Ticker Code: 7762
June 2, 2026
Start date of measures for electronic provision: May 27, 2026

NOTICE OF THE 141st ORDINARY GENERAL MEETING OF SHAREHOLDERS

[Disclaimer: Please note that the following purports to be a translation from the original Japanese version prepared for the convenience of our shareholders with voting rights outside Japan for reference. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.]

Dear shareholders,

We hereby notify you that the 141st Ordinary General Meeting of Shareholders of Citizen Watch Co., Ltd. (the "Company") will be held as described below.
When convening this general meeting of shareholders, the Company takes measures for providing information in electronic format, and posts items for which the measures for providing information in electronic format will be taken on the Company's website and the TSE website.

The Company's website:
https://www.citizen.co.jp/ir/general_meeting.html (in Japanese)

TSE website:
https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show (in Japanese)

* Enter "Citizen Watch" in "Issue name (company name)" or "7762" in "Code," and click "Search," and then click "Basic information" and select "Documents for public inspection/PR information." Under "Filed information available for public inspection," click "Click here for access" under "[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting]."

Other than attending the meeting in person, you can exercise your voting right in either of the following ways. Please review "Reference Materials for the General Meeting of Shareholders" and exercise your voting right by no later than 5:30 p.m. on Tuesday, June 23, 2026.

[Exercise of voting right via the Internet]
Please access the website (https://evote.tr.mufg.jp/) designated by the Company, follow the directions on the screen, and indicate your approval or disapproval by the above deadline.
[Exercise of voting right in writing (by mail)]
Indicate your approval or disapproval on the enclosed Voting Right Exercise Form and send it to us to arrive by the above deadline.

Yoshitaka Oji
President and CEO
Citizen Watch Co., Ltd.
6-1-12 Tanashi-cho,
Nishitokyo, Tokyo

1. Time and Date: Wednesday, June 24, 2026 at 10:00 a.m.

*The reception is scheduled to open at 9:00 a.m.

2. Location **Grand Prince Hotel Takanawa B1, Prince Room**

3-13-1 Takanawa, Minato-ku, Tokyo

3. Agenda:

Items to be reported:

1. Business Report, Consolidated Financial Statements, and Audit Report on the Consolidated Financial Statements by the Independent Auditors and Audit & Supervisory Committee for the 141st term (April 1, 2025 to March 31, 2026)

2. Report on the Non-consolidated Financial Statements for the 141st term (April 1, 2025 to March 31, 2026)

Items to be resolved:

<Company Proposals> (Item 1 and Item 2)

Item 1: Appropriation of Surplus

Item 2: Election of Seven (7) Directors (Excluding Those Who Are Audit & Supervisory Committee Members)

<Shareholder Proposals> (Item 3 to Item 10)

Item 3: Partial Amendments to the Articles of Incorporation

Item 4: Partial Amendments to the Articles of Incorporation

Item 5: Partial Amendments to the Articles of Incorporation

Item 6: Partial Amendments to the Articles of Incorporation

Item 7: Partial Amendments to the Articles of Incorporation

Item 8: Partial Amendments to the Articles of Incorporation

Item 9: Dismissal of a Director

Item 10: Dismissal of a Director

4. Notice on decisions related to the convocation

- If no indication of approval or disapproval is made for each original agenda item on the Voting Right Exercise Form, it will be treated as an “approval” for company proposals and a “disapproval” for shareholder proposals.
- If you exercise your voting rights both via the Internet and by mail, we will treat the exercise of voting rights via the Internet as the valid exercise of voting rights.
- If you exercise your voting rights more than once via the Internet, the last vote will be treated as the valid exercise of voting rights.

(i) If you plan to attend in person, please submit the enclosed voting form at the reception desk upon your arrival.

(ii) In accordance with the provisions of laws and regulations the Articles of Incorporation of the Company, the following items are not provided in the document provided electronically.

- "INDEPENDENT AUDITORS," "System to Ensure the Appropriateness of the Company's Business and its Operation Status," and "Basic Policy Relating to Persons Who Control Decision-making over the Financial and Business Policies of the Company" of the Business Report
- Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Equity, Notes to Consolidated Financial Statements)
- Non-Consolidated Financial Statements (Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Equity, Notes to Non-Consolidated Financial Statements)
- Audit Report (Financial Audit Report on Consolidated Financial Statements, Financial Audit Report on Non-Consolidated Financial Statements, Audit Report of the Audit & Supervisory Committee)

  Notably, these items are included in the documents subject to audit by the Audit & Supervisory Committee Members and the Independent Auditors.

(iii) If revisions to the items subject to measures for electronic provision arise, the details of the revisions will be posted on each website.

Reference Materials for the General Meeting of Shareholders

Company Proposal

Item 1: Appropriation of Surplus

The Company considers the distribution of profits to shareholders to be an extremely important management issue, and as part of its three-year "Medium-term Management Plan 2027," covering the period from FY2025 (fiscal year ended March 31, 2026) to FY2027 (fiscal year ending March 31, 2028), its fundamental policy is to emphasize more stable and continuous dividends and to aim for DOE (dividend on equity ratio)* of 5.0% or more, considering past dividends.

As for the year-end dividend for the current fiscal year, considering the balance between dividend payments based on consolidated results and stable dividend payments, the Company proposes a payment of 23.50 yen per share as shown below. This payment, combined with the interim dividend of 23.50 yen per share, will bring the total annual cash dividend for this fiscal year to 47.00 yen per share.

* DOE (dividend on equity ratio) = Total amount of dividends ÷ Shareholders' equity (average value of balances at the beginning and end of fiscal year)

1. Type of dividend

   Cash

2. Allotment and total amount of dividend

   23.50 yen per common share of the Company

   Total amount of dividends: 5,750,802,782 yen

3. Effective date of dividends from surplus

   June 25, 2026

(Reference)

	139th (FY2023)	140th (FY2024)	141st (current term) (FY2025)
Total amount of dividend (millions of yen)	9,770	10,992	11,491
(annual cash dividend per share) (yen)	(40)	(45)	(47)
Shareholders' equity (average value of balances at the beginning and end of fiscal year)	188,723	195,922	213,039
DOE (dividend on equity ratio)	5.2%	5.6%	5.4%

Company Proposal

Item 2: Election of Seven (7) Directors (Excluding Those Who Are Audit & Supervisory Committee Members)

The terms of office of all of the present seven (7) Directors (excluding those who are Audit & Supervisory Committee Members; the same applies in the rest of this proposal) will expire at the conclusion of this General Meeting of Shareholders. Accordingly, the Company proposes to elect seven (7) Directors.

The Audit & Supervisory Committee has expressed no opinion on this proposal.

The candidates for the positions of Director are as follows:

No.	Name	Position and areas of responsibility in the Company		Attribute of candidate	Attendance at Board of Directors meetings
1	Yoshitaka Oji	President and CEO		[For reelection]	17/17 (100%)
2	Toshiyuki Furukawa	Senior Managing Director	In charge of Corporate Planning Division, Digital Management Center and Devices and Components Business	[For reelection]	17/17 (100%)
3	Yoshiaki Miyamoto	Managing Director	Group Risk Management, in charge of Personnel Division, General Affairs Division and CSR Department	[For reelection]	17/17 (100%)
4	Keiichi Kobayashi	Director	In charge of Corporate Public & Investor Relations Department, Sustainability Development Department, Research and Development Division and Intellectual Property Division	[For reelection]	13/13 (100%)
5	Toshiko Kuboki	Outside Director	–	[For reelection] [Outside] [Independent]	17/17 (100%)
6	Yoshio Osawa	Outside Director	–	[For reelection] [Outside] [Independent]	17/17 (100%)
7	Katsuhiko Yoshida	Outside Director	–	[For reelection] [Outside] [Independent]	17/17 (100%)

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations</th><th>Number of the Company's shares held</th></tr>
<tr><td rowspan="3">1</td><td rowspan="3">
Yoshitaka Oji
(November 23, 1963)

For reelection</td><td>April 1986
August 2005

June 2011

April 2015

October 2016
June 2017
April 2019

April 2022
April 2022

April 2025</td><td>Joined the Company
Assigned to Marketing Department, Watch Business Division of the Company (assigned to Singapore)
General Manager of Business Administration Department, Administration Division of Citizen Watch Co., Ltd.
General Manager of Corporate Planning Division of the Company
Operating Officer of the Company
Director of the Company
Senior General Manager of Product Development Division, Senior General Manager of Watch Development Division and Senior General Manager of R&D Center of the Company
Managing Director of the Company
Senior General Manager of Watch Business Division of the Company
President and CEO of the Company (present)</td><td>20,648 shares</td></tr>
<tr><td colspan="2">Reasons for nominating the candidate for Director</td><td rowspan="2">Attendance at Board of Directors meetings</td></tr>
<tr><td colspan="2">In light of Mr. Yoshitaka Oji's experience in promoting the management strategy in the Citizen Group's watches business and his achievements in promoting the product development of watches and clocks at the Company, the Company believes he will continue to play a leading role in increasing the corporate value of the Citizen Group by leading the Group's management through implementation of the "Medium-term Management Plan 2027" and nominated him as a candidate for Director.</td><td>17/17
(100%)</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th>Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations</th><th>Number of the Company's shares held</th></tr>
<tr><td rowspan="3">2</td><td rowspan="3">
Toshiyuki Furukawa
(January 19, 1963)

For reelection</td><td>April 1986 Joined the Company
April 2009 Manager of Investor and Public Relations Department of the Company
June 2011 General Manager of Corporate Planning Division of the Company
April 2015 Director of Citizen Watch Co., Ltd.
April 2015 General Manager of Management Planning Division and in charge of Accounting Department of Citizen Watch Co., Ltd.
June 2016 Director of the Company
June 2016 General Manager of Corporate Planning Division of the Company
June 2016 In charge of Accounting Department and Public & Investor Relations Department of the Company
October 2016 In charge of IT Management Department of the Company
April 2021 In charge of Corporate Planning Division of the Company (present)
April 2022 Managing Director of the Company
April 2025 Senior Managing Director of the Company (present)
April 2025 In charge of Devices and Components Business of the Company (present)
April 2026 In charge of Digital Management Center of the Company (present)</td><td>13,216 shares</td></tr>
<tr><td>Reasons for nominating the candidate for Director</td><td>Attendance at Board of Directors meetings</td></tr>
<tr><td>In light of Mr. Toshiyuki Furukawa's achievements in formulating the Citizen Group's management strategy as General Manager of the Company's Corporate Planning Division and achievements and experience being in charge of the Corporate Planning Division, Accounting Department, etc. as Director of the Company after being involved in the Company's investor dialogue and public relations strategy as Manager of the Company's Investor and Public Relations Department, the Company believes he will continue to play a leading role in increasing the corporate value of the Citizen Group and nominated him as a candidate for Director.</td><td>17/17
(100%)</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations</th><th>Number of the Company's shares held</th></tr>
<tr><td rowspan="3">3</td><td rowspan="3">
Yoshiaki Miyamoto
(February 3, 1963)

