

My name is Yoshitaka Oji and I am responsible for CITIZEN's Watches Business Division.

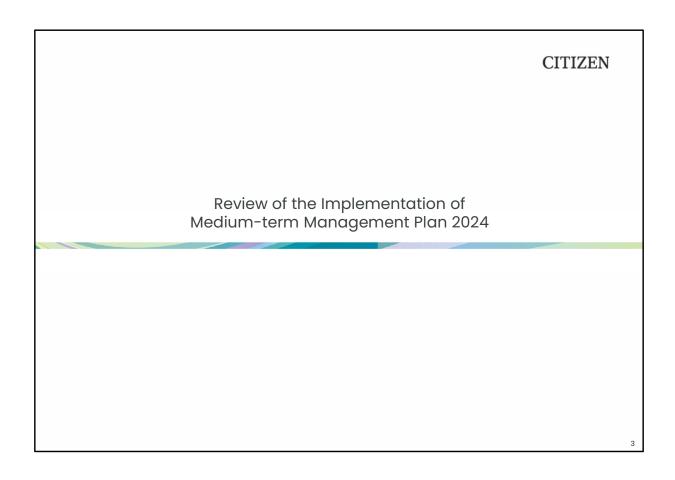
Thank you for taking the time out of your busy schedules to attend this briefing on CITIZEN's Medium-term Management Plan 2027.

I became President & CEO of CITIZEN WATCH Co., Ltd. from FY2025.

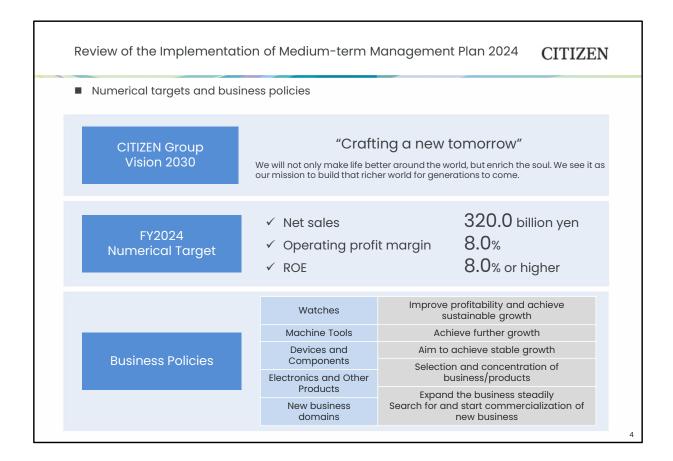
I will be delivering today's presentation on Medium-term Management Plan 2027. Once again thank you for being here.

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This is the content of my presentation today.



Let me begin with a review of Medium-term Management Plan 2024.

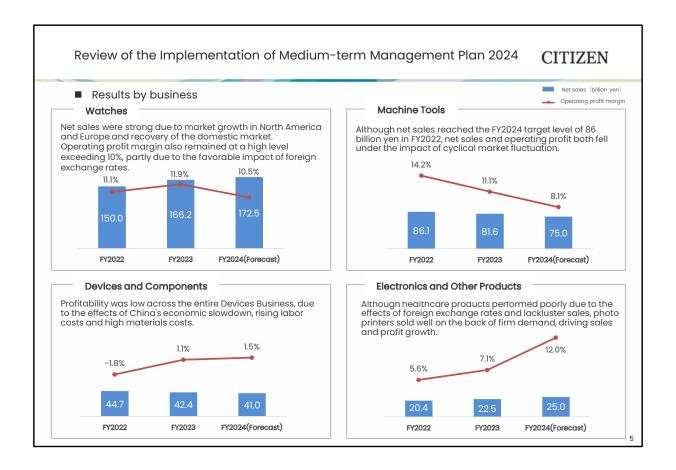


This shows the numerical targets and business policies.

Our numerical targets were net sales of 320 billion yen, an operating profit margin of 8.0%, and an ROE of 8.0% or higher. We expect our net sales and operating profit margin results for FY2024, the final fiscal year of the plan, to fall short of targets, with net sales of 313.5 billion yen and an operating profit margin of 6.9%; however, in the Watches Business, we managed to improve the product mix in each area and steadily push up unit selling prices and succeeded in surpassing our net sales target of 160 billion yen and operating profit margin target of 9% one year ahead of schedule, albeit partially thanks to favorable exchange rates.

The Machine Tools Business has posted declines in sales and profit since FY2023 under the impact of an adjustment phase for orders received, but achieved the net sales target under the current Medium-term Management Plan in the first fiscal year of the plan.

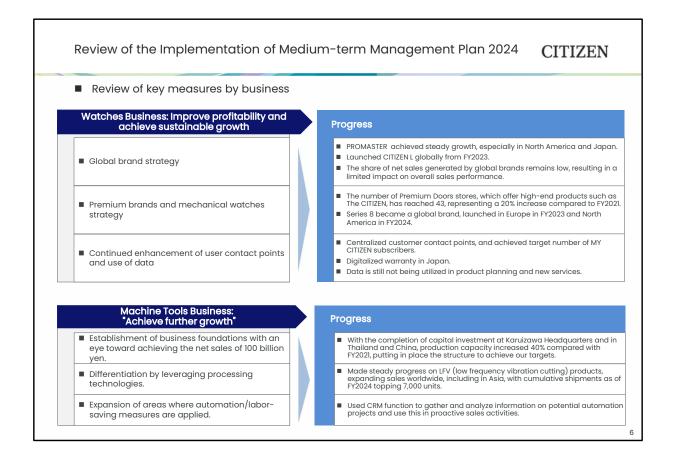
As for ROE, we expect to achieve the target under the current Mediumterm Management Plan for a third consecutive year, reflecting our efforts to optimize shareholder returns and our asset portfolio.



Next, we have a breakdown of financial results by business segment. The Watches Business is expected to achieve increased net sales for a third consecutive year, reflecting continued market growth in North America and Europe and recovery of the domestic market. The operating profit margin also remained at a high level exceeding 10%.

The Machines Tools Business is in an adjustment phase. Over the period of the current Medium-term Management Plan, we have made steady progress establishing our business foundations, including expanding production capacity.

The Devices and Components Business faced an uphill struggle this fiscal year, partly due to the effects of China's economic slowdown and the lackluster automotive components market; however, we are working to improve profitability. In the Electronics and Other Products Business, photo printers sold well on the back of firm demand.

