

For Immediate Release

Company name: Citizen Watch Co., Ltd.
 Representative: Toshihiko Sato, President and CEO
 (Code: 7762, First Section, Tokyo Stock Exchange)
 Please address inquiries to Toshiyuki Furukawa, Director
 in charge of Public & Investor Relations Department
 TEL: +81-42-468-4934

Notice of Reversal of Deferred Tax Assets and Posting of Extraordinary Losses

Citizen Watch Co., Ltd. (the “Company”) hereby announces a reversal of deferred tax assets and the posting of extraordinary losses for the six months of the fiscal year ending March 31, 2021 (April 1, 2020 to September 30, 2020). Details are as follows.

1. Reversal of Deferred Tax Assets

As a result of a careful assessment with respect to the recoverability of its deferred tax assets from the perspective of future earnings forecasts, the Company reversed part of the deferred tax assets and recorded 10,757 million yen as income taxes - deferred.

2. Details of Extraordinary Losses

In response to requests for self-restraint on sales operations from the government and local authorities as well as the declaration of a state of emergency against the backdrop of the spread of COVID-19, the Company implemented the temporary closure of relevant offices, sales outlets and factories in Japan and overseas in the six months of the consolidated fiscal year under review.

Therefore, it recorded 2,280 million yen as a loss on COVID-19 under extraordinary losses, based on the judgment that any expenses incurred from the closure (personnel expenses, depreciation, etc.) are extraordinary.

(Reference) Period during which a loss on COVID-19 occurred

First quarter (April 1, 2020 to June 30, 2020)	2,034 million yen*
Second quarter (July 1, 2020 to September 30, 2020)	245 million yen
Total	2,280 million yen

* The 2,034 million yen that arose during the first quarter of the consolidated fiscal year under review is reflected in the results provided in the consolidated financial statements for the three months ended June 30, 2020 announced on August 14, 2020.

3. Impact on Financial Results

The matter is reflected in the consolidated financial statements for the six months ended September 30, 2020 announced today.