For reelection</td><td>August 1990
April 2009

December 2010

April 2012

April 2014
April 2017
April 2017

June 2017

June 2018
April 2019

April 2019

April 2025
April 2025</td><td>Joined the Company
Deputy General Manager of Business Administration Department, Administration Division of Citizen Watch Co., Ltd.
Deputy General Manager of Strategic Planning Department, Planning Division of Citizen Watch Co., Ltd.
President of Citizen Watch Manufacturing (Thailand) Co., Ltd.
President of Citizen Watch Europe GmbH
Senior Operating Officer of the Company
General Manager of General Affairs Division of the Company
Group Risk Management and in charge of Personnel Division of the Company (present)
Director of the Company
In charge of Environmental Management Department of the Company
In charge of CSR Department of the Company (present)
Managing Director of the Company (present)
In charge of General Affairs Division of the Company (present)</td><td>13,604 shares</td></tr>
<tr><td colspan="2">Reasons for nominating the candidate for Director</td><td>Attendance at Board of Directors meetings</td></tr>
<tr><td colspan="2">In light of Mr. Yoshiaki Miyamoto's experience in managing the overseas subsidiaries responsible for watch and clock sales and achievements in the Group Risk Management, the General Affairs Division and the Personnel Division as Director of the Company after promoting startup of new plants at Citizen Group's overseas subsidiaries engaging in manufacturing of watches and clocks, the Company believes he will continue to play a leading role in increasing the corporate value of the Citizen Group and nominated him as a candidate for Director.</td><td>17/17
(100%)</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations</th><th>Number of the Company's shares held</th></tr>
<tr><td rowspan="3">4</td><td rowspan="3">
Keiichi Kobayashi
(August 6, 1968)

For reelection</td><td>April 1992
September 2005

April 2007

October 2016

April 2017
April 2022
April 2022

April 2025
April 2025

June 2025</td><td>Joined Citizen Trading Co., Ltd.
Assigned to Marketing Department, Watch Business Division of the Company (assigned to United States of America)
Assigned to CB Business Division of Citizen Watch Co., Ltd. (assigned to United States of America)
Deputy General Manager of Switzerland of Global Marketing Division of the Company
President of Citizen Watch Europe GmbH
Operating Officer of the Company
General Manager of Corporate Planning Division of the Company
Senior Operating Officer of the Company
In charge of Public & Investor Relations Department, Sustainability Development Department, Research and Development Division and Intellectual Property Division of the Company (present)
Director of the Company (present)</td><td>6,207 shares</td></tr>
<tr><td colspan="2">Reasons for nominating the candidate for Director</td><td>Attendance at Board of Directors meetings</td></tr>
<tr><td colspan="2">In light of Mr. Keiichi Kobayashi's experience in managing the overseas subsidiaries responsible for the Citizen Group's watch and clock sales, and achievements in formulating the Citizen Group's management strategy as General Manager of the Company's Corporate Planning Division, the Company believes he will continue to contribute to increasing the corporate value of the Citizen Group and nominated him as a candidate for Director.</td><td>13/13
(100%)</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations</th><th>Number of the Company's shares held</th></tr>
<tr><td rowspan="3">5</td><td rowspan="3">
Toshiko Kuboki
(February 26, 1960)

For reelection

Candidate for Outside Director</td><td>April 1987
February 2002

April 2012

June 2015

June 2015
June 2016

June 2019
April 2023

June 2023

October 2024
April 2025</td><td>Registered as an attorney-at-law
Conciliation commissioner of Tokyo Family Court (present)
Visiting Professor of Graduate School of Law, Chuo University (present)
Outside Director of Qol Co., Ltd. (Currently Qol Holdings Co., Ltd.) (present)
Outside Auditor of Kyodo News (present)
Outside Audit & Supervisory Board Member of the Company
Outside Director of the Company (present)
Vice President of Tokyo Medical and Dental University
Outside Director and Audit and Supervisory Committee Member of Asahi Yukizai Corporation (present)
Vice President of Institute of Science Tokyo
Audit Commissioner of Chuo-ku, Tokyo (present)</td><td>5,000 shares</td></tr>
<tr><td colspan="2">Reasons for nominating the candidate for Outside Director and role expectations</td><td>Attendance at Board of Directors meetings</td></tr>
<tr><td colspan="2">The Company intends to have Ms. Toshiko Kuboki assume supervisory functions in the appointment, etc. of the Company's President and CEO and processes such as the determination of officer compensation from an independent and objective position, in addition to utilizing her professional point of view as an attorney-at-law and her experience as an outside director of another company to check and supervise the Company's management. The Company therefore again nominated her as a candidate for Outside Director. While she has not been involved in the management of a company aside from her position as an Outside Director or Outside Audit & Supervisory Board Member, the Company deems that she has thorough knowledge of corporate legal affairs as an attorney-at-law and will be able to properly perform her duties as Outside Director.</td><td>17/17
(100%)</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations</th><th>Number of the Company's shares held</th></tr>
<tr><td rowspan="3">6</td><td rowspan="3">
Yoshio Osawa
(January 22, 1952)

For reelection

Candidate for Outside Director</td><td>April 2003
April 2005
April 2007
April 2008
June 2008
April 2011
June 2013
April 2015
April 2016
April 2017
March 2018
June 2019
June 2024</td><td>Corporate Officer and General Manager of Network Division of Sumitomo Corporation
Executive Officer and General Manager of Network Division of Sumitomo Corporation
Executive Officer and General Manager of Media Division of Sumitomo Corporation
Managing Executive Officer and General Manager of Media, Network & Lifestyle Retail Business Unit of Sumitomo Corporation
Representative Director and Managing Executive Officer of Sumitomo Corporation
Representative Director and Senior Managing Executive Officer of Sumitomo Corporation
Representative Director, President and Chief Operating Officer of SCSK Corporation
Representative Director and President of SCSK Corporation
Director and Chairman of the Board of SCSK Corporation
Director of SCSK Corporation
Outside Director of Canon Marketing Japan Inc. (present)
Outside Director of the Company (present)
Outside Director of Fujitsu General Ltd. (Currently GENERAL Inc.)</td><td>- shares</td></tr>
<tr><td colspan="2">Reasons for nominating the candidate for Outside Director and role expectations</td><td>Attendance at Board of Directors meetings</td></tr>
<tr><td colspan="2">The Company intends to have Mr. Yoshio Osawa assume supervisory functions in the appointment, etc. of the Company's President and CEO and processes such as the determination of officer compensation from an independent and objective position, in addition to utilizing his considerable experience in and extensive knowledge of management to check and supervise the Company's management. The Company therefore again nominated him as a candidate for Outside Director.</td><td>17/17
(100%)</td></tr>
</table>

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<tr><th>No.</th><th>Name
(Date of birth)</th><th colspan="2">Career summaries, position and areas of responsibility in the Company, and significant concurrent roles held at other corporations</th><th>Number of the Company's shares held</th></tr>
<tr><td rowspan="4">7</td><td rowspan="4">
Katsuhiko Yoshida
(April 5, 1954)

For reelection

Candidate for Outside Director</td><td>June 2007
June 2012
March 2014

March 2015

October 2019

June 2022

June 2022</td><td>Executive Officer of Kao Corporation
Managing Executive Officer of Kao Corporation
Representative Director, Managing Executive Officer of Kao Corporation
Representative Director, Senior Managing Executive Officer of Kao Corporation
President of Japan Childcare Support Association (present)
Outside Director of Kawasaki Heavy Industries, Ltd. (present)
Outside Director of the Company (present)</td><td>10,640 shares</td></tr>
<tr><td colspan="2">Reasons for nominating the candidate for Outside Director and role expectations</td><td rowspan="2">Attendance at Board of Directors meetings</td></tr>
<tr><td colspan="2">The Company intends to have Mr. Katsuhiko Yoshida assume supervisory functions in the appointment, etc. of the Company's President and CEO and processes such as the determination of officer compensation from an independent and objective position, in addition to utilizing his considerable experience in and extensive knowledge of management to check and supervise the Company's management. The Company therefore again nominated him as a candidate for Outside Director.</td></tr>
<tr><td colspan="2">17/17
(100%)</td></tr>
</table>

Notes:

1. "Citizen Watch Co., Ltd." mentioned above in the career summary refers to the subsidiary that was newly incorporated in an incorporation-type split on April 2, 2007 and dissolved through being merged with the Company on October 1, 2016.
2. The number of the Company's shares held includes the shares held through the stock ownership plan.
3. No conflict of interest exists between the Company and any of the above candidates.
4. The Company, pursuant to the provisions of Article 427, paragraph (1) of the Companies Act, has an agreement with each of Ms. Toshiko Kuboki, Mr. Yoshio Osawa and Mr. Katsuhiko Yoshida to limit their liability for damages under Article 423, paragraph (1) of the Companies Act, in order to enable them to fully perform their duties as Outside Directors as expected, and if their reelection is approved at the meeting, the Company intends to continue these agreements. The amount of their total maximum liability for damages under such agreements is the higher of 10,000,000 yen or the minimum liability amount provided for under the relevant laws and regulations.
5. The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, paragraph (1) of the Companies Act with an insurance company. The insurance policy will cover damages and litigation expenses incurred in cases where an insured receives a claim for damages arising from the performance of duties (including nonfeasance). However, there are exemptions from coverage such as damages arising from an illegal act by the insured with full knowledge of its illegality. If each candidate assumes the office as Director, each of them will be included as an insured in the policy. Insurance premiums are borne by the Company, and the insureds do not bear any of the premiums. In addition, when the policy is renewed next, the Company plans to renew the policy with the same terms.
6. The candidates Ms. Toshiko Kuboki, Mr. Yoshio Osawa, and Mr. Katsuhiko Yoshida are candidates for Outside Directors of the Company. The Company has appointed Ms. Toshiko Kuboki, Mr. Yoshio Osawa and Mr. Katsuhiko Yoshida, as Independent Officers defined by the Tokyo Stock Exchange and registered them with the Exchange as such.

