



Consolidated Financial Statements for the Year Ended March 31, 2020

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan. All figures in these statements which are less than 1 million yen have been rounded down. (English translation)

May 14, 2020

CITIZEN WATCH CO., LTD.

Listings: First section of Tokyo Stock Exchange

Code No.: 7762

(URL <https://www.citizen.co.jp>)

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Scheduled ordinary general meeting of shareholders: June 25, 2020

Scheduled start of dividend payment: -

Scheduled release of fiscal 2019 Business Report: June 26, 2020

1. Results for the Year ended March 31, 2020

(1) Consolidated operating results

(Millions of yen; Percentages represent changes over the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Net income	
March 31, 2020	278,531	(13.4%)	6,136	(72.6%)	7,531	(71.7%)	(16,667)	-
March 31, 2019	321,652	0.5%	22,411	(10.1%)	26,602	(0.2%)	13,369	(30.7%)

Note: Comprehensive income:

As of March 31, 2020: ¥ (26,523) million (-%) As of March 31, 2019: ¥ 11,489 million (-43.3%)

	Earnings per share (Yen)	Fully diluted earnings per share (Yen)	Return on equity	Ratio of Ordinary profit to total assets	Ratio of Operating profit to net sales
March 31, 2020	(53.07)	-	(7.0%)	1.9%	2.2%
March 31, 2019	42.00	-	5.2%	6.5%	7.0%

Reference: Equity in earnings of unconsolidated subsidiaries and affiliates:

As of March 31, 2020: ¥ 801 million As of March 31, 2019: ¥ 896 million

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
March 31, 2020	369,575	230,791	60.0%	709.21
March 31, 2019	413,911	267,547	62.2%	808.87

Reference: Shareholders' Equity:

As of March 31, 2020: ¥ 221,725 million As of March 31, 2019: ¥ 257,449 million

(3) Consolidated cash flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
March 31, 2020	17,347	(15,498)	(7,049)	77,996
March 31, 2019	19,897	(19,861)	(5,888)	84,533

2. Dividends

	Dividends per share(Yen)					Total dividends paid (annual) (Millions of yen)	Pay-out ratio (Consolidated)	Dividends to consolidated net assets
	First quarter	Second quarter	Third quarter	Year-end	Full year			
March 31, 2019	-	10.00	-	10.00	20.00	6,365	47.6%	2.5%
March 31, 2020	-	12.00	-	0.00	12.00	3,751	-	1.6%
March 31, 2021 (E)	-	-	-	-	-		-	

Note:

No decision has been made at present with respect to dividends for the fiscal year ending March 31, 2021.

3. Projected Consolidated Results for the Year ending March 31, 2021

The Company has decided to leave forecasts for financial results for the fiscal year ending March 31, 2020 undecided, because it has difficulty making reasonable calculations at the present time due to the rising impact of the COVID-19 coronavirus pandemic. When the Company is ready to disclose results forecasts, it will announce them promptly.

4. Others

- (1) Important changes of subsidiaries during the term (change of specified subsidiaries that lead to a change in the scope of consolidation): None
- (2) Changes in principles, procedures and classifications of accounting standards associated with the preparation of consolidated financial statements.
- (i) Changes associated with revised accounting standards: Yes
 - (ii) Changes other than those in (i)above: None
 - (iii) Changes in accounting estimate: None
 - (iv) Restatements: None

(3) Number of shares issued and outstanding (common stock)

(shares)	March 2020	March 2019
Number of shares issued and outstanding at the end of term (including treasury stock)	314,353,809	320,353,809
Number of treasury stock at the end of term	1,714,407	2,070,969
Average number of common stocks	314,081,534	318,284,058

(Reference) Overview of Nonconsolidated Financial Results
Nonconsolidated Results for the Year ended March 31, 2020

(1) Nonconsolidated operating results

(Millions of yen; the percentages represent year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
March 31, 2020	91,302	(8.7%)	(4,255)	-	7,529	(30.4%)	2,446	(49.8%)
March 31, 2019	100,055	(0.9%)	490	(86.6%)	10,818	10.0	4,876	(49.9%)

	Earnings per share (Yen)	Fully diluted earnings per share (Yen)
March 31, 2020	7.79	-
March 31, 2019	15.32	-

(2) Nonconsolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share(Yen)
March 31, 2020	232,947	132,262	56.8%	423.05
March 31, 2019	221,302	144,191	65.2%	453.03

Reference: Shareholders' Equity:

As of March 31, 2020: ¥ 132,262 million As of March 31, 2019: ¥ 144,191 million

※ The consolidated financial statements are not included in the scope of the audit.

