2) Amortization of intangible assets (excluding leased assets) is calculated using the straight-line method.
- 3) Leased assets related to finance lease transactions that do not transfer ownership of the leased assets to the lessee are depreciated using the straight-line method with useful lives equal to lease terms and zero residual values.

(c) Method of accounting for significant deferred assets

Bond issuance cost

Amortized in lump sum in the fiscal year in which they occur.

(d) Basis of accounting for major reserves

1) Allowance for doubtful accounts

In setting aside an allowance for possible losses related to accounts receivable, loans receivable, etc. for the Company and its domestic consolidated subsidiaries, an amount equivalent to the portion judged to be uncollectible is recorded; ordinary receivables are based on the loan loss ratio, and receivables regarded as doubtful are based on individual evaluation for collectability.

For overseas consolidated subsidiaries, individual receivables are evaluated for collectability and required loss estimates are recorded.

2) Provision for bonuses

In the Company and some consolidated subsidiaries, the provision for bonuses to employees is stated at an amount based on the estimated forthcoming payments.

3) Provision for directors' bonuses

In the Company and some consolidated subsidiaries, the provision for bonuses to directors is stated at an amount based on the estimated forthcoming payments.

4) Provision for product warranties

At some consolidated subsidiaries, certain rates of net sales are provided as an allowance for the possible expenses required for after-sales service of products.

5) Provision for environmental measures

An estimated amount is recorded based on its reasonably estimated amount in preparation for expenses associated with environmental measures in the future.

6) Provision for loss on reorganization

An estimated amount is recorded in preparation for expenses or losses associated with business restructuring.

(e) Translation standards of major foreign currency assets or liabilities

Foreign currency amounts are translated into Japanese yen at the spot rate on the consolidated closing date for accounts receivables and accounts payable. The translation adjustments are stated as gains/losses.

In addition, assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot rate on the consolidated closing date, whereas revenues and expenses are translated into Japanese yen using the weighted-average rate. The translation adjustments are included in foreign currency translation adjustment and non-controlling interests in net assets section.

- (f) Method of hedge accounting
- 1) Method of hedge accounting
Hedging activities are accounted for under the deferred hedge method. The exceptional treatments are applied to interest rate swaps if the requirements for applying the method are met.
 - 2) Hedging instruments and hedged items
Hedging instruments and hedged items to which hedge accounting is applied are as follows:
Hedging instrument: Interest rate swap
Hedged item: Interest on loans payable
 - 3) Hedging policy
The Company enters into hedging transactions for the purpose of avoiding interest-rate risk on certain loans payable.
 - 4) Method of assessing hedge effectiveness, etc.
As the exceptional treatments are applied to interest rate swaps, assessment of hedging effectiveness is omitted.
- (g) Method and period of amortization of goodwill
- Goodwill is amortized in equal amounts over an estimated period during which its effects are manifested (within twenty (20) years after recording).
- In addition, when the amount of goodwill is negligible, it is accounted for gains/losses for the fiscal year in which it occurred.
- (h) Other important matters for presenting the consolidated financial statements
- 1) Accounting treatment regarding retirement benefits
 - i) The method of attributing expected retirement benefit to periods
With respect to the method of attributing expected retirement benefit to periods up to the end of the fiscal year under review, we adopt benefit formula basis for the calculation of retirement benefit liabilities.
 - ii) Actuarial difference and past service costs
Past service costs are recognized as expense and amortized over an average remaining service period of employees at the time of accrual (five years with the declining-balance method in principle). Actuarial difference is recognized as expense starting from the fiscal year following the year in which it occurs and amortized over an average remaining service period of employees at the time of accrual (five years with the declining-balance method in principle).
 - 2) Accounting method for consumption taxes
Consumption taxes are calculated using a tax exclusion method.
 - 3) Application of tax effect accounting for the translation from the consolidated taxation system to the group tax sharing system
Concerning the items for which the transition to the group tax sharing system,

which was established by the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020), is made and the non-consolidated taxation system is revised in accordance with the said transition, the Company and some domestic consolidated subsidiaries have not applied paragraph (44) of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) based on paragraph (3) of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (Practical Issues Task Force No. 39, March 31, 2020), and have followed the provisions of the pre-revision Income Tax Act concerning deferred tax assets and deferred tax liabilities.

(5) Changes in presentation method

(Changes due to the application of “Accounting Standard for Disclosure of Accounting Estimates”)

The Company has applied the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020), effective from the fiscal year under review. Accordingly, “2. (6) Notes on accounting estimates” is stated.

(Consolidated statement of income)

“Commission for syndicated loans, etc.,” which was included in “Other” under “Non-operating expenses” for the previous fiscal year (105 million yen for that fiscal year), is presented separately for the fiscal year under review because the monetary significance of the item increased.

(6) Notes on accounting estimates

(a) Recoverability of deferred tax assets

- 1) Amount recorded in consolidated financial statements for the fiscal year under review

(Millions of yen)	
Item	Amount
Deferred tax assets	5,293

2) Information on the content of accounting estimates

In calculating deferred tax assets, the Group made careful judgements, and revised them to an amount that is highly likely to be realized by recording valuation allowance. Such assessment regarding the need for valuation allowance involves careful consideration of future taxable income and prevailing tax plans.

(b) Impairment losses on non-current assets

- 1) Amount recorded in consolidated financial statements for the fiscal year under review

(Millions of yen)	
Item	Amount
Impairment losses	2,857

2) Information on the content of accounting estimates

The Group reviews the necessity of recognizing impairment losses with respect to its non-current assets upon having encountered changes in the corporate

environment or economic developments that elicit concerns regarding book value recoverability of such assets. The Group recognizes impairment losses with respect to a non-current asset up to its recoverable amount if the recoverable amount falls below its book value in accounting for non-current assets deemed as exhibiting signs of impairment losses based on factors such as an asset's market price and/or profit or loss resulting from operating activities utilizing the asset.

