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August 14, 2026

Consolidated Financial Results for the Three Months Ended June 30, 2026 (Under Japanese GAAP)

Company name: CITIZEN WATCH CO., LTD.
Listing: Tokyo Stock Exchange
Securities code: 7762
URL: https://www.citizen.co.jp/global
Representative: Yoshitaka Oji, President and CEO
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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 three months ended June 30, 2026 (from April 1, 2026 to June 30, 2026)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2026	98,129	30.3	9,913	110.9	11,767	90.8	8,921	(2.9)
June 30, 2025	75,282	(0.8)	4,699	0.3	6,166	(16.1)	9,186	7.5

Note: Comprehensive income For the three months ended June 30, 2026: ¥10,449 million [161.6%]
For the three months ended June 30, 2025: ¥3,994 million [(74.3%)]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2026	36.56	-
June 30, 2025	37.67	-

(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
June 30, 2026	478,732	306,729	62.2	1,220.89
March 31, 2027	468,303	302,132	62.6	1,201.61

Reference: Shareholder’s Equity
As of June 30, 2026: ¥297,889 million
As of March 31, 2026: ¥293,184 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, 2026	-	23.50	-	23.50	47.00
Fiscal year ending March 31, 2027	-				
Fiscal year ending March 31, 2027 (Forecast)		26.50	-	26.50	53.00

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

3. Projected Consolidated Results for the Year ending March 31, 2027

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim term	196,000	23.1	20,500	57.9	22,500	38.9	17,000	43.1	69.67
Full term	395,000	13.9	40,500	33.9	43,500	13.1	32,000	2.9	131.15

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
Newly included: - companies (-)
Excluded: - companies (-)

(2) Adoption of accounting treatment specific to the preparation of quarterly 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: None
- (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)	June 30, 2026	246,000,000	March 31, 2026	246,000,000
(ii) Number of treasury stock at the end of period	June 30, 2026	2,006,479	March 31, 2026	2,006,134
(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)	June 30, 2026	243,993,651	June 30, 2025	243,868,147

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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.

○(Attached Documents) Index

1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results for the Three Months Ended June 30, 2026

The consolidated operating results for the first three months of the fiscal year under review showed significant increases in both sales and profits, driven by better-than-expected growth in sales in the Watches and Machine Tools segments, as well as strong sales in the Devices and Components segment. Net sales totaled 98.1 billion yen (up 30.3% year on year), and operating profit reached 9.9 billion yen (up 110.9% year on year). In addition, ordinary profit increased 90.8% year on year to 11.7 billion yen, mainly reflecting increases in foreign exchange gains and the share of profit of entities accounted for using the equity method. Profit attributable to owners of parent decreased 2.9% year on year to 8.9 billion yen due to a decrease in gains on sale of investment securities.

Watches

In the domestic CITIZEN-branded watch market, sales of ATTESA remained strong. Additionally, sales of premium brand The CITIZEN also contributed to the growth of revenue. Looking at overseas markets, in North America, sales through travel distribution channels remained strong, in addition to leading distribution channels, such as department stores, due to the growth in sales of global sub-brands such as ATTESA and CITIZEN L, while online sales, which include sales via in-house e-commerce, also increased sharply. These factors led to significant revenue growth. In Europe, sales of global sub-brand PROMASTER and other models grew. In addition, sales of mechanical watches also remained strong mainly due to the expansion of the product line, resulting in higher revenue. In Asia, strong sales recorded mainly in Thailand and India contributed to the growth of revenue.

Net sales of the BULOVA brand grew significantly in its mainstay North American market, driven by strong sales through travel distribution channels in addition to key distribution channels such as department stores and a sharp increase in sales via in-house e-commerce.

Movement sales increased, supported by strong sales of mechanical movements in each region and continued solid performance in analog quartz movements.

As a result, net sales from the overall Watches segment increased to 54.8 billion yen (up 32.1% year on year), reflecting efforts to increase brand value and enhance high value-added products. Operating profit increased to 7.1 billion yen (up 62.1% year on year), chiefly due to an increase in net sales of finished products in North America, as well as higher net sales of movements.

