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February 12, 2025

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

Company name: CITIZEN WATCH CO., LTD.
 Listing: Tokyo Stock Exchange
 Securities code: 7762
 URL: <https://www.citizen.co.jp/global>
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2024	241,709	1.2	19,036	(18.7)	21,987	(20.0)	22,207	7.3
December 31, 2023	238,894	3.8	23,416	11.3	27,478	12.4	20,690	5.0

Note: Comprehensive income For the nine months ended December 31, 2024: ¥23,636 million [(27.8%)]
 For the nine months ended December 31, 2023: ¥32,757 million [25.5%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	91.07	-
December 31, 2023	84.19	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	431,123	269,299	60.5	1,069.04
March 31, 2024	415,445	256,134	59.6	1,015.74

Reference: Shareholder's Equity

As of December 31, 2024: ¥260,705 million

As of March 31, 2024: ¥247,659 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	20.00	-	20.00	40.00
Fiscal year ending March 31, 2025	-	22.50			
Fiscal year ending March 31, 2025 (Forecast)			-	22.50	45.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full term	313,500	0.2	21,500	(14.2)	24,500	(20.5)	22,500	(2.0)	92.28

Note: Revisions to the forecast of cash dividends most recently announced: Yes

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of interim consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of issued shares (common shares)

	As of	shares	As of	shares
(i) Total number of issued shares at the end of the period (including treasury shares)	December 31, 2024	246,000,000	March 31, 2024	246,000,000
(ii) Number of treasury stock at the end of period	December 31, 2024	2,131,185	March 31, 2024	2,178,601
(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	December 31, 2024	243,851,931	December 31, 2023	245,757,696

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Proper use of earnings forecasts, and other special matters

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 "Explanation of the Consolidated Earnings Projections and Other Forecasts" on page 7 for assumptions underlying the above forecasts and precautions regarding their use.

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1. OVERVIEW OF OPERATING RESULTS AND FINANCIAL POSITION

(1) Overview of Operating Results for the Nine Months Ended December 31, 2024

During the first nine months under review, the Japanese economy was weak amid the sluggish consumer sentiment following the prolonged period of inflation. Consumer spending in the North America economy was solid, supported by strong income conditions. The economy in Europe shows signs that consumer spending was recovering moderately amid the slowing of inflation and other factors. The Asian economy lacked momentum toward a recovery. In China, the economic slowdown continued. In the rest of Asia, consumer spending was at a standstill.

In this environment, the Citizen Group's consolidated results for the first nine months of the fiscal year under review showed an increase in sales and a decrease in profits, with net sales of 241.7 billion yen (up 1.2% year on year) and operating profit of 19.0 billion yen (down 18.7% year on year). These results were driven mainly by strong performance in Watches. Ordinary profit decreased to 21.9 billion yen (down 20.0% year on year) and profit attributable to owners of parent increased to 22.2 billion yen (up 7.3% year on year).

Watches

In the domestic market, sales of Citizen brand watches increased, reflecting the strong performance of premium brands including The CITIZEN and CAMPANOLA, in addition to core brands such as ATTESA and xC, and solid inbound tourism-related demand, despite a decline in consumer confidence linked to the increase of commodity prices.

Looking at the markets outside Japan, sales in North America increased due to the continuously steady consumer spending and brisk sales for distribution to jewelry retail chains and department stores, our principal distribution channels, and for specialty stores. In Europe, sales rose, thanks chiefly to buoyant performance in the UK and other markets and to the positive effect of advertising activities including activities commemorating 100th anniversary of the first CITIZEN watch in France. Sales in Asia decreased, reflecting falling sales in China as a result of the faltering economy, despite signs of recovery trends in Thailand and certain other markets.

Sales of the BULOVA brand increased, driven by the strong results of distribution for department stores, our major distribution channel, in the mainstay North American market and also by e-commerce sales.

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

As a result, notwithstanding the limited recovery in consumer confidence under the impact of rising prices 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 135.9 billion yen (up 6.8% year on year). Operating profit fell to 15.7 billion yen (down 14.4% year on year) due to lower sales in China and an increase in advertising expenses associated with 100th anniversary of the first CITIZEN watch.