Accounting estimates have been made with respect to recoverability of deferred tax assets and impairment losses on non-current assets based on the assumption that although global economic activity is likely to rebound during the next fiscal year from severe decline caused by the spread of COVID-19, adverse effects caused by such stagnation are likely to persist.

This assumption has a high degree of uncertainty, and may affect future losses due to the prolonged or worsening effects.

3. Notes to Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment 221,719 million yen

4. Notes to Consolidated Statement of Income

For the fiscal year under review, the Group recognized impairment losses on the asset groups as shown below.

Location	Use	Type
Japan	Furniture and fixtures, software, and idle facilities, etc.	Tools, furniture and fixtures; software; machinery, equipment and vehicles, etc.
Thailand	Manufacturing facilities for wristwatches	Machinery, equipment and vehicles; buildings and structures; and tools, furniture and fixtures, etc.
China	Manufacturing facilities for wristwatches and manufacturing facilities for electronic device	Machinery, equipment and vehicles, etc.

The Company and its subsidiaries group their assets into the smallest unit that generates cash flow, which is, in principle, a business unit based on the business classification for managerial accounting purposes. The Group treats some of its consolidated subsidiaries as independent asset groups depending on their size of business. The assets that cannot clearly be associated with specific businesses, such as head office, are treated as corporate assets.

For the fiscal year under review, the book values of assets that were no longer expected to be used in the future, assets that belonged to businesses with deteriorated profitability, and assets that belonged to businesses whose operating environment has deteriorated substantially were written down to their recoverable amounts and the amounts of the write-downs were recognized as impairment losses. The total amount of impairment losses presented as extraordinary losses amounted to 2,857 million yen, consisting primarily of 1,365 million yen for machinery, equipment and vehicles, 646 million yen for software, 519 million yen for tools, furniture and fixtures, and 280 million yen for buildings and structures.

The recoverable amount is determined based on the net selling price or the value in use. The net selling price is estimated based on the disposal value of assets and the value in use is determined mainly by discounting future cash flows at a discount rate of 8%.

5. Notes to Consolidated Statement of Changes in Equity

(1) Total number of issued shares

Type of shares	No. of shares at the beginning of current fiscal year	Increase during the fiscal year	Decrease during the fiscal year	No. of shares at the end of current fiscal year
Common shares	314,353,809	–	–	314,353,809

(2) Cash dividends

(a) Cash dividend payment

1) Dividends approved at the meeting of the Board of Directors held on November 12, 2020

- Total amount of dividends 782 million yen
(The amount above includes dividends of 0 million yen for shares of the Company held by the BIP Trust.)
- Dividends per share 2.50 yen
- Record date September 30, 2020
- Effective date December 14, 2020

2) Of the cash dividends with record date during the fiscal year under review, those with effective date in the next fiscal year

The following matters will be placed on the agenda at the 136th Ordinary General Meeting of Shareholders, which is scheduled to be held on June 25, 2021.

- Total amount of dividends 782 million yen
(The amount above includes dividends of 0 million yen for shares of the Company held by the BIP Trust.)
- Dividend resource Retained earnings
- Dividends per share 2.50 yen
- Record date March 31, 2021
- Effective date June 28, 2021

6. Notes on financial instruments

(1) Status on financial instruments

As a Group policy, the Company and consolidated subsidiaries restrict their investments only in short term deposits or the like and obtain funds mainly by borrowing from financial institutions including banks and bond issuance.

The customer credit risk associated with notes and accounts receivable is mitigated in accordance with the internal rules on receivables management procedures of each company belonging to the Group.

The foreign exchange fluctuation risk associated with operating receivables denominated in foreign currencies, arisen from the overseas operations, is partially

hedged by employing foreign exchange contract, except for such receivables of which the amounts are below the operating debt denominated in the same foreign currencies.

Investment securities mainly consist of equity securities, and their market prices and the financial conditions of the issuers are periodically monitored.

Loans payable and bonds payable are made for the purpose of working capital, re-financing of long-term liabilities and funds for strategic investments. Interest rate swaps are employed to fix the interest expenses of long-term loans payables that are exposed to the fluctuation risk of interest rates.

Derivatives are utilized solely to avoid the fluctuation risks of foreign exchanges and interest rates, in accordance with the internal management rules of the Company and each subsidiary.

(2) Fair values of financial instruments

The table below shows the amounts of financial instruments recorded in the consolidated balance sheet and their fair values as of March 31, 2021, as well as their differences.

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Differences
(1) Cash and deposits	101,816	101,816	—
(2) Notes and accounts receivable - trade	44,102	44,102	(0)
(3) Electronically recorded monetary claims - operating	1,371	1,371	—
(4) Investment securities			
Available-for-sale securities	17,747	17,747	—
(5) Long-term loans receivable	251	251	—
(6) Claims provable in bankruptcy, claims provable in rehabilitation (Note 1)	68		
Allowance for doubtful accounts (Note 2)	(68)		
	—	—	—
Assets, total	165,289	165,288	(0)
(1) Notes and accounts payable - trade	15,576	15,576	—
(2) Electronically recorded obligations - operating	9,041	9,041	—
(3) Short-term borrowings	1,632	1,632	—
(4) Bonds payable	10,000	9,979	(21)
(5) Long-term borrowings (Note 3)	63,229	63,066	(162)
Liabilities, total	99,479	99,296	(183)
Derivatives (Note 4)			
(1) Hedge accounting is not applied	(117)	(117)	—
(2) Hedge accounting is applied	—	—	—

Notes:

1. On the consolidated balance sheet, claims provable in bankruptcy, claims provable in rehabilitation is recorded in "Other" under investments and other assets.
2. Claims provable in bankruptcy, claims provable in rehabilitation is stated net of relevant allowance for doubtful accounts.
3. The amount includes the current portion of long-term loans payable.
4. Derivatives are stated net of assets and liabilities.