Machine Tools

In the domestic market, revenue increased reflecting the gradual recovery of automotive-related and other market conditions and an increase in sales of semiconductor-related products. Looking at overseas markets, in the Americas, sales of semiconductor-related products and medical-related products remained strong, resulting in higher revenue. In Europe, watch-related and aerospace-related sales continued to trend toward a recovery, which contributed to the growth of revenue. In Asia, sales of semiconductor-related products sharply rose in China, resulting in the growth of revenue.

As a result, the Machine Tools segment as a whole posted an increase in sales, with net sales of 25.6 billion yen (up 35.0% year on year). Operating profit increased significantly to 3.2 billion yen (up 112.5% year on year) due to growth in net sales.

Devices and Components

Sales of automotive components remained on par with the previous year, as the recovery of automakers' production remained lackluster. Sales of small motors increased on the back of a gradual recovery in the market condition and steady sales of medical-related products, among other products. Sales of ceramics increased due to the strong sales of submount products, including products for optical communication. Sales of printers increased as sales of photo printers grew on the back of stable demand.

As a result, net sales in the Devices and Components segment as a whole increased to 17.6 billion yen (up 19.5% year on year). Operating profit increased to 1.3 billion yen (up 235.9% year on year).

(2) Overview of Financial Position for the Three Months Ended June 30, 2026

Total assets at the end of the first three months of the consolidated fiscal year under review stood at 478.7 billion yen, an increase of 10.4 billion yen from the end of the previous consolidated fiscal year. Current assets increased by 8.6 billion yen, principally due to a 2.8 billion yen increase in notes and accounts receivable - trade and a 7.0 billion yen increase in inventories. Non-current assets increased by 1.7 billion yen, mainly reflecting an increase of 0.8 billion yen in deferred tax assets.

Liabilities increased by 5.8 billion yen from the end of the previous fiscal year, to 172.0 billion yen. This was mainly due to an increase of 5.2 billion yen in notes and accounts payable - trade.

Net assets increased by 4.5 billion yen from the end of the previous consolidated fiscal year, to 306.7 billion yen, chiefly reflecting increases of 3.1 billion yen in retained earnings and 1.7 billion yen in foreign currency translation adjustment.

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

In the Group's mainstay Watches, sales of the CITIZEN and BULOVA brand watches are expected to remain strong, primarily in the North American market. In addition, sales of movements, most particularly mechanical movements, also remain buoyant. In the Machine Tools segment, the favorable order environment is expected to continue, reflecting signs that capital expenditure-related demand is recovering in a range of industries and that demand for semiconductor-related products is strong. Moreover, in the Devices and Components segment, sales of mainstay products, including photo printers, remain solid.

Based on the above, the Company has revised its full-year earnings forecasts and full-year earnings forecasts by segment to reflect the upswing in its consolidated financial results for the first three months, adjustments for the revised assumed foreign exchange rates and other matters. Details are as follows.

Assumed foreign exchange rates for the period after the second quarter have been adjusted from 150 yen to 155 yen against the U.S. dollar and from 175 yen to 180 yen against the euro.

Revision to consolidated financial results forecast for the full fiscal year ending March 31, 2027 (April 1, 2026 - March 31, 2027)

		Forecast previously announced (May 13, 2026)	Revised forecast	Change	Change (%)
Net sales	Millions of yen	362,000	395,000	+33,000	+9.1%
Operating profit	Millions of yen	34,500	40,500	+6,000	+17.4%
Ordinary profit	Millions of yen	37,500	43,500	+6,000	+16.0%
Profit attributable to owners of parent	Millions of yen	27,500	32,000	+4,500	+16.4%
Earnings per share	Yen	112.71	131.15	-	-

Breakdown of sales by segment

		Forecast previously announced (May 13, 2026)	Revised forecast	Change	Change (%)
Watches	Millions of yen	201,000	223,000	+22,000	+10.9%
Machine Tools	Millions of yen	95,000	104,000	+9,000	+9.5%
Devices and Components	Millions of yen	66,000	68,000	+2,000	+3.0%
Total net sales	Millions of yen	362,000	395,000	+33,000	+9.1%