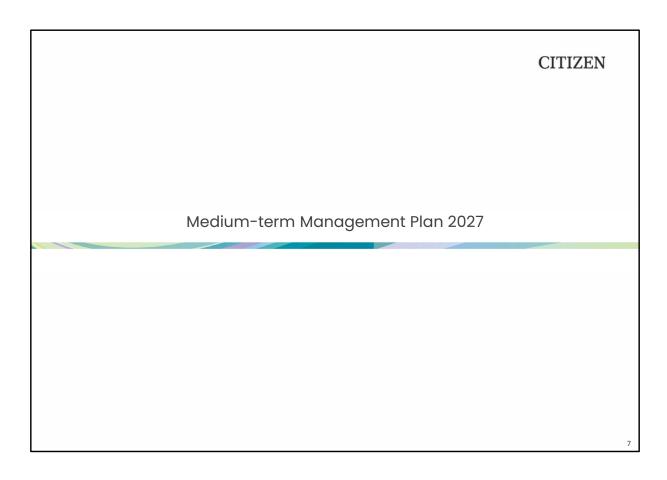


This shows a review of key strategies in each business.

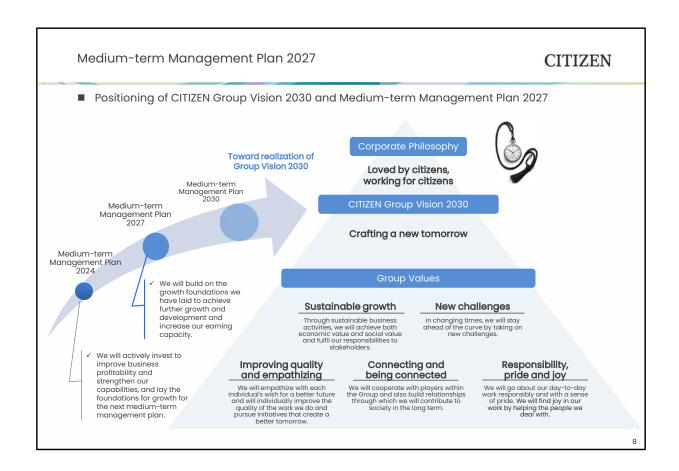
In the Watches Business, we achieved steady growth in sales of PROMASTER and CITIZEN L under our global brand strategy, also helping push up unit selling prices. We recognize, however, that we must further increase the percentage of net sales accounted for by global brands, and we will continue working to expand sales under the new Medium-term Management Plan.

Under our premium brands and mechanical watches strategy, we increased the number of stores where The CITIZEN is sold, and we also rolled out Series 8 globally, with launches in Europe and North America.

In the Machine Tools Business, we completed capital investment at Karuizawa Headquarters and in Thailand and China, putting in place the structure to achieve our targets. We also succeeded in expanding sales of LFV products worldwide, including in Asia, leveraging processing technologies to achieve differentiation. Despite entering an adjustment phase for orders received recently, we have steadily implemented initiatives for achievement of our net sales target of 100 billion yen.

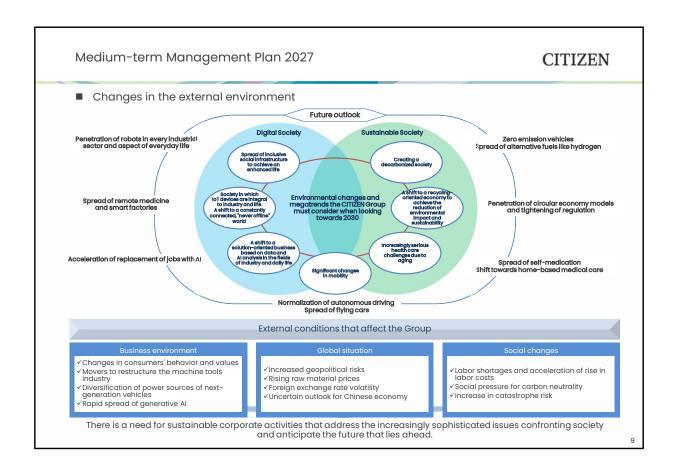


Now I would like to go on to explain our new Medium-term Management Plan 2027.



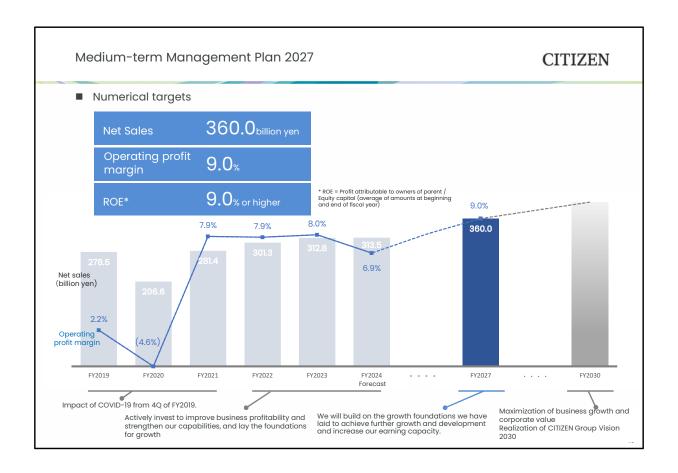
Under our current Medium-term Management Plan, we formulated CITIZEN Group Vision 2030 "Crafting a new tomorrow." To achieve this vision, we set ourselves the goal of actively investing and laying the foundations for growth.

Under our new Medium-term Management Plan, we will build on the growth foundations we have laid over the past three years to achieve further growth and development and increase our earning capacity.



This shows changes in the external environment the CITIZEN Group must consider.

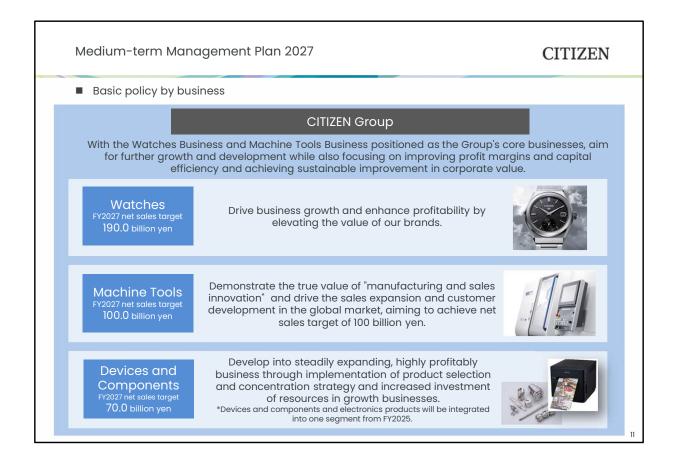
We think that progress towards a sustainable society and a digital society will continue accelerating going forward, and the CITIZEN Group will respond to such environmental changes by further stepping up business operations that help resolve social issues, aiming to be a company that can continue growing sustainably.



