



CITIZEN

## Earning Presentation

for Nine months ended

December 31, 2024

**CITIZEN WATCH CO., LTD.**

February 12, 2025

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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 third quarter of fiscal year 2024.

## Financial Results for 3Q of FY 2024



## 3Q (Apr.-Dec.) Sales increased and profit decreased

(Unit : billion yen)	FY2023 1-3Q (Apr-Dec) Result	FY2024 1-3Q (Apr-Dec) Result	YoY Change	
			Amount	%
Net sales	238.8	241.7	+ 2.8	+ 1.2%
Operating profit	23.4	19.0	( 4.3 )	( 18.7% )
Operating margin	9.8%	7.9%	-	-
Ordinary Profit	27.4	21.9	( 5.4 )	( 20.0% )
Profit attributable to owners of parent	20.6	22.2	+ 1.5	+ 7.3%
Exchange rate	¥143/USD ¥154/EUR	¥152/USD ¥165/EUR		

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This is a summary of our profit and loss statement for the third quarter.

Net sales rose to JPY 241.7 billion, a year-on-year increase of 1.2%, partly due to the impact of a weak yen.

On the other hand, operating profit decreased 18.7% year on year to JPY 19.0 billion, mainly due to an increase in SG&A expenses, such as advertising expenses, in the Watches business and a decline in sales in China and Asia, as well as lower sales in the Machine Tools business.

Ordinary profit decreased 20.0% year on year, to JPY 21.9 billion partly due to lower foreign exchange gains.

Profit attributable to owners of parent increased 7.3% year on year to JPY 22.2 billion due to gains on sale of investment securities, among other factors.

## Financial results by Business Segments for 3Q (Apr.-Dec.) of FY 2024

CITIZEN

Net sales (Unit : billion yen)	FY2023 1-3Q(Apr-Dec)	FY2024 1-3Q(Apr-Dec)	YoY Change		Business Segments	Results
	Result	Result	Amount	%		
Watches	127.2	135.9	+ 8.6	+ 6.8%	■ Watches	Sales increased and profit decreased
Machine Tools	62.1	55.9	( 6.2 )	( 10.0% )	■ Machine Tools	Sales and profit decreased
Devices and Components	32.5	30.4	( 2.0 )	( 6.3% )	■ Device and Components	Sales decreased and profit increased
Electronic and Other Products	16.9	19.3	+ 2.3	+ 14.1%	■ Electronic and Other Products	Sales and profit increased
Consolidated Total	238.8	241.7	+ 2.8	+ 1.2%		
Operating Profit (Unit: billion yen, %:operating margin)						
Watches	18.4 14.5%	15.7 11.6%	( 2.6 )	( 14.4% )		
Machine Tools	7.5 12.1%	4.3 7.9%	( 3.1 )	( 41.5% )		
Devices and Components	0.4 + 1.3%	0.6 2.2%	+ 0.2	+ 53.1%		
Electronic and Other Products	1.3 7.7%	2.6 13.9%	+ 1.3	+ 106.3%		
Eliminations or general corporate	(4.2)	(4.5)	( 0.2 )	-		
Consolidated Total	23.4 9.8%	19.0 7.9%	( 4.3 )	( 18.7% )		

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This slide breaks down of business results by segment.

Profit decreased In the Watches business and the Machine Tools business, while higher profits were recorded in the Devices and Components business and the Electronic and Other Products.

I will provide an overview of the main businesses later.

## 3Q (Oct.-Dec.) Sales and profit decreased

(Unit : billion yen)	FY2023 3Q(Oct-Dec) Result	FY2024 3Q(Oct-Dec) Result	YoY Change	
			Amount	%
Net sales	85.9	85.1	( 0.7 )	( 0.9% )
Operating profit	9.8	6.7	( 3.1 )	( 32.1% )
Operating margin	11.5%	7.9%	-	-
Ordinary Profit	10.0	9.7	( 0.3 )	( 3.4% )
Profit attributable to owners of parent	7.3	9.9	+ 2.6	+ 36.0%
Exchange rate	¥149/USD	¥150/USD		
	¥160/EUR	¥162/EUR		

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

Net sales declined 0.9% year on year to JPY 85.1 billion.