Note 1: Method of fair value measurement of financial instruments and matters regarding securities and derivatives

Assets:

(1) Cash and deposits

The fair value of these accounts approximates their book value because these accounts are settled in a short period of time. Thus, the book value is deemed as their fair value.

(2) Notes and accounts receivable - trade

The fair value of certain accounts receivable - trade, that take time to collect, is measured as present value obtained by discounting the amounts classified by aging at a rate reasonably calculated with corresponding terms to maturities. For other notes and accounts receivables - trade, that are settled in a short period of time, the fair value of these accounts approximates their book value, therefore, the book value is used as their fair value.

(3) Electronically recorded monetary claims - operating

The fair value of electronically recorded monetary claims - operating approximates their book value because they are settled in a short period of time. Thus, the book value is used as their fair value.

(4) Investment securities

The fair values of investment securities are based on the prices at exchange market.

(5) Long-term loans receivable

The fair value of long-term loans receivable is measured as present value obtained by discounting the future cash flows classified by certain period at an adequate rate such as market rate with credit-spread taken into account. However, as the interest rates of long-term loans receivable with floating rate are to be revised by certain prescribed period, their fair values approximate their book value. Thus, the book value is used as the fair value.

(6) Claims provable in bankruptcy, claims provable in rehabilitation

As allowance for doubtful accounts is recorded at the amount equivalent to the portion judged to be uncollectible individually based on evaluation for collectability, their fair values approximate amounts obtained by subtracting allowance for doubtful accounts from their book values, and these values are used as their fair values.

Liabilities:

(1) Notes and accounts payable - trade, (2) Electronically recorded obligations - operating and (3) Short-term loans payable

The fair value of these accounts approximates their book value because these accounts are settled or repaid in a short period of time. Thus, the book value is used as their fair value.

(4) Bonds payable

For bonds payable, the fair value of those with determinable market prices is measured based on market price, and the fair value of those without determinable market prices is measured as present value obtained by discounting amounts of principles, interests and guarantee fees at a rate with term to maturity and credit risk taken into account.

(5) Long-term loans payable

The fair value of long-term loans payable is measured as present value obtained by discounting total amount of principles and interests at an assumed rate for similar new borrowings.

Derivatives:

(1) Derivatives to which hedge accounting is not applied

• Currency

(Millions of yen)

Classification	Type, etc. of derivatives	Contract amount		Fair value (Note)	Valuation gain (loss)
			Over 1 year		
Transactions other than at the exchange	Foreign exchange forward contract	5,831	-	(117)	(117)

Note: The fair value of foreign exchange forward contract is obtained from the counterparty financial institutions.

(2) Derivatives to which hedge accounting is applied

Not applicable

Note 2: Unlisted equity securities (consolidated balance sheet amount: 10,775 million yen) are not included in “(4) Investment securities, Available-for-sale securities” since their market prices are not available and it is not possible to estimate their future cash flows, and therefore it is deemed extremely difficult to assume their fair value.

7. Notes to per share information

Net assets per share	652.47 yen
Basic earnings per share	(80.52) yen

Note: Net assets per share was calculated using the number of shares by deducting the number of treasury shares at the period end and the number of shares at the period end held by the BIP trust from the total number of shares issued at the period end. Basic earnings per share was calculated using the number of shares by deducting the average number of treasury shares during the period and the average number of shares during the period held by the BIP trust from the average total number of shares issued during the period.

For the fiscal year under review, the average number of shares during the period held by the BIP trust was 375,142, and the number of shares at the period end held by the BIP trust was 374,652.

8. Other notes

(1) Additional Information

Performance-linked stock compensation plan

(a) Overview of the plan

From the fiscal year under review, the Company has introduced a new performance-linked stock compensation plan (hereinafter “the Plan”) for directors of the Company (excluding Outside Directors and Directors that are non-residents of Japan. Hereinafter “Directors”). The purpose is to clarify the link between Directors’ compensation and share value of the Company and raise awareness of making a contribution to enhancing the medium- to long-term results and increasing corporate value.

A mechanism called the officer compensation Board Incentive Plan (BIP) trust (hereinafter the “BIP trust”) will operate the Plan. The BIP trust will deliver and provide to Directors the Company’s shares and money equivalent to the converted cash of the Company shares in accordance with their title and level of achievement, like a performance-linked stock compensation (Performance Share) plan and a transfer restricted stock compensation (Restricted Stock) plan in the U.S.

(b) The number of residual shares of the Company in the BIP trust

The residual shares of the Company in the BIP trust were presented as treasury shares in the net assets section. At the end of the fiscal year under review, the book value and the number of such treasury shares were 242 million yen and 374,652 shares, respectively.

(Accounting estimates related to the impact of COVID-19)

The Group has made accounting estimates based on the assumption that although global economic activity is likely to rebound during the next fiscal year from severe decline caused by the spread of COVID-19, adverse effects caused by such stagnation are likely to persist.

Accounting estimates and assumptions deemed material in preparing the consolidated financial statements are stated in “2. (6) Notes on accounting estimates.”

(2) Figures are rounded down to the nearest millions of yen. However, as for ratios, net assets per share and basic earnings per share, fractional amounts are rounded off.