※ Explanation about the proper use of financial forecasts and other important notes

The Company has decided to leave forecasts for financial results for the fiscal year ending March 31, 2020 undecided, because it has difficulty making reasonable calculations at the present time due to the rising impact of the COVID-19 coronavirus pandemic. When the Company is ready to disclose results forecasts, it will announce them promptly.

Please refer to the attached "Analysis of Operating Results" on page 6 for assumptions underlying the above forecasts and precautions regarding their use.

(Attached Documents)

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1. ANALYSIS OF OPERATING RESULTS/FINANCIAL POSITION

(1) Analysis of Operating Results

(i) Fiscal Year End Operating Results

Millions of yen	Year ended March 31,		Year-on-year change	%
	2019	2020		
Net sales	321,652	278,531	(43,120)	(13.4%)
Operating profit	22,411	6,136	(16,275)	(72.6%)
Ordinary profit	26,602	7,531	(19,070)	(71.7%)
Profit attributable to owners of parent	13,369	(16,667)	(30,037)	-

During the fiscal year ended March 31, 2020, despite a moderate recovery trend on the back of improved employment conditions and other factors, the Japanese economy deteriorated sharply due to sluggish consumer spending resulting from the consumption tax hike, and the impact of the COVID-19 coronavirus pandemic. Overseas economies were also seriously affected by the pandemic. Economic activities shrank dramatically in China, and other Asian economies also showed some weakness. In the United States and Europe, whose economies had been sluggish due to concern over developments in conjunction with trade with other countries, the pandemic put a great amount of downward pressure on businesses, further deepening uncertainty.

In this environment, the Citizen Group implemented a range of initiatives laid out for the first year of the Medium-term Management Plan 2021 which was established in February 2019, such as facilitating the growth of the Watch business and Machine Tools business, promoting sustainable management and strengthening compliance in quality, with a view to raise the level of traditional manufacturing and address the challenge of new value creation.

The consolidated financial results for the fiscal year under review recorded a decrease in both sales and profit, with net sales standing at 278.5 billion yen (down 13.4% year on year), and operating profit was 6.1 billion yen (down 72.6% year on year). Ordinary profit decreased reaching 7.5 billion yen (down 71.7% year on year), and profit attributable to owners of parent turned negative, at a loss of 16.6 billion yen (profit attributable to owners of parent of 13.3 billion yen in the same period of the previous year), due to the posting of an extraordinary loss.

Watches

With respect to sales of CITIZEN brand watches in the domestic market, luxury items such as The CITIZEN and medium-priced models such as PROMASTER remained strong in the first half. However, sales remained sluggish during the Christmas sales season due to a fall in consumer confidence following the consumption tax hike. In addition, there was a sharp downturn attributable to the spread of the COVID-19 coronavirus infection. Such factors resulted in a decrease in watch sales.

In the overseas market, sales in North America decreased substantially, reflecting the contraction of economic activities resulting from the COVID-19 coronavirus pandemic, as well as the impact of the closure of physical stores, mainly of the jewelry chain. The European market likewise suffered a sharp slowdown although it had been relatively firm. In the Asian market, sales decreased due in part to the significant impact of economic slumps that occurred on a large scale in many countries, including China.

In the multiple brand segment, sales of the BULOVA brand watches fell significantly in the main North

American market, and sales for other brands also decreased.

Sales of movements declined due to sluggish demand for high value-added products still continuing to face tough conditions characterized by a weak market recovery.

