



CITIZEN

Earning Presentation

for Six months ended

September 30, 2024

CITIZEN WATCH CO., LTD.

November 11, 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 second quarter of fiscal year 2024.

Financial Results for 2Q of FY 2024



2Q (Apr.-Sep.) Sales increased and profit decreased

(Unit : billion yen)	FY2023 1H(Apr.-Sep.) Result	FY2024 1H(Apr.-Sep.) Result	YoY Change	
			Amount	%
Net sales	152.9	156.5	+ 3.5	+ 2.3%
Operating profit	13.5	12.3	(1.2)	(9.0%)
Operating margin	8.9%	7.9%	-	-
Ordinary Profit	17.4	12.2	(5.1)	(29.6%)
Profit attributable to owners of parent	13.3	12.2	(1.1)	(8.3%)
Exchange rate	¥139/USD ¥152/EUR	¥154/USD ¥167/EUR		

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This is a summary of our profit and loss statement for the first half.

Net sales came to JPY 156.5 billion. This was a year-on-year increase of 2.3% due to the solid performance of the Watches business and other factors including foreign exchange rates.

On the other hand, operating profit decreased 9.0% year on year to JPY 12.3 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 29.6% year on year, to JPY 12.2 billion partly due to the recording of exchange losses.

Profit attributable to owners of parent in the first half decreased 8.3% year on year to JPY 12.2 billion, despite a gain on sale of investment securities.

Financial results by Business Segments for 2Q (Apr.-Sep.) of FY 2024

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Net sales (Unit : billion yen)	FY2023 1H(Apr.-Sep.)	FY2024 1H(Apr.-Sep.)	YoY Change		Business Segments	Results
	Result	Result	Amount	%		
Watches	78.5	84.7	+ 6.2	+ 7.9%	■ Watches	Sales increased and profit decreased
Machine Tools	41.4	37.3	(4.0)	(9.7%)	■ Machine Tools	Sales and profit decreased
Devices and Components	22.1	20.7	(1.4)	(6.4%)	■ Device and Components	Sales decreased and profit increased
Electronic and Other Products	10.7	13.6	+ 2.8	+ 26.3%	■ Electronic and Other Products	Sales and profit increased
Consolidated Total	152.9	156.5	+ 3.5	+ 2.3%		
Operating Profit (Unit: billion yen, %operating margin)						
Watches	10.2 13.0%	9.4 11.2%	(0.7)	(7.0%)		
Machine Tools	5.2 12.6%	3.0 8.1%	(2.2)	(42.2%)		
Devices and Components	0.4 1.8%	0.5 2.8%	+ 0.1	+ 44.9%		
Electronic and Other Products	0.6 6.3%	2.3 17.4%	+ 1.6	+ 250.0%		
Eliminations or general corporate	(2.9)	(3.1)	(0.1)	-		
Consolidated Total	13.5 8.9%	12.3 7.9%	(1.2)	(9.0%)		

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This slide breaks down of business results by segment.

In the Watches business, an increase of sales was recorded, but profit decreased. 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 both sales and profit rose.

I will provide an overview of the main businesses later. For now, please let me touch on the Electronic and Other Products business, where sales significantly exceeded projections, largely due to higher-than-expected sales of highly functional new products in the photo printer product line.

2Q (Jul.-Sep.) Sales increased and profit decreased

(Unit : billion yen)	FY2023 2Q(Jul.-Sep.) Result	FY2024 2Q(Jul.-Sep.) Result	YoY Change	
			Amount	%
Net sales	80.2	80.6	+ 0.3	+ 0.5%
Operating profit	8.0	7.6	(0.3)	(4.5%)
Operating margin	10.0%	9.5%	-	-
Ordinary Profit	9.4	4.9	(4.4)	(47.8%)
Profit attributable to owners of parent	7.1	3.7	(3.3)	(47.4%)
Exchange rate	¥144/USD ¥157/EUR	¥153/USD ¥166/EUR		

Next, I will describe the consolidated financial results for the three-month period of the second quarter.

Net sales increased 0.5% year on year to JPY 80.6 billion.

