

May 26, 2026

For Immediate Release

Company name: Citizen Watch Co., Ltd.
Representative: Yoshitaka Oji, President and CEO
(Code: 7762, Prime, Tokyo Stock Exchange)
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Notice of the Opinion of the Board of Directors regarding Shareholder Proposals

Citizen Watch Co., Ltd. announces that at a meeting of the Board of Directors held on May 26, 2026, it resolved to oppose proposals that a shareholder of the Company made in a letter which the Company received with respect to the exercise of a shareholder proposal right in conjunction with the 141st Ordinary General Meeting of Shareholders to be held in June 2026.

1. Shareholder making the proposals
One individual shareholder (the number of voting rights is 336)

2. Details of shareholder proposals
 - (1) Agenda
 - 1) Partial Amendments to the Articles of Incorporation
 - 2) Partial Amendments to the Articles of Incorporation
 - 3) Partial Amendments to the Articles of Incorporation
 - 4) Partial Amendments to the Articles of Incorporation
 - 5) Partial Amendments to the Articles of Incorporation
 - 6) Partial Amendments to the Articles of Incorporation
 - 7) Dismissal of a Director
 - 8) Dismissal of a Director

 - (2) Details of and reasons for the proposals
As described in the attachments

3. Opinions of the Board of Directors regarding the shareholder proposals

Proposal 1

(1) Opinion of the Board of Directors of the Company

The Board of Directors objects to this proposal.

(2) Reason for the opposition

Matters concerning compensation of Directors are properly disclosed in the Business Report in accordance with laws and regulations, and information necessary for the consideration of proposals for the election of Directors is properly disclosed in Reference Materials for the General Meeting of Shareholders in accordance with laws and regulations.

The Company has established the Compensation Committee as a voluntary institution. The majority of the Committee members are Outside Directors, the Chairman is an Outside Director selected by mutual election by the Committee members, and deliberations are carried out in a fair and transparent manner. The Board of Directors determines the details of Directors' compensation, etc., based on the Committee's recommendations, which enhances transparency with respect to Directors' compensation, etc.

Furthermore, we do not believe that it is suitable to stipulate in the Articles of Incorporation, which lay out the fundamental principles of the Company, matters related to the execution of specific individual business operations, such as the disclosure of Directors' compensation.

The Board of Directors objects to this proposal for the above reason.

Proposal 2

(1) Opinion of the Board of Directors of the Company

The Board of Directors objects to this proposal.

(2) Reason for the opposition

The Company recognizes that there is a debate to be had about separating the roles of Chairman of the Board of Directors and Chief Executive Officer. On the other hand, the Corporate Governance Code requires that a system appropriate to the actual conditions of each company be put in place to ensure effective corporate governance.

Proposals related to the execution of business operations are put on the agenda at the Company's Board of Directors meetings to respond quickly to changes in the respective business environments and make appropriate decisions in a wide range of business lines.

Therefore, the Company believes that the President and CEO, who is well versed in industry trends as well as the current state of execution, pressing management issues, and other internal affairs, serving as Chairperson of the Board of Directors, can make decisions quickly and appropriately while maintaining adequate communication with the executive side to share information, and that this is necessary to enhance corporate value through a corporate governance structure suited to the Company. Consequently, the President and CEO, who has a thorough understanding of the Company's business, serves as Chairman of the Board of Directors and management is checked and supervised by highly independent Outside Directors, who comprise at least half of the Board, and the Company deems this arrangement to be appropriate.

In addition, the Company has established the Nomination Committee as a voluntary institution. The majority of the Committee members are Outside Directors and the Chairperson is an Outside Director selected by mutual election by Committee members. To improve the transparency concerning the election of the President and CEO, etc., the President and CEO is elected by a resolution of the Board of Directors based on a proposal by the Committee.

The Board of Directors objects to this proposal for the above reason.

Proposal 3

(1) Opinion of the Board of Directors of the Company

The Board of Directors objects to this proposal.