As a result, the watches segment posted a decline in sales with net sales of 141.6 billion yen (down 13.4% year on year), reflecting a downturn in finished products due to sharply deteriorated economic conditions resulting from the spread of the COVID-19 coronavirus infection, and sluggish sales of movements. Operating profit decreased to 3.9 billion yen (down 68.3% year on year) largely due to the significant impact of a sharp downturn in finished products and sluggish sales of movements despite the growth of high-end products that was promoted as one of the priority measures.

Machine Tools

In the domestic market, revenues decreased, reflecting the loss of momentum in sales of semiconductor-related products despite earlier signs of recovery, coupled with the growing sluggishness of automobile-related businesses.

As a result, the machine tools segment as a whole posted a decrease in both sales and profit with net sales of 58.5 billion yen (down 18.9% year on year) and operating profit of 7.2 billion yen (down 44.5% year on year) due to an increasingly cautious stance toward capital expenditure both in Japan and abroad, although efforts were made to promote sales of machines equipped with low frequency vibration (LFV) cutting, one of the Group's unique technologies.

Devices and Components

Sales of auto parts as part of precision machining components fell due to a decrease in new car sales, particularly in China, as well as worldwide uncertainty about the future, and sales of switches also declined owing to a decrease in models equipped with side switches for smartphones. Consequently, overall revenues from precision machining components decreased.

Overall revenues from opto-devices decreased due to a fall in sales of LED chips and back light units for vehicle use. The decrease also reflected initiatives undertaken with a focus on profitability instead of making pricing compromises with respect to LED for lighting products, despite intensifying price competition.

Sales of quartz devices, among other products, remained almost unchanged, mainly reflecting an increase in demand for communication devices such as smartphones.

As a consequence, net sales of the devices and components segment as a whole decreased to 55.9 billion yen (down 8.0% year on year), due mainly to a fall in sales of opto-devices. Operating profit decreased to 0.9 billion yen (down 63.6% year on year), primarily due to the impact of decreased sales, despite the implementation of strategies with a focus on profitability.

Electronic Products

Overall revenues from information equipment fell, reflecting sluggish sales of the mainstay photo printers and POS printers largely due to a fall in appetite for capital expenditure, despite encouraging sales of bar code printers. Revenues from healthcare equipment declined due to strong sales in the Middle East and Asia being more than offset by a drop in sales in Japan.

Consequently, the overall electronic products segment suffered a decrease in both sales and profit with net sales of 16.8 billion yen (down 12.7% year on year) and operating loss of 0.2 billion yen (operating profit of 0.4 billion yen a year ago).

Other Products

Revenues from jewelry products decreased, chiefly due to a reactionary fall following the consumption tax hike and increasingly sluggish sales in department and specialty stores, particularly in regional markets, despite signs of rises in sales of luxury products, as well as the reduction of sales activities in consideration of company liquidation and the transfer of some businesses.

As a result, the other products segment as a whole posted a decrease in sales and profit with net sales of 5.5 billion yen (down 4.8% year on year) and operating profit of 0.0 billion yen (down 71.3% year on year).

(ii) Prospects for the Year ending March 31, 2021

Looking ahead to economic conditions in the coming months, there is growing concern over a global recession, reflecting a substantial decline in demand due to the COVID-19 pandemic. In addition, given the difficulty of forecasting when the pandemic will end, the Group assumes that its business environment will be even tougher.

In this situation, the Group has been striving to bolster profitability in the Watch business and facilitate growth in the Machine Tools business to achieve sustainable growth as presented in the Medium-Term Management Plan 2021. However, with so many uncertain factors affecting current business performance, the Company has decided to leave forecasts for financial results for the fiscal year ending March 31, 2020 undecided, because it has difficulty making reasonable calculations. When it is ready to disclose results forecasts, going forward, it will announce them promptly.

(2) Analysis of Financial Position

(i) Assets Outstanding at Fiscal Year End

As of the end of the consolidated fiscal year under review, total assets decreased by 44.3 billion yen year on year, to 369.5 billion yen. Current assets declined by 23.3 billion yen, mainly reflecting decreases of 20.8 billion yen in notes and accounts receivable – trade and 6.7 billion yen in cash and deposits, despite an increase of 2.9 billion yen in inventories. Non-current assets decreased by 21.0 billion yen, primarily due to decreases of 6.5 billion yen in investment securities, 5.6 billion yen in machinery, equipment and vehicles – net, and 4.1 billion yen in intangible assets.

