

November 25, 2025

For Immediate Release

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Notice Regarding Disposal of Treasury Stock by Third-Party Allotment

Citizen Watch Co., Ltd. (the "Company") announced today that it has resolved to dispose of treasury stock by third-party allotment (hereinafter called the "disposal of treasury stock") at the Board of Directors held on November 25, 2025.

1. Disposal outline

(1) Disposal date	December 15, 2025
(2) Type and number of shares to be disposed	449,126 shares of the Company's common stock
(3) Disposal price	1,240 yen per share
(4) Total amount of disposal price	556,916,240 yen
(5) Allottee	The Master Trust Bank of Japan, Ltd. (Officer compensation BIP trust account)
(6) Other	The Company has submitted an extraordinary report on this disposal of treasury stock in accordance with the Financial Instruments and Exchange Act.

2. Purpose of and reason for disposal

The Company has resolved to continue its performance-linked stock compensation scheme (hereinafter the "Scheme") with partial amendments for the Company's directors and operating 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 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 extend eligibility for the Scheme to include directors of its major subsidiaries (hereinafter "Eligible Subsidiaries"). Outside directors and residents outside Japan are excluded from this group of directors (hereinafter "Subsidiaries' Directors"). The Company's Directors, etc. and Subsidiaries' Directors shall be collectively referred to as "Eligible Directors, etc." The Boards of Directors of the Eligible Subsidiaries shall determine the people included in Subsidiaries' Directors.

The Scheme utilizes a trust known as the BIP (Board Incentive Plan) trust. For an overview of the BIP trust, please see the Notice of Continuation and Partial Amendment of Performance-linked Stock Compensation Scheme for Officers published on May 29, 2025.

This disposal of treasury stock is the disposal of treasury stock through third-party allotment in conjunction with the continuation and partial amendment of the Scheme, which the Company will implement with The Master Trust Bank of Japan, Ltd. (BIP trust account) managed by a joint trustee named in the BIP entrustment agreement (hereinafter the "Trust Agreement." The trust established based on the Trust Agreement shall be hereinafter 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 Eligible Directors, etc. during the trust period in accordance with the Share Delivery Rules. The scale of stock dilution will be small, 0.18% (rounded to two decimal places) of the total 246,000,000 shares issued and 0.18% (rounded to two decimal places) of the 2,437,340 voting rights held by the shareholders as of March 31, 2025.

Outline of the trust agreement

Type of trust	Money held in trust outside the money trust of specific single investment (third-party benefit trust)
Purpose of trust	To provide incentives to Eligible Directors, etc.
Entruster	The Company
Trustee	Mitsubishi UFJ Trust and Banking Corporation (Co-trusteeship The Master Trust Bank of Japan, Ltd.)
Beneficiary	Eligible Directors, etc. who meet the requirements for beneficiaries
Trust administrator	Professional practitioners and third parties with no conflicts of interest with the Company
Date of trust agreement	September 3, 2018
Trust period	September 3, 2018 – August 31, 2025 (Extended to August 2028 according to the revision of the Trust Agreement in August 2025)
Commencement date of the Scheme	September 3, 2018
Exercise of voting rights	The voting rights shall not be exercised.

3. The basis for calculation of disposal 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 1,240 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 21, 2025) immediately preceding the resolution of the Board of Directors' meeting relating to the disposal of treasury stock, 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.

The Audit & Supervisory Committee (made up of three members, including two outside directors who are Audit & Supervisory Committee Members) expressed an opinion that the disposal price above is not particularly favorable to the Eligible Directors, etc.

4. Procedures for corporate activity norm

The stock dilution resulting from this disposal of treasury stock is below 25% and this disposition involves no transfer of controlling shareholders. Consequently, it is not necessary to execute the procedures set forth in Article 432 of the Tokyo Stock Exchange Listing Regulations, which requires an independent third-party opinion and confirmation of shareholder intent.

(Reference)

The Company has amended the Notice of Continuation and Partial Amendment of Performance-linked Stock Compensation Scheme for Officers published on May 29, 2025. This amendment was made to include the Subsidiaries' Directors of the Eligible Subsidiaries as officers eligible for the compensation scheme. Details are as follows.

The amendment does not alter the figures for the Company's Directors, etc. Additionally, it does not affect the resolution passed at the 140th General Meetings of Shareholders on June 25, 2025.

Changes (changed parts are underlined)

Before change

- Maximum amount of money contributed to the Trust during the applicable period

The maximum amount is determined by multiplying 210 million yen (180 million yen for the Company's Directors, etc.) by the number of business years in the applicable period. For the initial applicable period of three business years, the maximum amount is 630 million yen (540 million yen for the Company's Directors, etc.).

- Maximum number of points granted to the Eligible Directors, etc.

The maximum number of points is determined by multiplying 230,000 points (200,000 points for the Company's Directors, etc.) by the number of business years in the applicable period. For the initial applicable period of three business years, the maximum number is 690,000 points (600,000 points for the Company's Directors, etc.).

After change

- Maximum amount of money contributed to the Trust during the applicable period

The maximum amount is determined by multiplying 235 million yen (180 million yen for the Company's Directors, etc.) by the number of business years in the applicable period. For the initial applicable period of three business years, the maximum amount is 705 million yen (540 million yen for the Company's Directors, etc.).

- Maximum number of points granted to the Eligible Directors, etc.

The maximum number of points is determined by multiplying 255,000 points (200,000 points for the Company's Directors, etc.) by the number of business years in the applicable period. For the initial applicable period of three business years, the maximum number is 765,000 points (600,000 points for the Company's Directors, etc.).