Operating profit decreased 32.1% to JPY 6.7 billion, resulting in an operating margin of 7.9%.

Ordinary profit fell 3.4% year on year to JPY 9.7 billion, while profit attributable to owners of parent climbed 36.0% year on year to JPY 9.9 billion.

## Financial results by Business Segments for 3Q (Oct.-Dec.) of FY 2024

CITIZEN

Net sales (Unit : billion yen)	FY2023 3Q(Oct.-Dec.)	FY2024 3Q(Oct.-Dec.)	YoY Change		Business Segments	Results
	Result	Result	Amount	%		
Watches	48.7	51.2	+ 2.4	+ 5.1%	■ Watches	Sales increased and profit decreased
Machine Tools	20.7	18.5	( 2.1 )	( 10.6% )	■ Machine Tools	Sales and profit decreased
Devices and Components	10.3	9.6	( 0.6 )	( 6.1% )	■ Device and Components	Sales decreased and profit increased
Electronic and Other Products	6.1	5.7	( 0.4 )	( 7.0% )	■ Electronic and Other Products	Sales and profit decreased
Consolidated Total	85.9	85.1	( 0.7 )	( 0.9% )		
Operating Profit (Unit: billion yen, %:operating margin)						
Watches	8.2 16.9%	6.3 12.3%	( 1.9 )	( 23.5% )		
Machine Tools	2.2 11.1%	1.3 7.4%	( 0.9 )	( 39.9% )		
Devices and Components	0.0 0.3%	0.0 0.8%	+ 0.0	+ 158.0%		
Electronic and Other Products	0.6 10.2%	0.3 5.7%	( 0.3 )	( 47.8% )		
Eliminations or general corporate	(1.3)	(1.3)	+ 0.0	-		
Consolidated Total	9.8 11.5%	6.7 7.9%	( 3.1 )	( 32.1% )		

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This is the breakdown of financial results by business 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 fell.

I will now provide an overview of business by segment.

### 3Q (Oct.-Dec.) Sales increased and profit decreased

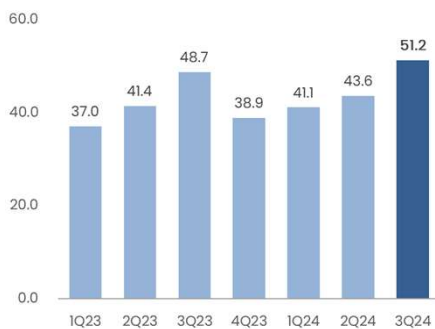
#### ■ Finished watch Sales

In the domestic market, sales rose due to higher domestic and inbound tourism-related demand than in the same period a year earlier.  
In the overseas market, sales increased, following a steady performance in Europe and in the United States, while sales in Asia slowed amid China's faltering economy.

#### ■ Movement Sales

Sales grew, reflecting strong sales of value-added models of analog quartz movements and other products, mainly for Europe and the United States.

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.

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

Net sales were JPY 51.2 billion, up 5.1% year on year. Operating profit was JPY 6.3 billion, a 23.5% decrease year on year.

Finished watch sales increased in Japan due to an increase in both domestic demand and inbound tourism-related demand from the same period a year earlier. However, sales for inbound tourists were slightly lower than the plan.

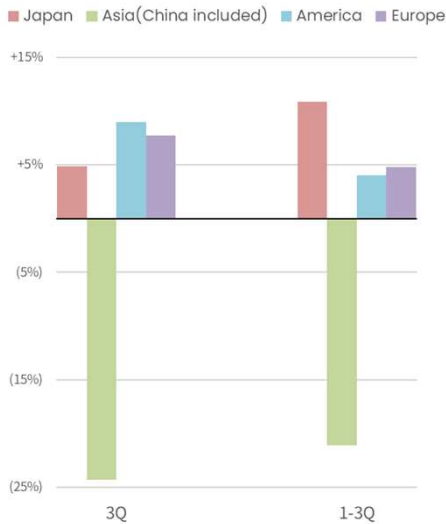
In the overseas market, sales increased, reflecting a solid performance in both Europe and North America, although sales decreased significantly in Asia mainly due to the faltering market conditions in China.

