



CITIZEN

Earning Presentation

for the Year ended March 31, 2023

CITIZEN WATCH CO., LTD.

May 13, 2024

| | |
|--|----|
| Financial Results for FY 2023 | 4 |
| Financial Results for 4Q(Jan.-Mar.) of FY 2023 | 7 |
| FY 2024 Forecasts | 15 |
| Medium-term Management Plan 2024 (FY2022-FY2024)Activities | 18 |

Financial Results for FY 2023



Financial Results for FY 2023

| (Unit : billion yen) | FY2022 1-4Q (Apr-Mar) Result | FY2023 1-4Q (Apr-Mar) Result | YoY Change | |
|--|---------------------------------------|---------------------------------------|------------|--------|
| | | | Amount | % |
| Net sales | 301.3 | 312.8 | + 11.4 | + 3.8% |
| Operating profit | 23.7 | 25.0 | + 1.3 | + 5.7% |
| Operating margin | 7.9% | 8.0% | - | - |
| Ordinary Profit | 29.0 | 30.8 | + 1.7 | + 5.9% |
| Profit attributable to owners of parent | 21.8 | 22.9 | + 1.1 | + 5.1% |
| Exchange rate | ¥135/USD ¥141/EUR | ¥144/USD ¥156/EUR | | |

- Sales and Profits increased, reflecting continuing growth in the mainstay Watches segment

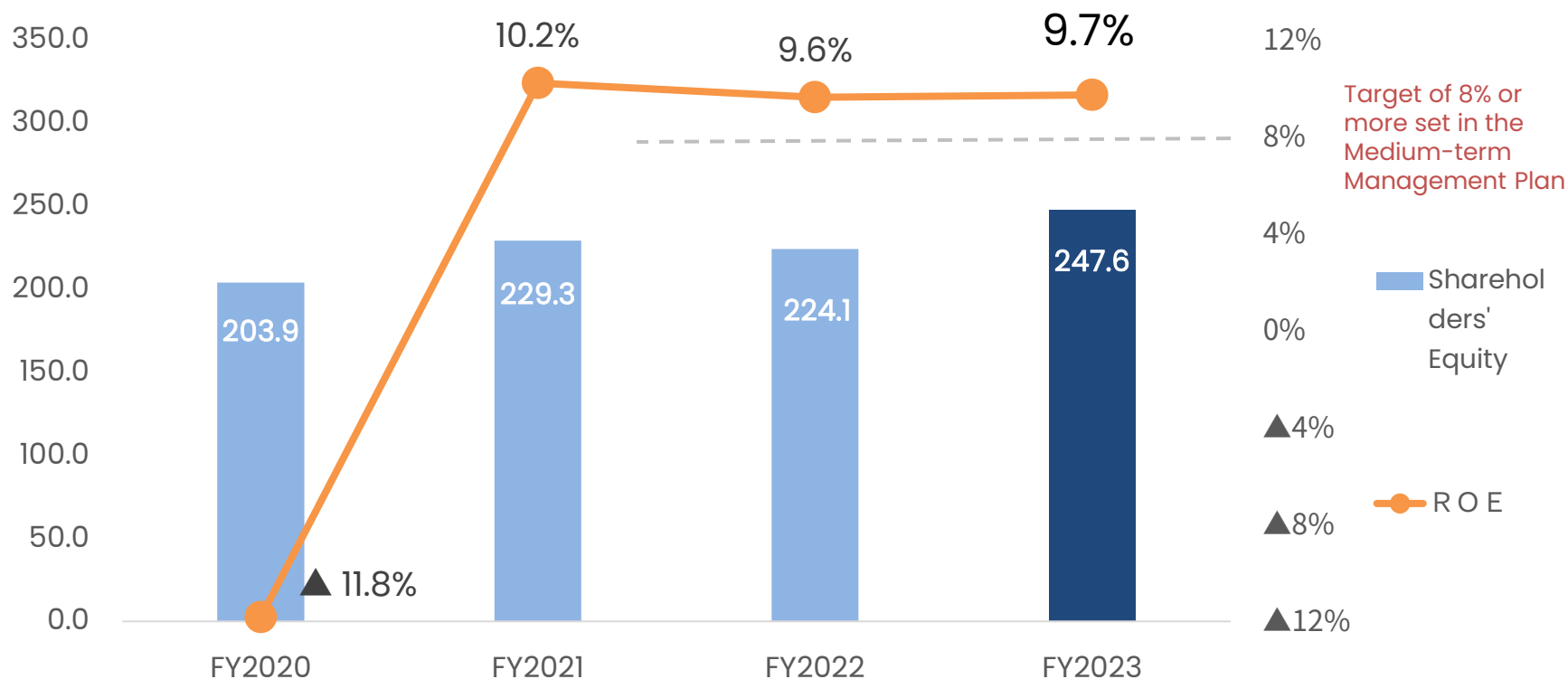
Financial results by Business Segments

| Net sales (Unit : billion yen) | FY2022 1-4Q(Apr-Mar) | FY2023 1-4Q(Apr-Mar) | YoY Change | |
|---|-------------------------|-------------------------|------------|-----------|
| | Result | Result | Amount | % |
| Watches | 150.0 | 166.2 | + 16.2 | + 10.8% |
| Machine Tools | 86.1 | 81.6 | (4.5) | (5.3%) |
| Devices and Components | 44.7 | 42.4 | (2.2) | (5.0%) |
| Electronic and Other Products | 20.4 | 22.5 | + 2.0 | + 10.0% |
| Consolidated Total | 301.3 | 312.8 | + 11.4 | + 3.8% |
| Operating Profit (Unit: billion yen, %:operating margin) | | | | |
| Watches | 16.6 11.1% | 19.8 11.9% | + 3.2 | + 19.4% |
| Machine Tools | 12.2 14.2% | 9.0 11.1% | (3.1) | (26.0%) |
| Devices and Components | (0.8) (1.8%) | 0.4 1.1% | + 1.2 | - |
| Electronic and Other Products | 1.1 5.6% | 1.5 7.1% | + 0.4 | + 38.7% |
| Eliminations or general corporate | (5.4) | (5.8) | (0.4) | - |
| Consolidated Total | 23.7 7.9% | 25.0 8.0% | + 1.3 | + 5.7% |

Full-year ROE for FY2023


ROE

- ROE rose year on year to 9.7% due to increased profitability and reduced shareholders' equity.
- The ROE target of 8.0% or more set in the Medium-term Management Plan was achieved.