Machine Tools

Sales in the domestic market declined due to a lack of recovery of automotive products in response to ongoing restraint on capital spending and slow sales of products related to semiconductors and construction equipment due to an uncertain market outlook. Despite sales growing in Asia due mainly to subsidies in China and brisk sales in the medical field in the Americas, in Europe, the appetite for expending capital was limited, mainly in automobile-related areas. As a result, sales in markets outside Japan decreased.

As a result, net sales in the machine tools segment as a whole decreased to 55.9 billion yen (down 10.0% year on year). Operating profit decreased to 4.3 billion yen (down 41.5% year on year) due to lower sales and the product mix impact.

Devices and Components

Sales of automotive components climbed because performance was steady mainly in markets outside Japan, while the market continued to be slow in Japan. Sales of small motors fell mainly due to the impact of customer inventory adjustments. Sales of quartz devices decreased due to a lack of recovery in demand of markets for PC- and IoT-related products. Sales of opto-devices fell due to sluggish demand.

As a result, net sales in the devices and components segment as a whole decreased to 30.4 billion yen (down 6.3% year on year), but operating profit increased to 0.6 billion yen (up 53.1% year on year) due to a reduction in fixed cost.

Electronic and Other Products

Sales of information equipment rose as a result of solid sales of POS printers and bar code printers in Japan, Europe and the Americas as well as steady progress in the expansion of sales of new photo printer products in the second quarter based on the stable demand for the products. Sales of healthcare equipment increased, due chiefly to growth of e-commerce sales of blood pressure monitors, though the recovery of thermometer sales halted.

As a result, the electronic and other products segment overall recorded increases in sales and profit, with net sales of 19.3 billion yen (up 14.1% year on year) and operating profit of 2.6 billion yen (up 106.3% year on year).

(2) Overview of Financial Position for the Nine Months Ended December 31, 2024

Total assets at the end of the first nine months of the consolidated fiscal year under review stood at 431.1 billion yen, an increase of 15.6 billion yen from the end of the previous consolidated fiscal year. Current assets increased by 20.2 billion yen, mainly reflecting a 12.2 billion yen increase in cash and deposits and a 4.4 billion yen increase in notes and accounts receivable – trade. Non-current assets decreased by 4.5 billion yen, mainly reflecting a 2.0 billion yen increase in construction in progress and a 9.3 billion yen decrease in investment securities.

Liabilities increased by 2.5 billion yen from the end of the previous fiscal year, to 161.8 billion yen. This was mainly due to increases of 2.0 billion yen in income taxes payable and 2.2 billion yen in accrued expenses, partly offsetting a decrease of 2.2 billion yen in provision for bonuses.

Net assets increased by 13.1 billion yen from the end of the previous consolidated fiscal year, to 269.2 billion yen, chiefly reflecting a decrease of 4.8 billion yen in valuation difference on available-for-sale securities, which offset increases of 11.8 billion yen in retained earnings and 6.1 billion yen in foreign currency translation adjustment.

(3) Explanation of the Consolidated Earnings Projections and Other Forecasts

Looking at economic conditions, we anticipate a moderate recovery. Nonetheless, the outlook remains uncertain, chiefly due to the lingering economic downturn in China, persistent concern over inflation and the direction of economic policies in the United States.

The Company saw bullish sales of the CITIZEN brand watches chiefly in the domestic market and in Europe and the United States. On the other hand, the sales for inbound tourist demand in Japan slowed and sales in the Asian region, including China, were much weaker than projected.

The machine tools segment showed a moderate upward trend while a wait-and-see attitude towards capital investment continued. The devices and components segment saw its performance struggle due to a slower-than-expected recovery in the mainstay market for automotive components among others. In the electronic and other products segment, sales has been in line with the plan since the third quarter, reflecting the stabilization of sales of new photo printers, which attained brisk sales in the second quarter.

Taking the above factors into account, the Company has revised its forecasts for full-year overall financial results and those for full-year financial results by business segment as follows.

The foreign exchange rates in the fourth quarter of the fiscal year under review and thereafter are assumed to be 145 yen against the U.S. dollar and 155 yen against the euro.

