

English Translation

The Japanese original should be considered to be the primary version

November 14, 2022

For Immediate Release

Company name: Citizen Watch Co., Ltd.
Representative: Toshihiko Sato, President and CEO
(Code: 7762, Prime, Tokyo Stock Exchange)
Please address inquiries to Toshiyuki Furukawa
Managing Director in charge of Public & Investor Relations Department
TEL: +81-42-468-4934

Notice Regarding Partial Amendment of Performance-Linked Stock Compensation System and Disposal of Treasury Shares through Private Placement

Citizen Watch Co., Ltd. (the "Company") announced that, at a meeting of the Board of Directors held today, it has resolved to partially amend the performance-linked stock compensation system (the "System") and dispose of its treasury shares through private placement (the "Treasury Share Disposal"). Details are as follows.

1. Partial amendment of the System

The Company has decided to continue offering the performance-linked stock compensation plan that it introduced for its directors (excluding outside directors and those who are not residents of Japan. The same applies hereinafter.) after partial amendment with a view toward achieving the goals set out in the new Medium-term Management Plan announced on March 30, 2022. In conjunction with the continuation of this plan, the Company has decided to incorporate the CO₂ emissions reduction rate, an ESG-related indicator, and the FTSE Russell ESG Rating Score into the plan with an eye toward the realization of the Citizen Group Vision 2030 that it has been promoting.

2. Outline of disposal

(1) Date of disposal	December 6, 2022
(2) Number of shares to be disposed	Common shares of the Company: 110,400 shares
(3) Disposal amount	606 yen per share
(4) Total amount of disposition price	66,902,400 yen
(5) Recipients of disposed shares	The Master Trust Bank of Japan, Ltd. (Officer compensation BIP trust account)
(6) Others	The Treasury Share Disposal shall be subject to the relevant securities notice becoming effective under the Financial Instruments and Exchange Act.

3. Purpose and reasons for disposal

At a meeting of the Board of Directors held on November 14, 2022, the Company made a resolution, which is applicable to directors, regarding the partial amendment of the System and additional contribution with the goal of improving performance and enhancing corporate value on a medium- to long-term basis.

For an overview of the officer compensation BIP trust account, please see the Notification regarding Introduction of Performance-Linked Stock Compensation System for Officers published on May 24, 2018.

The Treasury Share Disposal is the disposal of treasury shares through private placement in conjunction with the continuation of the System, which the Company will implement with The Master Trust Bank of Japan, Ltd. (Officer compensation BIP trust account) managed by a joint trustee named in the officer compensation BIP entrustment agreement (the "Trust Agreement." A trust established based on the Trust Agreement shall be called the "Trust.") concluded between the Company and Mitsubishi UFJ Trust and Banking Corporation. The number of shares to be disposed of is the number of shares expected to be distributed to the Company's directors during the trust period in accordance with the Share Delivery Rules. The scale of stock dilution will be small, 0.04% (rounded to two decimal places) of the total 294,000,000 shares issued and 0.04% (rounded to two decimal place) of the 2,981,959 voting rights held by the shareholders as of March 31, 2022.

Overview of the Trust Agreement

Type of trust	Money trust other than the individually operated designated money trust (third-party-benefit trust)
Purpose of the trust	Provision of incentives for directors
Trustor	The company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
Beneficiaries	A director who fulfills the beneficiary requirements
Trust administrator	A third party who is a professional business practitioner and has no conflicts of interest with the Company
Date of trust agreement	September 3, 2018
Trust period	September 3, 2018 to August 31, 2022 (Extended to August 2025 according to the revision of the Trust Agreement)
Start date of the system	September 3, 2018
Exercise of voting rights	Not to be exercised.

4. Basis of calculation of disposition price and its details

In accordance with the Japan Securities Dealers Association's Guidelines on Handling of Capital Increases through Third-party Allotment, the amount to be disposed of shall be xxx yen, which was determined based on the closing price of Company's common stock on the Tokyo Stock Exchange, Inc. ("TSE") on the trading day (November 11, 2022) immediately preceding the resolution of the Board of Directors' meeting relating to the Treasury Share Disposal, taking the recent price trend into consideration to eliminate arbitrariness. The decision to use the closing price of the Company's stock on the trading day immediately preceding the resolution of the Board of Directors was based on the determination that this was a market price as of a date immediately preceding a board resolution, which is considered a highly objective and reasonable basis for calculation eliminating the possibility of being particularly advantageous.

Moreover, xx auditors who attended the meeting of the Board of Directors (including xxx outside auditors) have published an opinion to the effect of the above disposition price does not constitute a particularly favorable disposition price.

5. Procedures from the perspective of the code of corporate conduct

With the dilution ratio of the shares in this matter being lower than 25% and no change in the controlling shareholders taking place, it is not necessary to obtain an opinion from an independent third party or take procedures to confirm the intent of shareholders as provided for in Article 432 of the Securities Listing Regulations established by the TSE.