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For Immediate Release

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**Notice of Continuation and Partial Amendment of**  
**Performance-linked Stock Compensation Scheme for Officers**

Citizen Watch Co., Ltd. (“the Company”) announces that, at a meeting of the Board of Directors held on May 29, 2025, the Company resolved in connection with the performance-linked stock compensation scheme (“the Scheme”) for directors of the Company (excluding outside directors and residents outside Japan) introduced from FY2018 to continue and partially amend the Scheme, including changing those eligible for the Scheme, as a result of transition to a company with an Audit & Supervisory Committee, subject to approval at the 140th Ordinary General Meeting of Shareholders (“the Company’s General Meeting of Shareholders”) scheduled to be held on June 25, 2025 (as announced in Notice Regarding Transition to a Company with an Audit & Supervisory Committee on March 25, 2025).

As regards the Company’s principal subsidiaries (“the Eligible Subsidiaries”; the Company and Eligible Subsidiaries are hereinafter referred to collectively as “the Eligible Companies”), the Eligible Subsidiaries will each resolve to introduce the Scheme at a meeting of their respective Board of Directors to be held in the future.

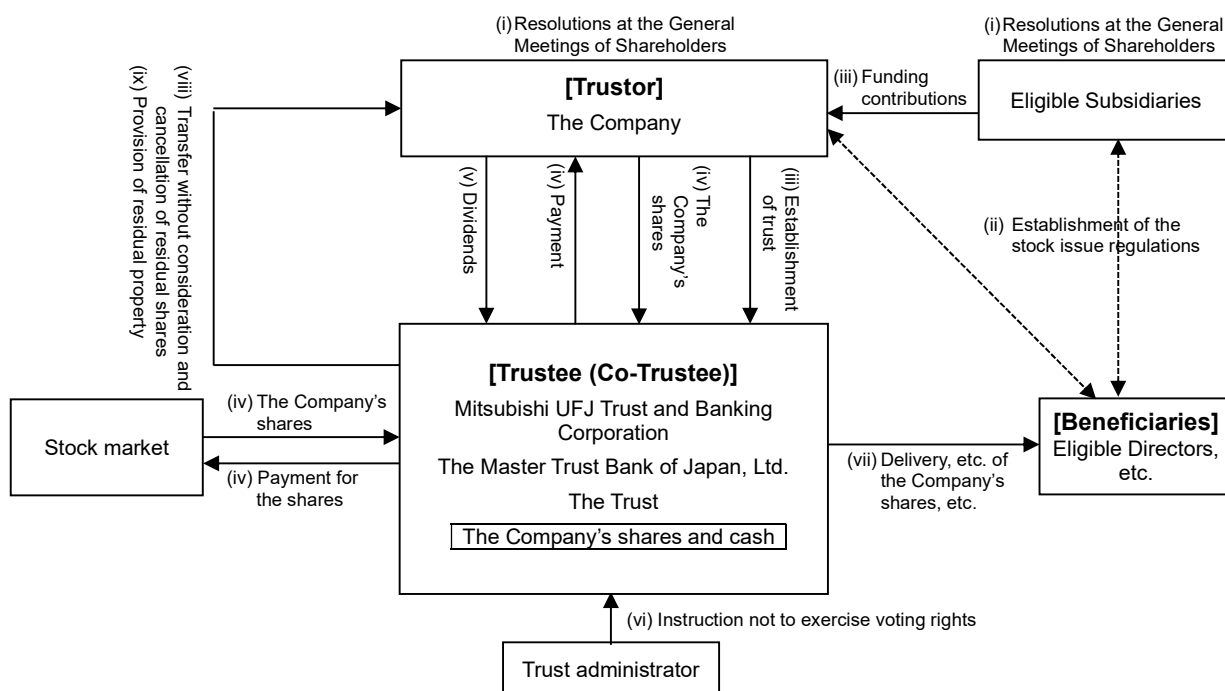
Accordingly, the Company plans to submit a proposal on the continuation and partial amendment of the Scheme to the Company’s General Meeting of Shareholders. Similarly, the Eligible Subsidiaries will each submit a proposal on introduction of the Scheme to their respective general meeting of shareholders to be held in 2025 (the respective general meetings of shareholders of the Company and Eligible Subsidiaries are hereinafter collectively referred to as “the General Meetings of Shareholders”).