Liabilities decreased by 7.5 billion yen year on year, to 138.7 billion yen, mainly due to declines of 5.6 billion yen in electronically recorded obligations – operating, 5.2 billion yen in accrued expenses, and 4.0 billion yen in notes and accounts payable – trade, offsetting an increase of 4.0 billion yen in total in long-term and short-term loans and a rise of 1.3 billion yen in provision for loss on reorganization.

Net assets decreased by 36.7 billion yen year on year, to 230.7 billion yen, mainly as a result of declines of 27.1 billion yen, 4.5 billion yen and 4.3 billion yen in retained earnings, valuation difference on available-for-sale securities and foreign currency translation adjustment, respectively.

(ii) Cash Flows

Net cash provided by operating activities decreased by 2.5 billion yen year on year, to 17.3 billion yen. Major factors contributing to this result included 15.4 billion yen in depreciation and 19.2 billion yen in impairment loss, despite 15.0 billion yen in loss before income taxes, an 8.9 billion yen decrease in notes and accounts payable, and 7.1 billion yen in income taxes paid.

Net cash used in investing activities decreased by 4.3 billion year on year, to 15.4 billion yen. Major factors contributing to this result included 16.8 billion yen for the purchase of property, plant and equipment, offsetting 4.0 billion yen in proceeds from sales of investment securities and 0.7 billion yen in proceeds from sales of property, plant and equipment.

Net cash used in financing activities increased by 1.1 billion yen year on year, to 7.0 billion yen. Major factors contributing to this result include 10.7 billion yen in the repayment of long-term loans payable, 6.9 billion yen in cash dividends paid and 3.0 billion yen in the Purchase of treasury shares, in spite of factors for an increase such as 15.2 billion yen in proceeds from long-term loans payable.

For the consolidated fiscal year under review, cash and cash dividends decreased by 6.5 billion yen year on year, to 77.9 billion yen as of the end of the year.

(3) Fundamental Policy Regarding the Distribution of Profits and Dividends for the Fiscal Year Under Review and the Fiscal Year Ending March 2021

The Company considers the proportion of the total amount of dividends and share buybacks to profit attributable to owners of parent as the ratio of return to shareholders and established a basic policy of maintaining a ratio of 60% or higher on average for three years. The ratio is determined in consideration of the balance between dividend payments based on consolidated results and stable dividend payments.

The year-end dividend for the fiscal year under review will be 0.00 yen per share. As a result, the full-year dividend for the fiscal year under review will be 12.00 yen per share.

The Company has not currently decided on the expected full-year dividends per share for the next fiscal year.

2. Fundamental Views on Selecting Accounting Standards

The Citizen Group will continue to compile its consolidated financial statements using Japanese standards for the foreseeable future, as they enable comparison of fiscal years in the consolidated financial statements as well as a comparison among companies.

The Group has the policy of appropriately dealing with the application of IFRS, by taking into consideration circumstances in Japan and overseas.

3. Consolidated Financial Statements**(1) Consolidated Balance Sheet**

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	86,875	80,168
Notes and accounts receivable - trade	64,139	43,254
Electronically recorded monetary claims - operating	1,225	1,395
Merchandise and finished goods	55,614	58,708
Work in process	22,982	20,563
Raw materials and supplies	19,605	21,920
Consumption taxes receivable	3,131	2,586
Other	6,522	8,090
Allowance for doubtful accounts	△1,111	△1,033
Total current assets	258,985	235,655
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	42,496	40,222
Machinery, equipment and vehicles, net	22,685	17,014
Tools, furniture and fixtures, net	7,364	6,162
Land	10,326	10,164
Leased assets, net	1,360	1,264
Construction in progress	5,437	3,704
Total property, plant and equipment	89,669	78,532
Intangible assets		
Software	4,402	3,830
Leased assets	7	11
Other	4,323	710
Total intangible assets	8,732	4,552
Investments and other assets		
Investment securities	39,974	33,449
Long-term loans receivable	942	408
Deferred tax assets	11,847	14,604
Other	4,050	2,657
Allowance for doubtful accounts	△268	△239
Allowance for investment loss	△23	△46
Total investments and other assets	56,524	50,833
Total non-current assets	154,926	133,919
Total assets	413,911	369,575