* ROE = Profit attributable to owners of parent / Shareholders' equity (average of amounts at beginning and end of fiscal year)

Financial Results for 4Q(Jan.-Mar.) of FY 2023



Financial Results for 4Q(Jan.-Mar.) of FY 2023

| (Unit : billion yen) | FY2022 4Q(Jan-Mar) | FY2023 4Q(Jan-Mar) | YoY Change | |
|--|-----------------------|-----------------------|------------|-----------|
| | Result | Result | Amount | % |
| Net sales | 71.1 | 73.9 | + 2.7 | + 3.9% |
| Operating profit | 2.6 | 1.6 | (1.0) | (38.3%) |
| Operating margin | 3.8% | 2.2% | - | - |
| Ordinary Profit | 4.6 | 3.3 | (1.3) | (28.4%) |
| Profit attributable to owners of parent | 2.1 | 2.2 | + 0.1 | + 6.0% |
| Exchange rate | ¥133/USD ¥142/EUR | ¥147/USD ¥160/EUR | | |

4Q(Jan.-Mar.) 2023 Result by Business Segments

| Net sales (Unit : billion yen) | FY2022 4Q(Jan-Mar) Result | FY2023 4Q(Jan-Mar) Result | YoY Change | |
|---|---------------------------------|---------------------------------|------------|-----------|
| | | | Amount | % |
| Watches | 32.6 | 38.9 | + 6.3 | + 19.4% |
| Machine Tools | 22.7 | 19.4 | (3.3) | (14.7%) |
| Devices and Components | 10.5 | 9.9 | (0.5) | (5.4%) |
| Electronic and Other Products | 5.2 | 5.5 | + 0.3 | + 6.4% |
| Consolidated Total | 71.1 | 73.9 | + 2.7 | + 3.9% |
| Operating Profit (Unit: billion yen, %:operating margin) | | | | |
| Watches | (0.8) 2.6% | 1.4 3.6% | + 0.5 | + 64.3% |
| Machine Tools | 3.7 16.5% | 1.5 7.8% | (2.2) | (59.9%) |
| Devices and Components | (0.6) (6.2%) | 0.0 0.3% | + 0.6 | - |
| Electronic and Other Products | 0.1 3.2% | 0.2 5.1% | + 0.1 | + 67.2% |
| Eliminations or general corporate | (1.4) | (1.5) | (0.1) | - |
| Consolidated Total | 2.6 3.8% | 1.6 2.2% | (1.0) | (38.3%) |

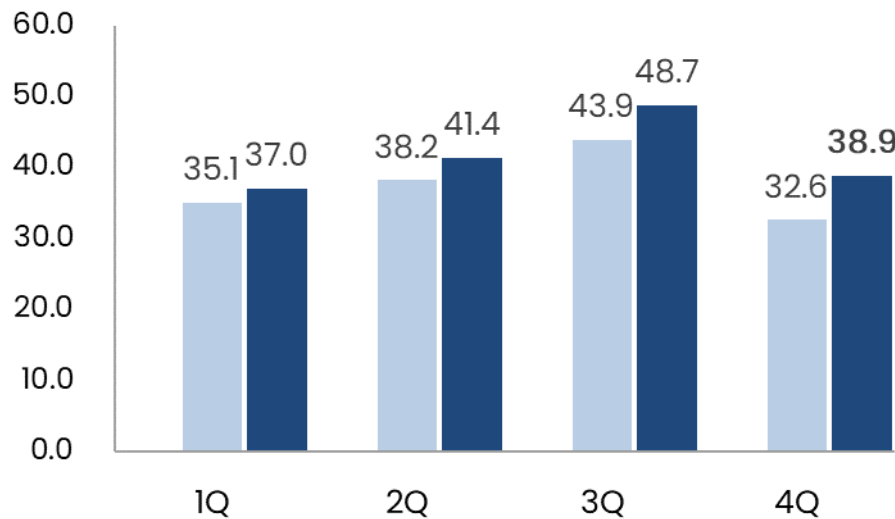
Watches (Operating Performance)

4Q(Jan.-Mar.)

- Finished watch sales Sales increased due to the continued moderate recovery of the domestic market and strong sales in the North American and European markets.
- Movement sales Sales increased due to solid sales of mechanical movements despite sluggish growth of analog quartz movements

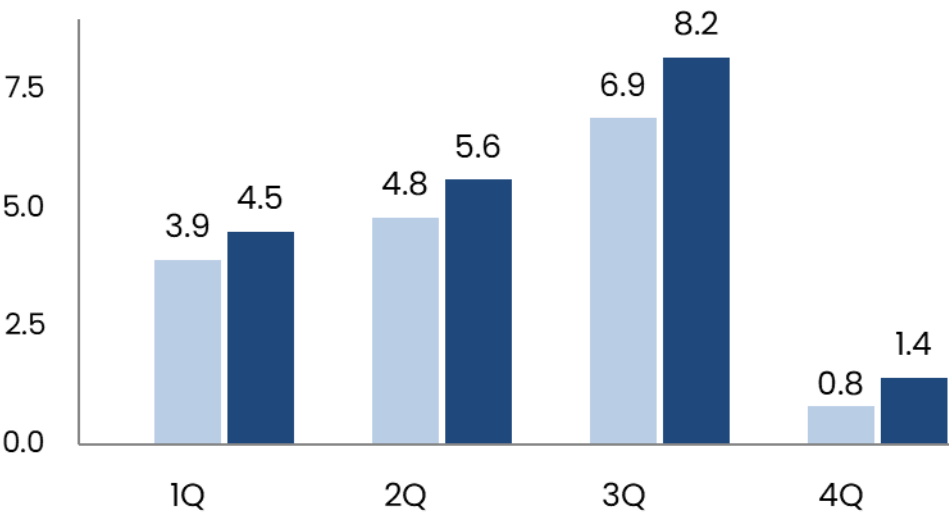
Net sales (billion yen)

FY2022 FY2023



Operating profit (billion yen)

FY2022 FY2023

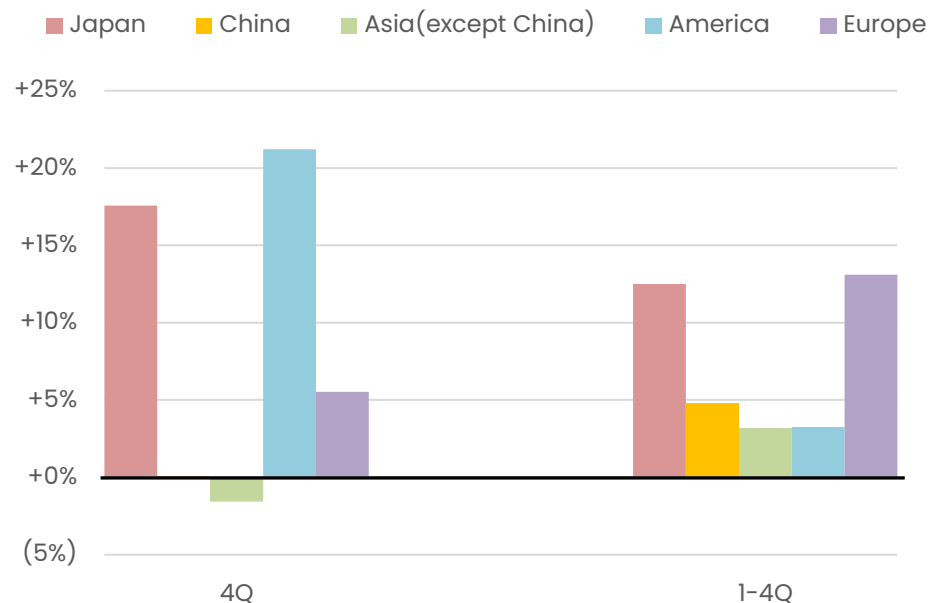


Watches Net sales growth rate by region

Rate of change year on year

* The rate of change in total sales of CITIZEN brand watches and BULOVA brand watches only for North America. For other regions, the rate of change only in sales of CITIZEN brand watches.