Operating profit decreased 4.5% to JPY 7.6 billion, resulting in an operating margin of 9.5%.

Ordinary profit decreased 47.8% year on year to JPY 4.9 billion due to foreign exchange rates, and profit attributable to owners of parents declined 47.4% year on year to JPY 3.7 billion.

Financial results by Business Segments for 2Q (Jul.-Sep.) of FY 2024

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Net sales (Unit : billion yen)	FY2023 2Q(Jul.-Sep.)	FY2024 2Q(Jul.-Sep.)	YoY Change		Business Segments	Results
	Result	Result	Amount	%		
Watches	41.4	43.6	+ 2.1	+ 5.2%	■ Watches	Sales and profit increased
Machine Tools	21.9	19.4	(2.4)	(11.1%)	■ Machine Tools	Sales and profit decreased
Devices and Components	11.3	10.2	(1.0)	(9.0%)	■ Device and Components	Sales and profit decreased
Electronic and Other Products	5.5	7.2	+ 1.6	+ 30.4%	■ Electronic and Other Products	Sales and profit increased
Consolidated Total	80.2	80.6	+ 0.3	+ 0.5%		
Operating Profit (Unit: billion yen, %:operating margin)						
Watches	5.6 13.7%	5.8 13.4%	+ 0.1	+ 3.0%		
Machine Tools	2.8 13.1%	1.7 8.8%	(1.1)	(40.8%)		
Devices and Components	0.3 3.1%	0.1 1.6%	(0.1)	(54.1%)		
Electronic and Other Products	0.5 9.4%	1.4 20.6%	+ 0.9	+ 185.5%		
Eliminations or general corporate	(1.4)	(1.5)	(0.1)	-		
Consolidated Total	8.0 10.0%	7.6 9.5%	(0.3)	(4.5%)		

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We are now looking at a breakdown of financial results by business segment.

In the Watches business, an increase of both sales and profit was recorded. In the Machine Tools business, both sales and profit fell. In the Devices and Components business, both sales and profit were down. In Electronic and Other Products, both sales and profit increased.

I will now provide an overview of business by segment.

2Q (Jul.-Sep.) Sales and profit increased

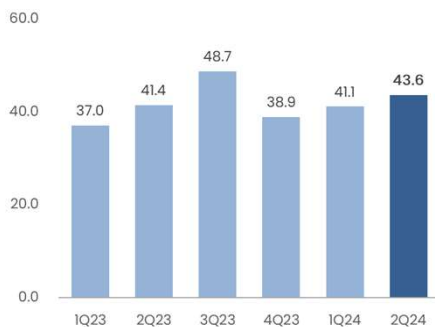
■ Finished watch Sales

In the domestic market, sales increased due to strong sales of key brands and growth in demand among foreign tourists visiting Japan. Sales also rose overseas on the back of solid results in Europe and the United States, despite sluggish sales in Asia due partly to weakening market conditions in China.

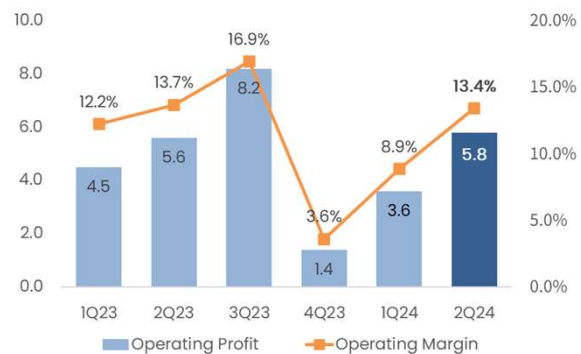
■ Movement Sales

In movement, sales declined. Analog quartz movements showed signs of weakness and mechanical movements were also slow due to the sluggishness of markets in China.

Net Sales (billions of yen)



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



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Slide 8 shows the results for the Watches segment.

Net sales were JPY 43.6 billion, up 5.2% year on year. Operating profit was JPY 5.8 billion, a 3.0% increase year on year.