CITIZEN WATCH

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,496	16,485
Electronically recorded obligations - operating	14,896	9,223
Notes payable - facilities	246	508
Electronically recorded obligations - non-operating	859	784
Short-term borrowings	13,987	17,227
Income taxes payable	2,139	1,551
Accrued expenses	13,395	8,160
Provision for bonuses	5,712	4,855
Provision for bonuses for directors (and other officers)	247	170
Provision for product warranties	1,428	1,133
Provision for environmental measures	0	87
Provision for loss on reorganization	484	1,840
Other	7,846	9,242
Total current liabilities	81,741	71,271
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	27,077	27,929
Deferred tax liabilities	791	585
Provision for loss on reorganization	816	829
Retirement benefit liability	23,328	24,038
Asset retirement obligations	74	66
Other	2,534	4,061
Total non-current liabilities	64,622	67,511
Total liabilities	146,363	138,783
Net assets		
Shareholders' equity		
Share capital	32,648	32,648
Capital surplus	34,019	33,730
Retained earnings	181,995	154,855
Treasury shares	△1,773	△1,069
Total shareholders' equity	246,889	220,165
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,111	3,578
Foreign currency translation adjustment	3,303	△1,095
Remeasurements of defined benefit plans	△855	△921
Total accumulated other comprehensive income	10,559	1,560
Non-controlling interests	10,098	9,066
Total net assets	267,547	230,791
Total liabilities and net assets	413,911	369,575

(2) Consolidated Statement of Income and Consolidated Statements of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	321,652	278,531
Cost of sales	198,094	177,431
Gross profit	123,557	101,100
Selling, general and administrative expenses	101,146	94,964
Operating profit	22,411	6,136
Non-operating income		
Interest income	525	479
Dividend income	1,775	1,378
Rental income	190	171
Share of profit of entities accounted for using equity method	896	801
Foreign exchange gains	492	—
Subsidy income	754	230
Other	598	396
Total non-operating income	5,232	3,459
Non-operating expenses		
Interest expenses	387	406
Loss on sales of notes receivable - trade	88	88
Depreciation of assets for rent	46	39
Foreign exchange losses	—	919
Bad debts expenses	—	213
Other	518	396
Total non-operating expenses	1,041	2,063
Ordinary profit	26,602	7,531
Extraordinary income		
Gain on sales of investment securities	2,195	1,860
Gain on sales of non-current assets	279	75
Other	334	5
Total extraordinary income	2,809	1,941
Extraordinary losses		
Loss on sales of non-current assets	40	34
Loss on retirement of non-current assets	884	252
Impairment loss	5,688	19,272
Loss on valuation of investment securities	—	1
Reorganization cost	2,507	1,404
Special compliance expense, etc.	216	—
Extra retirement payments	—	2,835
Other	823	758
Total extraordinary losses	10,160	24,559
Profit (loss) before income taxes	19,251	△15,086
Income taxes - current	7,010	4,126
Income taxes - deferred	△1,550	△1,754
Total income taxes	5,459	2,371
Profit (loss)	13,792	△17,458
Profit (loss) attributable to non-controlling interests	422	△790
Profit (loss) attributable to owners of parent	13,369	△16,667

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	13,792	△17,458
Other comprehensive income		
Valuation difference on available-for-sale securities	△3,797	△4,533
Foreign currency translation adjustment	1,159	△4,403
Remeasurements of defined benefit plans, net of tax	209	△65
Share of other comprehensive income of entities accounted for using equity method	126	△63
Total other comprehensive income	△2,302	△9,065
Comprehensive income	11,489	△26,523
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,000	△25,666
Comprehensive income attributable to non-controlling interests	488	△856