(2) Reason for the opposition

Since the 136th Ordinary General Meeting of Shareholders held in June 2021, the Company has been holding a hybrid participation-type virtual general meeting of shareholders (*1), allowing shareholders unable to attend the meeting to participate online.

While we believe that legal stability in the administration of the General Meeting of Shareholders best serves the common interests of shareholders, we also believe that a hybrid attendance-type virtual general meeting of shareholders (*2) does not ensure legal stability since there is no legal or practical standard indicating that a resolution passed at a shareholders' meeting would not be subject to cancellation if a communication failure occurs and, thus, the possibility that a resolution passed at a shareholders' meeting may be rescinded cannot be ruled out.

Furthermore, as long as these technical concerns are not completely resolved, we believe there is a risk that shareholders may suffer significant disadvantages, such as being prevented from attending the General Meeting of Shareholders or exercising their voting rights due to a communication failure.

The Board of Directors objects to this proposal for the above reason.

*1 A hybrid participation-type virtual general meeting of shareholders refers to a general meeting of shareholders that, in addition to the real meeting, allows shareholders who are not present at the location of the real meeting to confirm and observe deliberations, etc. by using the Internet or other means, without having to legally "attend" the general meeting.

*2 A hybrid attendance-type virtual general meeting of shareholders refers to a general meeting of shareholders that, in addition to the real meeting, allows shareholders who are not present at the location of the real meeting to "attend" the meeting under the Companies Act by using the Internet or other means.

*1 and *2 above are taken from the Guidelines for the Implementation of Hybrid Virtual Shareholders' Meetings (created by the Ministry of Economy, Trade and Industry (METI) on February 26, 2020).

Proposal 4

(1) Opinion of the Board of Directors of the Company

The Board of Directors objects to this proposal.

(2) Reason for the opposition

Since the skills, knowledge, and experience required of outside officers vary depending on the management environment, etc., we believe that enabling a broad selection of candidates for such positions in a timely manner will contribute to the enhancement of corporate value.

We believe that incorporating the contents of this proposal into the Articles of Incorporation, which lay out the fundamental principles of the Company, would hamper our ability to respond in a flexible and agile manner to changes in the business environment and other circumstances, and therefore consider it to be inappropriate.

The Board of Directors objects to this proposal for the above reason.

Proposal 5

(1) Opinion of the Board of Directors of the Company

The Board of Directors objects to this proposal.

(2) Reason for the opposition

The information presented in the Voting Right Exercise Form has been determined appropriately in accordance with the Company Act and other relevant laws, regulations, and institutional frameworks.

Article 66, paragraph (1) of the Enforcement Regulations of the Companies Act, which prescribes the information to be included in a Voting Right Exercise Form, stipulates that the form must include a section for indicating approval or disapproval of each original agenda item, while leaving it to the company's discretion whether to include a section for abstentions.

Moreover, we do not believe it is appropriate to stipulate the required information on Voting Right Exercise Form in the Articles of Incorporation, which lay out the fundamental principles of the Company.

The Board of Directors objects to this proposal for the above reason.

Proposal 6

(1) Opinion of the Board of Directors of the Company

The Board of Directors objects to this proposal.

(2) Reason for the opposition

The requirements and procedures for shareholder proposals are stipulated in the Companies Act, and we handle such proposals in accordance with these provisions in an appropriate manner.

Furthermore, we believe that the requirements and procedures regarding future shareholder proposals are matters that should be considered based on trends such as amendments to laws and regulations and revisions to the system, and that it would not be appropriate to stipulate them in the Articles of Incorporation at this time.

The Board of Directors objects to this proposal for the above reason.

Proposal 7

(1) Opinion of the Board of Directors of the Company

The Board of Directors objects to this proposal.

(2) Reason for the opposition

Managing Director Yoshiaki Miyamoto is performing his duties appropriately in accordance with applicable laws and regulations and the Articles of Incorporation. As the Board of Directors expects him to continue playing a role in enhancing our Group's corporate value, it considers him to be an indispensable presence.