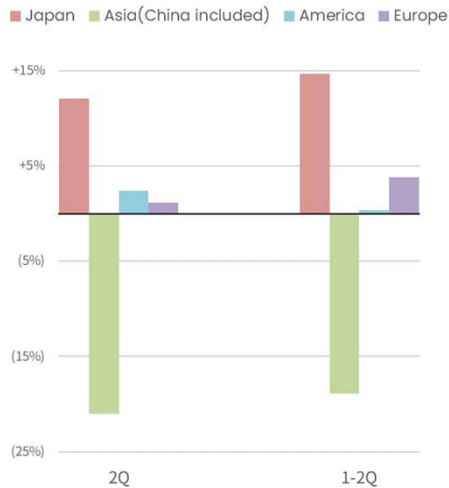
The slide also provides an update on this segment in three-month period of the second quarter.

Sales of finished watches increased, reflecting the strong performance of mainstay products including ATTESA and premium brand models such as The CITIZEN in the domestic market, as well as the growth of inbound tourism demand.

Overseas, sales increased, reflecting strong market conditions in Europe and the United States, although Asia remained stagnant mainly due to the sluggish market conditions in China.

Regarding movements, the recovery of demand for analog quartz movements appeared to be sluggish. In mechanical movements, which performed strongly in the first quarter, demand from Chinese customers was apparently weak, although sales to customers in Europe and the United States remained steady. As a result, sales were down.

Rate of change year on year



Sales by region (Jul.–Sep.)

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	Increased	Sales at jewelry chain stores and department stores remained strong.
Europe	Slightly Increased	The solid performance recorded mainly in the UK and France.

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

The bar chart on the left shows growth rates in the three-month period of the second quarter, and I would like to comment on them.

Net sales in Japan, which are the red bar, increased, reflecting the strong performance of ATTESA, xC and The CITIZEN, among other brands.

The light green bar indicates Asia, where net sales sharply decreased due to weakening market conditions in China, despite signs of a recovery in certain markets such as Thailand.

In North America, the region indicated by the light blue bar, net sales rose, reflecting strong sales to specialty stores, on top of those to jewelry chains and department stores which are major distribution channels.

Net sales in Europe, indicated by the light purple bar, were slightly up, reflecting solid performance chiefly in the United Kingdom and France.

THE ESSENCE OF TIME | Events celebrating the centenary of the CITIZEN brand

- This year marks the anniversary of 100 years since 1924, when the first watch carrying the name of CITIZEN was made.
- Events were held in three cities, Tokyo, New York and Paris, to share CITIZEN's history, credo and vision for the future.



Tokyo
June 20 – June 22



New York
July 22 – July 25



Paris
October 8 – October 9

Next, I will move on to topics on the Watches business. This year is a milestone for us because it is the 100th anniversary of the establishment of CITIZEN brand watches.

We held the Essence of Time event in three cities, Tokyo, New York and Paris, to pursue the essence of watches while also sharing the CITIZEN way.

The events drew positive comments from the many people who visited the events, particularly the press. We were able to provide people with a lot of information through the events.

Series 8 100th Anniversary of the First CITIZEN Watch Limited Edition Model

- A limited-edition model of the 880 Mechanical commemorating the 100th anniversary of the launch of a CITIZEN brand watch.
- The model features a mother-of-pearl shell-based dial face with impressive blue gradation and a design of the combination of gray and blue, taking advantage of the case with a dual body structure.

Series8



Release date: September 12, 2024
Recommended retail price: 275,000 yen (tax included)
Limited to 2,200 pieces worldwide

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Now, I would like to introduce new products.

We launched a limited-edition model of the CITIZEN Series 8 brand of mechanical watches to celebrate the 100th anniversary of the CITIZEN brand of watches.

The model features a mother-of-pearl shell-based dial face with blue gradation and also an original CITIZEN 8 Series case structure achieved by applying a combination of gray and blue to the dual body structure of the case.

The model was released on September 12 and the quantity allocated for domestic sales has been sold out on the basis of shipments from us.

CITIZEN L Release of mini-sized models of the series using a motif of May bells.