* Rate of change based on local currency



- Japan

Sales increased due to firm sales of ATTESA and other men's brands, although consumption recovered only moderately.
- China

Sales remained at the level of the previous year, reflecting continued weakness in consumer confidence.
- Asia (except China)

Sales declined slightly as the Hong Kong and Southeast Asia markets did not recover, but sales were strong in India and other regions.
- America

Sales rose due to strong e-commerce sales and the recovery of department stores and jewelry chains, partly driven by solid sales of new products.
- Europe

Sales climbed due to continued strength in sales of the TSUYOSA Collection, driven by the launch of a new model.

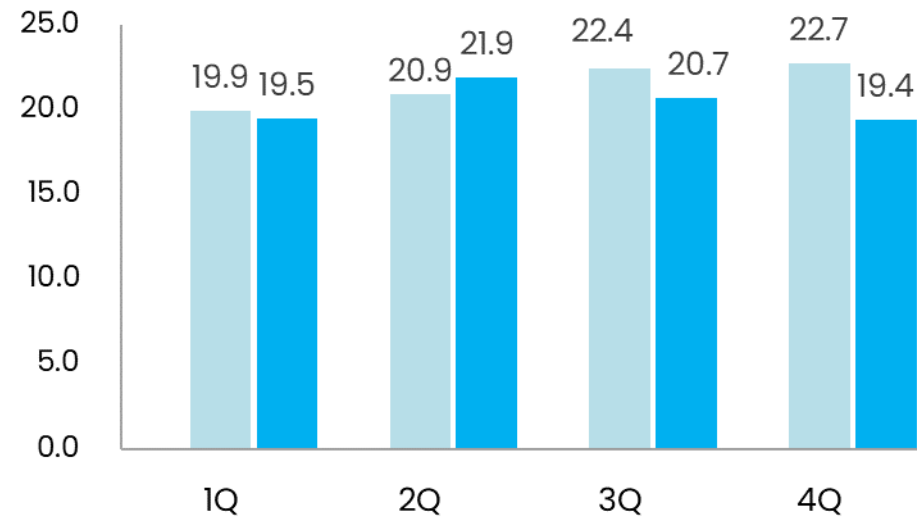
Machine Tools (Operating Performance)

4Q(Jan.-Mar.)

- Sales declined due to sluggish growth in shipments of automobile-related products and weak conditions in various markets while the corporate sector's stance on capital expenditures remained generally cautious.

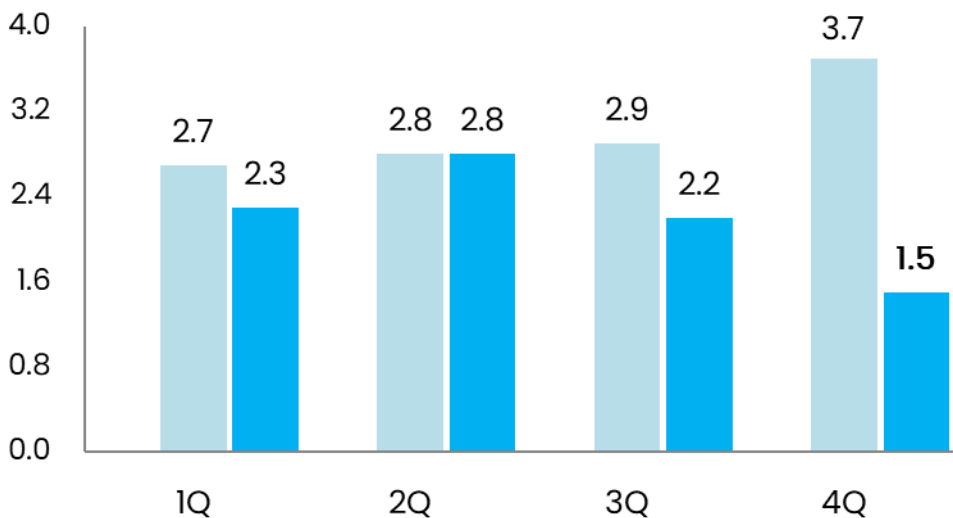
Net sales (billion yen)

FY2022 FY2023

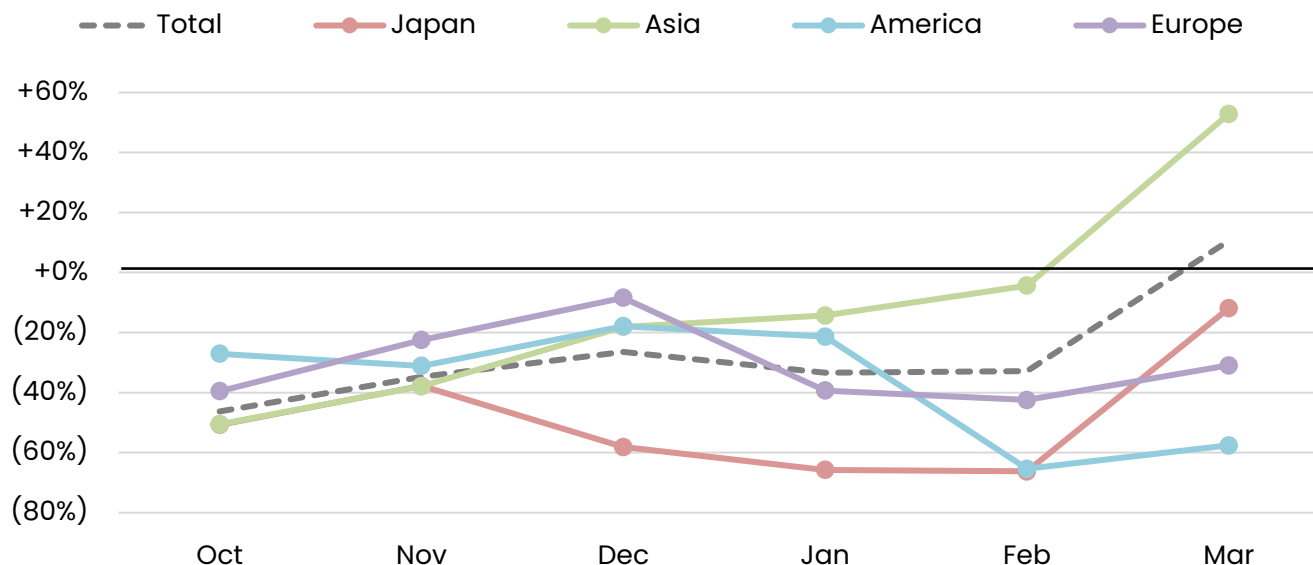


Operating profit (billion yen)

FY2022 FY2023



Rate of change year on year (three-month moving average of the numbers of units in orders received)



Rate of change year on year for 4Q (Quarterly number of units in orders)

| | | |
|-----------|-------|--|
| ● Total | +11% | Orders increased significantly in March, partly due to a last-minute increase in orders before price hikes. However, they are expected to grow moderately from April. |
| ● Japan | (12%) | Market conditions remained weak, and there was a widespread cautious stance on capital expenditures. However, orders rose in March due to last-minute demand before price hikes. |
| ● Asia | +53% | Orders were strong following the Chinese New Year. However, the market remained uncertain, leading to a limited recovery. |
| ● America | (58%) | Orders received were low amid rising concern about an economic recession. |
| ● Europe | (31%) | Orders were firm in healthcare and other areas, but motivation for capital expenditures was limited. |

