



CITIZEN WATCH

Consolidated Financial Statements**for the Year Ended March 31, 2024**

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 13, 2024

CITIZEN WATCH CO., LTD.

Code No.: 7762

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Tel: +81 -42 -468 -4934

Scheduled ordinary general meeting of shareholders: June 25, 2024

Scheduled start of dividend payment: June 26, 2024

Scheduled release of fiscal 2023 Business Report: June 26, 2024

Listings: Prime section of Tokyo Stock Exchange

(URL <https://www.citizen.co.jp/global>)**1. Results for the Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)****(1) Consolidated operating results**

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
March 31, 2024	312,830	3.8%	25,068	5.7%	30,810	5.9%	22,958	5.1%
March 31, 2023	301,366	7.1%	23,708	6.4%	29,096	6.4%	21,836	(1.4%)

Note: Comprehensive income:

As of March 31, 2024: ¥ 45,736 million (43.6%) As of March 31, 2023: ¥ 31,852 million ((15.3%))

	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, 2024	93.60	-	9.7%	7.7%	8.0%
March 31, 2023	75.25	-	9.6%	7.4%	7.9%

Reference: Equity in earnings of unconsolidated subsidiaries and affiliates:

As of March 31, 2024: ¥ 1,361 million As of March 31, 2023: ¥ 1,248 million

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Equity ratio	Net assets per share (Yen)
March 31, 2024	415,445	256,134	59.6%	1,015.74
March 31, 2023	389,982	232,775	57.5%	866.68

Reference: Shareholders' Equity:

As of March 31, 2024: ¥ 247,659 million As of March 31, 2023: ¥ 224,179 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, 2024	34,564	(12,697)	(26,994)	80,338
March 31, 2023	16,576	(13,526)	(40,062)	79,201

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, 2023	-	15.00	-	19.00	34.00	9,315	45.2%	4.2%
March 31, 2024	-	20.00	-	20.00	40.00	9,761	42.7%	4.2%
March 31, 2025 (E)	-	22.50		22.50	45.00		50.0%	

3. Projected Consolidated Results for the Year ending March 31, 2025

(Millions of yen)

(Percentages represent changes over the corresponding period of the previous fiscal year)

	Net sales		Operating profit		Ordinary profit		Net income		Earnings per share (Yen)
Interim term	151,000	(1.3%)	11,000	(18.8%)	12,200	(30.0%)	12,500	(6.6%)	51.27
Full term	310,000	(0.9%)	23,000	(8.3%)	25,500	(17.2%)	22,000	(4.2%)	90.23

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) Adoption of simplified accounting method and special accounting methods: None
- (3) Changes in principles, procedures and classifications of accounting standards associated with the preparation of consolidated financial statements.
 - (i) Changes associated with revised accounting standards: None
 - (ii) Changes other than those in (i)above: None
 - (iii) Changes in accounting estimate: None
 - (iv) Restatements: None

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

	shares		shares	
(i) Number of shares issued and outstanding at the end of term (including treasury stock)	March 31, 2024	246,000,000	March 31, 2023	294,000,000
(ii) Number of treasury stock at the end of term	March 31, 2024	2,178,601	March 31, 2023	35,334,190
(iii) Average number of common stocks	March 31, 2024	245,277,690	March 31, 2023	290,183,268

** 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*

Statements above relating to financial forecasts are based on information available to the Company and certain assumptions the Company considers reasonable as of the date of the announcement of these statements. Actual results may differ materially from these forecasts, depending on a variety of factors.

Please refer to the attached "1. ANALYSIS OF OPERATIONG RESULTS, (4) Prospects for the Year ending March 31, 2025" on page 7 for assumptions underlying the above forecasts and precautions regarding their use.