Our numerical targets under the new Medium-term Management Plan are:

net sales of 360 billion yen; an operating profit margin of 9.0%; and an ROE of 9.0% or higher. Our basic policy is to build on the growth foundations we have laid during the current Medium-term Management Plan to achieve further growth and development and increase our earning capacity.

Going forward, we will continue implementing initiatives to maximize business growth and corporate value.



Turning next to our business portfolio. With the Watches Business and Machine Tools Business still positioned as core businesses that drive the Group's growth, we will aim for further growth and development by strategically investing our resources, while also focusing on improving profit margins and capital efficiency and achieving sustainable improvement in corporate value.

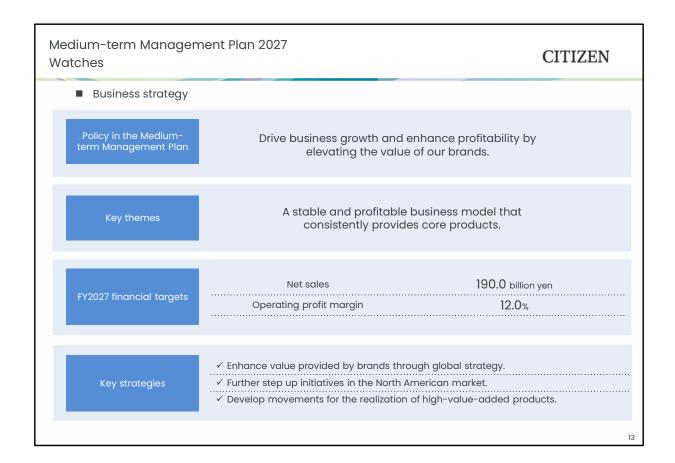
In the Watches Business, we will target net sales of 190 billion yen, and aim to achieve business growth and strengthen profitability through enhancement of the value provided by brands.

In the Machine Tools Business, we will demonstrate the true value of "manufacturing and sales innovation" to drive the sales expansion and customer development in the global market, aiming to achieve a net sales target of 100 billion yen.

In the Devices and Components Business, we will press ahead with selection and concentration and allocate more resources to businesses with growth potential to transform them into profitable businesses that will grow steadily. From FY2025, we will integrate devices and components and electronics products into one segment called the Devices and Components Business and our net sales target for this segment is 70 billion yen.



Moving onto our business strategies in each segment, starting with the Watches Business.



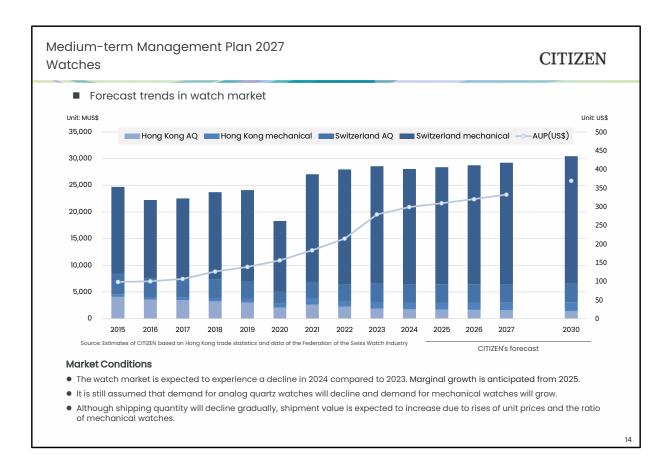
Our policy for the Watches Business is to "Achieve business growth and strengthen profitability through enhancement of the value provided by brands", and our FY2027 financial targets are net sales of 190 billion yen and an operating profit margin of 12.0%.

Our three key strategies are as follows.

"Enhance value provided by brands through global strategy."

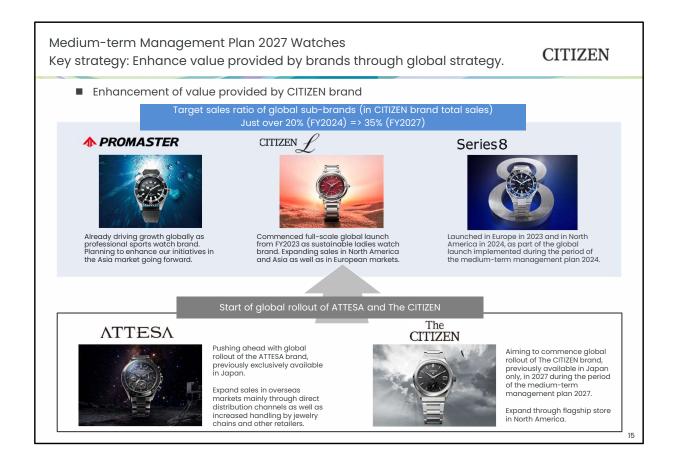
"Further step up initiatives in the North American market."

"Develop movements for the realization of high-value-added products."



This shows past trends and future forecasts for the watches market. The market for Swiss watches had been recording strong sales growth driven by luxury brands but experienced decline in 2024.

Looking ahead, the watches market as a whole is expected to continue growing modestly, with shipping quantity declining gradually but shipment value increasing due to rising unit prices reflecting a higher ratio of mechanical watches.



Now I will go over the key strategies in the Watches Business.

Let me start with "Enhance value provided by brands through global strategy." Under the new Medium-term Management Plan, we will leverage our sub-brands to further accelerate enhancement of value provided by the CITIZEN brand.

We will expand sales of PROMASTER, CITIZEN L and Series 8 watches through continued implementation of our global strategy. We plan to start the global launch of ATTESA and The CITIZEN from FY2025 and FY2027 respectively.