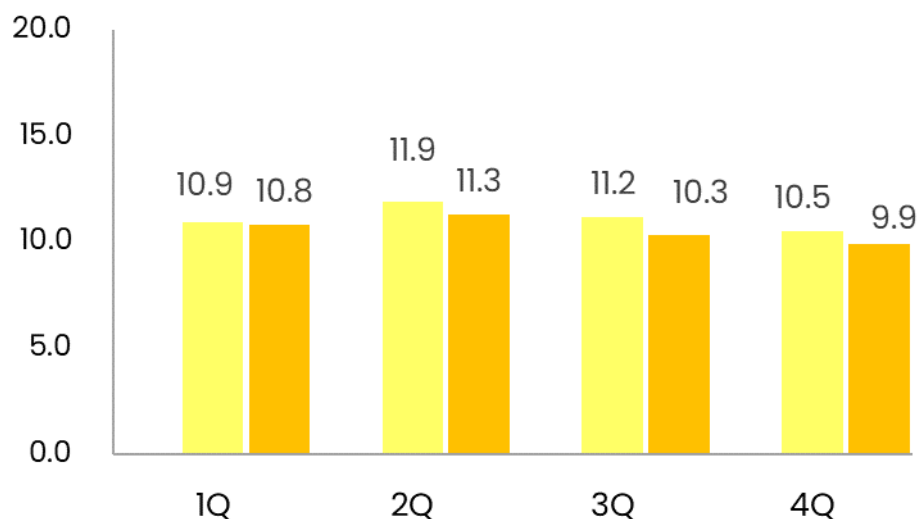
Devices and Components (Operating Performance)

4Q(Jan.-Mar.)

- Auto Components** Domestic sales increased in response to a moderate recovery in the overall market, partly based on the easing of restrictions on material supply despite the impact of market trends.
- Small Motors** Sales of small motors increased with the recovery of market conditions across a broad range of areas, including healthcare.
- Other devices** Sales of devices and components decreased overall, affected by the slow sales of other components including crystal devices.

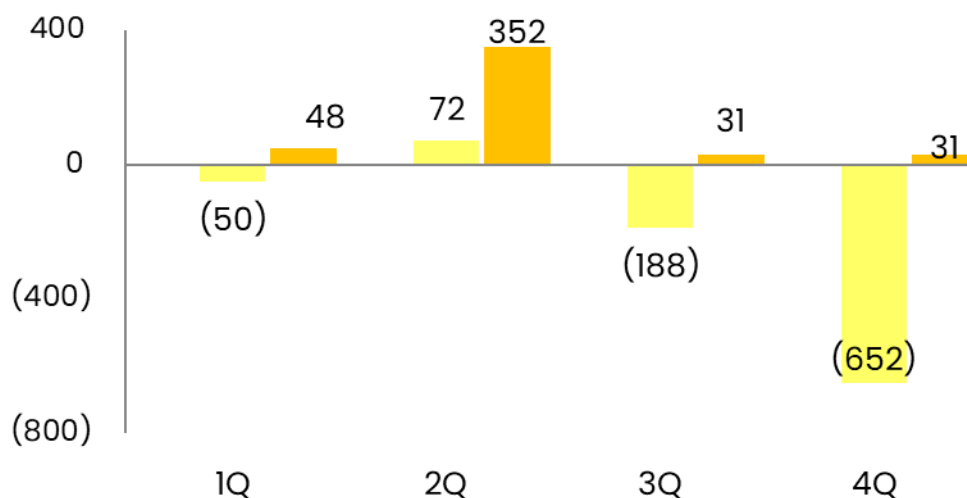
Net sales (billion yen)

■ FY2022 ■ FY2023



Operating profit (million yen)

■ FY2022 ■ FY2023



FY 2024 Forecasts



FY 2024 Forecasts

FY 2024 Forecasts

| (Unit : billion yen) | FY2023 Result | | FY2024 Forecast | | Amount | | % | |
|---|----------------------|----------------------|----------------------|----------------------|---------|-----------|-----------|-----------|
| | 1H(Apr-Sep) | Full Year | 1H(Apr-Sep) | Full Year | 1H | Full Year | 1H | Full Year |
| Net sales | 152.9 | 312.8 | 151.0 | 310.0 | (1.9) | (2.8) | (1.3%) | (0.9%) |
| Operating profit | 13.5 | 25.0 | 11.0 | 23.0 | (2.5) | (2.0) | (18.8%) | (8.2%) |
| Operating margin | 8.9% | 8.0% | 7.3% | 7.4% | - | - | - | - |
| Ordinary Profit | 17.4 | 30.8 | 12.2 | 25.5 | (5.2) | (5.3) | (30.0%) | (17.2%) |
| Profit attributable to owners of parent | 13.3 | 22.9 | 12.5 | 22.0 | (0.8) | (0.9) | (6.6%) | (4.2%) |
| Exchange rate | ¥139/USD ¥152/EUR | ¥144/USD ¥156/EUR | ¥145/USD ¥155/EUR | ¥145/USD ¥155/EUR | | | | |

Dividends Forecasts

- Dividends per share 45yen (Full year)
(Second quarter 22.5 yen / Year-end 22.5yen)
- An increase of 5 yen from the previous year

Exchange rate impact (1 weaker yen, Annual)

| (Unit : billion yen) | USD | EUR |
|----------------------|-------|-------|
| Net sales | +0.65 | +0.3 |
| Operating profit | +0.2 | +0.15 |

FY 2024 Forecast by Business Segment

| Net sales (Unit : billion yen) | FY2023 Result | | FY2024 Forecast | | Amount | | % | |
|---|---------------|---------------|-----------------|---------------|---------|-----------|-----------|-----------|
| | 1H(Apr-Sep) | Full Year | 1H(Apr-Sep) | Full Year | 1H | Full Year | 1H | Full Year |
| Watches | 78.5 | 166.2 | 82.0 | 171.5 | + 3.4 | + 5.2 | + 4.4% | + 3.2% |
| Machine Tools | 41.4 | 81.6 | 36.0 | 73.0 | (5.4) | (8.6) | (13.1%) | (10.6%) |
| Devices and Components | 22.1 | 42.4 | 21.3 | 42.5 | (0.8) | + 0.0 | (4.0%) | + 0.0% |
| Electronic and Other Products | 10.7 | 22.5 | 11.7 | 23.0 | + 0.9 | + 0.4 | + 8.5% | + 2.2% |
| Consolidated Total | 152.9 | 312.8 | 151.0 | 310.0 | (1.9) | (2.8) | (1.3%) | (0.9%) |
| Operating Profit (Unit: billion yen, %:operating margin) | | | | | | | | |
| Watches | 10.2 13.0% | 19.8 11.9% | 10.2 12.4% | 20.5 12.0% | + 0.0 | + 0.6 | (0.0%) | + 3.3% |
| Machine Tools | 5.2 12.6% | 9.0 11.1% | 2.8 7.8% | 6.6 9.0% | (2.4) | (2.4) | (46.4%) | (26.9%) |
| Devices and Components | 0.4 1.8% | 0.4 1.1% | 0.4 1.9% | 0.8 1.9% | + 0.0 | + 0.3 | + 0.0% | + 72.8% |
| Electronic and Other Products | 0.6 6.3% | 1.5 7.1% | 0.8 6.8% | 1.5 6.5% | + 0.1 | + 0.0 | + 18.5% | (5.5%) |
| Eliminations or general corporate | (2.9) | (5.8) | (3.2) | (6.4) | (0.2) | (0.5) | - | - |
| Consolidated Total | 13.5 8.9% | 25.0 8.0% | 11.0 7.3% | 23.0 7.4% | (2.5) | (2.0) | (18.8%) | (8.2%) |