Revision of consolidated earnings forecast for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
Forecast previously announced (November 11, 2024)	Millions of yen 313,500	Millions of yen 23,000	Millions of yen 24,500	Millions of yen 22,000	Yen 90.23
(February 12, 2025)	313,500	21,500	24,500	22,500	92.28

Revision of full-year segment forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

	Watches	Machine Tools	Devices and components	Electronic and other products	Eliminations or general corporate	Totals
Net sales Forecast previously announced (November 11, 2024)	Millions of yen 172,500	Millions of yen 75,000	Millions of yen 41,000	Millions of yen 25,000	Millions of yen -	Millions of yen 313,500
Net sales (February 12, 2025)	172,500	75,000	41,000	25,000	-	313,500
Operating profit Forecast previously announced (November 11, 2024)	19,100	6,600	600	3,000	(6,300)	23,000
Operating profit (February 12, 2025)	18,100	6,100	600	3,000	(6,300)	21,500

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly consolidated balance sheet

	(Millions of Yen)	
	As of March 31, 2024	As of December 31, 2025
Assets		
Current assets		
Cash and deposits	81,312	93,540
Notes and accounts receivable - trade	57,754	62,221
Electronically recorded monetary claims - operating	3,056	3,121
Merchandise and finished goods	64,977	66,098
Work in process	26,472	26,562
Raw materials and supplies	24,600	25,228
Consumption taxes refund receivable	2,659	2,165
Other	8,178	10,314
Allowance for doubtful accounts	(1,272)	(1,280)
Total current assets	267,741	287,972
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	43,146	43,247
Machinery, equipment and vehicles, net	18,634	19,688
Tools, furniture and fixtures, net	4,477	5,017
Land	10,529	10,736
Leased assets, net	7,722	7,368
Construction in progress	3,477	5,548
Total property, plant and equipment	87,987	91,607
Intangible assets		
Software	4,368	4,716
Leased assets	—	2
Other	837	846
Total intangible assets	5,206	5,565
Investments and other assets		
Investment securities	46,602	37,280
Long-term loans receivable	182	—
Deferred tax assets	6,058	5,427
Other	1,979	3,357
Allowance for doubtful accounts	(313)	(86)
Total investments and other assets	54,510	45,977
Total non-current assets	147,703	143,150
Total assets	415,445	431,123

CITIZEN WATCH CO., LTD. (7762)
Consolidated Financial Results for the Nine Months Ended December 31, 2024

	(Millions of Yen)	
	As of March 31, 2024	As of December 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,712	18,444
Electronically recorded obligations - operating	9,482	11,475
Notes payable - facilities	115	79
Electronically recorded obligations - non-operating	2,057	1,348
Short-term borrowings	10,077	25,322
Income taxes payable	2,315	4,346
Accrued expenses	12,252	14,515
Provision for bonuses	6,548	4,287
Provision for bonuses for directors (and other officers)	328	—
Provision for product warranties	1,264	1,200
Provision for loss on reorganization	104	61
Other	12,381	12,221
Total current liabilities	75,641	93,301
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	42,433	27,336
Deferred tax liabilities	5,334	4,218
Provision for loss on reorganization	5	5
Retirement benefit liability	16,777	17,651
Lease liabilities	7,380	6,902
Other	1,737	2,408
Total non-current liabilities	83,668	68,522
Total liabilities	159,310	161,824
Net assets		
Shareholders' equity		
Share capital	32,648	32,648
Capital surplus	33,739	33,742
Retained earnings	124,466	136,292
Treasury shares	(1,698)	(1,668)
Total shareholders' equity	189,156	201,015
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,561	11,757
Foreign currency translation adjustment	41,558	47,744
Remeasurements of defined benefit plans	382	188
Total accumulated other comprehensive income	58,502	59,690
Non-controlling interests	8,475	8,593
Total net assets	256,134	269,299
Total liabilities and net assets	415,445	431,123

(2) Quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income for the nine months ended December 31, 2024

	(Millions of Yen)	
	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	238,894	241,709
Cost of sales	135,774	137,413
Gross profit	103,120	104,295
Selling, general and administrative expenses	79,703	85,259
Operating profit	23,416	19,036
Non-operating income		
Interest income	998	1,088
Dividend income	874	773
Share of profit of entities accounted for using equity method	1,018	774
Subsidy income	71	30
Foreign exchange gains	2,008	621
Other	244	376
Total non-operating income	5,216	3,665
Non-operating expenses		
Interest expenses	236	231
Commission for purchase of treasury shares	586	—
Bond issuance costs	53	—
Other	278	482
Total non-operating expenses	1,154	714
Ordinary profit	27,478	21,987
Extraordinary income		
Gain on sale of non-current assets	37	557
Gain on sale of investment securities	554	7,562
Other	13	7
Total extraordinary income	605	8,127
Extraordinary losses		
Loss on retirement of non-current assets	447	47
Loss on sale of non-current assets	28	5
Impairment losses	2	8
Reorganization cost	8	1
Loss on valuation of investment securities	41	53
Extra retirement payments	—	168
Other	13	2
Total extraordinary losses	541	286
Profit before income taxes	27,541	29,827
Income taxes	6,908	7,499
Profit	20,633	22,328
Profit (loss) attributable to non-controlling interests	(56)	120
Profit attributable to owners of parent	20,690	22,207