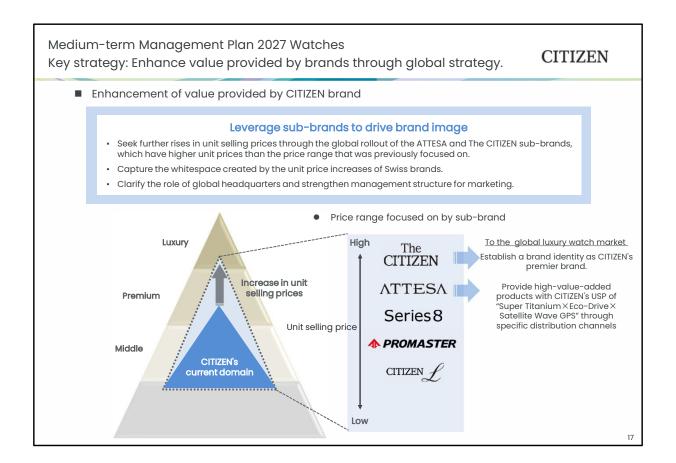
We have set ourselves the target of increasing the sales ratio of global sub-brands in CITIZEN brand total sales from the current level of just over 20% to 35% by FY2027, and will aim to further enhance CITIZEN's brand image and expand global sub-brand sales.



Please allow me to introduce the two brands we are starting to rollout globally.

The CITIZEN is a brand under which we have continued to produce high quality watches since the brand's creation in 1990. We offer prices of The CITIZEN watches ranging from three hundred thousand yen to more than one million yen. Our plan is to expand our lineup of mechanical products and roll the brand out globally.

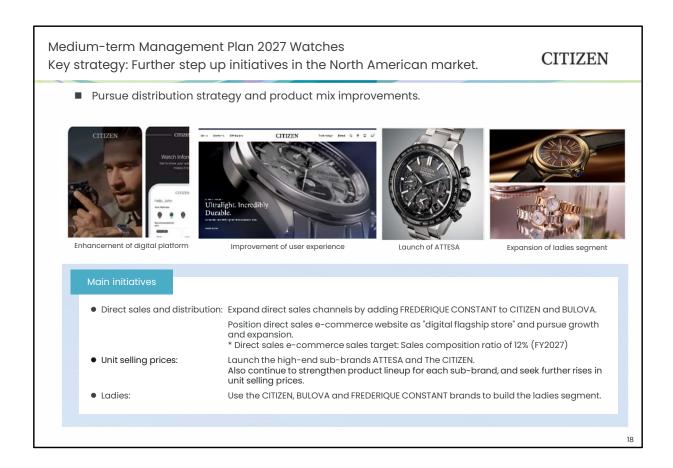
Our strategy for expanding sales of ATTESA brand watches is to focus on high value-added products with GPS functionality priced around 2,000 dollars.



Under the new Medium-term Management Plan, we will leverage our five global sub-brands to drive CITIZEN's brand image globally.

PROMASTER and CITIZEN L range in price from 400 dollars to 1,500 dollars, and we will continue to increase unit selling prices. ATTESA and Series 8 will capture market share in the 1,500 to 3,000 dollars price range, now a whitespace as a result of the price increases of Swiss brands. The CITIZEN will build a world view in the medium- and long-term as CITIZEN's pinnacle brand.

By clarifying the role of each sub-brand, we will increase unit selling prices through improvement in the product mix and enhancement of added value and achieve continuous sales expansion. We will also clarify the role of Japan as global headquarters and area functions in the Americas, Europe and Asia, thereby achieving more accurate implementation of marketing strategies.



Our second key strategy is "Further step up initiatives in the North American market."

In North America, which is our largest market, we will add the FREDERIQUE CONSTANT brand to our CITIZEN and BULOVA brands, and expand the D2C channel. We will position our direct sales e-commerce website as our digital flagship store and pursue growth and expansion by striking a balance between brand appeal and profitability.

Additionally, through the launch of our ATESSA and The CITIZEN brands, we will strengthen the high-end price range and seek further rises in unit selling prices. Moreover, through product lineup expansion and marketing strategy implementation, we will also endeavor to capture market share in North America's ladies watch market, where there is room for growth.

Medium-term Management Plan 2027 Watches Key strategy: Further step up initiatives in the North American market.

CITIZEN

■ Enhance value provided by BULOVA brand









Capitalization on 150th anniversary of brand Laun to strengthen promotions

Launch of high value-added products

Partnership agreement with LATIN GRAMMY

### Main initiatives

- Use 150th brand anniversary as hook to enhance value of BULOVA brand.
- Through further enhancement of added value, aim to become a top brand in the US\$1,000-2,000 price range, a step up from the previous price range.
- Seek to further improve brand image among Hispanic consumers, with which the BULOVA brand has a strong
  connection, and look to expand share in the "Americas" market, which includes Latin America, in the future.

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## Turning to the BULOVA brand.

In 2025, we will use the 150th brand anniversary as a hook to further enhance the value of BULOVA brand through media advertising and the sale of limited-edition products. On the product front, through expansion of our lineup of mechanical watches, we will enhance added value and aim to become a top brand in the 1,000-2,000 dollar price range, which is a step up from the previous price range.

In addition to continuing to strengthen the BULOVA brand's presence in the North American market, we will seek to further improve brand image in Latin America, including renewing our partnership agreement with LATIN GRAMMY, while seeking to expand market share in the Americas market.

Medium-term Management Plan 2027 Watches Key strategy: Develop movements for the realization of high-value-added products. CITIZEN

Develop products that balance creation of added value and improvement of productivity









Series8 model with GMT scale

Enhancement of added value of FREDERIQUE CONSTANT brand

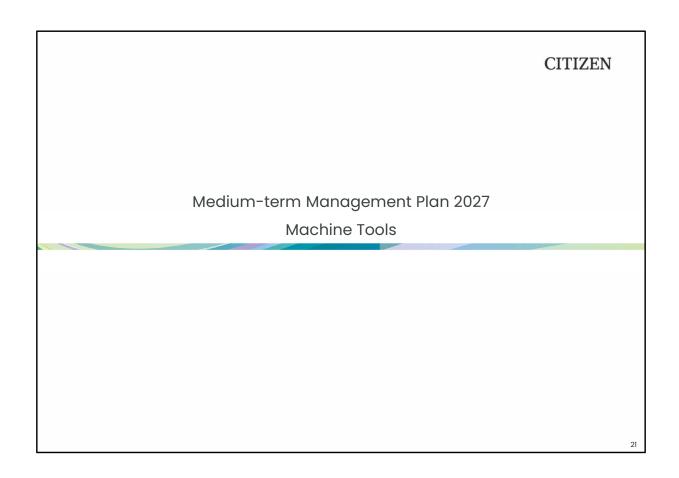
Swiss movement

- Use Japanese and Swiss development and production technologies to build system for increased production of versatile, high-end mechanical movements for The CITIZEN.
- Develop products using mechanical movements to further enhance the added value of the Series 8 and PROMASTER brands.
- Strengthen the production structure in Switzerland and promote enhancement of the added value of multi-brands through enhancement initiatives to be applied to FREDERIQUE CONSTANT and other brands.