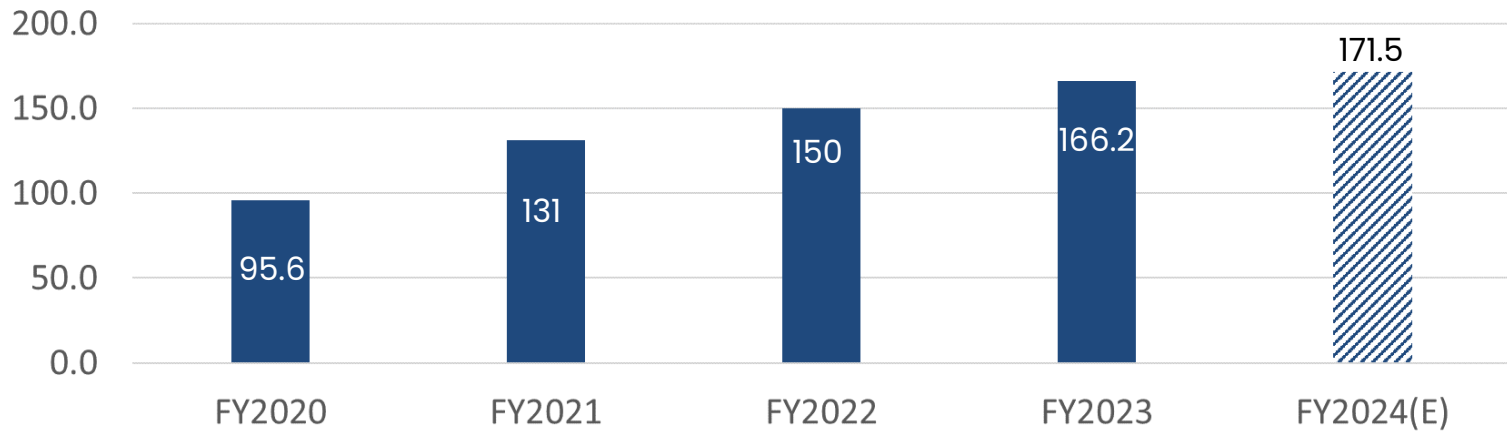
Medium-term Management Plan 2024 (FY2022-FY2024)

Activities

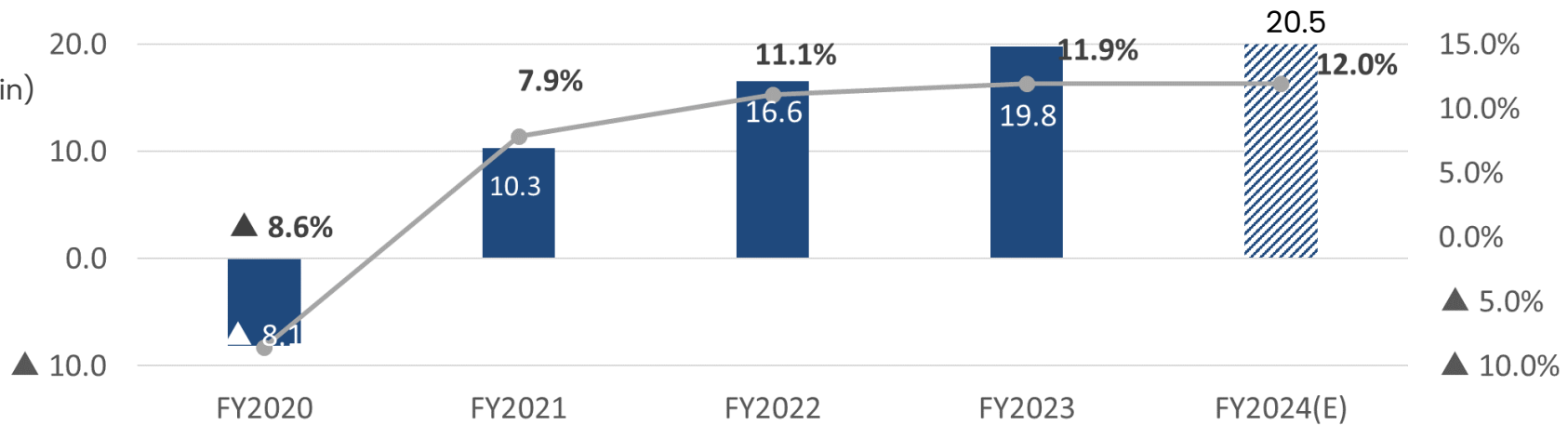


Net sales
 (billion yen)

- Medium-term Management Plan 2024
 Watches FY2024 target
- Net sales 160.0 billion yen
 - Operating profit 14.5 billion yen
 (Operating margin 9.0%)



Operating profit
 (billion yen)
 (% : Operating margin)



Global Brand Strategy for the CITIZEN Brand

Progress in the expansion of global brands

- PROMASTER: The brand is celebrating its 35th anniversary in 2024. It has been further strengthened as a professional sports watch brand.
- CITIZEN L: Sales increased in the North American, Asian, and European markets as a sustainable ladies' watch brand.
- Series 8: Overseas expansion started accelerating in FY2023. Entry in the US market get fully underway after the European market.

 **PROMASTER**



Release date: Fall/Winter 2024
Recommended retail price:
102,300 - 110,000 yen (tax included)
Number of models : 3

CITIZEN *L*



Release date: April 4, 2024
Recommended retail price:
62,700 - 71,500 yen (tax included)
Number of models: 3