CITIZEN WATCH CO., LTD. (7762)
Consolidated Financial Results for the Nine Months Ended December 31, 2024

Quarterly consolidated statement of comprehensive income for the nine months endd December 31, 2024

	(Millions of Yen)	
	Nine months ended December 31,2023	Nine months ended December 31,2024
Profit	20,633	22,328
Other comprehensive income		
Valuation difference on available-for-sale securities	2,925	(4,804)
Foreign currency translation adjustment	8,699	6,142
Remeasurements of defined benefit plans, net of tax	106	(198)
Share of other comprehensive income of entities accounted for using equity method	392	169
Total other comprehensive income	12,124	1,308
Comprehensive income	32,757	23,636
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	32,673	23,395
Comprehensive income attributable to non-controlling interests	84	241

(3) Notes to Quarterly Consolidated Financial Statements

(Changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") effective from beginning of the first quarter of the fiscal year under review.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022"). This change in accounting policies has no impact on the quarterly consolidated financial statements.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first quarter of the fiscal year under review. This change in accounting policies is applied retrospectively, and quarterly consolidated financial statements and consolidated financial statements for the previous interim consolidated accounting period and previous fiscal year are after retrospective application. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Segment information)

I. Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

1. Net sales and profit or loss by reporting segment

(Unit: Millions of yen)

	Watches	Machine Tools	Devices and components	Electronic and other products	Segment totals	Eliminations or general corporate (Note 1)	Totals on consolidated statement of income (Note 2)
Net sales							
Customers	127,230	62,177	32,520	16,966	238,894	-	238,894
Inter-segment	63	165	1,329	489	2,049	(2,049)	-
Total	127,294	62,342	33,850	17,456	240,943	(2,049)	238,894
Segment profit or loss	18,449	7,518	432	1,305	27,706	(4,289)	23,416

(Notes) 1. The 4,289 million yen negative adjustment to segment income (Operating profit) includes 60 million yen in inter-segment eliminations and 4,350 million yen in corporate expenses that could not be allocated to a particular segment.

2. Segment profits or loss are adjusted with Operating profit on the consolidated financial statements.

2. Impairment Loss on Non-current Assets or goodwill by Reportable Segment

Not applicable.

II. Nine months ended December 31, 2024 (April 1, 2024 to December 31, 2024)

1. Net sales and profit or loss by reporting segment

(Unit: Millions of yen)

	Watches	Machine Tools	Devices and components	Electronic and other products	Segment totals	Eliminations or general corporate (Note 1)	Totals on consolidated statement of income (Note 2)
Net sales							
Customers	135,921	55,946	30,477	19,364	241,709	-	241,709
Inter-segment	51	480	1,537	476	2,546	(2,546)	-
Total	135,972	56,427	32,014	19,840	244,255	(2,546)	241,709
Segment profit or loss	15,796	4,398	662	2,693	23,551	(4,515)	19,036

(Notes) 1. The 4,515 million yen negative adjustment to segment income (Operating profit) includes 58 million yen in inter-segment eliminations and 4,573 million yen in corporate expenses that could not be allocated to a particular segment.

2. Segment profits or loss are adjusted with Operating profit on the consolidated financial statements.

2. Impairment Loss on Non-current Assets or goodwill by Reportable Segment

Not applicable.

(Notes regarding significant changes in shareholders' equity accounts)

Not applicable

(Notes related to of going concern assumption)

Not applicable

(Notes related to statement of cash flows)

The Group has not prepared a quarterly consolidated statement of cash flows for the nine months of the fiscal year under review. Depreciation (including amortization of intangible assets) for the nine months of the fiscal year under review is as follows:

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
	Millions of yen	Millions of yen
Depreciation	9,111	10,051