Sales of movements were up, given strong sales of value-added models of analog quartz movements mainly for Europe and the United States.

Operating profit decreased because rises in SG&A expenses, such as higher advertising expenses linked to the 100th anniversary of the first CITIZEN brand watches, and other costs were not absorbed due to the absence of unit price increases in overseas sales in the third quarter. The result also reflected stagnant market conditions, as well as the effects of an operating loss recorded in China due to inventory adjustments at distributors.



## Rate of change year on year



## Sales by region (Oct.–Dec.)

Region	Net Sales growth YoY	Details
Japan	Increased	Buoyant sales of premium brands, including The CITIZEN and CAMPANOLA, and also core brands such as ATTESA and xC.  Sales expanded, although inbound tourism-related demand failed to reach the projection.
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	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 third quarter, and I would like to comment on them.

In Japan, which is shown by the red bar, net sales increased thanks to buoyant sales of premium brands including The CITIZEN and CAMPANOLA, as well as core brands such as ATTESA and xC.

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.

In Europe, indicated by the light purple bar, sales rose, reflecting the positive effect of advertising activities including activities commemorating the 100th anniversary of CITIZEN-branded watches in France, as well as a solid performance in the UK.

### CAMPANOLA

A special event that enables people to experience the atmosphere of the brand

- In commemoration of the release of three SORAKAGAMI models, it was held at Roppongi Hills Big Roof Plaza.
- An opportunity was provided to feel the concept and beauty of SORAKAGAMI, which represents the universal romanticism inspired by the beauty of a starry sky.
- With great musicians attending, the J-WAVE STEP ONE CAMPANOLA MUSIC+1 radio show was publicly recorded at the same time.



  
CAMPANOLA



Venue : Roppongi Hills Arena, O-YANE PLAZA  
Date : November 8 (Fri) – November 10 (Sun) , 2024

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Let me share a topic of the Watches business segment.

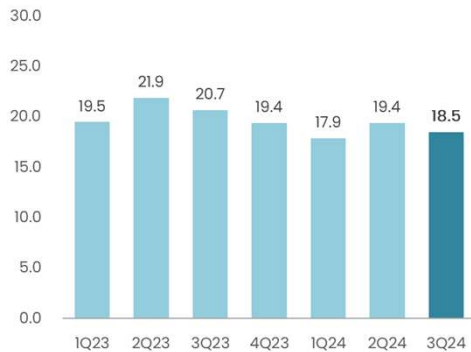
We have released three models of SORAKAGAMI, which is a new product with the CAMPANOLA brand, one of our premium brands. To feature the release, we held a special event at Roppongi Hills.

Since the release of the first model 25 years ago, CAMPANOLA branded watches have been well received by core fans thanks to their high level of originality. We want to expand the customer base by providing an opportunity for visitors to feel the atmosphere and beauty of CAMPANOLA, while also working to expand sales floors in collaboration with distributors.

## 3Q (Oct.-Dec.) Sales and profit decreased

- Domestic market Sales decreased due to automobile-related demand not recovering and other factors amid the continued cautious stance on capital spending.
- Overseas markets Sales decreased due to a limited appetite for capital expenditures in Europe, mainly in automobile-related areas, despite the growth of sales in China in Asian market, and brisk sales in the medical field in the Americas.

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.

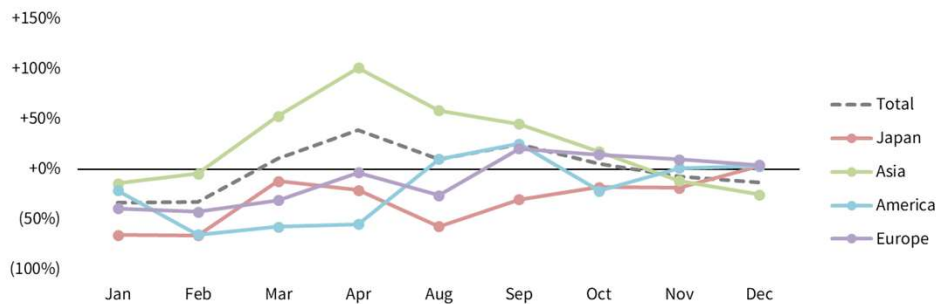
Net sales were JPY 18.5 billion, down 10.6% year on year. Operating profit decreased 39.9% from the previous year to JPY 1.3 billion.