   The terms of office of Ms. Toshiko Kuboki and Mr. Yoshio Osawa as Outside Director will be seven (7) years at the conclusion of this General Meeting of Shareholders. The term of office of Mr. Katsuhiko Yoshida as Outside Director will be four (4) years at the conclusion of this General Meeting of Shareholders.
7. At Kawasaki Heavy Industries, Ltd., where the candidate Mr. Katsuhiko Yoshida serves as an Outside Director, cases of misconduct were discovered in 2024 in the submarine repair and marine diesel engine businesses, and another case of misconduct was discovered in 2025 in the submarine engine business. While he had no prior knowledge of the alleged misconduct, he had been proactively recommending measures on a daily basis to bolster corporate governance and ensure compliance with laws and regulations within the company group. Furthermore, since becoming aware of the facts, he has fulfilled his responsibilities properly by proposing measures to prevent recurrence, such as clarifying the full details, elucidating the root causes, investigating other cases of misconduct, and strengthening the compliance system.

(Reference)

Criteria on Independence of Outside Officers

The Company deems that an Outside Director of the Company ("Outside Officer") or a candidate for Outside Officer possesses independence such that the interests of the Outside Officer or candidate for Outside Officer are unlikely to have conflict with the interests of general shareholders if, after the Company investigates to practically possible and reasonable extent, one or more of the following criteria do not apply with respect to the said individual.

(1) A party who is now or was previously an officer (excluding the Company's Outside Director or Outside Audit & Supervisory Board Member) or an employee of the Citizen Group (the "Citizen Group" refers to the group of companies made up of the Company and its subsidiaries; hereinafter the same).
(2) A party whose major business partner is the Company (Note 1) or an executive of such party ("executive" refers to an executive as defined in Article 2, paragraph (3), item (vi) of the Enforcement Regulations of the Companies Act (Order of the Ministry of Justice No. 12 of 2006); hereinafter, the same).
(3) A major business partner of the Company (Note 2) or an executive of such party.
(4) A consultant, accounting professional, or legal professional who receives cash or other financial benefits of 10 million yen or higher as payment from the Citizen Group for reasons other than officer's remuneration (if the party receiving such financial benefits is an incorporated entity, association or other organization, then a person belonging to such organization).
(5) A party receiving donations of cash or other financial benefits of 10 million yen or higher from the Citizen Group (if the party receiving such donation is an incorporated entity, association or other organization, then a person belonging to such organization).
(6) A party directly or indirectly holding 10% or more of the total number of voting rights held by the Company's shareholders or an executive of such party.
(7) In the case that an officer or employee of the Citizen Group is serving as an outside officer at another company, an officer or employee of the company who is also an Outside Officer or a candidate for Outside Officer of the Company, other than the aforementioned outside officer.
(8) A person to whom any of the criteria (2) through (7) applied in the most recent fiscal year or the past three fiscal years of the Company.
(9) A spouse or relative within the second degree of kinship of a person to whom any of the criteria (1) through (8) applies.

Notes:
1. "Party whose major business partner is the Company" refers to a party whose sales to the Citizen Group makes up 2% or more of the consolidated net sales of the party's group ("group" refers to the group of companies made up of the party, its parent, and its subsidiaries; hereinafter the same).
2. "Major business partner of the Company" refers to a party whose group provides the Citizen Group with sales amounting to 2% or more of the consolidated net sales of the Company.

(Reference)

Skill matrix of Directors

The skills held by each Director in the nominees listed in this Convocation Notice of Meeting are as follows, if they are elected as proposed.

Position / Name	Gender	Corporate Management / Management Strategy	Sales / Marketing	Technology / Development / Manufacturing	Global Management	IT / DX	HR Development / Diversity	Finance / Accounting	ESG / Sustainability	Legal Affairs / Risk Management
President and CEO Yoshitaka Oji	Male	●	●	●	●				●	
Senior Managing Director Toshiyuki Furukawa	Male	●	●		●	●		●	●	
Managing Director Yoshiaki Miyamoto	Male	●		●	●		●		●	●
Director Keiichi Kobayashi	Male	●	●	●	●	●			●	
Outside Director Toshiko Kuboki	Female						●		●	●
Outside Director Yoshio Osawa	Male	●	●		●	●			●	●
Outside Director Katsuhiko Yoshida	Male	●	●	●			●		●	
Director Full-time Audit & Supervisory Committee Member Kazunori Yanagi	Male	●		●	●		●	●		
Outside Director Audit & Supervisory Committee Member Yaeko Ishida	Female								●	●
Outside Director Audit & Supervisory Committee Member Noriko Yamanaka	Female							●		●

Notes: 1. This does not represent all of the knowledge and experience possessed by each director.
2. Ms. Yaeko Ishida uses the name Yaeko Kitadai in her profession as an attorney-at-law.

<Shareholder Proposals (Item 3 to Item 10)>

Item 3 through Item 10 are proposals from a single shareholder (number of voting rights: 336; hereinafter referred to as the "Proposing Shareholder").

The following contents of proposals and reasons for proposals are the original text of the relevant sections submitted by the Proposing Shareholder in each place.

Shareholder Proposal

Item 3: Partial Amendments to the Articles of Incorporation

1. Contents of proposal

   As a general rule, Directors' compensation shall be disclosed on a per-director basis.

2. Reasons for proposal

   Exercising voting rights is the single most critical right for shareholders. Companies should disclose the appropriate information to shareholders as a basis for making decisions when exercising their voting rights. Disclosure of the compensation of individual Directors is an important matter from the viewpoint of improving the transparency of management, as well as an important determinant for shareholders when voting on the reappointment or dismissal of individual Directors.

Opinion of the Board of Directors of the Company

Objection The Board of Directors objects to this proposal.

Matters concerning compensation of Directors are properly disclosed in the Business Report in accordance with laws and regulations, and information necessary for the consideration of proposals for the election of Directors is properly disclosed in Reference Materials for the General Meeting of Shareholders in accordance with laws and regulations.

The Company has established the Compensation Committee as a voluntary institution. The majority of the Committee members are Outside Directors, the Chairman is an Outside Director selected by mutual election by the Committee members, and deliberations are carried out in a fair and transparent manner. The Board of Directors determines the details of Directors' compensation, etc., based on the Committee's recommendations, which enhances transparency with respect to Directors' compensation, etc.

Furthermore, we do not believe that it is suitable to stipulate in the Articles of Incorporation, which lay out the fundamental principles of the Company, matters related to the execution of specific individual business operations, such as the disclosure of Directors' compensation.

The Board of Directors objects to this proposal for the above reason.

Shareholder Proposal

Item 4: Partial Amendments to the Articles of Incorporation

1. Contents of proposal

   As a general rule, the Board of Directors should abolish concurrently held position of Chief Executive Officer and Chairman of the Board of Directors, and appoint an Outside Director as Chairperson.

2. Reasons for proposal

   This is because the appointment of an independent Outside Director who does not conduct operations as Chairperson will result in fairer Board of Directors' resolutions and improve the supervision of corporate management and governance impact from the perspectives of increasing corporate value and protecting the rights of shareholders.

Opinion of the Board of Directors of the Company

Objection **The Board of Directors objects to this proposal.**

The Company recognizes that there is a debate to be had about separating the roles of Chairman of the Board of Directors and Chief Executive Officer. On the other hand, the Corporate Governance Code requires that a system appropriate to the actual conditions of each company be put in place to ensure effective corporate governance.

Proposals related to the execution of business operations are put on the agenda at the Company's Board of Directors meetings to respond quickly to changes in the respective business environments and make appropriate decisions in a wide range of business lines.

Therefore, the Company believes that the President and CEO, who is well versed in industry trends as well as the current state of execution, pressing management issues, and other internal affairs, serving as Chairperson of the Board of Directors, can make decisions quickly and appropriately while maintaining adequate communication with the executive side to share information, and that this is necessary to enhance corporate value through a corporate governance structure suited to the Company. Consequently, the President and CEO, who has a thorough understanding of the Company's business, serves as Chairman of the Board of Directors and management is checked and supervised by highly independent Outside Directors, who comprise at least half of the Board, and the Company deems this arrangement to be appropriate.

In addition, the Company has established the Nomination Committee as a voluntary institution. The majority of the Committee members are Outside Directors and the Chairperson is an Outside Director selected by mutual election by Committee members. To improve the transparency concerning the election of the President and CEO, etc., the President and CEO is elected by a resolution of the Board of Directors based on a proposal by the Committee.

The Board of Directors objects to this proposal for the above reason.

Shareholder Proposal

Item 5: Partial Amendments to the Articles of Incorporation

1. Contents of proposal

   As a general rule, online attendance at the General Meeting of Shareholders is to be made possible.

2. Reasons for proposal

   Both individual shareholders and institutional investors, usually own multiple stocks. When shareholders try to attend several shareholder meetings of interest but are located far away, the hurdles obstructing attendance are considerable, such as the time and expense involved in traveling to and from a meeting. In addition, the pandemic that struck five or six years ago made it virtually impossible in some cases to attend in person. We, therefore, believe that if shareholders and directors alike were able to attend the meeting online, it would be beneficial to both shareholders and the company, and make the meeting more productive.

   Furthermore, if there is a risk of technical issues such as feedback, radio interference, slow connection speeds, or limited data capacity occurring online, allowing shareholders to communicate with company staff at the venue via landline phones or other means would make it easier for shareholders less familiar with IT or digital technologies to attend.

Opinion of the Board of Directors of the Company

Objection The Board of Directors objects to this proposal.

Since the 136th Ordinary General Meeting of Shareholders held in June 2021, the Company has been holding a hybrid participation-type virtual general meeting of shareholders (*1), allowing shareholders unable to attend the meeting to participate online.

While we believe that legal stability in the administration of the General Meeting of Shareholders best serves the common interests of shareholders, we also believe that a hybrid attendance-type virtual general meeting of shareholders (*2) does not ensure legal stability since there is no legal or practical standard indicating that a resolution passed at a shareholders' meeting would not be subject to cancellation if a communication failure occurs and, thus, the possibility that a resolution passed at a shareholders' meeting may be rescinded cannot be ruled out.

Furthermore, as long as these technical concerns are not completely resolved, we believe there is a risk that shareholders may suffer significant disadvantages, such as being prevented from attending the General Meeting of Shareholders or exercising their voting rights due to a communication failure.