Non-Consolidated Balance Sheet

(As of March 31, 2021)

(Millions of yen)

Account title	Amount	Account title	Amount
ASSETS		LIABILITIES	
Current assets	88,119	Current liabilities	39,085
Cash and deposits	42,169	Notes payable - trade	106
Notes receivable - trade	283	Accounts payable - trade	4,427
Electronically recorded monetary claims - operating	105	Electronically recorded obligations - operating	895
Accounts receivable - trade	8,549	Notes payable - facilities	214
Finished goods	15,907	Electronically recorded obligations - non-operating	221
Work in process	50	Current portion of long-term borrowings	8,000
Raw materials	369	Accounts payable - other	799
Consumption taxes receivable	378	Accrued expenses	1,565
Short-term loans receivable	16,340	Deposits received	20,359
Accounts receivable - other	2,605	Provision for bonuses	640
Income taxes receivable	844	Provision for loss on reorganization	598
Other current assets	535	Other current liabilities	1,256
Allowance for doubtful accounts	(19)	Non-current liabilities	71,410
Non-current assets	147,173	Bonds payable	10,000
Property, plant and equipment	14,529	Long-term borrowings	54,600
Buildings and structures	9,504	Provision for retirement benefits	6,042
Machinery and equipment	973	Provision for share awards for directors (and other officers)	5
Vehicles	0	Provision for loss on reorganization	37
Tools, furniture and fixtures	313	Asset retirement obligations	51
Land	3,716	Long-term lease obligations	2
Leased assets	0	Long-term accounts payable - other	589
Construction in progress	22	Other non-current liabilities	81
Intangible assets	1,432	Total liabilities	110,495
Software	1,427	NET ASSETS	
Other intangible assets	5	Shareholders' equity	118,483
Investments and other assets	131,210	Share capital	32,648
Shares of subsidiaries and associates	103,760	Capital surplus	36,029
Investment securities	26,894	Legal capital surplus	36,029
Long-term loans receivable	251	Retained earnings	50,874
Long-term prepaid expenses	147	Other retained earnings	50,874
Deferred tax assets	60	Reserve for tax purpose reduction entry	285
Other investments and other assets	289	Retained earnings brought forward	50,588
Allowance for doubtful accounts	(193)	Treasury shares	(1,069)
Total assets	235,292	Valuation and translation adjustments	6,313
		Valuation difference on available-for-sale securities	6,313
		Total net assets	124,796
		Total liabilities and net assets	235,292

Note: Figures are rounded down to the nearest millions of yen.

Non-Consolidated Statement of Income

(Year ended March 31, 2021)

(Millions of yen)

Account title	Amount
Net sales	57,268
Cost of sales	45,338
Gross profit	11,930
Selling, general and administrative expenses	19,266
Operating loss	7,336
Non-operating income	5,297
Interest income	96
Dividend income	4,581
Rental income	29
Reversal of allowance for doubtful accounts	89
Foreign exchange gains	184
Subsidy income	100
Other	216
Non-operating expenses	676
Interest expenses	364
Loss on sale of notes receivable - trade	16
Depreciation of assets for rent, etc.	24
Commission for syndicated loans	190
Other	80
Ordinary loss	2,715
Extraordinary income	3,130
Gain on sale of non-current assets	73
Gain on sale of investment securities	1,446
Reversal of allowance for investment loss	46
Reversal of provision for loss on reorganization	198
Reversal of provision for loss on guarantees	1,358
Other	8
Extraordinary losses	5,756
Loss on retirement of non-current assets	143
Loss on sale of non-current assets	4
Impairment losses	1,286
Loss on valuation of shares of subsidiaries and associates	2,545
Loss on valuation of investment securities	1,220
Provision for loss on reorganization	80
Loss on COVID-19	314
Other	159
Loss before income taxes	5,340
Income taxes - current	(330)
Income taxes - deferred	4,513
Loss	9,524

Note: Figures are rounded down to the nearest millions of yen.

Non-Consolidated Statement of Changes in Equity
(Year ended March 31, 2021)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Legal capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
				Reserve for tax purpose reduction entry	Retained earnings brought forward	
Balance as of April 1, 2020	32,648	36,029	36,029	240	60,940	61,180
Changes during period						
Dividends of surplus					(782)	(782)
Loss					(9,524)	(9,524)
Provision of reserve for tax purpose reduction entry				45	(45)	–
Purchase of treasury shares						
Disposal of treasury shares						
Net changes in items other than shareholders' equity						
Total changes during period	–	–	–	45	(10,352)	(10,306)
Balance as of March 31, 2021	32,648	36,029	36,029	285	50,588	50,874

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2020	(1,069)	128,790	3,471	3,471	132,262
Changes during period					
Dividends of surplus		(782)			(782)
Loss		(9,524)			(9,524)
Provision of reserve for tax purpose reduction entry		–			–
Purchase of treasury shares	0	0			0
Disposal of treasury shares	1	1			1
Net changes in items other than shareholders' equity			2,841	2,841	2,841
Total changes during period	0	(10,306)	2,841	2,841	(7,465)
Balance as of March 31, 2021	(1,069)	118,483	6,313	6,313	124,796

Note: Figures are rounded down to the nearest millions of yen.

Notes to Non-Consolidated Financial Statements

1. Premise of going concern

Not applicable

2. Major accounting policies

- (1) Valuation standards and method for marketable securities
 - (a) Shares of subsidiaries and affiliates are stated at cost based on the moving average method.
 - (b) Available-for-sale securities

Those with determinable market values are stated at market value method based on market price as of the end of the fiscal year under review. (valuation differences are reported as components of net assets and the cost of securities sold is calculated based on the moving average method).