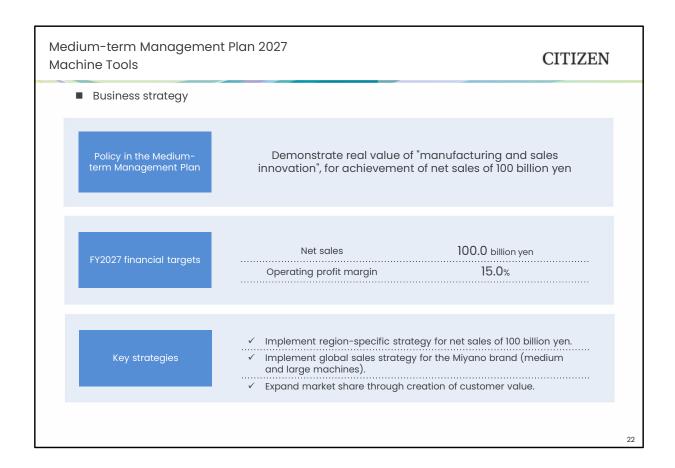
Our third key strategy is "Develop movements for the realization of highvalue-added products."

We will use Japanese and Swiss development and production technologies to develop high-end mechanical movements for The CITIZEN and upgrade our product lineup.

In addition to focusing on mechanical products for PROMASTER as well as Series 8, we will use La Joux-Perret movements in FREDERIQUE CONSTANT products, aiming to make all finished products high value-added products.



Now I would like to talk about the Machine Tools Business.



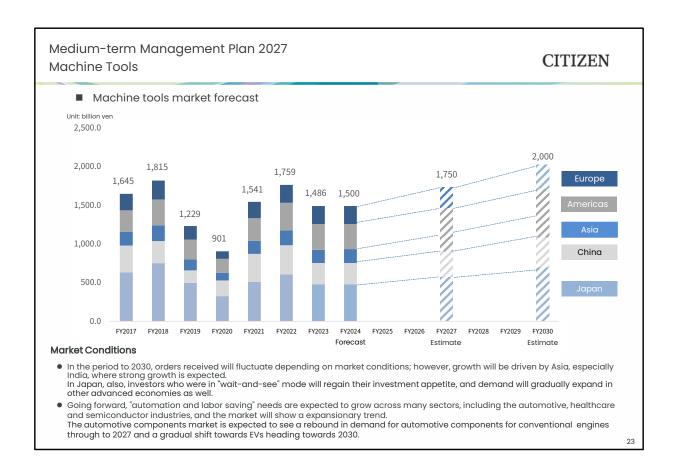
In the Machine Tools Business, we will demonstrate real value of "manufacturing and sales innovation," for achievement of net sales of 100 billion yen, and our FY2027 targets are net sales of 100 billion yen and an operating profit margin of 15%.

Our three key strategies are as follows.

"Implement region-specific strategy for net sales of 100 billion yen."

<sup>&</sup>quot;Implement global sales strategy for the Miyano Brand (medium and large machines)."

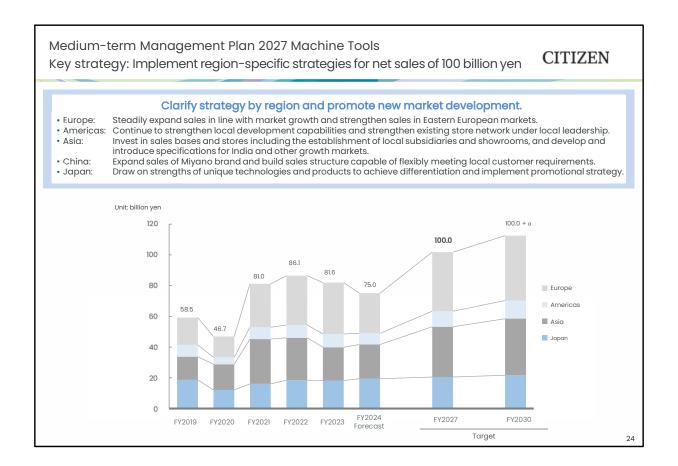
<sup>&</sup>quot;Expand market share through creation of customer value."



This shows the outlook for trends in the machine tools market.

The machine tools market is highly susceptible to economic volatility; however, despite being buffeted by economic volatility in the period to 2030, the market is expected to achieve steady expansion in the long term, with growth driven by Asia, especially India, and firm demand in advanced economies as well.

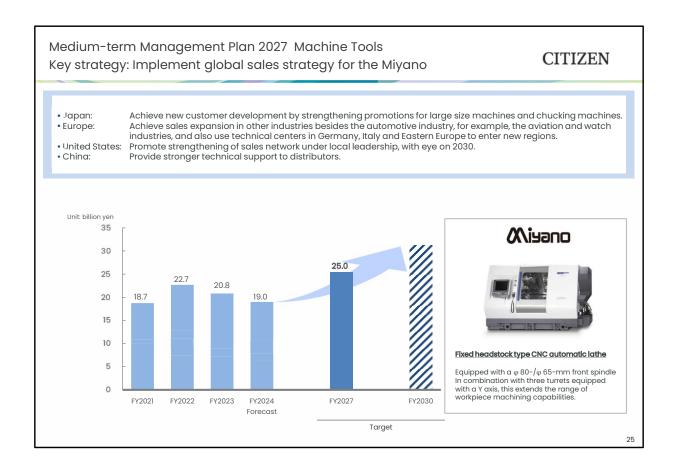
In addition, "automation and labor saving" needs are expected to grow across many sectors, including the automotive industry.



Our first key strategy is "Implement region-specific strategy for net sales of 100 billion yen." For the achievement of targets, we will clarify strategy by region and aim to expand sales, including developing new markets.