The Board of Directors objects to this proposal for the above reason.

*1 A hybrid participation-type virtual general meeting of shareholders refers to a general meeting of shareholders that, in addition to the real meeting, allows shareholders who are not present at the location of the real meeting to confirm and observe deliberations, etc. by using the Internet or other means, without having to legally "attend" the general meeting.

*2 A hybrid attendance-type virtual general meeting of shareholders refers to a general meeting of shareholders that, in addition to the real meeting, allows shareholders who are not present at the location of the real meeting to "attend" the meeting under the Companies Act by using the Internet or other means.

*1 and *2 above are taken from the Guidelines for the Implementation of Hybrid Virtual Shareholders' Meetings (created by the Ministry of Economy, Trade and Industry (METI) on February 26, 2020).

Shareholder Proposal

Item 6: Partial Amendments to the Articles of Incorporation

1. Contents of proposal

   As a general rule, the term of office for outside directors shall be a maximum of 10 years.

2. Reasons for proposal

   The Company's performance peaked around the fiscal year ended March 2004 (with net sales of 375.7 billion yen, operating profit of 35.5 billion yen, and ordinary profit of 35.3 billion yen), and Citizen Electronics alone, which was listed on the TSE JASDAQ as a parent-subsidiary pair, had a market capitalization of nearly 200 billion yen. Citizen Electronics capitalized on the early days of the LED industry and grew to generate approximately 100 billion yen in net sales and approximately 10 billion yen in net income. However, the Group has not been able to better that performance for over 20 years. Although the number of outside officers (Directors and those who are Audit & Supervisory Committee Members) has been increased to five, it cannot be said that corporate value has improved. Some outside directors have missed several board meetings, while others have moved sideways from the position of Outside Audit & Supervisory Board Member to Outside Director and have served as outside directors for close to a decade now. Given such circumstances, it is believed that a cozy relationship between management and outside directors, as well as self-serving management practices, could easily arise, making it difficult to restore corporate value (peak performance).

Opinion of the Board of Directors of the Company

Objection **The Board of Directors objects to this proposal.**

Since the skills, knowledge, and experience required of outside officers vary depending on the management environment, etc., we believe that enabling a broad selection of candidates for such positions in a timely manner will contribute to the enhancement of corporate value.

We believe that incorporating the contents of this proposal into the Articles of Incorporation, which lay out the fundamental principles of the Company, would hamper our ability to respond in a flexible and agile manner to changes in the business environment and other circumstances, and therefore consider it to be inappropriate.

The Board of Directors objects to this proposal for the above reason.

Shareholder Proposal

Item 7: Partial Amendments to the Articles of Incorporation

1. Contents of proposal

A column for abstentions is to be added to the Voting Right Exercise Form.

2. Reasons for proposal

1) The voting result (extraordinary report) submitted to the Director-General of the Kanto Local Finance Bureau following the shareholders' meeting includes not only votes in favor and against, but also abstentions. However, the Voting Right Exercise Form does not include a column for abstentions. For that reason, it is considered necessary to add an abstention column to the form to ensure consistency with the extraordinary report.

2) Some proposals make it difficult for shareholders to decide whether to vote for or against them. In particular, when it comes to proposals for the appointment of directors, it is difficult to decide whether to support or oppose them because there is no information available on what each director has said during board meetings or on the individual compensation amounts for each director. For that reason, having an abstain column would make it easier to reflect the will of the shareholders in such cases.

Opinion of the Board of Directors of the Company

Objection The Board of Directors objects to this proposal.

The information presented in the Voting Right Exercise Form has been determined appropriately in accordance with the Company Act and other relevant laws, regulations, and institutional frameworks.

Article 66, paragraph (1) of the Enforcement Regulations of the Companies Act, which prescribes the information to be included in a Voting Right Exercise Form, stipulates that the form must include a section for indicating approval or disapproval of each original agenda item, while leaving it to the company's discretion whether to include a section for abstentions.

Moreover, we do not believe it is appropriate to stipulate the required information on Voting Right Exercise Form in the Articles of Incorporation, which lay out the fundamental principles of the Company.

The Board of Directors objects to this proposal for the above reason.

Shareholder Proposal

Item 8: Partial Amendments to the Articles of Incorporation

1. Contents of proposal

   A shareholder who has continuously held 300 or more voting rights for at least six months may request, no later than eight weeks prior to the general meeting of shareholders, that the Company notify shareholders of the key points of any proposal submitted by that shareholder concerning an agenda item for the general meeting.

2. Reasons for proposal

   The Legislative Council of the Ministry of Justice, which has been reviewing the Companies Act, has released an interim draft. In that context, a significant increase in the number of voting rights required for shareholder proposals was proposed. (Asahi Shimbun online article: March 18, 2026, published at 6:00 p.m.) However, if the Company stipulates in its articles of incorporation that the threshold for voting rights be set at 300, which is lower than the current requirement, then, from the shareholders' perspective, the current conditions will remain in place at our company. While it is unclear what the Legislative Council will decide, our company, whose corporate philosophy is "Loved by citizens, working for citizens," believes that we should leave room for even individual shareholders to express their views freely and diversely. It should be noted that the TSE recommends a range of 100,000 to 500,000 yen per lot, so 300 lots would amount to between 30 million and 150 million yen. Approximately 60% of listed companies fall within this range. If the minority shareholder rights of individual retail investors who risk so much financially are not protected, the stock market will likely stagnate and shrink. Furthermore, there is a possibility that shareholder dissatisfaction could lead to shareholder derivative lawsuits.

Opinion of the Board of Directors of the Company

Objection The Board of Directors objects to this proposal.

The requirements and procedures for shareholder proposals are stipulated in the Companies Act, and we handle such proposals in accordance with these provisions in an appropriate manner.

Furthermore, we believe that the requirements and procedures regarding future shareholder proposals are matters that should be considered based on trends such as amendments to laws and regulations and revisions to the system, and that it would not be appropriate to stipulate them in the Articles of Incorporation at this time.

The Board of Directors objects to this proposal for the above reason.

Shareholder Proposal
Item 9: Dismissal of a Director

1. Contents of proposal

   Require Mr. Yoshiaki Miyamoto to be dismissed as Director.

2. Reasons for proposal

   1) The company donated 1% of the annual sales of Citizen's flagship watch brands (such as xC for women and ATTESA for men) to certain environmental organizations. The proposer (a general shareholder) considers this to be an inappropriate business practice, as it is believed Mr. Miyamoto played a leading role in it.

      * Basis for the decision: Board of Directors resolution dated November 14, 2022 (timely disclosure), directors' skills matrix, etc.

   2) The proposer believes that, during the 136th Ordinary General Meeting of Shareholders (held on June 25, 2021, at Tokyo Works), there were multiple instances of consecutive disruptions to shareholder questions (unauthorized remarks made by individuals other than the chairperson). At the time, the person responsible for the operations of the general meeting of shareholders was Mr. Miyamoto, General Manager of the General Affairs Division. Consequently, the proposer considered his skills as a director to be lacking.

Opinion of the Board of Directors of the Company

Objection **The Board of Directors objects to this proposal.**

Managing Director Yoshiaki Miyamoto is performing his duties appropriately in accordance with applicable laws and regulations and the Articles of Incorporation. As the Board of Directors expects him to continue playing a role in enhancing our Group's corporate value, it considers him to be an indispensable presence.

The Board of Directors objects to this proposal for the above reason.

Shareholder Proposal
Item 10: Dismissal of a Director

1. Contents of proposal

   Require Mr. Yoshitaka Oji to be dismissed as Director.

2. Reasons for proposal

   Because it is believed Mr. Oji lacks the managerial skills necessary to oversee the group's overall operations.

   The Company's performance peaked around the fiscal year ended March 2004 (with net sales of 375.7 billion yen, operating profit of 35.5 billion yen, and ordinary profit of 35.3 billion yen), and Citizen Electronics alone, which was listed on the TSE JASDAQ as a parent-subsidiary pair, had a market capitalization of nearly 200 billion yen. Citizen Electronics capitalized on the early days of the LED industry and grew to generate approximately 100 billion yen in net sales and approximately 10 billion yen in net income.

Opinion of the Board of Directors of the Company

Objection **The Board of Directors objects to this proposal.**

President and CEO Yoshitaka Oji has been involved in our Group's watch business for many years, assuming a wide range of responsibilities, including business strategy, product development, and global expansion.

Furthermore, since assuming the role of President and CEO, he has played a leading role in driving the growth of the entire Group beyond just the watch business, and in enhancing the Group's corporate value.

Based on these achievements, the Board of Directors considers him to be an indispensable presence.

The Board of Directors objects to this proposal for the above reason.

BUSINESS REPORT
From April 1, 2025 to March 31, 2026

I. MATTERS RELATING TO THE CURRENT SITUATION OF THE GROUP

1. Review of Operations

During the fiscal year under review, the Japanese economy was stagnant in some sectors due in part to rising commodity prices, but consumer spending recovered moderately. In the North American economy, consumer spending remained solid despite a worsened employment situation and prices increasing as a reflection of tariff costs. In Europe, the economy was supported by a solid income environment, but personal consumption continued its slow recovery, partly due to sluggish manufacturing activities because of U.S. tariff policies. In the Asian economy, the effect of efforts to stimulate consumption through subsidies and other policies in China decreased, and sluggish conditions also persisted in other Asian countries, mainly in domestic demand. Accordingly, the recovery in consumer spending lacked strength.

In this environment, the Citizen Group's consolidated results for the fiscal year under review showed increases in sales and profit, mainly driven by strong performance in the Watches and Machine Tools segments. Net sales totaled 346.808 billion yen (up 9.4% year on year), and operating profit reached 30.250 billion yen (up 46.9% year on year). In addition, ordinary profit totaled 38.456 billion yen (up 67.0% year on year), due in part to an increase in foreign exchange gains. Profit attributable to owners of parent totaled 31.100 billion yen (up 30.3% year on year), despite the recording of custom duties for prior periods and provision for custom duties for prior periods, due in part to the recording of a gain on sale of investment securities and the impact of a review of the recoverability of deferred tax assets.