Domestically, sales decreased particularly due to the absence of a recovery in automobile-related demand amid continued restraint on capital expenditures.

Sales in markets outside Japan decreased. This was because the appetite for capital expenditures was limited in Europe, mainly in automobile-related areas, despite increased sales in China in the Asia market and solid sales for the medical field in the Americas.

Factors for the decrease in profit included the worsened product mix partly attributable to changes in sales by region, specifically, an increase in sales in China and a decrease in sales in Japan, in addition to lower net sales.

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



Number of products ordered in the third quarter (Oct.–Dec.) by region (year-on-year comparison)

Total	(14%)	
Japan	+3%	The figure was trending toward a moderate recovery overall, though automotive-related orders remained sluggish.
Asia	(25%)	In China, there was a cautious attitude towards capital expenditures due to concerns about U.S. tariff policies and other matters. While performance was strong in India, orders in the mainstay automobile- and semiconductor-related sectors were weak in the rest of Asia.
America	+3%	The wait-and-see attitude towards capital expenditures continued after the U.S. presidential election. Orders for medical-related products were strong.
Europe	+4%	Appetite for capital expenditure was limited, mainly in automobile-related areas. Orders for medical-related products continued to be strong.

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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. A recovery in orders received was slower than initially anticipated although there are signs that some markets are bottoming out. The table in the lower part of the slide shows the year-on-year comparison of orders received in the third quarter. The total number of products for which orders were received decreased 14% year on year. I will explain the situation by region.

In Japan, orders increased 3% year on year, reflecting a moderate recovery trend, although automotive-related demand remained weak.

In Asia, inquiries remained firm mainly in India. However, in China, a cautious stance was observed about capital expenditures due to concerns about U.S. tariff policies and other issues, while in other countries in the Asia region, the automotive and semiconductor sectors remained weak. As a result, orders decreased 25% year on year.

In the United States, orders received increased 3% year on year, reflecting strong orders mainly for medical-related products, although a wait-and-see attitude continued even after the presidential election.

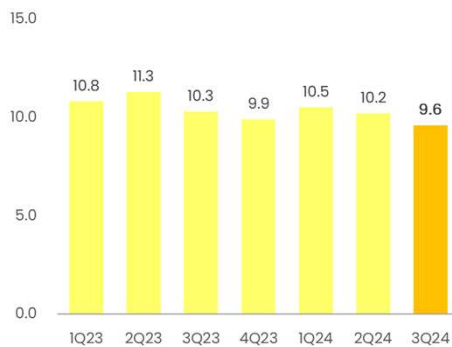
In Europe, orders increased 4% year on year due to strong orders received mainly for medical-related products, although there was no recovery in automotive-related capital expenditures.

As I have just explained, the number of units in orders received decreased year on year. Even so, order amounts increased slightly year on year, reflecting strong demand for medical-related products in Europe and the United States.

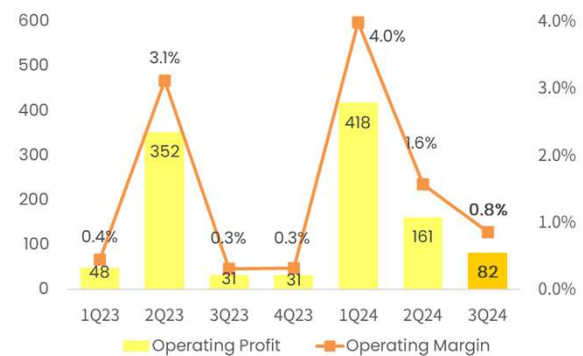
3Q (Oct.-Dec.) Sales decreased and profit increased

- Auto Components Sales remained at the level of the same period of the previous year as a result of a solid performance in overseas markets, despite the prolonged slowdown of the domestic market.
- Small Motors Sales decreased mainly due to the impact of customer inventory adjustments.
- Other Devices Sales of quartz devices increased. Sales of opto-devices decreased due to the impact of inventory adjustments at distributors.