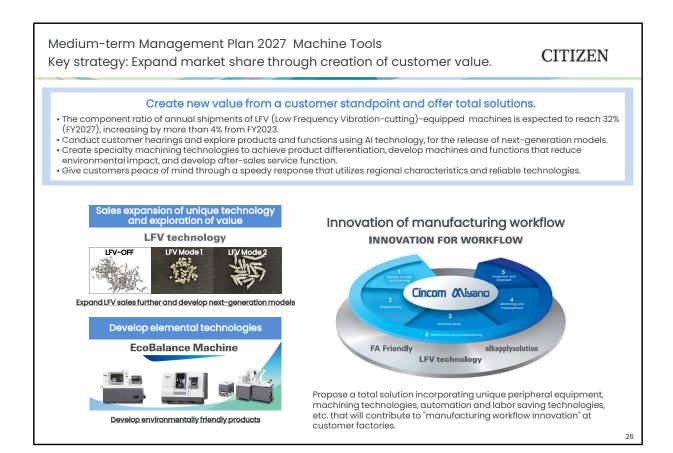
In Europe, we will strengthen sales in existing markets and in new markets such as Eastern European markets. In the Americas, we will strengthen capabilities to develop peripheral equipment and other products that meet the needs of local customers and we will strengthen our store network.

In the Asia market, which is expected to grow in the future, we will actively implement measures to expand sales, including investing in sales bases. In India especially, high growth is forecast, and through measures such as the establishment of a local subsidiary, we will build a structure for expanding sales. In China, we will build a sales structure capable of flexibly meeting local customer requirements and also expand sales of the Miyano brand. In Japan, we will review and specify targets and market segments, draw on the strengths of our unique technologies and products to achieve differentiation, and implement promotional strategy.



Our second key strategy is "Implement global sales strategy for the Miyano brand (medium and large machines)." We have set a net sales target for global sales of the Miyano brand of 25 billion yen, and we will expand sales of the Miyano brand by implementing strategies according to the characteristics of each region.

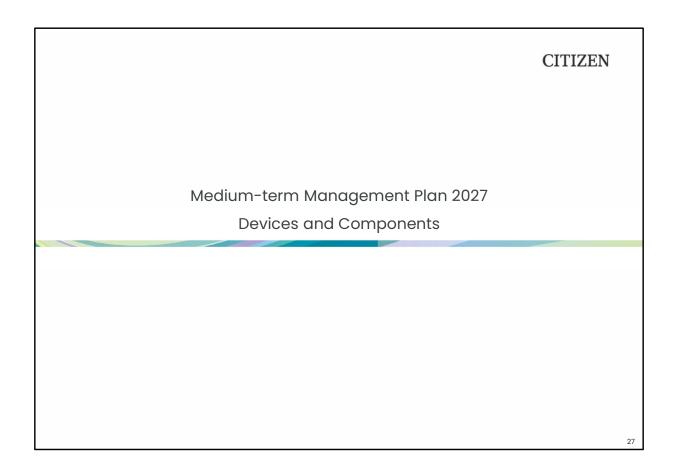
In Japan, we will strengthen promotions for large size machines and chucking machines, including promoting sales of peripheral equipment for chucking machines. In Europe, we will step up sales expansion in other industries besides the automotive industry, for example, the aviation and watch industries. In the United States, we will promote strengthening of sales network under local leadership, with eye on 2030. In China, we will provide stronger technical support to distributors and also enhance showroom functions.



Finally, we come to "Expand market share through creation of customer value."

Firstly, we aim to increase the component ratio of annual shipments of machines equipped with our cutting-edge LFV technology to 32%. For the development of next-generation models, we will explore products and functions using AI technology, and in the development of elemental technologies, we will promote the development of EcoBalance Machinecertified, environmentally friendly products.

Leveraging unique strengths such as our "LFV" technology, "FA friendly" solution, and "alkapplysolution," we will propose total solutions that will contribute to "manufacturing workflow innovation" at customer factories.



Next, I will move on to the Devices and Components Business.

As I explained earlier, from FY2025, we will integrate the Devices and Components Business and the Electronics and Other Products Business to form the Devices and Components Business.



In the Devices and Components Business, we will aim to generate profit by implementing a product selection and concentration strategy and investing resources in growth businesses. Our FY2027 targets are net sales of 70 billion yen, and an operating profit margin of 5% or higher.

In the Devices and Components Business, we see these four product categories as growth areas. Automotive components have languished recently but we will strive for growth in the medium term by promoting the development of new EV-related products.

I will explain our strategies for the remaining three product categories based on the next slide.



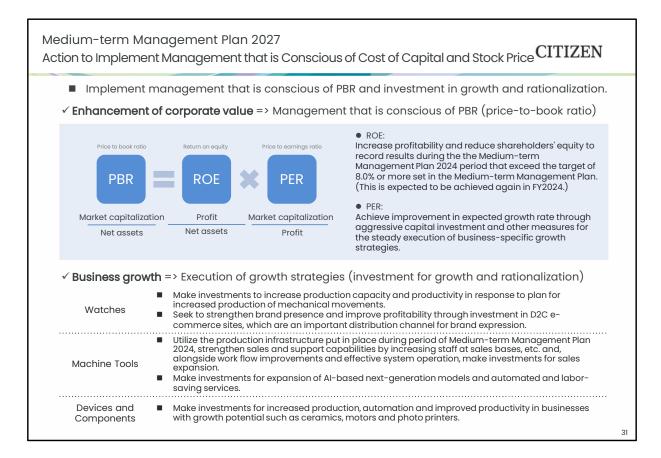
Firstly, in the motors category, we will expand our product lineup to capture new projects and new markets, and while pursuing the top spot in global niche markets, we will aim to maintain a high profit structure.

In the ceramics category, we will increase product strength and promote labor-savings, expand sales by entering the submount market and strengthen competitiveness by increasing productivity.

Finally, in the printers category, we will position photo printers as a growth business, generate stable profit and make investment for the future, in an effort to win new customers and expand overseas sales channels.



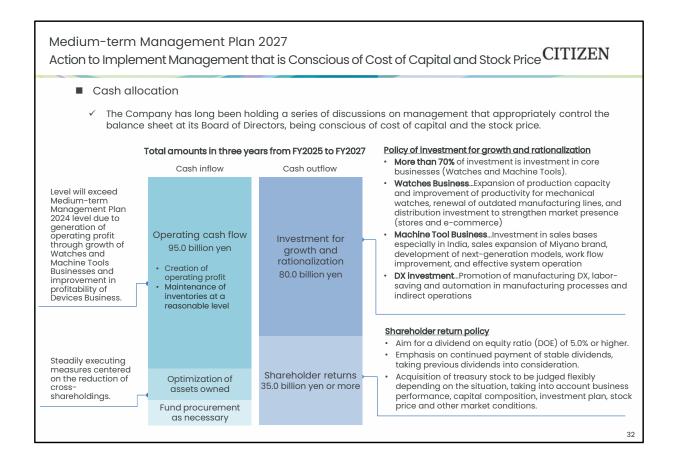
Next, I will explain about "Action to Implement Management that is Conscious of Cost of Capital and Stock Price."