(Attached Documents)

○INDEX

1. ANALYSIS OF OPERATING RESULTS.....	5
(1) Fiscal Year End Operating Results.....	5
(2) Assets Outstanding at Fiscal Year End	6
(3) Cash Flows at Fiscal Year End.....	6
(4) Prospects for the Year ending March 31, 2025	7
2. FUNDAMENTAL VIEWS ON SELECTING ACCOUNTING STANDARDS	8
3. CONSOLIDATED FINANCIAL STATEMENTS AND PRIMARY NOTES.....	9
(1) Consolidated Balance Sheet	9
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	11
Consolidated Statement of Income	11
Consolidated Statement of Comprehensive Income	12
(3) Consolidated Statements of Changes in Equity	13
(4) Consolidated Statement of Cash Flow	15
(5) Notes on the Consolidated Financial Statements	16
(Notes related to of going concern assumptions)	16
(Change in presentation method)	16
(Segment information)	16
(Per Share Information)	18
(Significant Subsequent Events)	19

1. ANALYSIS OF OPERATING RESULTS

(1) Fiscal Year End Operating Results

During the consolidated fiscal year under review, the Japanese economy continued to experience a moderate recovery in consumer spending, reflecting the normalization of economic activity. In North America and Europe, consumer spending remained firm due partly to increases in wages and employment, despite growing concern over an economic recession linked to inflation and rising interest rates. The Chinese economy experienced a sluggish recovery following the resumption of normal economic activity. Meanwhile, recoveries in other Asian regions were only moderate due to the lack of momentum in exports and weak demand for capital spending.

In this environment, the Citizen Group's consolidated results for the fiscal year under review showed increases in sales and profits, with net sales of 312.8 billion yen (up 3.8% year on year) and operating profit of 25.0 billion yen (up 5.7 year on year). These results were driven mainly by strong performance in Watches. Ordinary profit increased to 30.8 billion yen (up 5.9% year on year), while profit attributable to owners of parents came to 22.9 billion yen (up 5.1% year on year).

Watches

In the domestic market, sales of Citizen brand watches increased with the support of the strong performance of men's watches such as ATTESA and PROMASTER and the recovery of inbound tourism-related demand, despite a decline in consumer confidence linked to price increases.

Looking at overseas markets, the North American market showed signs of weakness in sales for distribution such as jewelry chain stores and department stores amid an increase in budget-minded consumers in response to the CPI remaining high. Even so, sales increased, reflecting the strong performance of online sales and sales for travel distribution. Even so, sales increased, chiefly reflecting the strong performance of online sales. The European market suffered price increases. Despite this, sales climbed due to the strong performance recorded mainly in the UK and Italy, as well as a steady increase in new retailers selling Citizen watches in France. In Asia, countries such as India and Singapore showed signs of a recovery, while sales varied by region. Sales grew in the Chinese market thanks to the success of collaboration merchandise and new initiatives using social media.

Sales of Bulova brand watches rose. This was attributable to, in the mainstay North American market, the cultivation of new sales channels including sales for tourism-related distribution, offsetting weak sales for main distribution channels such as jewelry chain stores.

Sales of movements climbed due to solid sales of mechanical movements, which offset slow sales of analog quartz movements due to concerns about a recession in the North American and European markets.

As a result, notwithstanding concerns about a decline in consumer confidence linked to the long-term price increases occurring globally, thanks to the progress made in initiatives for the enhancement of sales of global brands, premium brands and mechanical watches, the watches segment as a whole posted an increase in sales, with net sales of 162.2 billion yen (up 10.8% year on year). Operating profit increased 19.4% year on year, to 19.8 billion yen, given an increase in net sales and ongoing efforts to improve profitability.

Machine Tools

Sales declined in the domestic market with the continuation of a generally cautious stance regarding capital expenditures, sluggish growth in shipments of automobile-related products and a slump in the semiconductor equipment and pneumatic equipment markets. As for overseas markets, sales primarily of medical products remained strong in the European and American markets. However, this was offset by the ongoing sluggishness of markets in China and other Asian countries, which resulted in a decrease in sales.

As a result, the machine tools segment as a whole posted a decrease in sales, with net sales of 81.6 billion yen (down 5.3% year on year). Operating profit decreased to 9.0 billion yen (down 26.0% year on year), due mainly to rises in raw material prices and transportation expenses.