Breakdown of operating profit by segment

		Forecast previously announced (May 13, 2026)	Revised forecast	Change	Change (%)
Watches	Millions of yen	25,500	29,000	+3,500	+13.7%
Machine Tools	Millions of yen	11,500	13,500	+2,000	+17.4%
Devices and Components	Millions of yen	4,000	4,500	+500	+12.5%
Eliminations of general corporate	Millions of yen	(6,500)	(6,500)	+0	-
Total operating profit	Millions of yen	34,500	40,500	+6,000	+17.4%

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of Yen)

	As of March 31, 2026	As of June 30, 2026
Assets		
Current assets		
Cash and deposits	105,564	104,043
Notes and accounts receivable - trade	62,048	64,912
Electronically recorded monetary claims - operating	2,026	2,166
Merchandise and finished goods	67,999	69,905
Work in process	28,559	33,534
Raw materials and supplies	25,420	25,547
Consumption taxes refund receivable	4,198	5,054
Other	10,430	9,760
Allowance for doubtful accounts	(1,237)	(1,221)
Total current assets	305,011	313,704
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	49,533	49,068
Machinery, equipment and vehicles, net	19,872	20,981
Tools, furniture and fixtures, net	5,559	5,272
Land	12,333	12,340
Leased assets, net	9,906	10,108
Construction in progress	7,217	7,249
Total property, plant and equipment	104,422	105,020
Intangible assets		
Software	7,008	7,015
Other	868	863
Total intangible assets	7,877	7,878
Investments and other assets		
Investment securities	39,945	40,313
Deferred tax assets	8,562	9,394
Other	2,562	2,503
Allowance for doubtful accounts	(78)	(82)
Total investments and other assets	50,992	52,129
Total non-current assets	163,292	165,028
Total assets	468,303	478,732

(Millions of Yen)

	As of March 31, 2026	As of June 30, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	23,616	28,860
Electronically recorded obligations - operating	7,703	7,639
Notes payable - facilities	10	10
Electronically recorded obligations - non-operating	2,433	1,399
Short-term borrowings	10,011	10,011
Income taxes payable	4,798	5,235
Accrued expenses	14,584	15,811
Provision for bonuses	7,454	9,659
Provision for bonuses for directors (and other officers)	340	—
Provision for product warranties	1,625	1,676
Other	14,180	12,799
Total current liabilities	86,760	93,106
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	37,020	37,017
Deferred tax liabilities	2,759	2,423
Provision for loss on reorganization	3	3
Retirement benefit liability	14,762	14,721
Lease liabilities	8,946	8,950
Provision for customs duties for prior periods	3,532	3,588
Other	2,385	2,192
Total non-current liabilities	79,410	78,896
Total liabilities	166,171	172,003
Net assets		
Shareholders' equity		
Share capital	32,648	32,648
Capital surplus	34,697	34,697
Retained earnings	157,824	160,995
Treasury shares	(1,780)	(1,781)
Total shareholders' equity	223,391	226,561
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,283	13,148
Foreign currency translation adjustment	53,981	55,724
Remeasurements of defined benefit plans	2,528	2,454
Total accumulated other comprehensive income	69,793	71,328
Non-controlling interests	8,948	8,840
Total net assets	302,132	306,729
Total liabilities and net assets	468,303	478,732

(2) Quarterly Consolidated Statement of Income and consolidated statement of comprehensive income
Quarterly Consolidated Statement of Income
For three-month period

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Net sales	75,282	98,129
Cost of sales	42,787	54,076
Gross profit	32,494	44,053
Selling, general and administrative expenses	27,794	34,140
Operating profit	4,699	9,913
Non-operating income		
Interest income	292	282
Dividend income	365	402
Share of profit of entities accounted for using equity method	388	596
Foreign exchange gains	430	662
Other	209	150
Total non-operating income	1,687	2,094
Non-operating expenses		
Interest expenses	96	130
Other	123	109
Total non-operating expenses	220	240
Ordinary profit	6,166	11,767
Extraordinary income		
Gain on sale of non-current assets	18	22
Gain on sale of investment securities	5,680	—
Gain on liquidation of subsidiaries	—	872
Other	0	1
Total extraordinary income	5,698	895
Extraordinary losses		
Loss on retirement of non-current assets	18	17
Loss on sale of non-current assets	5	0
Additional contributions of social insurance	107	1
Customs duties for prior periods	—	* 358
Other	0	11
Total extraordinary losses	130	390
Profit before income taxes	11,734	12,273
Income taxes	2,597	3,395
Profit	9,137	8,878
Loss attributable to non-controlling interests	(49)	(43)
Profit attributable to owners of parent	9,186	8,921