Those without determinable market values are stated at cost based on the moving average method.
- (2) Valuation standards for derivatives

Derivatives are stated at market value method.
- (3) Valuation standards and method for inventories

Inventories are stated at cost on the gross average method (with balance sheet values reflecting write downs for decreased profitability).
- (4) Depreciation methods used for non-current assets
 - (a) Depreciation of property, plant and equipment (excluding leased assets)

Calculated using the straight-line method.

Primary useful lives are as follows:

Buildings and structures	3 to 50 years
Machinery and equipment	1 to 10 years
 - (b) Amortization of intangible assets (excluding leased assets)

Calculated using the straight-line method.
 - (c) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership of the leased assets to the lessee are depreciated using the straight-line method with useful lives equal to lease terms and zero residual values.
- (5) Basis of accounting for reserves
 - (a) Allowance for doubtful accounts

In setting aside an allowance for possible losses related to accounts receivable, loans receivable, etc., an amount equivalent to the portion judged to be uncollectible is recorded; ordinary receivables are based on the loan loss ratio, and receivables regarded as doubtful are based on individual evaluation for collectability.
 - (b) Provision for bonuses

The provision for bonuses is stated at an amount based on the estimated forthcoming payments.

(c) Provision for retirement benefits

The provision for defined retirement benefits is stated at the amount deemed to be correct as of the end of the fiscal year under review. The amount is based on estimated accounts of defined retirement benefit liabilities and pension assets as of the end of the fiscal year under review.

1) The method of attributing expected retirement benefit to periods

With respect to the method of attributing expected retirement benefit to periods up to the end of the fiscal year under review, we adopt benefit formula basis for the calculation of retirement benefit liabilities.

2) Actuarial difference and past service costs

Past service costs are recognized as expense and amortized over on an average remaining service period of employees at the time of accrual (five years with the declining-balance method in principle).

Actuarial difference is recognized as expense starting from the fiscal year following the year in which it occurs and amortized over an average remaining service period of employees at the time of accrual (five years with the declining-balance method in principle).

(d) Provision for share awards for directors (and other officers)

Provision for share awards for directors (and other officers) is provided based on the estimated amount of stock benefit obligation as of the end of the fiscal year under review in order to prepare for granting shares of the Company's stock to Directors (excluding Outside Directors and Directors who are non-residents of Japan) in accordance with the share delivery regulations.

(e) Provision for loss on reorganization

An estimated amount is recorded in preparation for expenses or losses associated with business restructuring.

(6) Method of hedge accounting

(a) Method of hedge accounting

Exceptional treatment is applied for interest rate swaps.

(b) Hedging instruments and hedged items

Interest rate swaps are used with respect to the interest on some loans.

(c) Hedging policy

Hedging is effected with respect to interest rate risk for some loans.

(d) Method of assessing hedge effectiveness, etc.

The assessment of hedge effectiveness is omitted because exceptional treatment is applied for interest rate swaps.

(7) Method of accounting for deferred assets

Bond issuance cost

Amortized in lump sum in the fiscal year in which they occur.

(8) Method of accounting for retirement benefits

The accounting treatment for the balance of unrecognized actuarial differences and unrecognized past service costs for retirement benefits is different to the treatment for these items in the consolidated financial statements.

(9) Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(10) Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

Concerning the items for which the transition to the group tax sharing system, which was established by the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 8 of 2020), is made and the non-consolidated taxation system is revised in accordance with the said transition, the Company has not applied paragraph (44) of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018) based on paragraph (3) of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (Practical Issues Task Force No. 39, March 31, 2020), and has followed the provisions of the pre-revision Income Tax Act concerning deferred tax assets and deferred tax liabilities.

3. Changes in presentation method

(Changes due to the application of “Accounting Standard for Disclosure of Accounting Estimates”)

The Company has applied the “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020), effective from the fiscal year under review. Accordingly, “4. Notes on accounting estimates” are stated.

(Statement of income)

“Commission for syndicated loans,” which was included in “Other” under “Non-operating expenses” for the previous fiscal year (70 million yen for that fiscal year), is presented separately for the fiscal year under review because the monetary significance of the item increased.

4. Notes on accounting estimates

(1) Recoverability of deferred tax assets

(a) Amount recorded in financial statements for the fiscal year under review

The amount of deferred tax assets is the same as the amount stated in “8. Tax effect accounting.”

(b) Information on the content of accounting estimates

The same as the content stated in “2. (6) Notes on accounting estimates (a) Recoverability of deferred tax assets” of the notes to the consolidated financial statements.

(2) Impairment losses on non-current assets

(a) Amount recorded in financial statements for the fiscal year under review

(Millions of yen)

Item	Amount
Impairment losses	1,286

(b) Information on the content of accounting estimates

The same as the content stated in “2. (6) Notes on accounting estimates (b) Impairment losses on non-current assets” of the notes to the consolidated financial statements.

Accounting estimates have been made with respect to recoverability of deferred tax assets and impairment losses on non-current assets based on the assumption that although global economic activity is likely to rebound during the next fiscal year from severe decline caused by the spread of COVID-19, adverse effects caused by such stagnation are likely to persist.

This assumption has a high degree of uncertainty, and may affect future losses due to the prolonged or worsening effects .