Devices and Components

Sales of automotive parts increased with the easing of shortages of parts supplies that had been caused by semiconductor shortages, together with a recovery in production at car manufacturers. Sales of small motors rose,

reflecting market recoveries in a broad range of areas including medical products. However, sales of crystal devices decreased, reflecting sluggish demand growth in demand in the personal computer and IoT markets. Sales of opto-devices decreased due to sluggish demand.

As a result, the devices and components segment overall recorded a decrease in sales and an increase in profit, with net sales of 42.4 billion yen (down 5.0% year on year) and operating profit of 0.4 billion yen (compared to operating loss of 0.8 billion yen in the same period of the previous fiscal year).

Electronic and Other Products

In information equipment, the recovery of demand was weak due to the deterioration of the market environment outlook, resulting in the sluggish growth of POS printers and bar code printers. Even so, sales increased, reflecting strong sales of photo printers due to the growth of demand. Sales of healthcare equipment decreased given ongoing weakness in demand for thermometers and sales of blood pressure monitors, which fell short of sales in the previous year despite a recovery trend.

As a result, the electronic and other products segment overall recorded an increase in both sales and profits with net sales of 22.5 billion yen (up 10.0% year on year) and operating profit of 1.5 billion yen (up 38.7% year on year).

(2) Assets Outstanding at Fiscal Year End

As of the end of the consolidated fiscal year under review, total assets had increased by 25.4 billion yen from the end of the previous consolidated fiscal year, to 415.4 billion yen. Current assets increased by 8.0 billion yen, mainly reflecting rise of 4.0 billion yen and 7.5 billion yen in notes and accounts receivable – trade and inventories, more than offsetting a 1.1 billion yen decrease in cash and deposits and inventories. Non-current assets increased by 17.3 billion yen, reflecting an 8.4 billion yen increase in total property, plant and equipment and a 7.5 billion yen increase in investment securities.

Liabilities had increased by 2.1 billion yen from the end of the previous consolidated fiscal year, to 159.3 billion yen. This was primarily due to increases of 1.6 billion yen in electronically recorded obligations - non-operating and 2.7 billion yen in lease liabilities, which was partly offset by a decrease of 3.8 billion yen in electronically recorded obligations - operating.

Net assets increased by 23.3 billion yen from the end of the previous consolidated fiscal year, to 256.1 billion yen, primarily reflecting a 15.8 billion yen increase in foreign currency translation adjustment and a 6.4 billion yen increase in valuation difference on available-for-sale securities.

(3) Cash Flows at Fiscal Year End

For the cash status of the Citizen Group, cash provided from operating activities was 34.5 billion yen an increase of 17.9 billion yen in income from the previous fiscal year. This was attributable primarily to factors of increase such as 29.3 billion yen in profit before income taxes and 12.3 billion yen in depreciation, which more than offset factors of decrease such as a decrease of 8.6 billion yen in trade payables and 6.2 billion in income taxes paid.

Cash used in investing activities was 12.6 billion yen, a decrease of 0.8 billion yen in expenditure from the previous fiscal year. This was due to factors including 1.9 billion yen in purchase of property, plant and equipment, which more than offset factors such as proceeds from the sale of investment securities of 2.7 billion yen.

Cash used in financing activities was 26.9 billion yen, a decrease of 13.0 billion yen in expenditure from the previous fiscal year. This resulted chiefly from factors such as 12.8 billion yen in purchase of treasury shares, and 9.8 billion yen in dividends paid.

As a result, cash and cash equivalents increased 1.1 billion yen year on year to total 80.3 billion yen at the end of the fiscal year under review.

(4) Prospects for the Year ending March 31, 2025

Millions of yen	Year ended March 31,		Year-on-year change	%
	2024	2025		
Net sales	312,830	310,000	(2,830)	(0.9%)
Operating profit or loss	25,068	23,000	(2,068)	(8.2%)
Ordinary profit or loss	30,810	25,500	(5,310)	(17.2%)
Profit or loss attributable to owners of parent	22,958	22,000	(958)	(4.2%)

Breakdown of sales by segment

Millions of yen	Year ended March 31,		Year-on-year change	%
	2024	2025		
Watches	166,205	171,500	+5,295	+3.2%
Machine Tools	81,629	73,000	(8,629)	(10.6%)
Devices and components	42,487	42,500	+13	+0.0%
Electronic and Other Products	22,507	23,000	+493	+2.2%
Total net sales	312,830	310,000	(2,830)	(0.9%)