Quarterly consolidated statement of comprehensive income
For three-month period

(Millions of yen)

	Three months ended June 30, 2025	Three months ended June 30, 2026
Profit	9,137	8,878
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,760)	(134)
Foreign currency translation adjustment	(1,087)	1,664
Remeasurements of defined benefit plans, net of tax	(115)	(82)
Share of other comprehensive income of entities accounted for using equity method	(179)	123
Total other comprehensive income	(5,143)	1,571
Comprehensive income	3,994	10,449
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,065	10,455
Comprehensive income attributable to non-controlling interests	(71)	(6)

(3) Notes on Quarterly Consolidated Financial Statements

(Segment information)

(i) Three months ended June 30, 2025 (April 1, 2025 to June 30, 2025)

Net sales and profit or loss by reporting segment

(Unit: Millions of yen)

	Watches	Machine Tools	Devices and components	Segment totals	Eliminations or general corporate (Note 1)	Totals on consolidated statement of income (Note 2)
Net sales						
Customers	41,529	18,994	14,758	75,282	-	75,282
Inter-segment	21	111	642	776	(776)	-
Total	41,551	19,106	15,400	76,058	(776)	75,282
Segment profit	4,404	1,512	401	6,318	(1,618)	4,699

(Notes)

1. The 1,618 million yen negative adjustment to segment profit (operating profit) includes 16 million yen in inter-segment eliminations and 1,635 million yen in corporate expenses that could not be allocated to a particular segment.
2. Segment profit is adjusted with operating profit on the consolidated financial statements.

(ii) Three months ended June 30, 2026 (April 1, 2026 to June 30, 2026)

Net sales and profit or loss by reporting segment

(Unit: Millions of yen)

	Watches	Machine Tools	Devices and components	Segment totals	Eliminations or general corporate (Note 1)	Totals on consolidated statement of income (Note 2)
Net sales						
Customers	54,847	25,650	17,631	98,129	-	98,129
Inter-segment	31	112	793	937	(937)	-
Total	54,878	25,763	18,424	99,066	(937)	98,129
Segment profit	7,138	3,214	1,348	11,701	(1,788)	9,913

(Notes)

1. The 1,788 million yen negative adjustment to segment profit (operating profit) includes 16 million yen in inter-segment eliminations and 1,804 million yen in corporate expenses that could not be allocated to a particular segment.
2. Segment profit is adjusted with operating profit on the consolidated financial statements.

(Notes regarding significant changes in shareholders' equity accounts)

Not applicable

(Notes related to going concern assumption)

Not applicable

(Notes to Consolidated Statement of Income)

* Customs duties for prior periods

Citizen Watch Company of America Inc. ("CWUS"), a consolidated subsidiary of the Company, was notified by the U.S. Customs and Border Protection, an agency of the U.S. Department of Homeland Security, ("the U.S. authorities") that the amount of tariffs paid was insufficient due to differences in the method of calculating the amount payable. In response, CWUS submitted a written refutation and took other actions. In the previous consolidated fiscal year, U.S. authorities rejected CWUS's claims, resulting in CWUS being charged tariffs on imports for the period between 2018 and 2021, which the Company recorded as an extraordinary loss attributable to customs duties for prior periods. In the first three months of the consolidated fiscal year under review, since CWUS was charged additional tariffs on imports for the remaining period of 2021, the Company recorded customs duties for prior periods, which amounted to 358 million yen, as an extraordinary loss. While CWUS paid the full amount of tariffs for imports for the period between 2018 and 2021, it is considering whether to file a lawsuit or not in relation to these additional tariffs.

To date, CWUS has not received any notification of the insufficiency of tariffs paid regarding imports in or after 2022. That said, depending on the indications or requests expressed by U.S. authorities, there is the possibility that in the future losses may be incurred due to additional tariffs.

(Notes related to statement of cash flows)

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

	Three months ended June 30, 2025	Three months ended June 30, 2026
	Millions of yen	Millions of yen
Depreciation	3,477	3,931