Consolidated Results (Billions of yen)

Net sales	346.808 billion yen	(up 9.4% year on year)
Operating profit	30.250 billion yen	(up 46.9% year on year)
Ordinary profit	38.456 billion yen	(up 67.0% year on year)
Profit attributable to owners of parent	31.100 billion yen	(up 30.3% year on year)

Net sales by segment for the fiscal year under review were as follows:

[Watches]

In the domestic CITIZEN-branded watch market, the ladies' brand xC performed steadily, as did premium brands such as CAMPANOLA and The CITIZEN. Sales of ATTESA also began to indicate a recovery in the latter half of the fiscal year. However, sales to inbound tourists fell short of expectations, resulting in a decrease in net sales.

Looking at the overseas markets, in North America, sales through travel distribution channels remained strong in addition to leading distribution channels such as department stores, jewelry chains and specialty stores due to the growth in the sales of global sub-brands such as PROMASTER, CITIZEN L and ATTESA, while sales via in-house e-commerce also grew significantly, mainly for high-end models, resulting in revenue growth. In Europe, net sales increased, supported by solid performance of new mechanical watch models and increased sales of PROMASTER, a global sub-brand. In Asia, although sales were strong in certain markets such as Thailand and India, which were mainly driven by mechanical watches, and sales also increased in China, performance in other Asian markets remained sluggish, resulting in a decline in net sales.

Net sales of the BULOVA brand increased in its core North American market, driven by the success of marketing initiatives tied to its 150th anniversary. Its growth was supported by strong performance in department stores, a key distribution channel, as well as solid

sales in specialty stores and jewelry chains, and the significant expansion of the Company's in-house e-commerce business.

Movement sales increased, supported by continued solid performance in analog quartz movements, as well as strong cross-regional growth in mechanical movements, which was driven by increasing demand.

As a result, net sales from the overall Watches segment increased to 197.061 billion yen (up 10.0% year on year) thanks to efforts to increase brand value and improve high value-added products despite a limited recovery in consumer confidence stemming from uncertainty about the future. Operating profit increased to 25.072 billion yen (up 38.1% year on year), chiefly due to increases in the ratio of in-house e-commerce and unit selling prices, in addition to growth in net sales in North America.

[Machine Tools]

In the domestic market, market conditions had bottomed out and a gradual recovery trend had emerged in the latter half of the period. However, demand in the automotive sector continued to be sluggish, and the growth in construction machinery-related demand also remained weak, resulting in a decline in net sales. Overseas, in the Americas, net sales increased as medical-related sales remained solid and the cautious stance toward capital investment eased. In Europe, net sales increased, driven by solid performance in medical-related and job-shop products, along with a recovery in aerospace-related products. In Asia, net sales increased, driven by a significant increase in semiconductor-related sales in China amid strong demand.

As a result, the Machine Tools segment as a whole posted an increase in sales, with net sales of 86.292 billion yen (up 16.1% year on year). Operating profit increased to 7.736 billion yen (up 36.4% year on year) due to growth in net sales.

[Devices and Components]

Sales of automotive components slightly increased as the recovery of automakers' production was limited. Sales of small motors decreased, although market conditions began to show a gradual recovery in the latter half of the fiscal year. Sales of ceramics increased, driven by the continued strong performance of submount products for optical communications. Although photo printers performed steadily against the backdrop of stable demand, overall printer sales slightly decreased, reflecting the reactionary decline following the large orders secured in the same period of the previous year.

As a result, for the Devices and Components segment as a whole, net sales increased to 63.455 billion yen (up 0.2% year on year), and operating profit rose to 3.766 billion yen (up 26.9% year on year).

Note: The difference between 36.575 billion yen, the total of each segment's operating profit, and 30.250 billion yen, the Company's operating profit, is attributable to elimination of inter-segment transactions and corporate expenses not allocated to individual segments.

[Sales by Business Segment]

Business segment	Amount (Millions of yen)	Percentage of total (%)	Change from the previous fiscal year (%)
Watches	197,061	56.8	10.0
Machine Tools	86,292	24.9	16.1
Devices and Components	63,455	18.3	0.2
Total	346,808	100.0	9.4

Notes:

1. The rate of the sales in the overseas to the gross sales is 77.0%.
2. Effective from the fiscal year under review, major businesses previously included in the Electronic and Other Products segment have been integrated into Devices and Components and other businesses have been included in Watches. The amounts and percentages compared to the previous fiscal year have been calculated based on the business segments used in the fiscal year under review.

2. Assets and Profit and Loss of the Company

Business segment	138th (FY2022)	139th (FY2023)	140th (FY2024)	141st (current term) (FY2025)
Net sales (millions of yen)	301,366	312,830	316,885	346,808
Ordinary profit (millions of yen)	29,096	30,810	23,024	38,456
Profit attributable to owners of parent (millions of yen)	21,836	22,958	23,876	31,100
Basic earnings per share (yen)	75.25	93.60	97.91	127.48
Total assets (millions of yen)	389,982	415,445	415,552	468,303
Net assets (millions of yen)	232,775	256,134	264,147	302,132
Net assets per share (yen)	866.68	1,015.74	1,049.41	1,201.61

Notes:
1. Basic earnings per share is calculated based on the number of shares by deducting the average total number of treasury shares during the term from the average total number of shares outstanding during the term. Net assets per share is calculated based on the number of shares by deducting the total number of treasury shares at the fiscal year-end from the total number of shares outstanding at the fiscal year-end.
2. The Company has introduced a performance-linked stock compensation plan utilizing the Board Incentive Plan (BIP) Trust, and the shares of the Company held by the BIP Trust are presented as treasury shares in the net assets section. Accordingly, the number of shares of the Company held by the BIP Trust is included in the number of treasury shares that are deducted in the calculation of basic earnings per share and net assets per share.
3. Effective from the beginning of the fiscal year ended March 2024, the Group applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; hereinafter the "Revised Accounting Standard 2022").

3. Challenges Going Forward

The Company, based on its Corporate Philosophy of "Loved by citizens, working for citizens," drew up a vision of how the Citizen Group could be to enable growth to deal with a sustainable society and a digital society with a view to 2030. We then used backcasting to set five materiality: Respond to climate change and contribute to a recycling-oriented society; Contributing to high quality life; Providing solutions in industry; Improve job satisfaction and cultivate human resources; and Fulfilling social responsibility.

We then stated the Group's medium-term management vision of "Crafting a new tomorrow" to realize our long-term vision and, continuing from the Medium-term Management Plan 2024, we formulated the 3-year Medium-term Management Plan 2027 covering the period from FY2025 (fiscal year ended March 31, 2026) to FY2027 (fiscal year ending March 31, 2028). We aim to take on the challenge of creating new, unique value and to be known around the world for reliability, security and emotion that will bring about a better world.

To achieve the Group's medium-term management vision, we will tackle the following key strategies contained in this Medium-term Management Plan.

1. Strategies of business portfolio

   The watches business and machine tools business will remain as the core businesses that drive the Group's growth, and we will aim for further growth by strategically investing our management resources. With the devices and components business, we will aim for stable growth while promoting refining and targeting of the businesses and products. In addition, we will also make progress in exploring new business areas with growth potential.

   The strategies by business in this Medium-term Management Plan are as follows:

   a) The watches business uses the same vision that is stated for the Group Vision of "Crafting a new tomorrow," and will tackle three key strategies of Enhance value provided by brands through global strategy; Further step up initiatives in the North American market; and Develop movements for the realization of high-value-added products.

We will strategically allocate management resources, while striving to grow our business and boost profitability by enhancing our brand value as a core business that drives the Group.

b) In the Machine Tools Business, we will demonstrate real value of "manufacturing and sales innovation" toward achieving net sales of 100 billion yen, and we will seek to expand sales and develop new customers in the global market. Aiming to achieve further growth by enhancing sales and service systems in global markets such as Asia, where further growth is anticipated.

c) The Devices and Components Business is aiming to establish firm competitiveness through selection and concentration of products in line with market changes, improvements in earnings power and business expansion in fields where the Company's strengths can be used to their utmost. In the auto parts business, which utilizes the Citizen Group's strength in compact metal processing technologies, we will expand sales of new EV-related products and products in existing domains such as engines and brakes. In the ceramics business, we will further strengthen competitiveness of submount products for optical communication, etc. In the motors business, we will gain high levels of customer satisfaction through technologies and motors quality that meet market needs. In the printers business, we will expand sales chiefly of photo printers.

2. Promoting the DX strategy and cultivating human resources

The DX vision is stated as "Become a Corporate Group That Will Continue to Create and Enhance Value from the User Perspective" and incorporates three key initiatives: Transformation to a highly profitable structure through business process transformation; Creating new user value by changing products and services; and Reforming corporate culture.

"Transformation to a highly profitable structure through business process transformation" incorporates initiatives for Sophistication of decision making through the use of data, and Evolution of manufacturing with the use of data and digital technology. "Creating new user value by changing products and services" incorporates initiatives for providing new user experience and building a new business model.

We state the human resources vision as "Each individual employee feels that they are contributing to the fulfillment of the long-term vision and feel pride in working at Citizen," and while steadily advancing digital technologies, we are promoting collaboration with the Group on "reforming corporate culture."

As the business environment surrounding our Company, we recognize the following environmental changes:

1. Geopolitical risks on the global economy
2. Changes in consumer behavior and values
3. Shrinkage of the analog quartz movement market due mainly to shrinkage of the fashion watch market

Recognizing an increased risk for a downturn in business due to the impact of the changes in business environment as described above, we will address issues, prioritizing the following four in the core watch business and the machine tools business.

1. Expanding mechanical watches and expanding direct sales of mechanical movements

2. Further emphasizing the features of environmentally-friendly Eco-Drive and environmental considerations, taking advantage of rising environmental awareness
3. Providing high-value-added products with greater emotional value
4. Establishing a production and sales structure equipped to adapt in a timely manner to fluctuations in the machine tool market

We would like to thank our shareholders for their continued support.

4. Financing

The Company raised funds of 10.0 billion yen to repay loans by borrowing from financial institutions.

5. Capital Expenditures

Capital expenditures during the fiscal year under review totaled 28.599 billion yen. The major expenditures of which are as follows:

(1) 15.179 billion yen for production facilities, etc. in Watches

(2) 6.096 billion yen for production facilities, etc. in Machine Tools

(3) 5.354 billion yen for production facilities, etc. in Devices and Components

Effective from the fiscal year under review, major businesses previously included in the Electronic and Other Products segment have been integrated into Devices and Components and other businesses have been included in Watches.