Breakdown of operating profit by segment

Millions of yen	Year ended March 31,		Year-on-year change	%
	2024	2025		
Watches	19,851	20,500	+649	+3.3%
Machine Tools	9,029	6,600	(2,429)	(26.9%)
Devices and components	463	800	+337	+72.8%
Electronic and Other Products	1,588	1,500	(88)	(5.5%)
Eliminations or general corporate	(5,864)	(6,400)	(536)	-
Total Operating profit or loss	25,068	23,000	(2,068)	(8.2%)

The Group anticipates weakness in certain sectors of the economy as the post-pandemic recovery in demand runs its course. The economy will still continue to recover moderately. The Group projects that consumer demand and inbound tourism-related demand will recover to a certain degree in Japan, while overseas, consumer spending will remain firm despite concerns about uncertain market conditions.

Taking this situation into account, the Group forecasts net sales of 310.0 billion yen (down 0.9% year on year), operating profit of 23.0 billion yen (down 8.2% year on year), ordinary profit of 25.5 billion yen (down 17.2% year on year) and profit attributable to owners of parent of 22.0 billion yen (down 4.2% year on year) for consolidated financial results for the next fiscal year.

The foreign exchange rates are assumed to be 145 yen against the U.S. dollar and 155 yen against the euro.

Actual foreign exchange rates were 144 yen against the U.S. dollar and 156 yen against the euro in the consolidated fiscal year under review.

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 and Primary Notes**(1) Consolidated Balance Sheet**

	(Millions of yen)	
	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	82,490	81,312
Notes and accounts receivable - trade	53,718	57,754
Electronically recorded monetary claims - operating	2,081	3,056
Merchandise and finished goods	58,604	64,977
Work in process	24,291	26,472
Raw materials and supplies	25,595	24,600
Consumption taxes refund receivable	3,052	2,659
Other	10,907	8,178
Allowance for doubtful accounts	(1,099)	(1,272)
Total current assets	259,642	267,741
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	41,808	43,146
Machinery, equipment and vehicles, net	15,868	18,634
Tools, furniture and fixtures, net	3,899	4,477
Land	10,367	10,529
Leased assets, net	5,134	7,722
Construction in progress	2,443	3,477
Total property, plant and equipment	79,521	87,987
Intangible assets		
Software	3,951	4,368
Other	799	837
Total intangible assets	4,751	5,206
Investments and other assets		
Investment securities	39,021	46,602
Long-term loans receivable	163	182
Deferred tax assets	5,581	6,058
Other	1,675	1,979
Allowance for doubtful accounts	(236)	(313)
Allowance for investment loss	(138)	—
Total investments and other assets	46,066	54,510
Total non-current assets	130,340	147,703
Total assets	389,982	415,445

CITIZEN WATCH

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,889	18,712
Electronically recorded obligations - operating	13,325	9,482
Notes payable - facilities	18	115
Electronically recorded obligations - non-operating	384	2,057
Short-term borrowings	3,787	10,077
Current portion of bonds payable	10,000	—
Income taxes payable	2,179	2,315
Accrued expenses	10,997	12,252
Provision for bonuses	6,156	6,548
Provision for bonuses for directors (and other officers)	303	328
Provision for product warranties	1,244	1,264
Provision for loss on reorganization	110	104
Other	11,918	12,381
Total current liabilities	79,317	75,641
Non-current liabilities		
Bonds payable	—	10,000
Long-term borrowings	51,328	42,433
Deferred tax liabilities	3,628	5,334
Provision for loss on reorganization	6	5
Retirement benefit liability	16,572	16,777
Lease liabilities	4,679	7,380
Other	1,673	1,737
Total non-current liabilities	77,889	83,668
Total liabilities	157,206	159,310
Net assets		
Shareholders' equity		
Share capital	32,648	32,648
Capital surplus	33,740	33,739
Retained earnings	150,483	124,466
Treasury shares	(28,581)	(1,698)
Total shareholders' equity	188,290	189,156
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,161	16,561
Foreign currency translation adjustment	25,659	41,558
Remeasurements of defined benefit plans	67	382
Total accumulated other comprehensive income	35,888	58,502
Non-controlling interests	8,596	8,475
Total net assets	232,775	256,134
Total liabilities and net assets	389,982	415,445