(3) Consolidated Statements of Changes in Equity

Financial year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	32,648	34,000	176,117	△1,783	240,983
Cumulative effects of changes in accounting policies					
Restated balance	32,648	34,000	176,117	△1,783	240,983
Changes during period					
Purchase of shares of consolidated subsidiaries		19			19
Increase by merger					
Change in scope of consolidation					
Dividends of surplus			△7,480		△7,480
Profit (loss) attributable to owners of parent			13,369		13,369
Cancellation of treasury shares					
Purchase of treasury shares				△1	△1
Disposal of treasury shares		△10		10	0
Transfer of loss on disposal of treasury shares		10	△10		—
Transfer from retained earnings to capital surplus					
Net changes in items other than shareholders' equity					
Total changes during period	—	19	5,877	9	5,906
Balance at end of period	32,648	34,019	181,995	△1,773	246,889

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	11,909	2,067	△1,047	12,928	9,801	263,713
Cumulative effects of changes in accounting policies						
Restated balance	11,909	2,067	△1,047	12,928	9,801	263,713
Changes during period						
Purchase of shares of consolidated subsidiaries						19
Increase by merger						
Change in scope of consolidation						
Dividends of surplus						△7,480
Profit (loss) attributable to owners of parent						13,369
Cancellation of treasury shares						
Purchase of treasury shares						△1
Disposal of treasury shares						0
Transfer of loss on disposal of treasury shares						—
Transfer from retained earnings to capital surplus						
Net changes in items other than shareholders' equity	△3,797	1,236	192	△2,368	297	△2,071
Total changes during period	△3,797	1,236	192	△2,368	297	3,834
Balance at end of period	8,111	3,303	△855	10,559	10,098	267,547

CITIZEN WATCH

Financial year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	32,648	34,019	181,995	△1,773	246,889
Cumulative effects of changes in accounting policies			△199		△199
Restated balance	32,648	34,019	181,796	△1,773	246,690
Changes during period					
Purchase of shares of consolidated subsidiaries		0			0
Increase by merger			363		363
Change in scope of consolidation		△289	5		△283
Dividends of surplus			△6,936		△6,936
Profit (loss) attributable to owners of parent			△16,667		△16,667
Cancellation of treasury shares		△3,703		3,703	—
Purchase of treasury shares				△3,001	△3,001
Disposal of treasury shares		△2		2	0
Transfer of loss on disposal of treasury shares		2	△2		—
Transfer from retained earnings to capital surplus		3,703	△3,703		—
Net changes in items other than shareholders' equity					
Total changes during period		△288	△26,940	704	△26,525
Balance at end of period	32,648	33,730	154,855	△1,069	220,165

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8,111	3,303	△855	10,559	10,098	267,547
Cumulative effects of changes in accounting policies						△199
Restated balance	8,111	3,303	△855	10,559	10,098	267,348
Changes during period						
Purchase of shares of consolidated subsidiaries						0
Increase by merger						363
Change in scope of consolidation						△283
Dividends of surplus						△6,936
Profit (loss) attributable to owners of parent						△16,667
Cancellation of treasury shares						—
Purchase of treasury shares						△3,001
Disposal of treasury shares						0
Transfer of loss on disposal of treasury shares						—
Transfer from retained earnings to capital surplus						—
Net changes in items other than shareholders' equity	△4,533	△4,399	△66	△8,999	△1,032	△10,031
Total changes during period	△4,533	△4,399	△66	△8,999	△1,032	△36,556
Balance at end of period	3,578	△1,095	△921	1,560	9,066	230,791