6. Important Corporate Restructuring

Not applicable

7. Acquisition or Disposition of Shares, Other Equity Interests, or Share Acquisition Rights of Other Companies

Not applicable

8. Details of Important Subsidiaries

Name	Capital	Voting Right Percentage of the Company (%)	Major Business
Citizen Watch Manufacturing Co., Ltd.	100 million yen	100.0	Watches
Citizen Machinery Co., Ltd.	2,651 million yen	100.0	Machine Tools
Citizen Finedevice Co., Ltd.	1,753 million yen	100.0	Devices and Components
Citizen Systems Japan Co., Ltd.	450 million yen	100.0	Devices and Components
Citizen Electronics Co., Ltd.	100 million yen	79.3	Devices and Components
Citizen Watch Company of America, Inc.	US$ 43.66 million	100.0	Watches
Citizen Watches (H.K.) Ltd.	HK$ 10 million	100.0	Watches

9. Products of Principal Business (as of March 31, 2026)

Business segment	Principal products
Watches	Watches, movement
Machine Tools	CNC automatic lathes
Devices and Components	Automotive parts, crystal devices, ceramics, small motors, printers, healthcare equipment, LED

Note: Effective from the fiscal year under review, major businesses previously included in the Electronic and Other Products segment have been integrated into Devices and Components and other businesses have been included in Watches.

10. Principal Places of Business (as of March 31, 2026)

Name		Location
The Company	Citizen Watch Co., Ltd.	Nishitokyo, Tokyo
Subsidiaries and others	Citizen Watch Manufacturing Co., Ltd.	Tokorozawa, Saitama
	Citizen Machinery Co., Ltd.	Kitasaku-gun, Nagano
	Citizen Finedevice Co., Ltd.	Minamitsuru-gun, Yamanashi
	Citizen Systems Japan Co., Ltd.	Nishitokyo, Tokyo
	Citizen Electronics Co., Ltd.	Fujiyoshida, Yamanashi
	Citizen Watch Company of America, Inc.	California, U.S.A.
	Citizen Watches (H.K.) Ltd.	Hong Kong, China

11. Employees (as of March 31, 2026)

Business Segment	Number of employees		Change from the previous fiscal year-end	
Watches	5,872	[1,129]	(46)	[(130)]
Machine Tools	2,080	[219]	(75)	[52]
Devices and Components	3,962	[629]	(116)	[7]
General Corporate	233	[39]	11	[8]
Total	12,147	[2,016]	(226)	[(63)]

Notes: 1. The number of employees covers all those engaged in operations and figures in brackets represent average annual temporary workers in addition to the number of employees.
2. We have made some changes to our business segments starting from the fiscal year under review. Therefore, changes from the end of the previous fiscal year have been calculated based on the business segments used in the current period.

12. Principal Lenders (as of March 31, 2026)

(Millions of yen)

Name	Borrowed Amount
Mizuho Bank, Ltd.	11,730
MUFG Bank, Ltd.	10,710
Nippon Life Insurance Company	6,000
Hachijuni Nagano Bank, Ltd.	3,250
Sumitomo Mitsui Banking Corporation	3,060
The Yamanashi Chuo Bank, Ltd.	2,250

II. MATTERS CONCERNING COMPANY STOCK AND SHARE ACQUISITION RIGHTS, ETC.

1. Condition of Stocks (as of March 31, 2026)

(1) Total number of authorized shares: 959,752,000 shares

(2) Total number of shares issued: 246,000,000 shares

(3) Number of shareholders: 101,568

(4) Major shareholders (Top 10)

Name	Number of the Company's shares held (Shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	32,126,900	13.13
Custody Bank of Japan, Ltd. (trust account)	16,021,900	6.55
Nippon Life Insurance Company	11,948,346	4.88
BBH(LUX) FOR FIDELITY FUNDS - JAPAN ADVANTAGE POOL	10,350,200	4.23
Nichia Corporation	10,000,000	4.09
Mitsubishi UFJ Trust and Banking Corporation	4,568,982	1.87
Mizuho Bank, Ltd.	4,309,200	1.76
Citizen Group Employee Shareholding Association	4,294,961	1.76
Shimizu Corporation	4,128,000	1.69
Custody Bank of Japan, Ltd. as trustee of Mizuho Bank retirement benefit trust account re-entrusted by Mizuho Trust & Banking Co., Ltd.	3,546,818	1.45

Note: Shareholding ratio is calculated after deducting 1,284,988 treasury shares.

(5) Status of shares delivered to officers of the Company as compensation for the performance of the duties during the fiscal year under review

Business segment	Number of shares	Number of recipients
Directors (excluding those who are Audit & Supervisory Committee Members and Outside Directors)	127,790	2
Outside Director (excluding those who are Audit & Supervisory Committee Members)	–	–
Director (Audit & Supervisory Committee Members)	–	–
Audit & Supervisory Board Member	–	–

Note: The number of shares includes 63,990 shares sold pursuant to the "Regulations on Delivery of Shares Related to the Officer Compensation BIP Trust" for which an amount equivalent to the proceeds of sale was provided.

2. Status of Share Acquisition Rights (as of March 31, 2026)

Not applicable

III. MATTERS CONCERNING DIRECTORS

1. Names, etc. of Directors (as of March 31, 2026)

Title	Name	Area of responsibility and significant concurrent role held at other companies (if any)
President and CEO	Yoshitaka Oji	
Senior Managing Director	Toshiyuki Furukawa	In charge of Corporate Planning Division, IT Management Department and Devices and Components Business
Managing Director	Yoshiaki Miyamoto	Group Risk Management and in charge of Personnel Division, General Affairs Division and CSR Department
Director	Keiichi Kobayashi	In charge of Corporate Public & Investor Relations Department, Sustainability Development Department, Research and Development Division and Intellectual Property Division
Outside Director	Toshiko Kuboki	Attorney-at-law Outside Director of Qol Holdings Co., Ltd. Outside Director and Audit and Supervisory Committee Member of Asahi Yukizai Corporation
Outside Director	Yoshio Osawa	Outside Director of Canon Marketing Japan Inc.
Outside Director	Katsuhiko Yoshida	Outside Director of Kawasaki Heavy Industries, Ltd.
Director Audit & Supervisory Committee Member (Full-time)	Kazunori Yanagi	
Outside Director Audit & Supervisory Committee Member	Yaeko Ishida	Attorney-at-law Outside Director of Inageya Co., Ltd. Outside Director of Shindengen Electric Manufacturing Co., Ltd.
Outside Director Audit & Supervisory Committee Member	Noriko Yamanaka	Certified public accountant Outside Director who is a member of the Audit and Supervisory Committee of I-ne Co., Ltd.

Notes:

1. To establish an optimal audit framework and enhance the effectiveness of our audit activities, we have appointed Mr. Kazunori Yanagi as a full-time Audit & Supervisory Committee Member.
2. Outside Director and Audit & Supervisory Committee Member Ms. Yaeko Ishida uses the name Yaeko Kitadai in her profession as an attorney-at-law.
3. In accordance with the provisions of Article 427, paragraph (1) of the Companies Act, the Company has entered into agreements with each Outside Director and Director who is an Audit & Supervisory Committee Member that limit the maximum liability for damages under Article 423, paragraph (1) of the said Act. The maximum amount of liability for damages based on such agreements shall be the higher of 10 million yen or the lowest liability amount stipulated by laws and regulations.
4. The Company has entered into a directors and officers liability insurance policy with an insurance company. The insurance policy will cover damages and litigation expenses incurred in cases where an insured receives a claim for damages arising from the performance of duties (including nonfeasance). However, there are exemptions from coverage such as damages arising from an illegal act by the insured with full knowledge of its illegality. All Directors, Audit & Supervisory Board Members and Operating Officers of the Company and its domestic subsidiaries are insured under the insurance policy. Insurance premiums are borne by the Company, and the insureds effectively do not bear any of the premiums. In addition, when the policy is renewed next, the Company plans to renew the policy with the same terms.
5. Director and full-time Audit & Supervisory Committee Member Mr. Kazunori Yanagi has experience in accounting operations holding several managerial positions in accounting departments of subsidiaries of the Company and has extensive knowledge of finance and accounting.
6. Outside Director and Audit & Supervisory Committee Member Ms. Yaeko Ishida possesses specialized knowledge and experience related to corporate legal affairs, etc. as an attorney-at-law as well as the knowledge necessary to strengthen the audit system from an objective and fair perspective.
7. Outside Director and Audit & Supervisory Committee Member Ms. Noriko Yamanaka possesses specialized knowledge and experience related to corporate accounting and internal control, etc. as a certified public accountant as well as the knowledge necessary to strengthen the audit system from an objective and fair perspective.

8. The Company has appointed Outside Directors, Ms. Toshiko Kuboki, Mr. Yoshio Osawa, Mr. Katsuhiko Yoshida, Ms. Yaeko Ishida, and Ms. Noriko Yamanaka as Independent Officers defined by the Tokyo Stock Exchange and registered them with the Exchange as such.
9. Areas of responsibility and significant concurrent role held at other companies by Senior Managing Director Mr. Toshiyuki Furukawa changed on April 1, 2026 as follows:

Title	Name	Area of responsibility and significant concurrent role held at other companies (if any)
Senior Managing Director	Toshiyuki Furukawa	In charge of Corporate Planning Division, Digital Strategy Center and Devices and Components Business

Operating Officers as of April 1, 2026 are as follows:

Title	Name	Area of responsibility
Senior Operating Officer	Hideo Ina	In charge of Machine Tools Business President of CITIZEN MACHINERY CO., LTD.
Senior Operating Officer	Mitsunori Morita	In charge of Accounting Department
Senior Operating Officer	Hisashi Utsunomiya	In charge of Watch Manufacturing President of Citizen Watch manufacturing Co., Ltd.
Operating Officer	Yoshio Miura	General Manager of Movement Division
Operating Officer	Yoshihisa Yajima	Senior General Manager of Business Planning Center
Operating Officer	Masatoshi Sunaga	General Manager of Corporate Planning Division
Operating Officer	Koichiro Kudo	General Manager of Domestic Watch Business Department
Operating Officer	Katsusuke Tokura	Senior General Manager of Product Planning Center
Operating Officer	Takehiko Kojima	Senior General Manager of Watch Development Center
Operating Officer	Kyoko Tsukada	General Manager of Sustainability Development Department
Operating Officer	Hiroaki Shimizu	Senior General Manager of Manufacturing Technology Center

2. Directors and Audit & Supervisory Board Members Who Retired during This Fiscal Year

Name	Retirement date	Reason for retirement	Position, area of responsibility, and significant concurrent role held at other companies at the time of retirement
Toshihiko Sato	June 25, 2025	Expiration of term of office	Executive Advisor
Hideo Ina	June 25, 2025	Expiration of term of office	Director In charge of Machine Tools Business President of CITIZEN MACHINERY CO., LTD.
Noboru Akatsuka	June 25, 2025	Expiration of term of office	Audit & Supervisory Board Member (Full-time) Outside Audit & Supervisory Board Member

Note: Full-time Audit & Supervisory Board Member Mr. Kazunori Yanagi and Outside Audit & Supervisory Board Member Ms. Yaeko Ishida both retired upon the expiration of their terms at the 140th Ordinary General Meeting of Shareholders held on June 25, 2025, following the Company's transition to a company with an Audit & Supervisory Committee, and were appointed as Directors who are Audit & Supervisory Committee Members on the same day.