**1. Continuation of the Scheme**

- (1) The Company will continue the Scheme with partial amendments for directors and executive officers (excluding directors who are Audit & Supervisory Committee Members, outside directors and residents outside Japan; hereinafter collectively referred to as “the Company’s Directors, etc.”) for the purpose of further clarifying the link between the compensation of the Company’s Directors, etc. and the value of the Company’s stock and heightening their awareness toward making contributions to improving financial results and increasing corporate value over the medium-to-long term. In addition, the Company will also extend eligibility for the Scheme to directors of each of the Eligible Subsidiaries (excluding outside directors and residents outside Japan; hereafter referred to as “Subsidiaries’ Directors” and referred to collectively with the Company’s Directors, etc. as “Eligible Directors, etc.”; the board of directors of the applicable subsidiary shall define Subsidiaries’ Directors ).
- (2) The continuation of the Scheme is conditional upon approval of the resolutions on officers’ compensation at the General Meetings of Shareholders.
- (3) The Scheme employs a framework called Board Incentive Plan trust (“the BIP Trust”). The BIP Trust is a plan where the Company’s shares and money equivalent to the amount of money converted from the Company’s shares (the “Company’s shares, etc.”) are delivered and paid (“delivered, etc.” or “delivery, etc.”) to the Eligible Directors, etc., depending on title, the degree of achievement of performance indicators, etc. as is the case with performance shares and restricted stock in the U.S.

\*Continuation of the Scheme is based on the recommendation of the Compensation Committee, which is chaired by an outside director and made up of a majority of outside directors.

## 2. Outline of the Scheme



- (i) The Eligible Companies shall obtain resolutions approving continuation and introduction of the Scheme at the General Meetings of Shareholders.
- (ii) The Eligible Companies shall establish stock issue regulations related to the details of the Scheme at meetings of their respective Board of Directors.
- (iii) The Company shall entrust funds for compensation for Eligible Directors, etc. to the trustees within the limit approved by the General Meetings of Shareholders in (i) and establish the Trust, the beneficiary of which is the Eligible Directors, etc. who fulfill the requirements for beneficiaries.
- (iv) The Trust will acquire the Company's shares from the Company (disposal of treasury stock) or the stock market with the cash contributed in (iii) as the source of funds, in accordance with the instructions of the trust administrator. The number of shares to be acquired by the Trust will be within the range of the resolution approved by the General Meetings of Shareholders in (i).
- (v) Dividends on the Company's shares held by the Trust are paid in the same manner as for the other Company's shares.
- (vi) Voting rights of the Company's shares held by the Trust will not be exercised throughout the trust period.
- (vii) During the trust period, certain points specified for each title are given each year. After the end of the applicable period, the total points are adjusted according to the level of achievement based on performance indicators such as those set out in the Medium-Term Management Plan. After the retirement of Eligible Directors, etc. from their position, they receive the Company's shares, etc. according to the points they have accumulated when they meet certain beneficiary requirements.
- (viii) When an excess of residual shares occurs upon the termination of the trust period due to factors such as a failure to meet the Company's performance indicator targets, the Company shall continue to use the Trust as the Scheme or as a new stock compensation system similar to this by changing the trust agreement and adding more to the Trust, or the residual shares shall be transferred gratis to the Company from the Trust and shall be retired by resolution of the Board of Directors.
- (ix) Residual property after the termination of the Trust and distribution to beneficiaries will be received by the Company, within the limit of the trust expense reserve calculated by deducting the cost for acquiring the shares from the Trust from trust money. Any amount exceeding the trust expense reserve will be donated to organizations that do not have any interest in the Company or the Eligible Directors, etc..

