



CITIZEN

# Earning Presentation

for Three months ended June 30, 2024

**CITIZEN WATCH CO., LTD.**  
August 13, 2024

## Earning Presentation for Three months ended June 30, 2024

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My name is Toshiyuki Furukawa, in charge of the Public & Investor Relations Department.

I will provide an explanation of the financial results for the first quarter of fiscal 2024.

## Financial Results for 1Q of FY 2024



## 1Q (Apr.-Jun.)

(billions of yen)	FY2023 1Q (Apr-Jun)	FY2024 1Q (Apr-Jun)	YoY Change	
	Result	Result	Amount	%
Net sales	72.6	75.8	+ 3.1	+4.4%
Operating profit	5.5	4.6	( 0.8 )	( 15.4% )
Operating margin	7.6%	6.2%	-	-
Ordinary Profit	8.0	7.3	( 0.6 )	( 8.2% )
Profit attributable to owners of parent	6.2	8.5	+ 2.2	+36.0%
Exchange rate	¥135/USD ¥147/EUR	¥155/USD ¥167/EUR		

\* A gain on sale of investment securities of approx. 4.8 billion yen

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This is a summary of our profit and loss statement.

Net sales increased 4.4% year on year to JPY 75.8 billion due to the solid performance of the Watches business, partly aided by foreign exchange rates.

On the other hand, operating profit decreased 15.4% year on year to JPY 4.6 billion, mainly due to an increase in advertising expenses in the Watches business and a decline in sales in the Machine Tools business.

Ordinary profit decreased 8.2% year on year, to JPY 7.3 billion. However, profit attributable to owners of parent rose 36% year on year to JPY 8.5 billion due to a gain on sale of investment securities and other factors.

## Financial results by Business Segments for 1Q of FY 2024

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Net sales (billions of yen)	FY2023 1Q(Apr-Jun)	FY2024 1Q(Apr-Jun)	YoY Change		Business Segments	Results
	Result	Result	Amount	%		
Watches	37.0	41.1	+ 4.0	+10.9%	■ Watches	Sales increased and profit decreased
Machine Tools	19.5	17.9	( 1.6 )	( 8.2% )	■ Machine Tools	Sales and profit decreased
Devices and Components	10.8	10.5	( 0.3 )	( 3.6% )	■ Device and Components	Sales decreased and profit increased
Electronic and Other Products	5.2	6.3	+ 1.1	+21.8%	■ Electronic and Other Products	Sales and profit increased
Consolidated Total	72.6	75.8	+ 3.1	+4.4%		
Operating Profit (Unit: billion yen, %operating margin)						
Watches	4.5 12.2%	3.6 8.9%	( 0.8 )	( 19.7% )		
Machine Tools	2.3 12.0%	1.3 7.3%	( 1.0 )	( 43.9% )		
Devices and Components	0.0 0.4%	0.4 4.0%	+ 0.3	+770.1%		
Electronic and Other Products	0.1 2.9%	0.8 13.6%	+ 0.7	+476.1%		
Eliminations or general corporati	( 1.5 )	( 1.5 )	+ 0.0	-		
Consolidated Total	5.5 7.6%	4.6 6.2%	( 0.8 )	( 15.4% )		

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Slide 5 shows a breakdown of net sales and operating profit by business segment. The Watches business recorded an increase in sales but a decrease in profit. In the Machine Tools business, both sales and profit fell. In the Devices and Components business, sales were down but profit was up. In Electronic and Other Products a rise of both sales and profit was achieved.

I will provide an update on the main businesses in the following slides. Before that, please let me touch on the Electronic and Other Products business, where sales remained on an upside trend compared to the plan, largely due to higher-than-expected sales of photo printers.

### 1Q (Apr.-Jun.) Sales increased and profit decreased

#### ■ Finished watch Sales

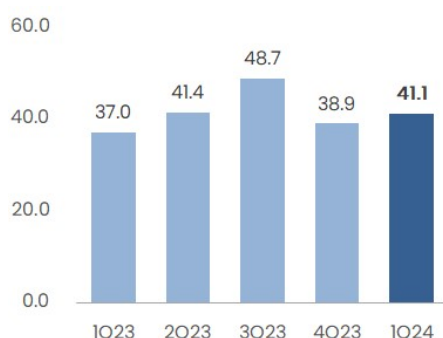
In the domestic market, sales of key brands remained strong and demand from foreign visitors in Japan increased. Among overseas market, Sales in China declined largely due to the weakening market, but the European and American markets remained strong and sales of finished products as a whole increased.