Under the new Medium-term Management Plan, we will seek to enhance our corporate value through management that is conscious of PBR and we will aim to achieve business growth through investment in growth and rationalization.

We made good progress on ROE during the three-year period of the current Medium-term Management Plan, achieving an ROE that surpassed our target of 8%; however, we think that our PER is not good enough, and we aim to achieve improvement in the expected growth rate through aggressive investment for execution of the growth strategies explained today.

In terms of investment for growth and rationalization, in the Watches Business, we will make investments to increase mechanical movements production capacity and productivity, in the Machine Tools Business, we will make investments for sales expansion and service enhancement, and in the Devices and Components Business, we will make investments for improved productivity.

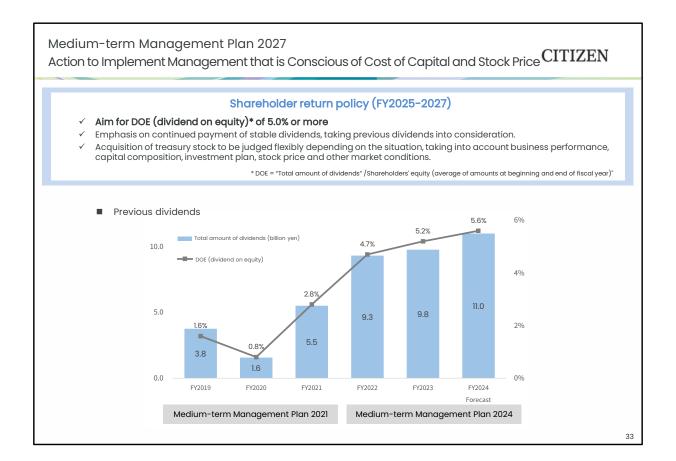


# Moving on to cash allocation.

Looking at cash inflow, we expect operating cash flow of around 95 billion yen, and we will continue focusing on the optimization of assets owned. Looking at cash outflow, specifically investment for growth and rationalization, we are planning investment on a larger scale than under the current Medium-term Management Plan, and we plan to make ongoing growth investments.

The investment can be broadly broken down into three components: the Watches Business, the Machine Tools Business and DX investment, with more than 70% of total investment will be in core businesses. Since capital investment in the Machine Tools Business was completed for the time being under the current Medium-term Management Plan, under the new Medium-term Management Plan, we plan to focus on investment for the growth and rationalization of the Watches Business.

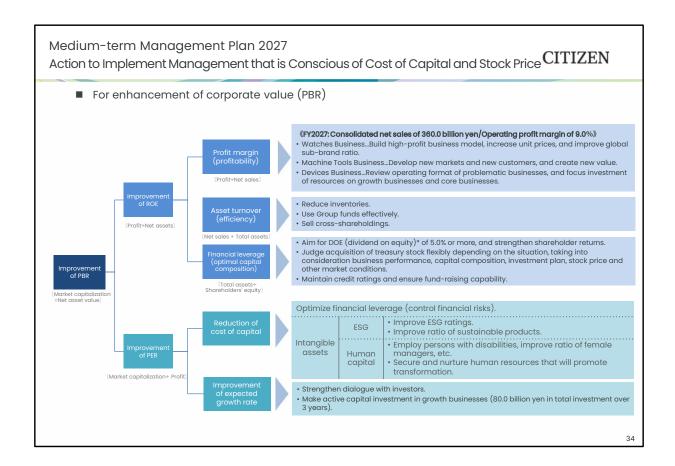
Turning to our shareholder return policy, we plan shareholder returns of 35 billion yen or more. I will give more details based on the next slide.



This shows our shareholder return policy under the new Medium-term Management Plan.

We have introduced dividend on equity (DOE) as a new indicator, and aim for DOE of 5.0% or higher. We will put emphasis on continued payment of stable dividends, taking previous dividends into consideration.

The acquisition of treasury stock will be judged flexibly depending on the situation, taking into account business performance, capital composition, investment plan, stock price and other market conditions.



This is a summary of the initiatives I just explained aimed at improving PBR with a view to enhancing corporate value.

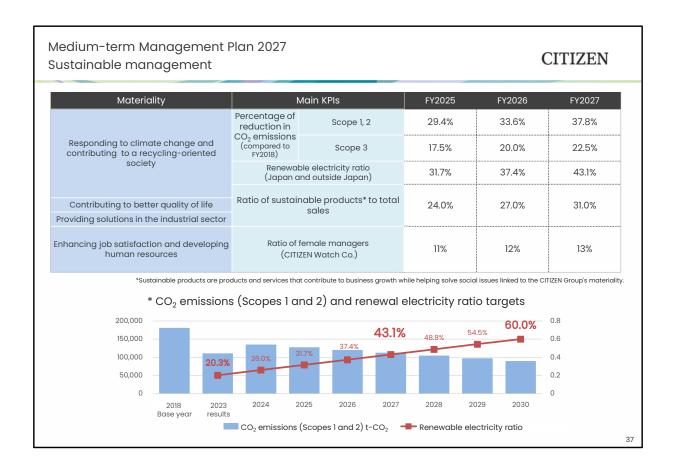
We will aim for improvement in PBR by implementing separate measures to address ROE and PER respectively.



Finally I would like to explain about "Sustainable Management," "DX Strategy," and "Human Resources Strategy."