(Note) If the Company's shares are no longer in the Trust due to the delivery, etc. of the Company's shares, etc. to Eligible Directors, etc. who fulfil the beneficiary conditions, the Trust will terminate before the maturity of the trust period. The Company shall hold more money in the Trust as funds

to acquire the Company's shares for delivery, etc. to Eligible Directors, etc. within the limit approved by the resolution of the General Meetings of Shareholders, and may additionally acquire the Company's shares through the Trust.

(1) Overview of the Scheme

The Scheme delivers, etc. the Company's shares, etc. to the Eligible Directors, etc. of the Eligible Companies as officer compensation according to their titles, etc. and the level of achievement of performance indicators such as those set out in the Medium-Term Management Plan during the business years corresponding to the period of the Company's Medium-Term Management Plan (the period to which the Scheme applies is hereinafter called the "Applicable Period"). However, if the Trust is continued as described in (4) (ii) below, the Applicable Period will be the subsequent business years corresponding to the Medium-Term Management Plan.

The Eligible Directors, etc. will receive delivery, etc. of the Company's shares, etc. after retiring from office, in principle (including retirement due to death; hereinafter the same.)

(2) Resolutions of the General Meetings of Shareholders for introduction of scheme

The upper limit of the amount of the contribution to the Trust and the total number of points granted to Eligible Directors, etc. (specified in (5) below) and other necessary items shall be resolved at the General Meetings of Shareholders.

When the Trust continues by way of (4) (ii) below, changing the trust agreement and adding more in trust upon the expiration of the trust period shall be determined by resolution of the Board of Directors within the limit of approval by the General Meetings of Shareholders.

(3) Persons eligible for the Scheme (beneficiary requirements)

The Trust shall deliver, etc. to the Eligible Directors, etc. the Company's shares, etc. equivalent to the accumulated points at retirement (specified in (5) below, hereinafter the same) subject to fulfilling the requirements for beneficiaries mentioned below through the established procedures after retirement, in principle.

The beneficiary requirements are as follows.

- (i) Should be Eligible Directors, etc. of Eligible Companies during the Applicable Period after the commencement date of the Scheme (including persons who were newly appointed as director after the commencement date of the Scheme)
- (ii) Should be residents in Japan<sup>(\*1)</sup>
- (iii) Should have retired from the office of Eligible Directors, etc. of Eligible Companies <sup>(\*2)(\*3)</sup>
- (iv) The accumulated points specified in (5) below should have been determined
- (v) Regarding the duties of the Eligible Directors, etc., should not be persons who have carried out a serious violation of a contract agreement between the Eligible Companies and the Eligible Directors or should not be persons who have retired for their own reasons contrary to the intentions of the Eligible Companies
- (vi) Other requirements that are considered necessary to achieve the goal of the performance-linked stock compensation scheme

\*1 If Eligible Directors, etc. become residents outside Japan during the trust period, all of the Company's shares in accordance with the accumulated points at that time shall be converted into cash in the Trust, and the Eligible Directors, etc. concerned shall receive the money equivalent to the cash.

\*2 If the trust period in (4) (iii) below is extended and those eligible for the Scheme are still in office as Eligible Directors, etc. upon the expiration of the extended period, the Trust shall terminate at that point in time, and the eligible persons concerned shall receive delivery, etc. of the Company's shares, etc. while in office as Eligible Directors, etc.

\*3 In the event of the death of the Eligible Directors, etc. during the trust period, all of the Company's shares in accordance with the accumulated points at that time shall be converted into cash in the Trust, and the heirs of the Eligible Directors, etc. concerned shall receive the money equivalent to the cash.

(4) Trust period

(i) Initial trust period

The initial trust period will be the three fiscal years from the fiscal year ending March 31, 2026 to the fiscal year ending March 31, 2028.

