English Translation

The Japanese original should be considered to be the primary version

May 13, 2019

For Immediate Release

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Notice Regarding Posting of Extraordinary Loss and Differences Between the Non-Consolidated Results for the Fiscal Year ended March 31, 2019 and the Actual Results for the Previous Fiscal Year

Citizen Watch Co., Ltd. (the “Company”) hereby announces that it approved posting of extraordinary loss at the Board of Directors meeting held on May 13, 2019. Due to the posting of the extraordinary loss for the full year ended March 31, 2019 (April 1, 2018 – March 31, 2019) differences occurred between the non-consolidated results for the full year and the actual results for the previous fiscal year. Details are as follows.

1. Posting of extraordinary loss

The Company acquired Frederique Constant Holding Group in 2016 in order to accelerate the multi-brand strategy put up in the Medium-tem Management Plan “Citizen Global Plan 2018.” However, a gap between the progress we initially expected and the reality occurred because it took time to put in place a structure after the acquisition. Therefore, we recorded 6,419million yen in provision of allowance for investment loss related to Frederique Constant Holding SA shares in non-consolidated results. As a result, we posted extraordinary loss of 7,300 million yen for full year.

2. Difference between the non-consolidated results for the full year and the actual results for the previous fiscal year (April 1, 2018 – March 31, 2019)

(1) Details of difference

(Unit: millions of yen, %)

	Net sales	Ordinary profit	Earnings	Earnings per share
Results of the previous year （A）	100,965	9,833	9,731	30.58yen
Results of the current year （B）	100,055	10,818	4,876	15.32yen
Change (B – A)	△909	984	△4,855	―
Change (%)	△0.9	10.0	△49.9	―

（2）Reasons for the differences

Regarding net sales, on the watch sales front, ”The CITIZEN”, etc. of high-end products grew in the domestic market of “CITIZEN” brand. Mainstay products of mid-priced products such as “xC,” “ATTESA,” “PROMASTER” remained strong. On the movement sales front, on the other hand, demand for high-value-added products was sluggish as the market remained harsh lacking a strong recovery. As a result, net sales were lower than the actual results for the prior year.

Ordinary profit surpassed the actual results for the preceding year due to an increase in dividend income.

Earnings fell short of the actual results for the previous year due to the posting of extraordinary loss as described in 1 above.