- Three models decorated with 39 small diamonds featuring a design using May bells as a motif.
- The model incorporates a band interchangeability structure to enable the user to easily replace the band.

CITIZEN *L*



Release date: September 5, 2024
Recommended retail price: 99,000 – 121,000 yen (tax included)
3 models

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I will now move on to the CITIZEN L brand.

The CITIZEN L brand has been promoted globally in earnest since fiscal 2023. For it, we released new mini-sized models in the popular series featuring a design using May bells as a motif.

The models, whose bezels are decorated with 39 small diamonds, incorporate a band interchangeability structure to enable the user to easily replace the band.

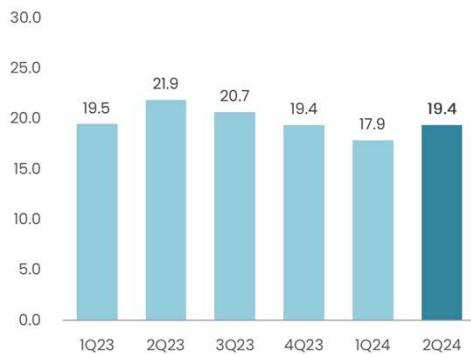
Sales began on a good note, reflecting the steady progress in global expansion in North America, Europe and Asia, as well as Japan.

We will accelerate efforts to promote them as sustainable watches.

2Q (Jul.-Sep.) 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 Europe and the United States, although sales rose in Asia.

Net Sales (billions of yen)



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



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

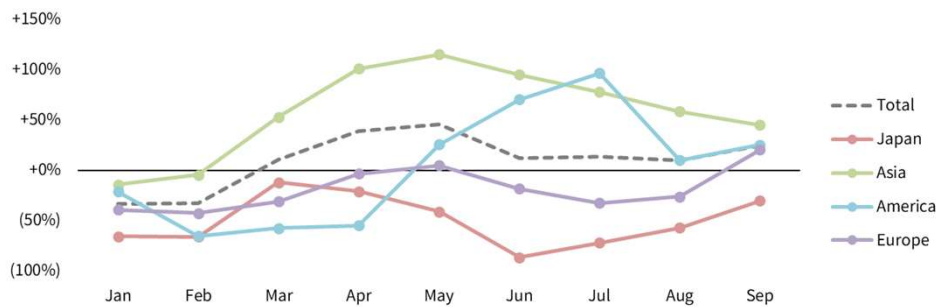
Net sales were JPY 19.4 billion, down 11.1% year on year. Operating profit decreased 40.8% from the previous year to JPY 1.7 billion.

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

Overseas, sales decreased in Europe and the United States due to a limited appetite for capital expenditures for products other than steadily sold medical-related products, although sales rose in Asia, especially in China.

In terms of comparisons with the previous year, operating profit decreased mainly reflecting the worsened product mix partly attributable 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 second quarter (Jul.-Sep.) by region (year-on-year comparison)

● Total	+25%	
● Japan	(30%)	Automotive products were sluggish, while semiconductor-related and other products continued to take a wait-and-see attitude.
● Asia	+45%	India continued to show strong results, while China generally recovered more quickly than expected.
● America	+25%	Orders were strong, particularly those for medical-related products.
● Europe	+20%	Automotive products continued to face challenging conditions, while orders for medical-related products increased.

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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.

The dashed black line shows changes in total orders received, which continue to trend toward a modest recovery overall.

The table in the lower part of the slide shows the year-on-year comparison of orders received in the second quarter. The total number of products for which orders were received increased 25% year on year.

By region, in Japan, orders decreased 30% year on year, reflecting the continued cautious stance toward automotive-related capital expenditures and a wait-and-see attitude in relation to other industries, particularly, semiconductors.

In Asia, orders increased 45% year on year, reflecting brisk inquiries in India and a rise in orders received in China partly due to the effect of subsidies.

In the United States, orders received increased 25% year on year due to strong orders mainly for medical-related products.

In Europe, orders increased 20% year on year due to a rise in orders received mainly for medical-related products, although there was no recovery in automotive-related capital expenditures.