3. Directors' and Audit & Supervisory Board Members' Compensation

(1) Policies, etc. on determination of officer compensation, etc.

The outline of content of the "Policy on Determination of the Content of Individual Compensation, etc. of Directors (Excluding Those Who Are Audit & Supervisory Committee Members)" is as follows.

A recommendation made by the Compensation Committee was obtained for the resolution on this policy.

(a) Composition of compensation for Directors (excluding those who are Audit & Supervisory Committee Members; hereinafter the same)

The compensation of the Company's Directors shall be made up of fixed compensation, bonuses and performance-linked stock compensation (hereinafter, "bonuses" and "performance-linked stock compensation" are collectively referred to as "performance-linked compensation").

(b) Policies on determination of the amount and method of calculation of fixed compensation, and policies on the determination of the timing and conditions of granting fixed compensation to Directors

The policy on the amount of fixed compensation is that it is at a level enabling Directors to fully exhibit their qualities and abilities, and contribute to the increasing motivation toward sustained growth based on the corporate philosophy of the Company, and enabling the securing of talented personnel, and is determined by taking into consideration changes in the management environment, external data, the level in peer companies and the content of management. In principle, the Compensation Committee delegated by resolution of the Board of Directors holds meetings every June and as needed when there is a change of positions to determine the amount within the range specified in the "Level of Monthly Base Compensation of Directors" and payments are made in cash every month.

In the event of a severe deterioration of performance or the occurrence of a scandal in the Citizen Group (the group of companies made up of the Company and its subsidiaries), the amount of fixed compensation may be changed by resolution of the Board of Directors based on the findings of the Compensation Committee when consulted by the Board of Directors or the President or a recommendation by the Compensation Committee.

(c) Policies on determination of the content of performance indicators for performance-linked compensation, the amount or number and method of calculation of performance-linked compensation, and policies on the determination of the timing and conditions of granting performance-linked compensation to Directors

1) Bonuses

In addition to the policy in (b), the policy is that the amount of bonuses is determined in accordance with the financial evaluation items (net sales, operating profit, etc.) and non-financial evaluation items (global conditions, disasters, M&A, etc.) specified in the Standard of Payment of Bonuses to Directors. In principle, the amount is determined every June by the Compensation Committee delegated by resolution of the Board of Directors. Bonuses shall be paid in cash every July.

2) Performance-linked stock compensation

Performance-linked stock compensation aims at further clarifying the linkage between compensation for Directors and the share value of the Company to promote motivation in contributing to the enhancement of medium- to long-term

performance and improvement of corporate value. The content is a performance-linked stock compensation plan for Directors (excluding Outside Directors and Directors who are non-residents of Japan) where the shares of the Company are acquired through a trust using the amount of compensation for Directors contributed by the Company according to their position, etc., and the shares of the Company and the money equivalent to the amount obtained by converting the shares of the Company into cash are delivered and granted (hereinafter, the "Delivery, etc.") to Directors according to the degree of achievement of performance targets. The amount or number and the method of calculation thereof is specified in the "Regulations on Delivery of Shares Related to the Officer Compensation BIP Trust" by resolution of the Board of Directors based on a recommendation from the Compensation Committee.

In principle, the Company shall conduct the Delivery, etc. of performance-linked stock compensation to each Director at the time they leave office pursuant to the "Regulations on Delivery of Shares Related to the Officer Compensation BIP Trust."

(d) Policies on determination of the percentage of the amount of fixed compensation and the amount of performance-linked compensation in the amount of compensation for individual Directors

The compensation of the Company's Directors is made up of fixed compensation and performance-linked compensation. It is at a level enabling Directors to fully exhibit their qualities and abilities, and contribute to the increasing motivation toward sustained growth based on the corporate philosophy of the Company, and enabling the securing of talented personnel, and is at a level that can increase awareness of contributing to improvement of medium- to long-term performance and increasing corporate value by taking into consideration changes in the management environment, external data, the level in peer companies and the content of management.

The percentage of performance-linked compensation shall exceed 50% of the amount of compensation for individual Directors, of which the percentage of performance-linked stock compensation shall be about 20%. Performance-linked compensation may not be paid as a result of performance evaluation, etc.

Bonuses are paid to Directors excluding Outside Directors and performance-linked stock compensation is paid to Directors excluding Outside Directors and Directors who are non-residents of Japan.

(e) Matters delegating all or part of determination of the content of compensation of individual Directors to Directors or other third parties

1) Name and position and areas of responsibility in the Company of the delegated persons

The determination of the content of compensation of individual Directors shall be delegated to the Compensation Committee whose members are selected from among Directors by resolution of the Board of Directors pursuant to the "Compensation Committee Rules."

2) Details of authority delegated to the persons in 1)

The details of the authority delegated to the Compensation Committee shall be the following matters specified in the "Compensation Committee Rules."

(1) Discussion and determination of matters delegated by the Board of Directors in relation to compensation, etc.

(2) Discussion of matters concerning the policies and standards of the compensation, etc., and the provision of recommendations to the Board of Directors

(3) Discussion and presentation of findings on matters concerning compensation, etc. in response to consultations by the Board of Directors and the President

(4) Other matters specified by resolution of the Board of Directors

3) Details of measures taken to ensure authority in 2) delegated to the persons in 1) is appropriately exercised

In order to increase transparency concerning the compensation, etc. of Directors, the Company shall establish a Compensation Committee composed of three (3) or more Directors who are appointed by a resolution of the Board of Directors, the majority of which are Outside Directors and which shall include at least one (1) Representative Director. The Compensation Committee shall hold discussions with a majority of members able to participate in resolutions in attendance, and pass resolutions by a majority thereof. The Chairperson of the Compensation Committee shall be an Outside Director elected by mutual election of the members of the Committee. The details of the authority delegated to the Compensation Committee in (e) 2) and other matters related to the Compensation Committee shall be specified in the "Compensation Committee Rules."

(2) Total amount of compensation, etc. related to the fiscal year under review

Business segment	Number of officers	Total amount of compensation, etc. (millions of yen)	Amount of fixed compensation out of all compensation, etc. (millions of yen)	Amount of bonus out of all compensation, etc. (millions of yen)	Amount of performance-linked stock compensation out of all compensation, etc. (millions of yen)
Directors (excluding those who are Audit & Supervisory Committee Members) [Out of which, Outside Directors]	9 [3]	325 [37]	177 [37]	91 [—]	56 [—]
Directors (Audit & Supervisory Committee Members) [Out of which, Outside Directors]	3 [2]	36 [18]	36 [18]	— [—]	— [—]
Audit & Supervisory Board Member [Out of which, Audit & Supervisory Board Members]	3 [2]	12 [7]	12 [7]	— [—]	— [—]
Total [Out of which, outside officers]	15 [7]	373 [63]	225 [63]	91 [—]	56 [—]

Notes:

1. The above figures include Directors and Audit & Supervisory Board Members who retired upon conclusion of the 140th Ordinary General Meeting of Shareholders held on June 25, 2025.
2. The above amount of the bonuses (91 million yen) for Directors (excluding Outside Directors) is the amount to be paid after the conclusion of the 141st Ordinary General Meeting of Shareholders scheduled to be held on June 24, 2026.
3. The above amount of performance-linked stock compensation (56 million yen) for Directors (excluding those who are Audit & Supervisory Committee Members, Outside Directors and non-residents of Japan) is the amount that was recorded as an expense in the fiscal year under review.
4. In order to promote motivation in contributing to the enhancement of single-year and medium- to long-term performance and improvement of corporate value, the performance indicators for bonuses are consolidated net sales and consolidated operating profit in the annual plan in addition to consolidated net sales, consolidated operating profit ratio and ROE in the Medium-term Management Plan. Actual results during the fiscal year under review were consolidated net sales of 346.808 billion yen, consolidated operating profit ratio of 8.7% and ROE of 11.3%. Bonuses are calculated multiplying the base monthly compensation for each position by a coefficient determined by the level of achievement of performance indicators and non-financial items.
5. The content of performance-linked stock compensation is shares of the Company, and the conditions, etc. at the time of allotment are as stated in "(1) Policies, etc. on determination of officer compensation, etc." Furthermore, the status of delivery is as stated

in “II. 1. (5) Status of shares delivered to officers of the Company as compensation for the performance of the duties during the fiscal year under review.” In order to further clarify the linkage between compensation for Directors and the share value of the Company to promote motivation in contributing to the enhancement of medium- to long-term performance and improvement of corporate value, the performance indicators for performance-linked stock compensation are consolidated net sales, consolidated operating profit ratio, ROE, CO_2 reduction rate (compared to 2018), a FTSE Russell ESG Ratings score, and ratio of sustainable products to total sales in the Medium-term Management Plan. Actual results during the fiscal year under review were consolidated net sales of 346.808 billion yen, consolidated operating profit ratio of 8.7% and ROE of 11.3%, CO_2 reduction rate (compared to 2018) of 47.1%, an FTSE Russell ESG Ratings score of 4.2, and a ratio of sustainable products to total sales of 27.8%. Performance-linked stock compensation is calculated according to the level of achievement of performance indicators, etc.