5. Notes to Non-Consolidated Balance Sheet

(1) Short-term monetary claims from subsidiaries and associates	23,486 million yen
Short-term monetary liabilities to subsidiaries and associates	25,626 million yen
Long-term monetary claims from subsidiaries and associates	251 million yen
(2) Accumulated depreciation of property, plant and equipment	27,267 million yen
(3) Export bills discounted	1,640 million yen
(4) Guarantee obligation	
Concurrent obligations for payments for electronic monetary claims transactions of subsidiaries and associates	1,855 million yen
Guarantees for real estate lease agreement of subsidiaries and associates	30 million yen
	(total amount of monthly rent)

6. Notes to Non-Consolidated Statement of Income

(1) Net sales concerning subsidiaries and associates	23,272 million yen
(2) Purchases from subsidiaries and associates	43,137 million yen
(3) Other operating transaction with subsidiaries and associates	11,603 million yen
(4) Non-operating transaction with subsidiaries and associates	3,781 million yen

7. Notes to Non-Consolidated Statement of Changes in Equity

Type and total number of treasury shares at the fiscal year-end

Type of shares	No. of shares at the beginning of current fiscal year	Increase during the fiscal year	Decrease during the fiscal year	No. of shares at the end of current fiscal year
Common shares	1,714,407	2,420	1,948	1,714,879

Notes:

1. The 2,420 share increase in treasury shares resulted from the purchase of shares, which were less than one unit, from shareholders.
2. The 1,948 share decrease in treasury shares resulted from the delivery and sale of the Company's shares to persons who were Directors through the Board Incentive Plan (BIP) Trust.
3. The number of shares at the beginning of the current fiscal year includes 376,600 shares held by the BIP trust.
4. The number of shares at the end of the current fiscal year includes 374,652 shares held by the BIP trust.

8. Tax effect accounting

Breakdown of deferred tax assets and deferred tax liabilities by the cause of its occurrence

Deferred tax assets

Shares of subsidiaries and associates and investment securities	15,483 million yen
Provision for retirement benefits	1,850 million yen
Depreciable assets	2,054 million yen
Loss carryforward	3,103 million yen
Other	2,348 million yen
Subtotal	24,839 million yen
Valuation allowance for tax loss carryforward (Note)	(3,103) million yen
Valuation allowance for the total of deductible temporary differences, etc.	(20,004) million yen
Valuation allowance	(23,108) million yen
Total	1,731 million yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	1,517 million yen
Other	153 million yen
Total	1,671 million yen
Net deferred tax assets	60 million yen

(Note) Valuation allowance for tax loss carryforward

(Millions of yen)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 year within 5 years	Over 5 years	Total
Tax loss carryforward (*)	-	0	-	-	198	2,905	3,103
Valuation allowance	-	(0)	-	-	(198)	(2,905)	(3,103)
Deferred tax assets	-	-	-	-	-	-	-

* Tax loss carryforward is the amount obtained by multiplying by the effective statutory tax rate.

9. Transactions with related parties

Attribute	Name	Voting rights or ownership	Relationship		Transactions	Transaction amount (Millions of yen)	Item	Balance at the year end (Millions of yen)
			No. of interlocking directors	Business relations				
Subsidiary	Citizen Watch Manufacturing Co., Ltd.	Ownership (direct) 100%	3	Manufacturing of the products of the Company	Purchase of products (Note) 1 Purchase of raw materials on behalf of others (Note) 1 Lending of money (Note) 2, 3	23,413 5,374 6,449	Accounts payable - trade Accounts receivable - other Short-term loans receivable	2,134 619 6,449
Subsidiary	Sunciti Manufacturers Ltd.	Ownership (direct) 100%	1	Manufacturing of the products of the Company	Purchase of products (Note) 1 Purchase of raw materials on behalf of others (Note) 1	8,300 1,874	Accounts payable - trade Accounts receivable - other	686 593
Subsidiary	Citizen Watch Company of America, Inc.	Ownership (direct) 100%	2	Sales of the products of the Company	Sales of products (Note) 1	7,324	Accounts receivable - trade	2,147
Subsidiary	Citizen Machinery Co., Ltd.	Ownership (direct) 100%	2	Control/management of business activities Leasing of real estate, etc.	Dividend income Collecting of money (Note) 2, 3	2,785 975	- Short-term loans receivable	- 5,203
Subsidiary	Citizen Electronics Co., Ltd.	Ownership (direct) 79.33%	2	Control/management of business activities	Lending of money (Note) 2, 3	3,443	Deposits received	10,556
Subsidiary	Citizen Systems Japan Co., Ltd.	Ownership (direct) 100%	2	Control/management of business activities	Collecting of money (Note) 2, 3	1,058	Deposits received	3,117
Subsidiary	TOKYO BIJUTSU Co., Ltd.	Ownership (direct) 71.86%	2	Control/management of business activities	Collecting of money (Note) 2, 3	26	Deposits received	2,924

The above transaction amount does not include consumption taxes.

Notes: Business terms and decision-making policy of business terms, etc.

- Purchase and sales of products and purchase of raw materials on behalf of others are determined in accordance with price negotiating that gives consideration to market prices, etc.
- The interest rates for lending and collecting money shall be determined in view of the market interest rates.
- The amount of transaction through the lending and collecting of money is the amount arising from transactions under the CMS (cash management system), and the amount stated is the increase/decrease (net amount) during the fiscal year under review.

10. Per share information

Net assets per share 399.17 yen

Basic earnings per share (30.46) yen

Note: Net assets per share was calculated using the number of shares by deducting the number of treasury shares at the period end and the number of shares held by the BIP trust at the period end from the total number of shares issued at the period end. Basic earnings per share was calculated using the number of shares by deducting the average number of treasury shares during the period and the average number of shares held by the BIP trust during the period from the average total number of shares issued during the period.

For the fiscal year under review, the average number of shares held by the BIP trust during the period was 375,142, and the number of shares held by the BIP trust at the period end was 374,652.

11. Other notes

(1) Additional information

(Performance-linked stock compensation plan)

The note on the transactions in which shares of the Company are delivered to Directors, etc. through a trust is omitted as the same description can be found in “8. Other notes” of the notes to the consolidated financial statements

(Accounting estimates related to the impact of COVID-19)

Accounting estimates related to the impact of COVID-19 is omitted as the same description can be found in “8. Other notes” of the notes to the consolidated financial statements.