Series8

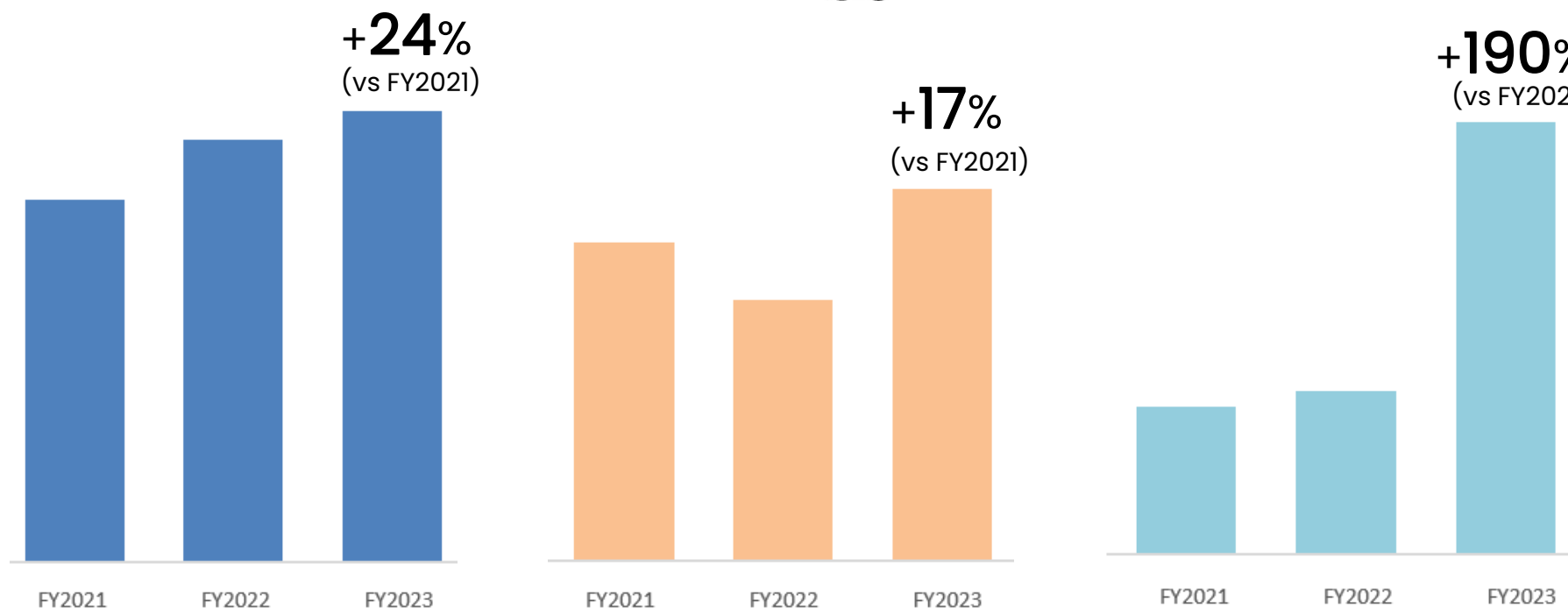


Release date: March 21, 2024
Recommended retail price:
198,000 - 209,000 yen (tax included)
Number of models: 3 (limited model included)

Global Brand Strategy for the CITIZEN Brand

Progress in the expansion of global brands

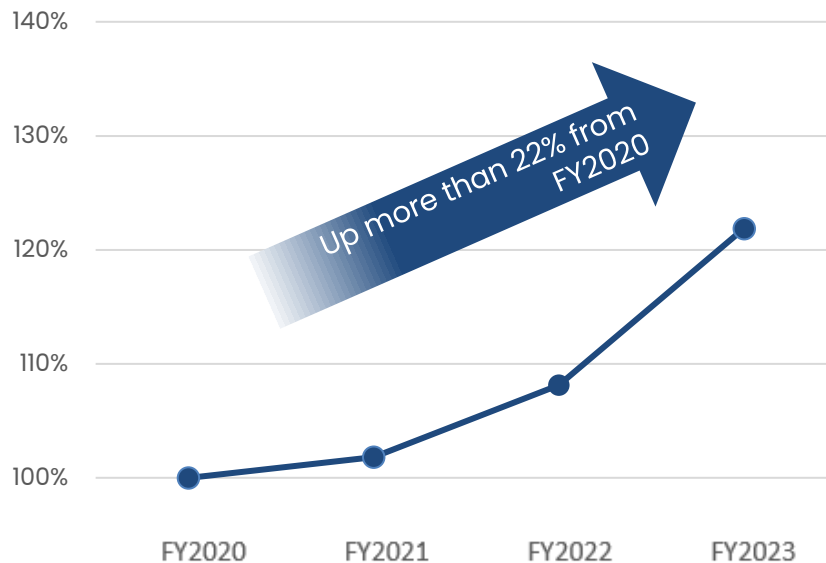
- PROMASTER: Net sales have been steadily growing every year and sales activities increased in North America and Japan.
- CITIZEN L: Global expansion led by new products started in earnest.
- Series 8: Product lines increased and sales grew in Europe. Sale started in North America this year.

The PROMASTER logo features a red stylized mountain peak icon to the left of the word "PROMASTER" in a bold, black, sans-serif font.The CITIZEN L logo consists of the word "CITIZEN" in a black, serif font, followed by a large, elegant, black script letter "L".The Series 8 logo features the text "Series8" in a black, sans-serif font, with "Series" in title case and "8" in a larger, bold font.

Increase brand presence to heighten unit sales price

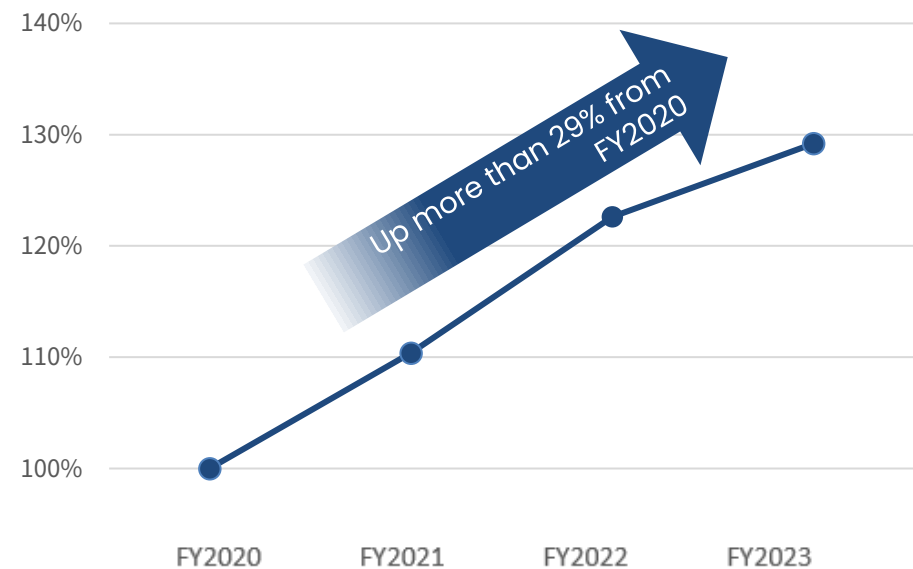
- In Japan, the unit sales price was rising with the continued strong performance of CITIZEN ATTESA and PROMASTER.
- In North America, the unit sales price rose due to the introduction of high value-added products and the price increases implemented for the CITIZEN and BULOVA brands.

Changes in unit sales price in Japan



* Percent change in unit sales price of CITIZEN brand products in Japan from FY2020

Changes in unit sale prices in North America (on a local currency basis)



* Percent change in unit sales price of CITIZEN and BULOVA brand products in North America from FY2020 (on a local currency basis)

Premium brands and mechanical watches strategy

100th anniversary of the first CITIZEN watch

- This year is the 100th anniversary of the first CITIZEN-branded watch. Special limited-edition pocket watch to be launched in the fall of 2024 for the next 100 years.
- To commemorate the centenary, CITIZEN is releasing a new themed collection - LAYERS of TIME - featuring structural color dials inspired by the geological layers of rock and minerals that shaped our planet over millions of years.