(ii) Continuation of the Trust

When the trust period expires, the Company may renew the Trust by amending the trust agreement and making additional contributions. In that case, the trust period of the Trust shall be extended for the same period as the business years corresponding to the Medium-Term Management Plan, and the Company shall make an additional contribution every extended period and continue to grant points to the Eligible Directors, etc. (specified in (5) below) during the extended trust period. However, when making such additional contributions, if there are the Company's shares (excluding the Company's shares corresponding to points granted to Eligible directors, etc., whose delivery, etc. is incomplete) and cash remaining in the Trust on the final day of the trust period prior to extension (the "Residual Shares, etc."), the total amount of the amount of the Residual Shares, etc., and any trust money additionally contributed will be within the range of the upper limit on trust money, as approved by resolution at the General Meetings of Shareholders. This extension of the trust period is not limited to one occasion, and the Trust may be renewed again in the same manner.

(iii) Termination of the Trust (extension of the trust period without additional contributions)

If the Company does not change the trust agreement and does not add more in trust upon the expiration of the trust period, a decision on the points granted to the Eligible Directors, etc. is not made after that. If there are any Eligible Directors, etc. who may meet the beneficiary requirements when the trust period expires, the trust period can be extended until their retirement and the completion of the delivery, etc. of the Company's shares, etc. The maximum length of this extension is ten years.

(5) Number of the Company's shares, etc. to be delivered, etc. to Eligible Directors, etc.

During the trust period, certain points set for each title are given during a specified period each year. After the end of the Applicable Period, the total points given during the Applicable Period are adjusted according to the level of achievement based on performance indicators such as those set in the Medium-Term Management Plan. After retirement as Eligible Directors, etc., in principle, Eligible Directors, etc. receive delivery, etc. of the Company's shares, etc. according to the total points given to them (hereinafter called "accumulated points").

One (1) point shall be one (1) share of the Company's stock, and when the Company's shares in the Trust increase or decrease due to a stock split, gratis allotment of shares, reverse stock split, etc., the Company shall adjust the number of the Company's shares in accordance with the ratio of the increase or decrease.

(6) Upper limit on the trust money contributed to the Trust and upper limit on the total number of points granted to Eligible Directors, etc.

The upper limit of the trust money contributed to the Trust and the upper limit of the total number of points granted to Eligible Directors, etc. shall be as stated below during the Applicable Period subject to the approval of resolutions of the General Meetings of Shareholders:

Total upper limit of trust money contributed by the Eligible Companies to the Trust: Amount obtained by multiplying 210 million yen (of which, 180 million yen is for the Company's Directors, etc.) by the number of business years in the Applicable Period (630 million yen for the three business years corresponding to the initial Applicable Period (of which, 540 million yen is for the Company's Directors)) (\*1)(\*2)

Upper limit of the total number of points granted to Eligible Directors, etc.: Number of points obtained by multiplying 230,000 points (of which, 200,000 points are for the Company's Directors, etc.) by the business years in the Applicable Period (690,000 points for the three business years corresponding to the initial Applicable Period (off which, 600,000 points are for the Company's Directors, etc.)) (\*3) (\*4) (\*5)

\*1 Considering the current compensation level of the Eligible Directors, etc., the upper limit of the trust money is calculated by adding the trust fee and the trust expenses to the stock acquisition funds.

\*2 If the Trust is continued based on the above paragraph (4) (ii), the business years corresponding to the period of the Medium-Term Management Plan will be the Applicable Period and the amount contributed to the Trust will be within the limit approved by the General Meetings of Shareholders.

\*3 The upper limit of the total number of points granted to Eligible Directors, etc. is set in reference to past stock prices considering the abovementioned upper limit of trust money.

\*4 The upper limit assumes the maximum addition made after the end of the Applicable Period based on the level of achievement in light of the Company's performance indicators, etc. set in the Medium-Term Management Plan.