The Board of Directors objects to this proposal for the above reason.

Proposal 8

(1) Opinion of the Board of Directors of the Company

The Board of Directors objects to this proposal.

(2) Reason for the opposition

President and CEO Yoshitaka Oji has been involved in our Group's watch business for many years, assuming a wide range of responsibilities, including business strategy, product development, and global expansion.

Furthermore, since assuming the role of President and CEO, he has played a leading role in driving the growth of the entire Group beyond just the watch business, and in enhancing the Group's corporate value.

Based on these achievements, the Board of Directors considers him to be an indispensable presence.

The Board of Directors objects to this proposal for the above reason.

(Attachment)

*The following contents of proposals and reasons for proposals are the original text of the relevant sections submitted by the proposing shareholder in each place.

Proposal 1 Partial Amendments to the Articles of Incorporation

(1) Contents of proposal

As a general rule, Directors' compensation shall be disclosed on a per-director basis.

(2) Reasons for proposal

Exercising voting rights is the single most critical right for shareholders. Companies should disclose the appropriate information to shareholders as a basis for making decisions when exercising their voting rights. Disclosure of the compensation of individual Directors is an important matter from the viewpoint of improving the transparency of management, as well as an important determinant for shareholders when voting on the reappointment or dismissal of individual Directors.

Proposal 2 Partial Amendments to the Articles of Incorporation

(1) Contents of proposal

As a general rule, the Board of Directors should abolish concurrently held position of Chief Executive Officer and Chairman of the Board of Directors, and appoint an Outside Director as Chairperson.

(2) Reasons for proposal

This is because the appointment of an independent Outside Director who does not conduct operations as Chairperson will result in fairer Board of Directors' resolutions and improve the supervision of corporate management and governance impact from the perspectives of increasing corporate value and protecting the rights of shareholders.

Proposal 3 Dismissal of an Audit & Supervisory Board Member

(1) Contents of proposal

As a general rule, online attendance at the General Meeting of Shareholders is to be made possible.

(2) Reasons for proposal

Both individual shareholders and institutional investors, usually own multiple stocks. When shareholders try to attend several shareholder meetings of interest but are located far away, the hurdles obstructing attendance are considerable, such as the time and expense involved in traveling to and from a meeting. In addition, the pandemic that struck five or six years ago made it virtually impossible in some cases to attend in person. We, therefore, believe that if shareholders and directors alike were able to attend the meeting online, it would be beneficial to both shareholders and the company, and make the meeting more productive.

Furthermore, if there is a risk of technical issues such as feedback, radio interference, slow connection speeds, or limited data capacity occurring online, allowing shareholders to communicate with company staff at the venue via landline phones or other means would make it easier for shareholders less familiar with IT or digital technologies to attend.

Proposal 4 Partial Amendments to the Articles of Incorporation

(1) Contents of proposal

As a general rule, the term of office for outside directors shall be a maximum of 10 years.

(2) Reasons for proposal

The Company's performance peaked around the fiscal year ended March 2004 (with net sales of 375.7 billion yen, operating profit of 35.5 billion yen, and ordinary profit of 35.3 billion yen), and Citizen Electronics alone, which was listed on the TSE JASDAQ as a parent-subsidiary pair, had a market capitalization of nearly 200 billion yen. Citizen Electronics capitalized on the early days of the LED industry and grew to generate approximately 100 billion yen in net sales and approximately 10 billion yen in net income. However, the Group has not been able to better that performance for over 20 years. Although the number of outside officers (Directors and those who are Audit & Supervisory Committee

Members) has been increased to five, it cannot be said that corporate value has improved. Some outside directors have missed several board meetings, while others have moved sideways from the position of Outside Audit & Supervisory Board Member to Outside Director and have served as outside directors for close to a decade now. Given such circumstances, it is believed that a cozy relationship between management and outside directors, as well as self-serving management practices, could easily arise, making it difficult to restore corporate value (peak performance).