edium-term Management Plan 2027 ateriality					CITIZEN			
Materiality	Category	Main initiatives	Related business					
			Watches	Machine Tools	Devices and compon nts			
Responding to climate change and contributing to a recycling-oriented society	Response to climate change	Supply machine tools certified as EcoBalance Machines*, provide components for eco-friendly cars (EVs and HVs), supply ENERGY STAR* compilant POS, barcode and photo printers, and provide LED for lighting, etc.		0	0			
		Reduce CO <sub>2</sub> emissions and expand the use of renewable energy.	0	0	0			
	Contribution to a recycling- oriented society	Supply photovoltaic watches and mechanical watches that can be used for a long time, and provide digital gauges, etc.	0		0			
		Reduce water consumption, promote recycling, manage hazardous chemical substances, and reduce packaging materials.	0	0	0			
Contributing to better quality of life	Contribution to diverse lifestyles	Supply wrist watches for the visually impaired.	0					
		Supply miniature switches for smartphones and wearable devices.			0			
	Contribution to medical and health care	Provide sample holding plates for bacterial analysis, etc.			0			
		Supply thermometers and blood pressure monitors that everyone can use, and provide Health Scan, a digital healthcare service.			0			
Providing solutions in the industrial sector	Provision of labor-saving and	Provide machine tools certified as EcoBalance Machines*, and supply machine tools featuring LFV(Low Frequency Vibration-cutting) technology, etc.		0				
	automation solutions	Supply waiting number card systems and payment systems, etc.			0			
	Contribution to mobility	<ul> <li>Supply parts for advanced brake systems, communications systems, and sensors.</li> </ul>			0			
Enhancing job satisfaction and developing human resources	Enhancement of job satisfaction	<ul> <li>Take steps to achieve employee wellbeing and improve employee engagement, provide education opportunities, and implement health and productivity management initiatives.</li> </ul>	0	0	0			
	Development of human resources	<ul> <li>Continue Group succession planning, nurture people who will promote transformation, expand recruitment methods, and collaborate and cooperate as a Group.</li> </ul>	0	0	0			
	Diversity, Equity and Inclusion	Systematically foster female candidates for managerial positions and promote women to management, encourage male employees to take childcare leave, and take steps for the participation and advancement of diverse human resources.	0	0	0			
Fulfilling social responsibility  12 ***********************************	Strength of risk management	Update significant risks at the Group and implement risk management.	0	0	0			
	Ensuring quality compliance	Get employees to be aware of the Quality Code of Conduct.	0	0	0			
	Respect for human rights and labor practices	Implement human rights due diligence, etc.	0	0	0			
	Enhancement of sustainable procurement	Engage in CSR procurement, green procurement, responsible mineral sourcing, etc.	0	0	0			

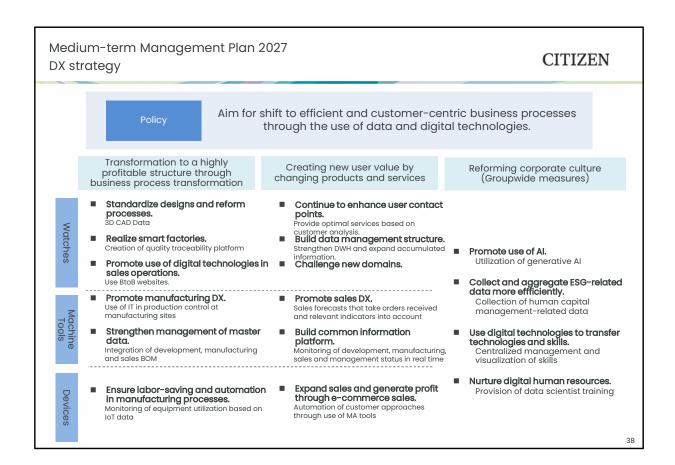
While there are no changes to the five materialities identified under our current Medium-term Management Plan, we have updated our initiatives, taking into consideration climate change scenario analysis and conditions both inside and outside the company.



This shows the main KPIs for our materialities.

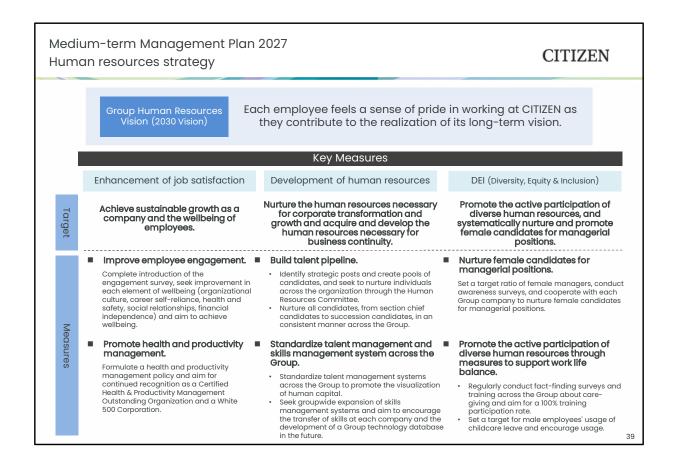
We are setting a CO2 emissions reduction target for Scope 3 CO2 emissions for the first time, in addition to the target for Scope 1 and 2 emissions. For the first time, we are also setting a target ratio of sustainable products, which contribute to business growth while helping solve social issues, to the Group's consolidated sales. We have also set a target ratio of female managers for the first time.

Going forward, we will continue steadily taking action to comply with new disclosure requirements.



### Next is DX Strategy.

The measures we will take are as shown here. We will aim for a shift to efficient and customer-centric business processes through the use of data and digital technologies, including standardizing designs and reforming processes, strengthening data sharing, and promoting the use of generative Al. We will also implement a host of other measures including building a data management structure, nurturing digital human resources, and using digital technologies to transfer technologies and skills.

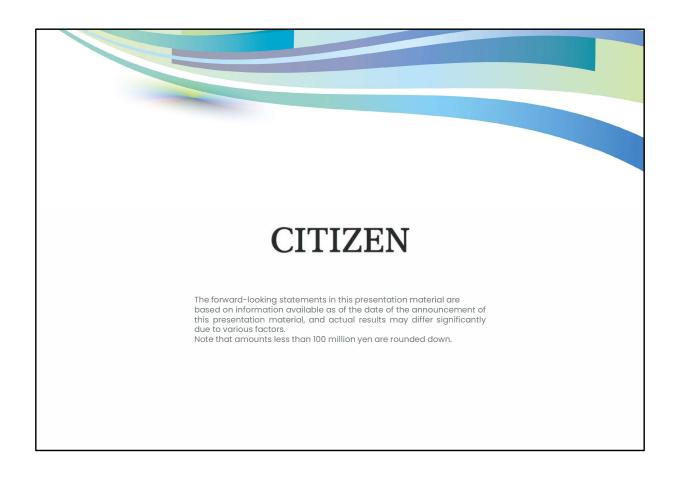


Coming finally to our Human Resources Strategy. We will implement measures under the three overarching themes of "Enhancement of job satisfaction," "Development of human resources" and "DEI."

We will improve employee engagement and promote health and productivity management with the aim of achieving sustainable growth as a company and the wellbeing of employees.

We will aim to nurture the human resources that bring about corporate transformation and acquire and develop the human resources necessary for business continuity, and we will seek to standardize talent management and skills management systems across the Group.

Additionally, we will promote DEI, adding equity to diversity and inclusion, and we will promote the active participation of diverse human resources, and systematically nurture and promote female candidates for managerial positions.



That brings me to the end of my presentation on the Medium-term Management Plan 2027. Thank you for your attention.