\*5 The maximum number of shares acquired by the Trust during the Applicable Period is the number of shares equivalent to the maximum total points given to Eligible Directors, etc.

(7) Method of acquisition of the Company's shares by the Trust

The acquisition of the Company's shares by the Trust is to be made by the Company (disposal of treasury stock) or through the stock market.

(8) Method of delivery, etc. of the Company's shares, etc. to the Eligible Directors, etc.

Eligible Directors, etc. who meet the beneficiary requirements will receive the Company's shares equivalent to 50% of their accumulated points (odd-lot shares are rounded down) from the Trust. The number of shares equivalent to the remaining accumulated points will be converted into cash in the Trust, and the Eligible Directors, etc. will receive the amount of money equivalent to the cash after the conversion from the Trust.

In the event of the death of Eligible Directors, etc. during the trust period, all of the Company's shares equivalent to their accumulated points at that time will be converted into cash in the Trust, and the heirs of the Eligible Directors, etc. will receive the amount of money equivalent to the cash after the conversion from the Trust. If Eligible Directors, etc. become residents outside Japan during the trust period, all of the Company's shares equivalent to their accumulated points at that time will be converted into cash in the Trust, and the Eligible Directors, etc. will receive the amount of money equivalent to the cash after the conversion from the Trust.

(9) Exercise of voting rights of the Company's shares in the Trust

To ensure management independence, the voting rights for the shares attached to the Company's shares within the Trust shall not be exercised during the trust period.

(10) Handling of dividends for the Company's shares in the Trust

Dividends pertaining to the Company's shares in the Trust will be received by the Trust and used for the trust fees and trust expenses of the Trust.

(11) Malus and clawback

Under the Scheme, in the event of a serious breach of the service agreement between the Company and directors or similar, the Company's Board of Directors may resolve not to make delivery, etc. of the Company's shares, etc. or request the return of funds equivalent to the Company's shares already provided. A similar clawback system to that for directors shall also be adopted in relation to the Company's executive officers and Subsidiaries' Directors.

(12) Handling at the time of termination of the Trust

If there are any residual shares upon the termination of the Trust (including the termination of the extended trust period if the trust period is extended according to the above paragraph (4) (iii); hereinafter the same) due to the failure to achieve the performance indicators of the Company, etc., the residual shares shall be transferred gratis to the Company by the Trust as a shareholders' return policy. The Company is to retire the residual shares by resolution of the Board of Directors.

Of the remainder of dividends related to the Company's shares in the Trust generated upon the termination of the Trust, the portion in excess of the reserve for trust expenses will be contributed to an organization that has no conflicts of interest with the Company and the Eligible directors, etc.

(Reference) Details of trust agreement

(i) Type of trust	Money trust other than the individually operated designated money trust (third-party-benefit trust)
(ii) Purpose of trust	Grant of incentives to Eligible Directors, etc.
(iii) Trustor	The Company
(iv) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
(v) Beneficiary	Eligible Directors, etc. who meet the requirements for beneficiaries
(vi) Trust administrator	A third party who is a professional business practitioner and has no conflicts of interest with the Company
(vii) Date of trust agreement	September 3, 2018
(viii) Trust period	September 3, 2018 to August 31, 2025 (To be extended to August 31, 2028 through amendment of the trust agreement in August 2025)
(ix) Commencement date of the Scheme	September 3, 2018
(x) Exercise of voting rights	Not to be exercised.
(xi) Type of shares to be acquired	Common shares of the Company
(xii) Maximum amount of trust money	Six hundred and thirty (630) million yen (anticipated) (including the trust fee, trust expenses, and amount for Eligible Subsidiaries)
(xiii) Method of share acquisition	Acquisition through the stock market or the disposal of treasury stock by the Company
(xiv) Holder of a vested right	The Company
(xv) Residual property	The residual property that the Company, the holder of a vested right, may receive shall be within the trust expenses reserve after deducting the funds for the acquisition of shares from the trust money.