Special Limited-Edition Pocket Watch

Release date: Autumn, 2024

Recommended retail price: 1,100,000 yen (tax included)

100 units worldwide



LAYERS of TIME Limited-Edition Models

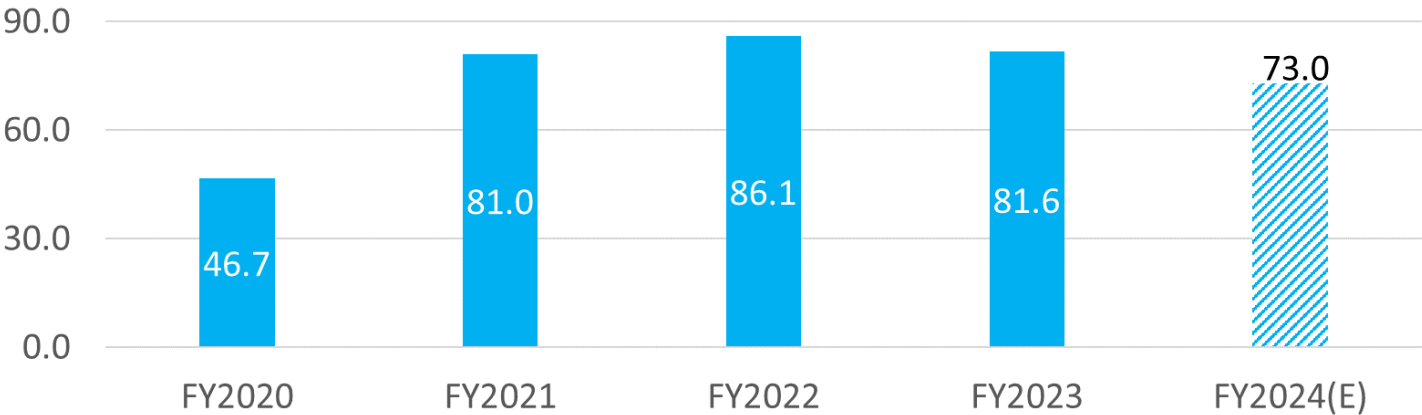
Release date: May 28, 2024

Recommended retail price: 66,000 - 341,000 yen (tax included)

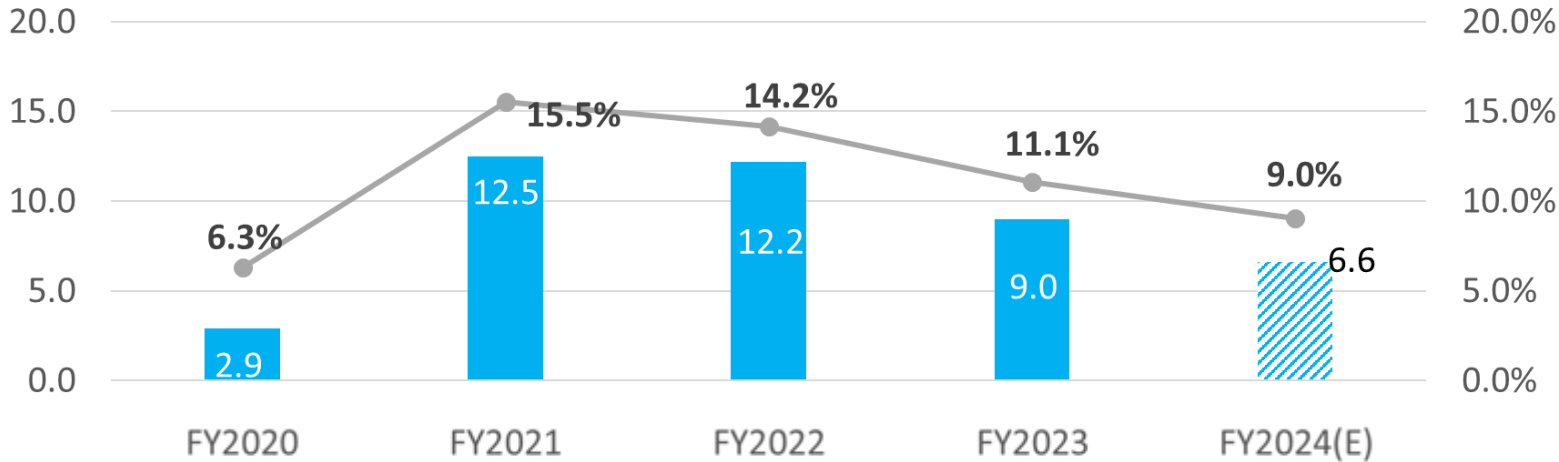
EXCEED (450 units worldwide), ATTESA (1,900 units/2,100 units worldwide), PROMASTER (10,000 units worldwide, CITIZEN COLLECTION (2,400 units worldwide), xC (1,500 units worldwide), CITIZEN L (4,200 units worldwide)

Net sales
(billion yen)

- Medium-term Management Plan 2024
Machine Tools FY2024 target
- Net sales 86.0 billion yen
 - Operating profit 12.5 billion yen (Operating margin 14.5%)



Operating profit
(billion yen)
(% : Operating margin)



Establishment of business foundations with an eye toward achieving the net sales of 100 billion yen.

Building a production base corresponding to net sales of 100 billion yen

- Accelerate the enhancement of the production capacities with a long-term target of 100 billion yen in net sales
- In May 2023, construction of the precision machining plant at the Karuizawa Headquarters was completed. The production capacity of core components is now 60% higher than in FY2021.
- Capital investment in China, Thailand, and the Headquarters was completed and the production capacity became 40% higher than that in FY2021.



Precision machining plant at the Karuizawa Headquarters

- Production capacity of core components increased 60%
- Total floor area of the precision machining plant: 4,459 m²
- Beginning of operations: May 2023



Thai Factory

- Production capacity increased 50% (to a maximum of 350 units per month)
- Extension area: 4,475 m²
(Total floor area after extension: 27,488 m²)
- Beginning of operations: November 2022



China Factory

- Production capacity doubled (to a maximum of 350 units per month)
- Extension area: 34,200 m²
- Beginning of operations: February 2022

Establishment of business foundations with an eye toward achieving the net sales of 100 billion yen.