#### ■ Movement Sales

Sales increased, reflecting the strong performance of value-added products, centered on mechanical movements.

Net Sales (billions of yen)

■ FY2023 ■ FY2024



Operating Profit (millions of yen) and Margin (%)

■ FY2023 ■ FY2024



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Slide 6 shows the results for the Watches segment.

Net sales were JPY 41.1 billion, up 10.9% year on year. Operating profit was JPY 3.6 billion, a 19.7% decrease year on year.

Finished watch sales increased due to strong sales of mainstay products such as ATTESA in the domestic market, coupled with the growth of demand from inbound tourists. Overseas, sales in Asia remained stagnant mainly due to the sluggish market conditions in China. However, aided by strong market conditions in Europe, overall sales increased.

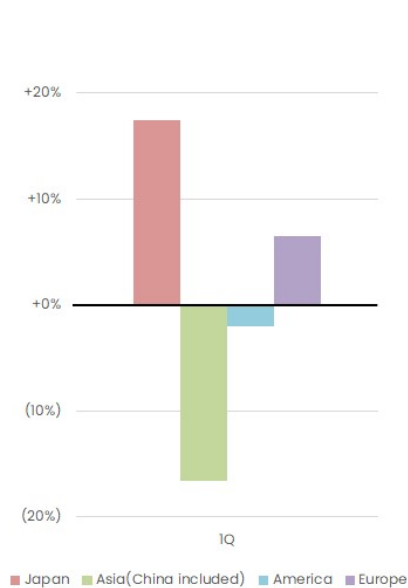
Movement sales grew, reflecting continuing strong demand for mechanical movements, as well as solid sales of highly functional analog quartz movement models.

Net sales were in line with the plan even excluding the impact of foreign exchange rates. However, operating profit decreased from the previous year, mainly reflecting an increase in advertisement expenses linked to the 100th anniversary of the first CITIZEN brand watch and the effects of movement inventory adjustments.

## Watches Net sales growth rate by region

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### Rate of change year on year



### Sales by region

Region	Net Sales growth YoY	Details
Japan	Increased	Sales of core brands such as ATTESA and xC and also premium brands such as The CITIZEN increased. Demand from foreign visitors in Japan grew.
Asia *China included	Decreased	Sales in China significantly fell due to weakening market. Some markets such as Thailand appeared to be trending toward a recovery.
America	Slightly Decreased	Sales at jewelry chain stores and department stores remained strong. Purchase adjustments were made in travel distribution.
Europe	Increased	The solid performance recorded mainly in the UK and Italy.

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We are now looking at net sales growth by region on a local currency basis.

In Japan, which is shown by the red bar in the bar graph, net sales increased due to strong sales of ATTESA, xC, The CITIZEN and other models, as well as the growth of inbound tourism demand on the back of the rise in the number of tourists from China.

Net sales in Asia, which is the light green bar, decreased, reflecting a significant decline in sales in China due to its weakening market conditions, despite signs of a recovery in certain markets such as Thailand.

The light blue bar shows North America, where net sales declined slightly year on year due to the impact of purchase adjustments in tourism distribution channels, despite solid sales in mainstay distribution channels such as jewelry chains and department stores.

In Europe, which is indicated by the light purple bar, an increase in net sales was recorded, reflecting the solid performance achieved chiefly in the United Kingdom and Italy.

### The CITIZEN 100th Anniversary of the First CITIZEN Watch Limited Edition Model

- Eco-Drive with Annual Accuracy  $\pm 5$  Seconds
- The case and band use Super Titanium™, a light scratch-resistant material.
- A model with a creative dial featuring indigo Japanese paper made using the pole-wrap shibori technique

The  
CITIZEN



Release date: May 28, 2024  
Recommended retail price: 462,000 yen (tax included)  
Limited to 600 pieces worldwide

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Here, I would like to share news about new products.

This year is a milestone for us because it is the 100th anniversary of the establishment of CITIZEN brand watches.

To celebrate the anniversary, we launched a limited-edition model of The CITIZEN, the top-end model.

The watch is equipped with a high-accuracy light-powered Eco-Drive movement with annual accuracy of  $\pm 5$  seconds. In addition, it features a creative indigo-dyed washi paper dial face made uniquely using the pole-wrap shibori technique, a method that has been used mainly for dyeing fabric.