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

Consolidated Statement of Income

	(Millions of yen)	
	Year ended March 31, 2023	Year ended March 31, 2024
Net sales	301,366	312,830
Cost of sales	179,186	181,447
Gross profit	122,180	131,383
Selling, general and administrative expenses	98,472	106,314
Operating profit	23,708	25,068
Non-operating income		
Interest income	851	1,364
Dividend income	1,563	1,292
Rental income	111	105
Share of profit of entities accounted for using equity method	1,248	1,361
Foreign exchange gains	1,237	2,879
Subsidy income	233	81
Other	1,002	328
Total non-operating income	6,248	7,413
Non-operating expenses		
Interest expenses	297	334
Loss on sale of notes receivable - trade	26	12
Depreciation of assets for rent	19	40
Commission for purchase of treasury shares	86	586
Bond issuance costs	—	53
Non-deductible consumption tax	126	—
Provision of allowance for doubtful accounts	—	173
Other	303	469
Total non-operating expenses	860	1,670
Ordinary profit	29,096	30,810
Extraordinary income		
Gain on sale of investment securities	1,530	554
Gain on sale of shares of subsidiaries	—	414
Gain on sale of non-current assets	1,761	45
Other	427	12
Total extraordinary income	3,719	1,026
Extraordinary losses		
Loss on sale of non-current assets	17	28
Loss on retirement of non-current assets	501	559
Impairment losses	3,887	1,677
Reorganization cost	32	13
Other	138	228
Total extraordinary losses	4,576	2,507
Profit before income taxes	28,240	29,329
Income taxes - current	6,400	8,213
Income taxes - deferred	809	(1,689)
Total income taxes	7,210	6,524
Profit	21,029	22,805
Loss attributable to non-controlling interests	(807)	(152)
Profit attributable to owners of parent	21,836	22,958

CITIZEN WATCH

Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Year ended March 31, 2023	Year ended March 31, 2024
Profit	21,029	22,805
Other comprehensive income		
Valuation difference on available-for-sale securities	1,183	6,400
Foreign currency translation adjustment	8,731	15,411
Remeasurements of defined benefit plans, net of tax	460	345
Share of other comprehensive income of entities accounted for using equity method	446	772
Total other comprehensive income	<u>10,823</u>	<u>22,930</u>
Comprehensive income	<u>31,852</u>	<u>45,736</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	32,496	45,572
Comprehensive income attributable to non-controlling interests	(643)	163

CITIZEN WATCH

(3) Consolidated Statements of Changes in Equity

Financial year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of period	32,648	33,740	145,912	(8,225)	204,076
Changes during period					
Purchase of shares of consolidated subsidiaries					—
Dividends of surplus			(7,078)		(7,078)
Profit attributable to owners of parent			21,836		21,836
Cancellation of treasury shares		(10,199)		10,199	—
Purchase of treasury shares				(30,611)	(30,611)
Disposal of treasury shares		11		55	66
Transfer from retained earnings to capital surplus		10,188	(10,188)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	4,570	(20,356)	(15,785)
Balance at end of period	32,648	33,740	150,483	(28,581)	188,290

	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	8,977	16,646	(394)	25,228	9,367	238,673
Changes during period						
Purchase of shares of consolidated subsidiaries						—
Dividends of surplus						(7,078)
Profit attributable to owners of parent						21,836
Cancellation of treasury shares						—
Purchase of treasury shares						(30,611)
Disposal of treasury shares						66
Transfer from retained earnings to capital surplus						—
Net changes in items other than shareholders' equity	1,183	9,013	462	10,659	(770)	9,888
Total changes during period	1,183	9,013	462	10,659	(770)	(5,897)
Balance at end of period	10,161	25,659	67	35,888	8,596	232,775