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 9.6 billion, down 6.1% year on year in terms of operating profit, we remained in the black.

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

Sales of small motors slightly fell mainly due to the impact of customer inventory adjustments, as well as market conditions in Europe and China.

Regarding other devices, sales of quartz devices increased. However, sales of opto-devices decreased slightly, mainly due to inventory adjustments at distributors.

## FY 2024 Forecasts



## FY 2024 Forecasts

CITIZEN

### FY 2024 Forecasts

(Unit : billion yen)	FY2024 (11/11 E)		FY2024 (2/12 E)		Change			
	2H(Oct-Mar)	Full Year	2H(Oct-Mar)	Full Year	Amount		%	
					2H(Oct-Mar)	Full Year	2H(Oct-Mar)	Full Year
Net sales	156.9	313.5	156.9	313.5	+ 0.0	+ 0.0	+ 0.0%	+ 0.0%
Operating profit	10.7	23.0	9.1	21.5	( 1.5 )	( 1.5 )	( 14.4% )	( 6.5% )
Operating margin	6.8%	7.3%	5.8%	6.9%	-	-	-	-
Ordinary Profit	12.2	24.5	12.2	24.5	+ 0.0	+ 0.0	+ 0.0%	+ 0.0%
Profit attributable to owners of parent	9.7	22.0	10.2	22.5	+ 0.5	+ 0.5	+ 5.1%	+ 2.3%
Exchange rate	¥145/USD ¥155/EUR	¥149/USD ¥161/EUR	¥147/USD ¥159/EUR	¥151/USD ¥163/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.

For now, we have decided to leave the full-year net sales of JPY 313.5 billion unchanged, while revising operating profit downward to JPY 21.5 billion.

Ordinary profit remains unchanged at JPY 24.5 billion and profit attributable to owners of parent climbed JPY 0.5 billion, to JPY 22.5 billion.

## FY 2024 Forecast by Business Segment

CITIZEN

Net sales (Unit : billion yen)	FY2024 Forecast (11/11 E)		FY2024 Forecast (2/12 E)		Change		%	
	2H(Oct-Mar)	Full Year	2H(Oct-Mar)	Full Year	2H(Oct-Mar)	Full Year	2H(Oct-Mar)	Full Year
Watches	87.7	172.5	87.7	172.5	+ 0.0	+ 0.0	+ 0.0%	+ 0.0%
Machine Tools	37.6	75.0	37.6	75.0	+ 0.0	+ 0.0	+ 0.0%	+ 0.0%
Devices and Components	20.2	41.0	20.2	41.0	+ 0.0	+ 0.0	+ 0.0%	+ 0.0%
Electronic and Other Products	11.3	25.0	11.3	25.0	+ 0.0	+ 0.0	+ 0.0%	+ 0.0%
Consolidated Total	156.9	313.5	156.9	313.5	+ 0.0	+ 0.0	+ 0.0%	+ 0.0%
Operating Profit (Unit: billion yen, %operating margin)								
Watches	9.6 11.0%	19.1 11.1%	8.6 9.8%	18.1 10.5%	( 10.0 )	( 10.0 )	( 10.4% )	( 5.2% )
Machine Tools	3.5 9.5%	6.6 8.8%	3.0 8.2%	6.1 8.1%	( 5.0 )	( 5.0 )	( 14.0% )	( 7.6% )
Devices and Components	0.0 0.1%	0.6 1.5%	0.0 0.1%	0.6 1.5%	+ 0.0	+ 0.0	+ 0.0%	+ 0.0%
Electronic and Other Products	0.6 5.6%	3.0 12.0%	0.6 5.6%	3.0 12.0%	+ 0.0	+ 0.0	+ 0.0%	+ 0.0%
Eliminations or general corporat	(3.1)	(6.3)	(3.1)	(6.3)	+ 0.0	+ 0.0	-	-
Consolidated Total	10.7 6.8%	23.0 7.3%	9.1 5.8%	21.5 6.9%	( 15.0 )	( 15.0 )	( 14.4% )	( 6.5% )