The model was released on May 28 and the quantity allocated for domestic sales has been sold out on a shipment basis.



## PROMASTER 35<sup>th</sup> ANNIVERSARY LIMITED EDITIONS

- Limited MARINE, SKY and LAND models are being released in succession
  - ✓ 1st: MECHANICAL DIVER 200m which is the successor to the Challenge Diver design
  - ✓ 2nd: Eco-Drive RADIO-CONTROLLED that evokes the midnight sun
  - ✓ 3rd: Eco-Drive COMBINATION WATCH equipped with the newly developed caliber



MECHANICAL DIVER 200m  
Release date: June 6, 2024  
Recommended retail price: 143,000 yen (tax included)  
Limited to 4,500 pieces worldwide



Eco-Drive RADIO-CONTROLLED  
Release date: August 9, 2024  
Recommended retail price: 121,000 yen (tax included)  
Limited to 5,600 pieces worldwide



Eco-Drive COMBINATION WATCH  
Release date: October 10, 2024  
Recommended retail price: 154,000 yen (tax included)  
Limited to 5,900 pieces worldwide

The next is PROMASTER, a brand that we are strengthening to promote as a global brand.

This year is the 35th anniversary of the establishment of PROMASTER. To celebrate it, we are in the process of releasing limited-edition models in the Marine, Sky and Land categories.

To start, we launched the Mechanical Diver 200m model that reflects the design adopted in the Challenge Diver, a model nicknamed Barnacle Diver watch.

The second model is an Eco-Drive radio-controlled watch featuring a design developed on the theme of the midnight sun.

The third model is an Eco-Drive Combination watch equipped with an analog and digital **dial face**, as well as a newly developed caliber.

These models are being released in succession.

## Core Brands in the Domestic, Middle Price Range Market

- ATTESA Powerful, lightweight, and sophisticated design. Significant contribution to strong domestic sales
- xC Top selling women's watch brand for ten consecutive years  
Continues to grow as our main brand in Japan

ATTESA



**It is the number one choice because its functionality and design are suited for any occasion.**

ATTESA was the best-selling\* men's titanium watch brand in the domestic middle price range market in 2023.

\*Among men's titanium watch brands priced from 50,000 yen to 300,000 yen (excluding smartwatches)  
Based on sales volume at retailers (both physical and online stores) in Japan in 2023  
Based on research conducted by Euromonitor International in April and May 2024

xC

**Best-selling. Number one choice**

Since its release in 1996, xC (Cross C) has been the choice of women seeking a really good watch.

This year is the 10th consecutive year in which xC has been the best-selling\* women's watch brand in the domestic market.

Quality, beauty and functionality  
We will continue to polish this value forever.

\*Among women's watch brands priced 30,000 yen to 100,000 yen (excluding smartwatches)  
Based on sales volume at retailers (both physical and online stores) in Japan in 2023  
Based on research conducted by Euromonitor International in April and May 2024

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To conclude the Watches business section, I will explain the two mainstay brands sold in Japan.

First, ATTESA, a titanium watch that symbolizes the wealth of Citizen's technologies. The products are robust, lightweight and have sophisticated designs, and ATTESA has contributed significantly to the expansion of sales in Japan, as it did in the previous year.

Meanwhile, xC, aims to be a brand empowering and supporting all women. It has been used by women in a broad range of age groups and it continues to grow as the main brand of watches for women.

According to a survey conducted by an external organization, in terms of the volume of sales of watches in the middle range price market, ATTESA watches were the top-selling titanium watches for men, while xC watches have been the top-selling watches for women for 10 consecutive years.

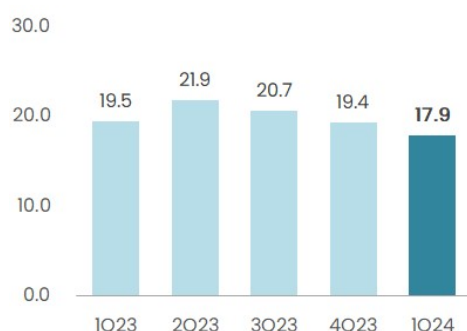
We believe there are signs that demand for women's watches will recover, although this has been slow compared to men's watches.