CITIZEN WATCH

Financial year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	32,648	33,740	150,483	(28,581)	188,290
Changes during period					
Purchase of shares of consolidated subsidiaries		(0)			(0)
Dividends of surplus			(9,809)		(9,809)
Profit attributable to owners of parent			22,958		22,958
Cancellation of treasury shares		(39,166)		39,166	-
Purchase of treasury shares				(12,305)	(12,305)
Disposal of treasury shares		0		22	22
Transfer from retained earnings to capital surplus		39,166	(39,166)		-
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	(26,017)	26,883	865
Balance at end of period	32,648	33,739	124,466	(1,698)	189,156

	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	10,161	25,659	67	35,888	8,596	232,775
Changes during period						
Purchase of shares of consolidated subsidiaries						(0)
Dividends of surplus						(9,809)
Profit attributable to owners of parent						22,958
Cancellation of treasury shares						-
Purchase of treasury shares						(12,305)
Disposal of treasury shares						22
Transfer from retained earnings to capital surplus						-
Net changes in items other than shareholders' equity	6,400	15,898	315	22,614	(121)	22,493
Total changes during period	6,400	15,898	315	22,614	(121)	23,358
Balance at end of period	16,561	41,558	382	58,502	8,475	256,134

(4) Consolidated Statement of Cash Flow

	(Millions of yen)	
	Year ended March 31, 2023	Year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	28,240	29,329
Depreciation	11,200	12,327
Increase (decrease) in provision for loss on reorganization	(319)	(8)
Increase (decrease) in allowance for doubtful accounts	(58)	103
Increase (decrease) in other provisions	321	27
Increase (decrease) in retirement benefit liability	(3,465)	245
Interest and dividend income	(2,415)	(2,657)
Subsidy income	(233)	(81)
Interest expenses	297	334
Loss (gain) on valuation of investment securities	—	62
Loss (gain) on sale of investment securities	(1,530)	(549)
Loss (gain) on sale of shares of subsidiaries	—	(414)
Loss (gain) on sale of non-current assets	(1,744)	(16)
Loss on retirement of non-current assets	501	559
Impairment losses	3,887	1,677
Decrease (increase) in trade receivables	(1,302)	972
Decrease (increase) in inventories	(7,699)	(74)
Increase (decrease) in trade payables	(2,573)	(8,627)
Other, net	146	5,215
Subtotal	<u>23,251</u>	<u>38,427</u>
Interest and dividends received	2,426	2,659
Interest paid	(299)	(331)
Income taxes refund (paid)	(9,035)	(6,272)
Subsidies received	233	81
Net cash provided by (used in) operating activities	<u>16,576</u>	<u>34,564</u>
Cash flows from investing activities		
Purchase of investment securities	(0)	(1)
Proceeds from sale of investment securities	1,811	2,721
Purchase of property, plant and equipment	(15,091)	(15,915)
Proceeds from sale of property, plant and equipment	1,827	210
Purchase of intangible assets	(1,465)	(1,946)
Loan advances	(5)	(3)
Proceeds from collection of loans receivable	4	3
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(0)
Other, net	(607)	2,233
Net cash provided by (used in) investing activities	<u>(13,526)</u>	<u>(12,697)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,653	(2,645)
Proceeds from long-term borrowings	1,000	1,000
Repayments of long-term borrowings	(3,755)	(1,029)
Proceeds from issuance of bonds	—	10,000
Redemption of bonds	—	(10,000)
Dividends paid	(7,078)	(9,809)
Proceeds from share issuance to non-controlling shareholders	25	—
Dividends paid to non-controlling interests	(147)	(233)
Purchase of treasury shares	(30,697)	(12,891)
Proceeds from sale of treasury shares	66	0
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	(0)
Other, net	(1,129)	(1,385)
Net cash provided by (used in) financing activities	<u>(40,062)</u>	<u>(26,994)</u>
Effect of exchange rate change on cash and cash equivalents	4,976	6,264
Net increase (decrease) in cash and cash equivalents	<u>(32,036)</u>	<u>1,137</u>
Cash and cash equivalents at beginning of period	111,237	79,201
Cash and cash equivalents at end of period	<u>79,201</u>	<u>80,338</u>