(2) Figures are rounded down to the nearest millions of yen. However, as for ratios, net assets per share and basic earnings per share, fractional amounts are rounded off.

Financial Audit Report on Consolidated Financial Statements

Independent Auditors' Report on Consolidated Financial Statements

May 19, 2021

To the Board of Directors of Citizen Watch Co., Ltd.

Nihombashi Corporation
Chuo-ku, Tokyo
Shigehiro Chiba [seal]
Designated Partner and Engagement
Partner, C.P.A.
Hidekazu Takahashi [seal]
Designated Partner and Engagement
Partner, C.P.A.
Tatsuya Oritoya [seal]
Designated Partner and Engagement
Partner, C.P.A.
Yoichi Endo [seal]
Designated Partner and Engagement
Partner, C.P.A.

Opinion

Pursuant to the provisions of Article 444, paragraph (4) of the Companies Act, we have audited the consolidated financial statements of Citizen Watch Co., Ltd. (the "Company") for the fiscal year from April 1, 2020 to March 31, 2021. These statements comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group consisted of the Company and its consolidated subsidiaries as of March 31, 2021, and the consolidated results of its operations for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is further stated in the Auditor's responsibility for the audit of the consolidated financial statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Responsibility of management, the Audit & Supervisory Board Members and the Audit & Supervisory Board for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. The responsibility includes designing, implementing and maintaining internal control, judged by the management as necessary for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for monitoring the Directors' performance of duties related to maintenance and operation the financial reporting process.

Auditor's responsibility for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent point of view in an auditor's report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or in the aggregate, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures responsive to those risks. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Assess the appropriateness of accounting policies adopted by management and their method of application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes thereto.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we determine that there is a significant uncertainty concerning the premise of a going concern, we are required to call attention to the notes to the consolidated financial statements in our auditor's report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, to issue a qualified opinion with exceptions on the consolidated financial statements. While our conclusions are based on the audit evidence obtained up to the date of our auditor's report, depending on future events or conditions, the Group may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, assess whether the presentation, structure, and content of the consolidated financial statements including related notes thereto, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. We are responsible for the instruction, supervision, and performance of the audit of the consolidated financial statements, and remain solely responsible for our audit opinion.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, material audit findings including any material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

We also report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements as well as matters that are reasonably considered to have an impact on the auditor's independence and where applicable, any safeguards that are in place to eliminate or reduce obstruction factors.

Interest

We or engagement partners have no interests in the Company and its consolidated subsidiaries, which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Financial Audit Report on Non-Consolidated Financial Statements

Independent Auditors' Report on Non-Consolidated Financial Statements

May 19, 2021

To the Board of Directors of Citizen Watch Co., Ltd.

Nihombashi Corporation
Chuo-ku, Tokyo
Shigehiro Chiba [seal]
Designated Partner and Engagement
Partner, C.P.A.
Hidekazu Takahashi [seal]
Designated Partner and Engagement
Partner, C.P.A.
Tatsuya Oritoya [seal]
Designated Partner and Engagement
Partner, C.P.A.
Yoichi Endo [seal]
Designated Partner and Engagement
Partner, C.P.A.

Opinion

Pursuant to the provisions of Article 436, paragraph (2), item (i) of the Companies Act, we have audited the non-consolidated financial statements and the supplementary schedules (hereinafter the "Financial Statements, etc.") of Citizen Watch Co., Ltd. (the "Company") for the 136th business term from April 1, 2020 to March 31, 2021. The non-consolidated financial statements comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, and the notes to the non-consolidated financial statements.

In our opinion, the Financial Statements, etc. referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2021, and the results of its operations for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is further stated in the *Auditor's responsibility for the audit of the Financial Statements, etc.* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and are fulfilling other ethical responsibilities in accordance with these requirements. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Responsibility of management, the Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the Financial Statements, etc. in accordance with accounting principles generally accepted in Japan. The responsibility includes designing, implementing and maintaining internal control, judged by the management as necessary for the preparation and fair presentation of the Financial Statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, etc., management is responsible for assessing whether it is appropriate to prepare the Financial Statements, etc. in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for monitoring the Directors' performance of duties related to maintenance and operation the financial reporting process.

Auditor's responsibility for the audit of the Financial Statements, etc.

Our responsibility is to obtain reasonable assurance about whether the Financial Statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the Financial Statements, etc. from an independent point of view in our auditor's report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or in the aggregate, influence the decisions of users taken on the basis of the Financial Statements, etc.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures responsive to those risks. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit of the Financial Statements, etc. in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the Financial Statements, etc. is not expressing an opinion on the effectiveness of the Company's internal control.
- Assess the appropriateness of accounting policies adopted by management and their method of application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes thereto.
- Determine whether it is appropriate for management to prepare the Financial Statements, etc. on the premise of a going concern and, based on the audit evidence obtained, whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we determine that there is a significant uncertainty concerning the premise of a going concern, we are required to call attention to the notes to the Financial Statements, etc. in our auditor's report, or if the notes to the Financial Statements, etc. pertaining to the significant uncertainty are inappropriate, to issue a qualified opinion with exceptions on the Financial Statements, etc. While our conclusions are based on the audit evidence obtained up to the date of our auditor's report, depending on future events or conditions, the Company may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the Financial Statements, etc. are in accordance with accounting standards generally accepted in Japan, assess whether the presentation, structure, and content of the Financial Statements, etc. including related notes thereto, and whether the Financial Statements, etc. fairly present the transactions and accounting events on which they are based.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, material audit findings including any material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

We also report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the observance of provisions related to ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements as well as matters that are reasonably considered to have an impact on the auditor's independence and where applicable, any safeguards that are in place to eliminate or reduce obstruction factors.