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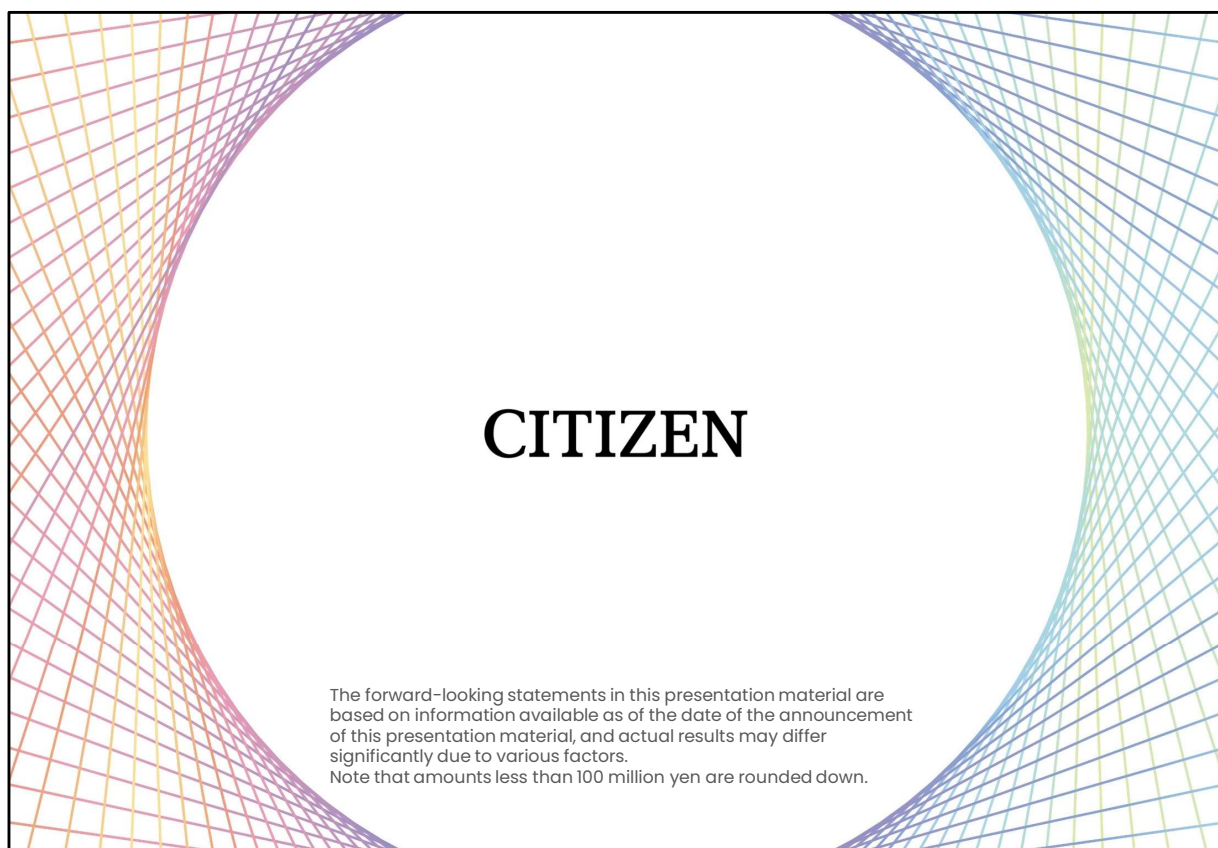
I will elaborate on the revisions for each business in conjunction with the results forecasts for the second half.

Regarding the status of the Watches business, as I explained earlier, sales of finished watches did not reach the planned level in Japan despite a solid performance in Europe and the United States. In addition, the Asian market including China remained stagnant. Taking these factors into consideration, we have decided to revise operating profit downward.

Looking at the Machine Tools business, as I described, we have adjusted operating profit because the profit margin was lower than expected due to deviations in sales by region from the initial plan.

With respect to Devices and Components and Electronic and Other Devices, we have decided to leave the previous results forecasts unchanged.





This concludes my presentation. Thank you for your time.