(4) Consolidated Statement of Cash Flow

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit (loss) before income taxes	19,251	△15,086
Depreciation	13,947	15,438
Increase (decrease) in provision for loss on reorganization	△429	1,375
Increase (decrease) in allowance for doubtful accounts	216	△91
Increase (decrease) in other provisions	△4	△1,211
Increase (decrease) in retirement benefit liability	817	639
Amortization of goodwill	400	—
Interest and dividend income	△2,300	△1,858
Interest expenses	387	406
Loss (gain) on sales of investment securities	△2,195	△1,858
Loss (gain) on sales of non-current assets	△239	△40
Loss on retirement of non-current assets	863	252
Decrease (increase) in trade receivables	△1,646	20,214
Decrease (increase) in inventories	△7,051	△4,096
Increase (decrease) in trade payables	△415	△8,999
Impairment loss	5,688	19,272
Other, net	329	△1,350
Subtotal	27,622	23,005
Interest and dividends received	2,300	1,858
Interest paid	△388	△408
Income taxes paid	△9,636	△7,107
Net cash provided by (used in) operating activities	19,897	17,347
Cash flows from investing activities		
Purchase of investment securities	△305	△1,971
Proceeds from sales of investment securities	4,194	4,061
Purchase of property, plant and equipment	△19,350	△16,851
Proceeds from sales of property, plant and equipment	764	773
Purchase of intangible assets	△3,884	△2,254
Loan advances	△160	△2
Collection of loans receivable	146	173
Other, net	△1,266	572
Net cash provided by (used in) investing activities	△19,861	△15,498

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(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	794	△518
Proceeds from long-term borrowings	5,063	15,270
Repayments of long-term borrowings	△3,719	△10,717
Proceeds from issuance of bonds	10,000	—
Redemption of bonds	△10,000	—
Dividends paid	△7,480	△6,936
Dividends paid to non-controlling interests	△136	△170
Purchase of treasury shares	△76	△3,001
Proceeds from sales of treasury shares	74	—
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	△172	△557
Other, net	△235	△416
Net cash provided by (used in) financing activities	△5,888	△7,049
Effect of exchange rate change on cash and cash equivalents	△270	△1,880
Net increase (decrease) in cash and cash equivalents	△6,122	△7,080
Cash and cash equivalents at beginning of period	90,655	84,533
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	544
Cash and cash equivalents at end of period	84,533	77,996

(5) Notes to the Consolidated Financial Statements

(Notes related to of going concern assumptions)

Not applicable

(Change of the indication method)

(Application of IFRS 16 Leases)

Starting from the beginning of the consolidated fiscal year under review, some overseas consolidated subsidiaries of the Group applied IFRS 16 Leases. Accordingly, with respect to almost all leases, assets and liabilities are recognized from the perspective of a lessee's accounting treatment. Application of this accounting standard has a minor impact on financial results of the fiscal year under review.

(Application of ASC 606 (Revenue arising from contracts with customers))

Starting from the beginning of the consolidated fiscal year under review, the Group's overseas subsidiaries applying the U.S. accounting standards factored in requirements for revenue arising from contracts with customers (ASC 606).

As a result, the balance of retained earnings decreased 199 million yen at the end of the consolidated fiscal year under review. The impact on net assets per share and earnings per share for the consolidated fiscal year under review is minor.

(Segment information)

a. Business segment

The Citizen Group’s reportable segments are group components for which separate financial information can be obtained. Each segment is subject to periodic examinations to allow the Board of Directors to decide how to allocate management resources and assess performance.

The Citizen Group has adopted an operating holding company structure and comprehensive strategies are proposed and businesses are pursued by individual operating companies.

Consequently, the Citizen Group, starting from a foundation of operating companies manages its businesses through five reportable segments – Watches, Machine tools, Devices and components, Electronic products, and Other products – based on factors like similarity of types and characteristics of products.

Each segment and its major products are as shown below.

Segment	Major products
Watches	Watches, Movements
Machine Tools	NC automatic lathes
Devices and Components	Auto parts, Switches , Chip LEDs, micro LCDs, Quartz crystals
Electronic products	Printers, Health care equipment, Calculators
Other products	Jewelry

b. Method for calculating sales, income/loss, assets, liabilities, and other items for reportable segments

The accounting methods applied to the business segments reported are generally the same as those described under

“Basis of Presenting the Consolidated Financial Statements.”

Reportable segment income is based on Operating profit.

Inter-segment earnings and transfers are based on market prices.