(5) Notes on the Consolidated Financial Statements

(Notes related to of going concern assumptions)

Not applicable

(Change in presentation method)

(Notes to Consolidated Statement of Income)

Commission for syndicate loans that was shown separately under non-operating expenses in the previous fiscal year are included in other in the fiscal year under review because they have become insignificant in monetary terms. To reflect the change in presentation, it has made reclassification in the consolidated financial statements for the previous year. As a result, both Commission for syndicate loans amounting to 48 million yen and other amounting to 382 million yen that were shown separately under non-operating expenses in consolidated statement of income of the previous fiscal year are reclassified under other, amounting to 430 million yen.

(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	CNC automatic lathes
Devices and Components	Auto parts, Crystal devices, Small motors, Chip LEDs
Electronic and Other Products	Printers, Health care equipment, etc.

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.

CITIZEN WATCH

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

Year ended March 31, 2023

Millions of yen	Watches	Machine tools	Devices and components	Electronic and Other Products	Segment totals	Eliminations or general corporate (Note:1)	Consolidated totals (Note:2)
Net sales							
Customers	15,002	86,171	44,737	20,454	301,366	-	301,366
Inter-segment	94	236	1,369	630	2,331	(2,331)	-
Total	150,097	86,408	46,107	21,084	303,697	(2,331)	301,366
Operating profit	16,632	12,203	(818)	1,145	29,162	(5,454)	23,708
Assets	189,683	92,622	66,362	21,233	369,901	20,080	389,982

Notes:

1. Adjustments were made as described below.

- (1) The 5,454 million yen negative adjustment to segment income (Operating profit) includes 133 million yen in inter-segment eliminations and 5,588 million yen in corporate expenses that could not be allocated to a particular segment.
- (2) The 20,080 million yen positive adjustment to segment assets includes 52,217 million yen in corporate assets that could not be allocated to a particular segment and 32,136 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, 2024

Millions of yen	Watches	Machine tools	Devices and components	Electronic and Other Products	Segment totals	Eliminations or general corporate (Note:1)	Consolidated totals (Note:2)
Net sales							
Customers	166,205	81,629	42,487	22,507	312,830	-	312,830
Inter-segment	80	304	1,769	636	2,791	(2,791)	-
Total	166,286	81,934	44,256	23,144	315,621	(2,791)	312,830
Operating profit	19,851	9,029	463	1,588	30,933	(5,864)	25,068
Assets	212,331	93,534	66,410	23,366	395,643	19,801	415,445

Notes:

1. Adjustments were made as described below.

- (1) The 5,864 million yen negative adjustment to segment income (Operating profit) includes 118 million yen in inter-segment eliminations and 5,983 million yen in corporate expenses that could not be allocated to a particular segment.
- (2) The 19,801 million yen positive adjustment to segment assets includes 60,018 million yen in corporate assets that could not be allocated to a particular segment and 40,216 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, 2023	Year ended March 31, 2024
Net assets per share	866.68 yen	1,015.74 yen
Earnings per share	75.25 yen	93.60 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, 2023	Year ended March 31, 2024
Profit attributable to owners of parent (millions of yen)	21,836	22,958
Amount not attributed to common stock (millions of yen)	-	-
Profit attributable to owners of parent on common stock (millions of yen)	21,836	22,958
Average number of common stocks (thousand shares)	290,183	245,277

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

	Year ended March 31, 2023	Year ended March 31, 2024
Net assets (millions of yen)	232,775	256,134
Amount deducted from total net assets (millions of yen)	8,596	8,475
(Non-controlling interests (millions of yen))	(8,596)	(8,475)
Net assets on common stock at end of term (millions of yen)	224,179	247,659
Number of common shares at end of term used in the calculation of net assets per share (thousand shares)	258,665	243,821

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 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 the Company's shares owned under the BIP trust for the previous consolidated fiscal year was 408,352 and the number of the Company's shares at the end of the fiscal year was 483,762. The average number of the Company's shares owned under the BIP trust for the consolidated fiscal year under review was 459,171 and the number of the Company's shares at the end of the fiscal year was 449,254.

(Significant Subsequent Events)

Not applicable