## 1Q (Apr.-Jun.) Sales and profit decreased

- Domestic market Sales decreased due to a lack of recovery of automobile-related products in response to ongoing restraint on capital spending.
- Overseas markets Sales decreased due to a limited appetite for capital expenditures for products other than medical-related products in the American and European markets, Chinese market despite sales increase, and absence of signs of recovery in other Asia markets.

Net Sales (billions of yen)

FY2023 FY2024



Operating Profit (millions of yen) and Margin (%)

FY2023 FY2024



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Next, I will move on to the Machine Tools business.

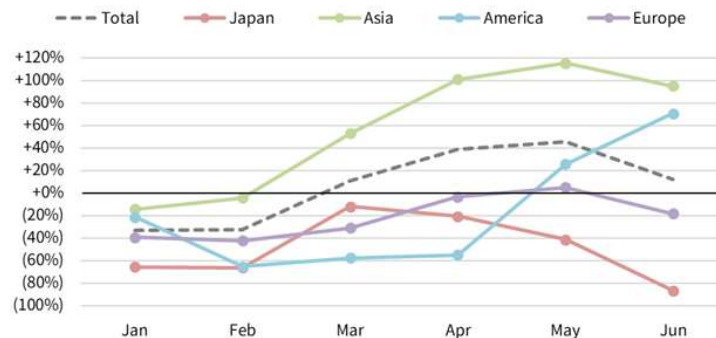
Net sales were JPY 17.9 billion, down 8.2% year on year. Operating profit decreased 43.9% from the previous year to JPY 1.3 billion.

Domestically, net sales decreased mainly due to the absence of a recovery in automobile-related demand amid the continuing cautious attitude toward capital expenditures.

Looking overseas, Europe and the United States saw the continuation of a wait-and-see attitude toward capital expenditures for products other than medical-related items. In Asia, sales increased in China. However, net sales decreased due to the absence of signs of a recovery of the market conditions in other Asian countries.

In terms of comparisons with the previous year, one of the factors that decreased operating profit was the worsening of the product mix linked to changes in sales by region, specifically, a decrease in sales in Japan and an increase in sales in China.

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



Number of products ordered in the first quarter by region (year-on-year comparison)

● Total	+12%	
● Japan	(87%)	Significantly decreased due to a decrease in inquiries due to the sluggish market and a reactionary fall from the last-minute surge before the price increase in March
● Asia	+95%	Significantly increased due to strong sales in India and promotion of orders in China by government subsidies
● America	+71%	Increased mainly in medical-related products
● Europe	(18%)	Remained low due to a limited appetite for capital expenditures as a result of the entire European market continuing to be sluggish

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This slide shows the status of orders received by region.

The line graph shows the three-month moving average of orders received and the percentage change year on year.

Our assessment is that, overall, orders received have been trending toward a moderate recovery since the last-minute surge in demand in March before the price hike, but the situation differs among individual regions. As in the preceding quarter, orders received as a whole continued to exceed sales.

The table in the lower part of the slide shows the year-on-year comparison of orders received in the first quarter. The total number of products for which orders were received increased 12% year on year. By region, orders received decreased sharply in Japan, 87% year on year, reflecting a reactionary decline from the last-minute surge in demand in March before the price increase, coupled with the continuation of the cautious attitude toward automobile-related capital expenditures.

In Asia, orders soared 95% year on year, reflecting brisk inquiries in India and a surge in orders received in China due to the effect of subsidies.

In the United States, orders received increased 71% year on year due to a rise in orders mainly for medical-related products, although a wait-and-see attitude was observed as the presidential election draws near.

In Europe, orders decreased 18% year on year due to the absence of signs of a recovery of automobile-related capital expenditures, although orders for

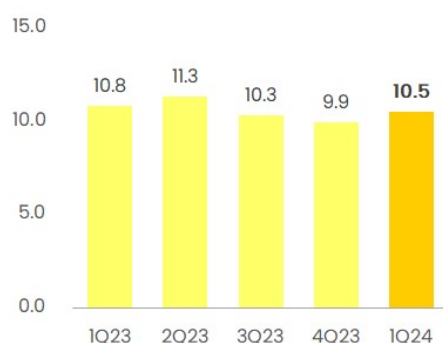
medical and dental products were solid.

1Q (Apr.-Jun.) Sales decreased and profit increased

- Auto Components Sales increased due to strong results in overseas markets despite the impact of domestic market trends.
- Small Motors Net sales remained at the level of the previous year because of the solid performance of medical-related products in particular.
- Other Devices Sales of quartz devices and opto-devices decreased due to low demand.