Machine Tools Topics

A building for processing will be constructed at the factory in Vietnam with a view toward improving the efficiency of global production system.

- Construction is scheduled to begin in March 2025 and to be completed in August 2025, with processing facilities to be installed sequentially.
- Improve production efficiency and shorten production lead time.



New building for processing to be constructed at the factory in Vietnam (red circle).

- The capacity of processing cast metal will be doubled (compared with the capacity in FY2023).
- Extension area : 4,390 m²
- Scheduled completion: August 2025

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Let me share a topic of the Machine Tools business.

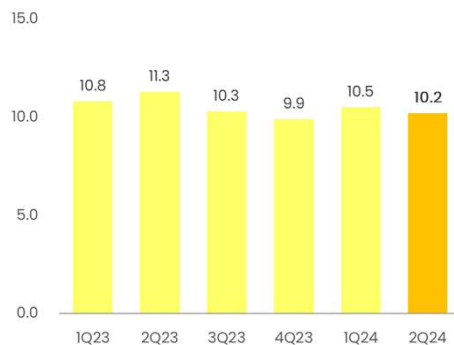
We will construct a building for processing at the factory in Vietnam to process Cincom-branded cast metal.

Previously, approximately 40% of cast metal created was transported to Japan for processing due to a lack of processing capacity at the factory in Vietnam. With most of processing work expected to be undertaken at the factory in Vietnam following the construction of the additional processing building, we will seek to improve production efficiency and shorten lead times.

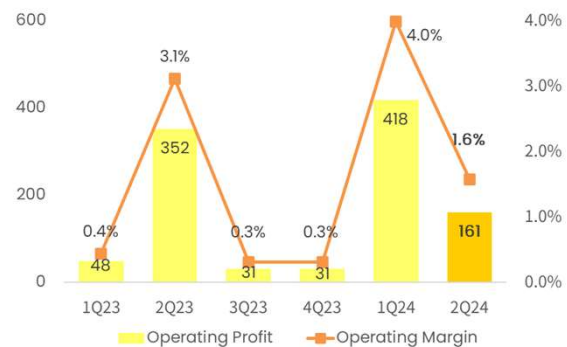
2Q (Jul.-Sep.) Sales and profit decreased

- Auto Components Sales remain at the level of the previous year as a result of solid performance in the overseas markets despite the sales decrease in the domestic market.
- Small Motors Sales decreased mainly due to the impact of customer inventory adjustments.
- Other Devices Sales decreased due to sluggish demand of quartz devices despite efforts to secure profit in opto-devices.

Net Sales (billions of yen)



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



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

Net sales came to JPY 10.2 billion, down 9.0% year on year. Operating profit decreased to JPY 0.1 billion.

Sales of auto components were on par with the previous year due to lower sales in the domestic market, despite steady performance mainly in overseas markets.

Sales of small motors slightly declined year on year due to the impact of customer inventory adjustments and other factors.

Regarding other devices, opto-devices were profitable as a result of a slight rise in sales. However, sales of quartz devices, among other devices, decreased.

FY 2024 Forecasts



FY 2024 Forecasts

CITIZEN

FY 2024 Forecasts

(Unit : billion yen)	FY2024 5/13 Forecast		FY2024 11/11 Forecast		YoY Change			
					Amount		%	
	2H(Oct.-Mar.)	Full Year	2H(Oct.-Mar.)	Full Year	2H(Oct.-Mar.)	Full Year	2H(Oct.-Mar.)	Full Year
Net sales	159.0	310.0	156.9	313.5	(2.0)	+ 3.5	(1.3%)	+ 1.1%
Operating profit	12.0	23.0	10.7	23.0	(1.2)	+ 0.0	(10.7%)	+ 0.0%
Operating margin	7.5%	7.4%	6.8%	7.3%	-	-	-	-
Ordinary Profit	13.3	25.5	12.2	24.5	(1.0)	(1.0)	(8.0%)	(3.9%)
Profit attributable to owners of parent	9.5	22.0	9.7	22.0	+ 0.2	+ 0.0	+ 2.3%	+ 0.0%
Exchange rate	¥145/USD	¥145/USD	¥145/USD	¥149/USD				
	¥155/EUR	¥155/EUR	¥155/EUR	¥161/EUR				

Exchange rate impact (1 weaker yen, Annual)

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

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To conclude the presentation, I will describe the partial revision of the consolidated financial results forecasts that we have done.