Trend in the total number of LFV-equipped machines shipped globally

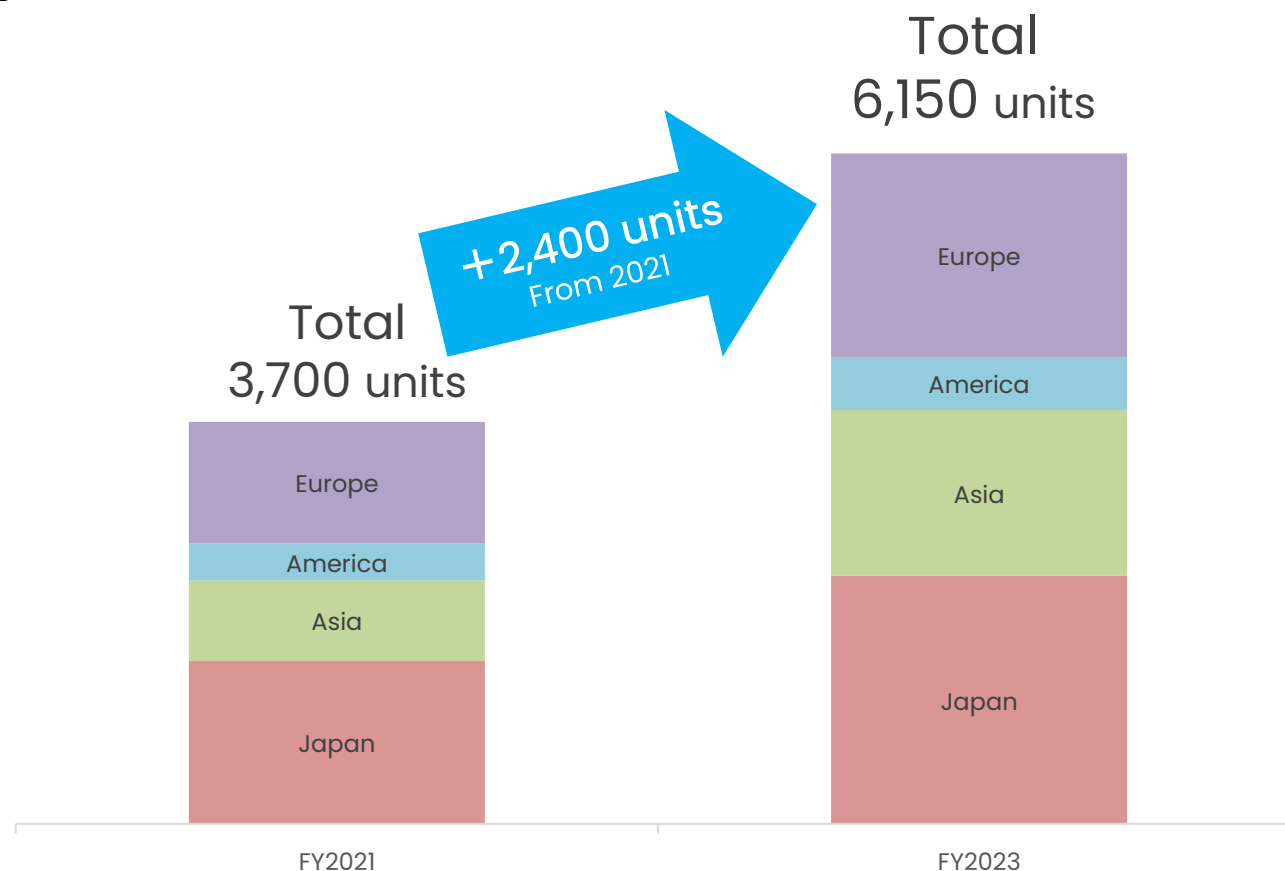
- The low frequency vibration-cutting (LFV) technology is Citizen's original processing technology that facilitates processing while simultaneously breaking chips into very fine pieces.
- Sales have increased in Asia since 2021 in addition to the Japanese, European, and US markets in which Citizen has strength.



Conventional chips



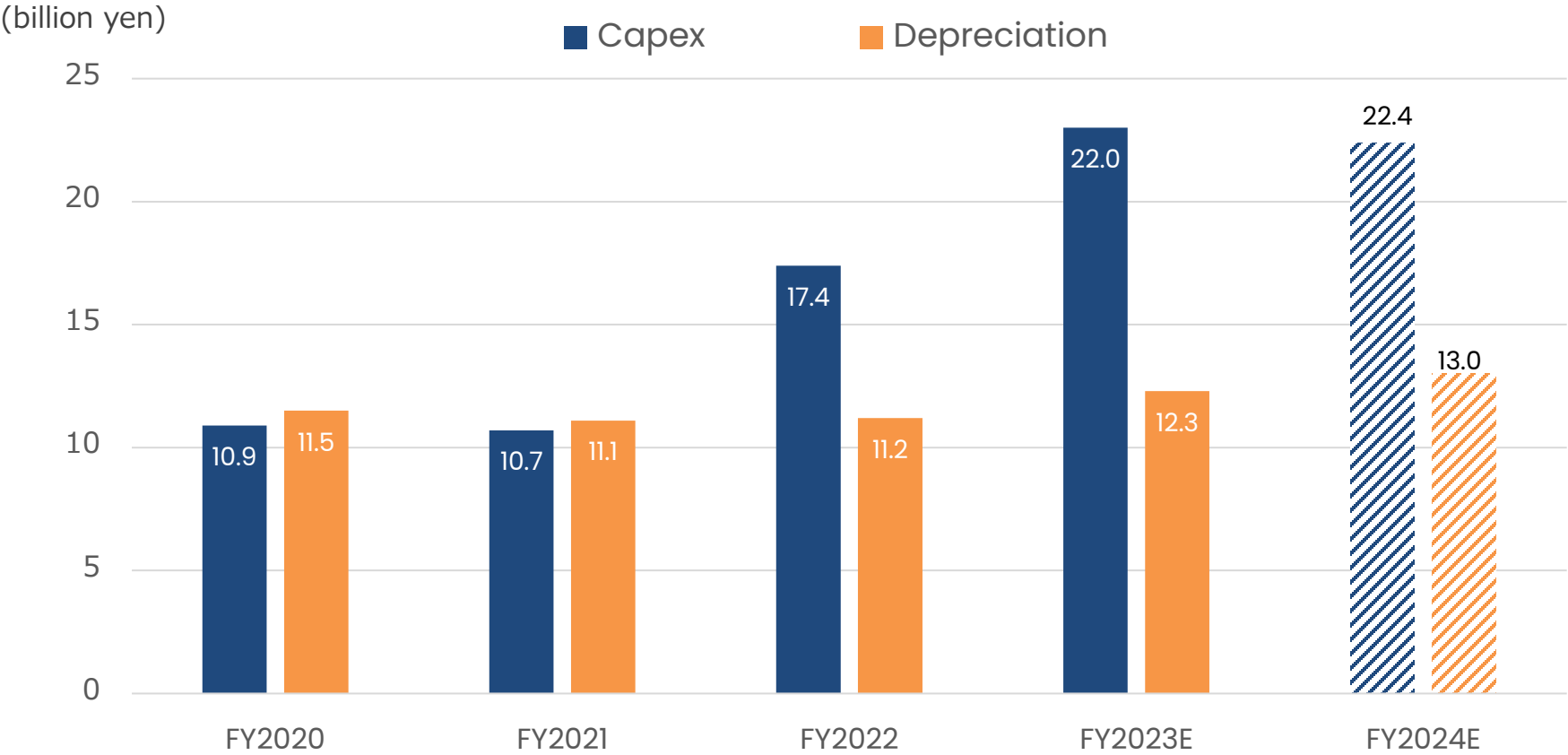
Chips broken into pieces with the LFV technology





CITIZEN

Capital expenditures/ Depreciation



- Accelerate investment in rationalization of Watches business and growth of Machine Tools business based on "Medium-term Management Plan 2024"
- Image of investment distribution: Watches segment + Machine Tools segment over 70%

Shareholder returns

Medium-term Management Plan 2024 Dividend policy for FY2022 to FY2024

- Emphasis on continued payment of stable Dividends
- A dividend payout ratio of around 50%
- Acquisition of treasury stock: to be judged flexibly depending on the situation

Dividends forecasts for FY2024

- Dividends per share 45.0 yen (Full year)
(Second quarter 20.5 yen /Year-end 20.5 yen)

(billion yen)