Proposal 5 Partial Amendments to the Articles of Incorporation

(1) Contents of proposal

A column for abstentions is to be added to the Voting Right Exercise Form.

(2) Reasons for proposal

- 1) The voting result (extraordinary report) submitted to the Director-General of the Kanto Local Finance Bureau following the shareholders' meeting includes not only votes in favor and against, but also abstentions. However, the Voting Right Exercise Form does not include a column for abstentions. For that reason, it is considered necessary to add an abstention column to the form to ensure consistency with the extraordinary report.
- 2) Some proposals make it difficult for shareholders to decide whether to vote for or against them. In particular, when it comes to proposals for the appointment of directors, it is difficult to decide whether to support or oppose them because there is no information available on what each director has said during board meetings or on the individual compensation amounts for each director. For that reason, having an abstain column would make it easier to reflect the will of the shareholders in such cases.

Proposal 6 Partial Amendments to the Articles of Incorporation

(1) Contents of proposal

A shareholder who has continuously held 300 or more voting rights for at least six months may request, no later than eight weeks prior to the general meeting of shareholders, that the Company notify shareholders of the key points of any proposal submitted by that shareholder concerning an agenda item for the general meeting.

(2) Reasons for proposal

The Legislative Council of the Ministry of Justice, which has been reviewing the Companies Act, has released an interim draft. In that context, a significant increase in the number of voting rights required for shareholder proposals was proposed. (Asahi Shimbun online article: March 18, 2026, published at 6:00 p.m.) However, if the Company stipulates in its articles of incorporation that the threshold for voting rights be set at 300, which is lower than the current requirement, then, from the shareholders' perspective, the current conditions will remain in place at our company. While it is unclear what the Legislative Council will decide, our company, whose corporate philosophy is "Loved by citizens, working for citizens," believes that we should leave room for even individual shareholders to express their views freely and diversely. It should be noted that the TSE recommends a range of 100,000 to 500,000 yen per lot, so 300 lots would amount to between 30 million and 150 million yen. Approximately 60% of listed companies fall within this range. If the minority shareholder rights of individual retail investors who risk so much financially are not protected, the stock market will likely stagnate and shrink. Furthermore, there is a possibility that shareholder dissatisfaction could lead to shareholder derivative lawsuits.

Proposal 7 Partial Amendments to the Articles of Incorporation

(1) Contents of proposal

Require Mr. Yoshiaki Miyamoto to be dismissed as Director.

(2) Reasons for proposal

- 1) The company donated 1% of the annual sales of Citizen's flagship watch brands (such as xC for women and ATTESA for men) to certain environmental organizations. The proposer (a general shareholder) considers this to be an inappropriate business practice, as it is believed Mr. Miyamoto played a leading role in it.
* Basis for the decision: Board of Directors resolution dated November 14, 2022 (timely disclosure), directors' skills matrix, etc.
- 2) The proposer believes that, during the 136th Ordinary General Meeting of Shareholders (held on June 25, 2021, at Tokyo Works), there were multiple instances of consecutive disruptions to

shareholder questions (unauthorized remarks made by individuals other than the chairperson). At the time, the person responsible for the operations of the general meeting of shareholders was Mr. Miyamoto, General Manager of the General Affairs Division. Consequently, the proposer considered his skills as a director to be lacking.

Proposal 8 Partial Amendments to the Articles of Incorporation

(1) Contents of proposal

Require Mr. Yoshitaka Oji to be dismissed as Director.

(2) Reasons for proposal

Because it is believed Mr. Oji lacks the managerial skills necessary to oversee the group's overall operations.

The Company's performance peaked around the fiscal year ended March 2004 (with net sales of 375.7 billion yen, operating profit of 35.5 billion yen, and ordinary profit of 35.3 billion yen), and Citizen Electronics alone, which was listed on the TSE JASDAQ as a parent-subsidary pair, had a market capitalization of nearly 200 billion yen. Citizen Electronics capitalized on the early days of the LED industry and grew to generate approximately 100 billion yen in net sales and approximately 10 billion yen in net income.