Interest

We or engagement partners have no interests in the Company, which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Audit & Supervisory Board

Audit Report

With regard to the performance of the Directors' duties for the 136th business term from April 1, 2020 to March 31, 2021, we have prepared this Audit Report, with the uniformed opinion of all Audit & Supervisory Board Members, after examining the audit reports prepared by each Audit & Supervisory Board Member and hereby report as follows:

1. Auditing Methods of the Audit & Supervisory Board Members and Audit & Supervisory Board, and Details of Such Audits
 - (1) We established the audit policy, allocation of duties, and other relevant matters, and we received reports from each Audit & Supervisory Board Member regarding the status of their audits and the results thereof. We also received reports from the Directors and others, and the Independent Auditors regarding the performance of their duties, and asked them to provide explanations when needed.
 - (2) According to the audit standards, each Audit & Supervisory Board Member conformed to the audit policy and allocation of duties and other relevant matters prescribed by the Audit & Supervisory Board; maintained communications with the Directors, the internal audit division, employees, and others; made efforts to establish an environment for collecting information and auditing; and implemented auditing in the following manner. In carrying out the audit as initially planned, we enlisted COVID-19 safeguards that included using a web conferencing system to perform certain aspects of the audit.
 - (a) We attended the Board of Directors meetings and other important meetings; received reports from the Directors, employees and others on the performance of their duties; asked the Directors, employees and others to provide explanations when needed; reviewed important written decisions and other items; and studied the business and financial conditions of the Company at its head office, etc.
 - (b) We have periodically received reports from Directors and employees, among others, required explanation when necessary, and provided opinions with respect to matters mentioned in the business report. Such matters consist of the details of the resolution of the Board of Directors regarding the development of a system established to ensure that the Directors perform their duties in conformance with relevant laws and regulations and the Articles of Incorporation and other systems stipulated in Article 100, paragraphs (1) and (3) of the Enforcement Regulations of the Companies Act, which are necessary to ensure the appropriateness of the operations of the Corporate Group comprised of the Company and its subsidiaries, as well as the status of operations regarding the system developed under such resolution (the "internal control system").

With respect to internal control over financial reporting, we received reports from Directors and Nihombashi Corporation regarding the evaluation and status of audit of the internal control, and asked them to provide explanations when needed.
 - (c) Regarding the Basic Policy Relating to Persons who Control Decision-making over the Financial and Business Policies of the Company mentioned in the Business Report, we also considered the contents in light of the circumstances, etc. of deliberations by the Board of Directors and other bodies.

- (d) With respect to subsidiaries, the Full-Time Audit & Supervisory Board Member concurrently served as audit & supervisory board member of the important subsidiaries, and in addition to attending meeting of the important subsidiaries including meetings of the board of directors, maintained communications and exchanged information with directors, audit & supervisory board members, and others of subsidiaries, and received business reports from subsidiaries when needed. From the standpoint of group auditing, the Full-Time Audit & Supervisory Board Member held regular meetings with the full-time audit & supervisory board members of the Group companies, maintained communications, shared information, and exchanged opinions.
- (e) We monitored and examined whether the Independent Auditors performed proper audits while retaining their independence, and received reports from the Independent Auditors on the performance of their duties and asked them to provide explanations when needed. In addition, we were notified by the Independent Auditors that the “system to ensure proper performance of its duties” (matters stipulated in items in Article 131 of the Company Accounting Regulations) has been developed in accordance with the “Quality Control Standards for Audits” (issued by the Business Accounting Council on October 28, 2005), and other relevant standards, and we asked the Independent Auditors to provide explanations when needed.

Based on the above methods, we reviewed the business report and its supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements) and their supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for this business term.

2. Audit Results

(1) Audit Results of Business Report and Other Documents

- (a) We are of the opinion that the Business Report and the supplementary schedules fairly present the situation of the Company in accordance with relevant laws and regulations and the Articles of Incorporation.
- (b) We have found no significant evidence of wrongful acts or violations of relevant laws and regulations or the Articles of Incorporation with regard to the Directors’ performance of their duties.
- (c) We are of the opinion that the resolutions of the Board of Directors regarding the internal control system are proper and correct. Furthermore, with respect to the internal control system in question, we have confirmed that its architecture and operations are being continually improved. We have found no matters which we need to point out regarding the details described in the Business Report and the Directors’ performance of their duties in connection with the relevant internal control system and the internal control over financial reporting.

- (d) We have found no matters which we need to point out regarding the Basic Policy Relating to Persons who Control Decision-making over the Financial and Business Policies of the Company mentioned in the Business Report. We are of the opinion that the Company's efforts based on such Basic Policy do not impair the common interests of the Company's shareholders, and do not aim to protect the officers' positions in the Company.
- (2) Audit Results of Non-Consolidated Financial Statements and Supplementary Schedules
We are of the opinion that the methods and results of the audit made by the Independent Auditors, Nihombashi Corporation, are appropriate.
- (3) Audit Results of Consolidated Financial Statements
We are of the opinion that the methods and results of the audit made by the Independent Auditors, Nihombashi Corporation, are appropriate.

May 27, 2021

The Audit & Supervisory Board
Citizen Watch Co., Ltd.

Yoshio Takada [seal]
Full-time Audit & Supervisory Board Member

Noboru Akatsuka [seal]
Full-time Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member)

Yaeko Ishida [seal]
Audit & Supervisory Board Member
(Outside Audit & Supervisory Board Member)