Net Sales (billions of yen)

FY2023 FY2024



Operating Profit (millions of yen) and Margin (%)

FY2023 FY2024



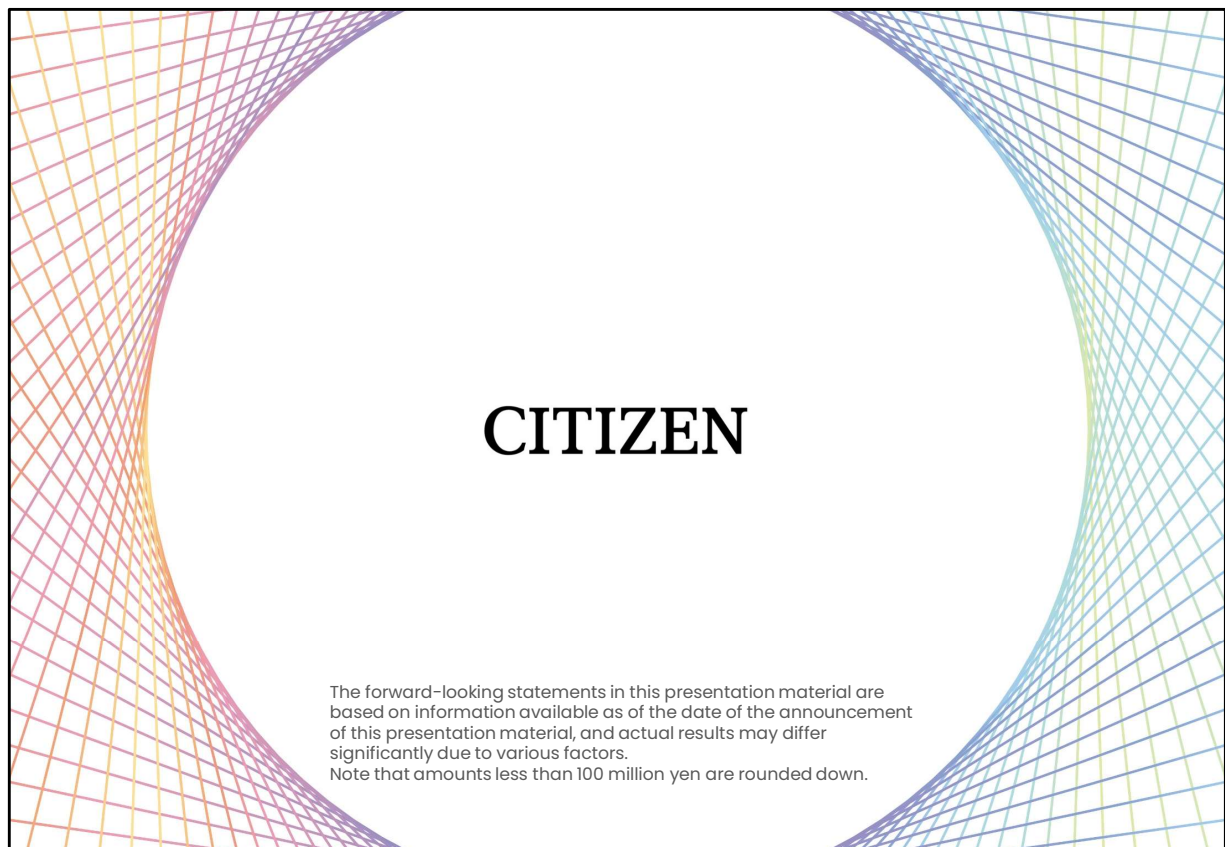
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Finally, I will move on to the Devices and Components business.

Net sales came to JPY 10.5 billion, down 3.6% year on year. Operating profit increased to JPY 0.4 billion.

Sales of auto components remained steady, mainly in overseas markets, and sales of small motors remained at the level of the previous year, reflecting the solid performance of medical-related products in particular.

Sales of other devices decreased overall. Even so, operating profit rose as a result of business remaining firm and partly due to the impact of foreign exchange rates.



Please let me conclude my explanation by adding that we have not changed the consolidated earnings forecasts. The previous forecasts which we announced in May remain unchanged.

That concludes this presentation. Thank you very much.



## 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% )