First, regarding the full-year consolidate results forecasts, we have revised net sales upward JPY 3.5 billion to JPY 313.5 billion, but we left operating profit unchanged at JPY 23.0 billion. Ordinary profit has been revised downward by JPY 1.0 billion.

Profit attributable to owners of parents remains unchanged at JPY 22.0 billion because we project that we will additionally record gain on sale of investment securities in the second half as well.

FY 2024 Forecast by Business Segment

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Net sales (Unit : billion yen)	FY2024 Forecast (5/13 E)		FY2024 Forecast (11/11 E)		Change			
					Amount		%	
	2H(Oct.-Mar.)	Full Year	2H(Oct.-Mar.)	Full Year	2H(Oct.-Mar.)	Full Year	2H(Oct.-Mar.)	Full Year
Watches	89.5	171.5	87.7	172.5	(1.7)	+ 1.0	(1.9%)	+ 0.6%
Machine Tools	37.0	73.0	37.6	75.0	+ 0.6	+ 2.0	+ 1.6%	+ 2.7%
Devices and Components	21.2	42.5	20.2	41.0	(0.9)	(1.5)	(4.7%)	(3.5%)
Electronic and Other Products	11.3	23.0	11.3	25.0	+ 0.0	+ 2.0	+ 0.7%	+ 8.7%
Consolidated Total	159.0	310.0	156.9	313.5	(2.0)	+ 3.5	(1.3%)	+ 1.1%
Operating Profit (Unit: billion yen, %:operating margin)								
Watches	10.3 (11.5%)	20.5 (12.0%)	9.6 (11.0%)	19.1 (11.1%)	(0.6)	(1.4)	(6.7%)	(6.8%)
Machine Tools	3.8 (10.3%)	6.6 (9.0%)	3.5 (9.5%)	6.6 (8.8%)	(0.2)	+ 0.0	(5.8%)	+ 0.0%
Devices and Components	0.4 (1.9%)	0.8 (1.9%)	0.0 (0.1%)	0.6 (1.5%)	(0.3)	(0.2)	(95.3%)	(25.0%)
Electronic and Other Products	0.7 (6.2%)	1.5 (6.5%)	0.6 (5.6%)	3.0 (12.0%)	+ 0.0	+ 1.5	(9.3%)	+ 100.0%
Eliminations or general corporate	▲ 3.2	▲ 6.4	▲ 3.1	▲ 6.3	+ 0.0	+ 0.1	-	-
Consolidated Total	12.0 (7.5%)	23.0 (7.4%)	10.7 (6.8%)	23.0 (7.3%)	(1.2)	+ 0.0	(10.7%)	+ 0.0%

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I will elaborate on the revisions for each business in conjunction with the results forecasts for the second half.

As I described earlier in the Watches business section, looking at movement sales, demand for analog quartz movements has not recovered as much as expected even in the second half. In addition, demand for mechanical movements for Chinese customers is sluggish even though mechanical movements for Europe and the United States have been performing strongly.

Finished watches forecasts have been revised downward, based on the judgment that demand remains lower than expected in Asia, including China. As a result, the financial results are expected to be almost the same as the previous year.

Regarding the Machine Tool business, we have made slight adjustments after reviewing the operating margin target in response to the trend of orders by region in the first half.

The Devices and Components business forecasts have also been revised downward, reflecting the absence of growth due to a slower-than-expected recovery in auto components and customers adjusting their small motor inventories.

In Electronic and Other Products, the results for the first half exceeded the plan by a wide margin. However, we have decided to leave the initial plan unchanged in the second half.



CITIZEN

The forward-looking statements in this presentation material are based on information available as of the date of the announcement of this presentation material, and actual results may differ significantly due to various factors.
Note that amounts less than 100 million yen are rounded down.