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c. Net sales, income/loss, assets, liabilities, and other items by segment

Year ended March 31, 2019

Millions of yen	Watches	Machine tools	Devices and components	Electronic Products	Other products	Segment totals	Eliminations or general corporate (Note:1)	Consolidated totals (Note:2)
Net sales								
Customers	163,525	72,164	60,807	19,330	5,824	321,652	-	321,652
Inter-segment	108	1,201	1,930	115	829	4,185	(4,185)	-
Total	163,633	73,365	62,737	19,446	6,654	325,837	(4,185)	321,652
Operating profit	12,440	13,082	2,543	438	146	28,651	(6,240)	22,411
Assets	189,683	66,558	82,501	15,761	6,770	361,276	52,635	413,911

Notes:

1. Adjustments were made as described below.

(1) The 6,240 million yen negative adjustment to segment income (Operating profit) includes 191 million yen in inter-segment eliminations and 6,048 million yen in corporate expenses that could not be allocated to a particular segment.

(2) The 52,635 million yen positive adjustment to segment assets includes 90,717 million yen in corporate assets that could not be allocated to a particular segment and 38,082 million yen to eliminate inter-segment obligations.

2. Segment profits and losses are adjusted with Operating profit on the consolidated financial statements.

Year ended March 31, 2020

Millions of yen	Watches	Machine tools	Devices and components	Electronic Products	Other products	Segment totals	Eliminations or general corporate (Note:1)	Consolidated totals (Note:2)
Net sales								
Customers	141,620	58,545	55,946	16,875	5,543	278,531	-	278,531
Inter-segment	99	549	1,867	96	778	3,391	(3,391)	-
Total	141,719	59,094	57,814	16,972	6,321	281,923	(3,391)	278,531
Operating profit	3,938	7,261	926	(257)	41	11,911	(5,775)	6,136
Assets	173,621	61,208	77,152	13,931	6,338	332,252	37,323	369,575

Notes:

1. Adjustments were made as described below.

(1) The 5,775 million yen negative adjustment to segment income (Operating profit) includes 23 million yen in inter-segment eliminations and 5,799 million yen in corporate expenses that could not be allocated to a particular segment.

(2) The 37,323 million yen positive adjustment to segment assets includes 72,247 million yen in corporate assets that could not be allocated to a particular segment and 34,923 million yen to eliminate inter-segment obligations.

2. Segment profits and losses are adjusted with Operating profit on the consolidated financial statements.

(Per Share Information)

	Year ended March 31, 2019	Year ended March 31, 2020
Net assets per share	808.87 yen	709.21 yen
Earnings per share	42.00 yen	(53.07) yen

Note: 1. Diluted earnings per share is not reported because there were no dilutive shares.

Note: 2. The basis of calculation of earnings per share information is as follows:

Earnings per share	Year ended March 31, 2019	Year ended March 31, 2020
Profit attributable to owners of parent (millions of yen)	13,369	(16,667)
Amount not attributed to common stock (millions of yen)	-	-
Profit attributable to owners of parent on common stock (millions of yen)	13,369	(16,667)
Average number of common stocks (thousand shares)	318,284	314,081
Summary of residual securities not included in diluted earnings per share as they have no dilution effect	-	-

Note: 3. The basis of calculation of net assets per share is as follows:

	Year ended March 31, 2019	Year ended March 31, 2020
Net assets (millions of yen)	267,547	230,791
Amount deducted from total net assets (millions of yen)	10,098	9,066
(Non-controlling interests (millions of yen))	(10,098)	(9,066)
Net assets on common stock at end of term (millions of yen)	257,449	221,725
Number of common shares at end of term used in the calculation of net assets per share (thousand shares)	318,282	312,639

Note: 4. The computation of the amount of net assets per share is based on the number of shares calculated by deducting the number of treasury shares at the end of a term and the number of shares owned under the BIP trust at the end of the term from the total number of outstanding shares at the end of that term. The calculation of earnings per share or loss per share is based on

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the number of shares calculated by deducting the average number of treasury shares during a term and the average number of shares owned under the BIP trust during the said term from the average total number of outstanding shares during the said term.

The average number of shares owned under the BIP trust for the consolidated fiscal year under review was 178,494 and the number of shares at the end of the fiscal year was 376, 600.

(Significant Subsequent Events)

Not applicable