6. The maximum allowance for the total amount of compensation, etc. for Directors (excluding Outside Directors) prior to the transition to a company with an Audit & Supervisory Committee was set at 370 million yen per year (inclusive of bonuses, etc.) at the 133rd Ordinary General Meeting of Shareholders held on June 27, 2018, and the number of Directors (excluding Outside Directors) at the conclusion of that Ordinary General Meeting of Shareholders was eight (8). Employee salaries for employees who also serve as Directors shall not be paid.
7. Separate from note 6 above, at the 133rd Ordinary General Meeting of Shareholders held on June 27, 2018, the total amount of performance-linked stock compensation for Directors (excluding Outside Directors and Directors who are non-residents of Japan) prior to the transition to a company with an Audit & Supervisory Committee was set at not more than 300 million yen for every three fiscal years (starting in 2018, the first year, at not more than 100 million yen), and the number of Directors (excluding Outside Directors and Directors who are non-residents of Japan) at the conclusion of that Ordinary General Meeting of Shareholders was eight (8).
8. The maximum allowance for the total amount of compensation, etc. for Outside Directors prior to the transition to a company with an Audit & Supervisory Committee was set at 40 million yen per year at the 134th Ordinary General Meeting of Shareholders held on June 26, 2019, and the number of Outside Directors at the conclusion of that Ordinary General Meeting of Shareholders was three (3). No bonuses will be paid to Outside Directors.
9. The maximum allowance for the total amount of compensation, etc. for Directors (excluding those who are Audit & Supervisory Committee Members) after the transition to a company with an Audit & Supervisory Committee was set at 340 million yen per year (inclusive of bonuses, etc., including 70 million yen or less for Outside Directors) at the 140th Ordinary General Meeting of Shareholders held on June 25, 2025, and the number of Directors (excluding those who are Audit & Supervisory Committee Members) at the conclusion of that Ordinary General Meeting of Shareholders was seven (7) (including three (3) Outside Directors). Bonuses shall not be paid to Outside Directors. In addition, employee salaries for employees who also serve as Directors shall not be paid.
10. Separate from note 9 above, at the 140th Ordinary General Meeting of Shareholders held on June 25, 2025, the total amount of performance-linked stock compensation for Directors (excluding those who are Audit & Supervisory Committee Members, Outside Directors, and non-residents of Japan) after the transition to a company with an Audit & Supervisory Committee was set at not more than 180 million yen multiplied by the number of fiscal years of the covered period (for the initial covered period, it shall be 540 million yen in order to cover three fiscal years), and the number of Directors (excluding those who are Audit & Supervisory Committee Members, Outside Directors, and non-residents of Japan) at the conclusion of that Ordinary General Meeting of Shareholders was four (4).
11. The maximum allowance for the total amount of compensation, etc. for Directors who are Audit & Supervisory Committee Members was set at 70 million yen per year at the 140th Ordinary General Meeting of Shareholders held on June 25, 2025, and the number of Directors who are Audit & Supervisory Committee Members at the conclusion of that Ordinary General Meeting of Shareholders was three (3).
12. The maximum allowance for the total amount of compensation, etc. for Audit & Supervisory Board Members was set at 80 million yen per year at the 122nd Ordinary General Meeting of Shareholders held on June 26, 2007, and the number of Audit & Supervisory Board Members at the conclusion of that Ordinary General Meeting of Shareholders was three (3). No bonuses will be paid to Audit & Supervisory Board Members.
13. In order to increase transparency concerning the compensation of Directors (excluding those who are Audit & Supervisory Committee Members; the same applies in note 13.), the Company delegated the determination of the content of individual compensation, etc. of Directors for the fiscal year under review to the Compensation Committee chaired by Outside Director Mr. Katsuhiko Yoshida and with Outside Directors Ms. Toshiko Kuboki and Mr. Yoshio Osawa and President and CEO Mr. Yoshitaka Oji as members. The Compensation Committee found that the content of the individual compensation, etc. of Directors for the fiscal year under review is in line with the Policy on Determination of the Content of Individual Compensation, etc. of Directors because the determination of the content was delegated to the Compensation Committee by resolution of the Board of Directors and the content of compensation, etc. conforms with said policy resolved by the Board of Directors.

4. Matters Relating to Outside Officers

(1) Relationships between the Company and organizations where important concurrent positions are held

The Company has no special interest with the organizations where Outside Officers hold important concurrent positions.

(2) Major activities during the fiscal year ended March 31, 2026

Title and name	Attendance, principal comments and overview of duties performed in relation to roles expected of Outside Directors
Outside Director Toshiko Kuboki	Ms. Toshiko Kuboki attended all 17 meetings of the Board of Directors held in the fiscal year under review, made comments as needed primarily from the professional viewpoint of an attorney-at-law, and performed an appropriate role to ensure the suitability and appropriateness of decision making. She attended all six meetings of the Nominating Committee held in the fiscal year under review, and has handled the supervisory functions in the appointment of the Company's President and CEO from an independent and objective position, such as participating in discussions on matters concerning the appointment, etc. of the President and CEO as a member of the committee. In addition, she attended all eight meetings of the Compensation Committee held in the fiscal year under review, and has handled the supervisory functions in processes such as determination of officer compensation from an independent and objective position, such as participating in discussions on matters concerning the appointment, etc. of the President and CEO, policies on the determination of Directors' compensation and the level of compensation as a member of the committee.
Outside Director Yoshio Osawa	Mr. Yoshio Osawa attended all 17 meetings of the Board of Directors held in the fiscal year under review, made comments as needed primarily from the viewpoint of a highly experienced executive, and performed an appropriate role to ensure the suitability and appropriateness of decision making. He attended all six meetings of the Nominating Committee held in the fiscal year under review, and has handled the supervisory functions in the appointment, etc. of the Company's President and CEO from an independent and objective position, participating in discussions on matters concerning the appointment, etc. of the President and CEO as the Chairperson of the committee. In addition, he attended all eight meetings of the Compensation Committee held in the fiscal year under review, and has handled the supervisory functions in processes such as determination of officer compensation from an independent and objective position, such as participating in discussions on matters concerning the appointment of the President and CEO, policies on the determination of Directors' compensation and the level of compensation as a member of the committee.

Title and name	Attendance, principal comments and overview of duties performed in relation to roles expected of Outside Directors
Outside Director Katsuhiko Yoshida	Mr. Katsuhiko Yoshida attended all 17 meetings of the Board of Directors held in the fiscal year under review, made comments as needed primarily from the viewpoint of a highly experienced executive, and performed an appropriate role to ensure the suitability and appropriateness of decision making. He attended all six meetings of the Nominating Committee held in the fiscal year under review, and has handled the supervisory functions in the appointment of the Company's President and CEO from an independent and objective position, such as participating in discussions on matters concerning the appointment, etc. of the President and CEO as a member of the committee. In addition, he attended all eight meetings of the Compensation Committee held in the fiscal year under review, and has led the supervisory functions in processes such as determination of officer compensation from an independent and objective position, such as participating in discussions on matters concerning the appointment, etc. of the President and CEO, policies on the determination of Directors' compensation and the level of compensation as the Chairperson of the committee.
Outside Director (Audit & Supervisory Committee Member) Yaeko Ishida	Ms. Yaeko Ishida attended all 17 meetings of the Board of Directors held in the fiscal year under review, all three meetings of the Audit & Supervisory Board, and also all 10 meetings of the Audit & Supervisory Committee. She made comments in the meetings of the Board of Directors as needed primarily from the professional viewpoint of an attorney-at-law to ensure the suitability and appropriateness of decision making. In addition, she made the necessary comments in the meetings of the Audit & Supervisory Board and Audit & Supervisory Committee on the Company's compliance system, etc.
Outside Director (Audit & Supervisory Committee Member) Noriko Yamanaka	Ms. Noriko Yamanaka attended all 13 meetings of the Board of Directors held in the fiscal year under review during the term of her office, and also all 10 meetings of the Audit & Supervisory Committee held in the fiscal year under review. She made comments in the meetings of the Board of Directors as needed primarily from the professional viewpoint of a certified public accountant to ensure the suitability and appropriateness of decision making. In addition, she made the necessary comments in the meetings of the Audit & Supervisory Committee on the Company's corporate accounting and internal control, etc.

Note: Outside Director (Audit & Supervisory Committee Member) Ms. Yaeko Ishida uses the name Yaeko Kitadai in her profession as an attorney-at-law.

IV. INDEPENDENT AUDITORS

1. Name Nihombashi Corporation

2. Amount of Compensation

	Millions of yen
(1) Compensation for Independent Auditors for the fiscal year under review	60
(2) Total amount of money and other material benefits to be paid to Independent Auditors by the Company and subsidiaries	95

Notes:

1. In the audit agreement by and between the Company and the Independent Auditors, the Company does not clearly differentiate, and it is also practically impossible to differentiate, between compensation for audits under the Companies Act and compensation for audits under the Financial Instruments and Exchange Act. Thus, the amount stated in (1) above includes compensation for audits under the both Acts.
2. The Audit & Supervisory Committee consented to the amount of compensation, etc. of the Independent Auditors after determining that, among others, the content of the audit program, the execution status of accounting audits, and the basis for calculation of compensation estimates of the Independent Auditors were appropriate.
3. Citizen Watch Company of America, Inc. and Citizen Watches (H.K.) Ltd. each of which is the Company's important subsidiary, undertook an audit necessary for consolidated financial statements by KPMG LLP and PHILIP LEE & CO. respectively.

3. Decision Making Policy for Dismissal or Non-reappointment of Independent Auditors

It is the policy of the Company that if the Independent Auditors fall under any of the dismissal events listed in the items of Article 340, paragraph (1) of the Companies Act, the Audit & Supervisory Committee shall remove those Independent Auditors with the consents of all Audit & Supervisory Committee Members. In this case, an Audit & Supervisory Committee Member appointed by the Audit & Supervisory Committee shall report on the decision of dismissal and its reasons at the first General Meeting of Shareholders convened after the dismissal.

In addition to the cases mentioned above, if the Audit & Supervisory Committee determines that the incumbent Independent Auditors are inadequate as Independent Auditors in consideration of the audit quality, the effectiveness and efficiency of audit processes, the number of successive years for which they served as Independent Auditors, etc., it shall draft a proposal for dismissal or non-reappointment of Independent Auditors.

In addition, the Board of Directors shall request the Audit & Supervisory Committee to discuss at a General Meeting of Shareholders the dismissal or non-reappointment of Independent Auditors if it determines it to be necessary due to, for example, difficulties in the execution of duties by the Independent Auditors. In this case, the Audit & Supervisory Committee shall draft a proposal to be submitted to the General Meeting of Shareholders after determining whether the dismissal or non-reappointment is appropriate.

V. SYSTEM AND POLICIES OF THE COMPANY

1. System to Ensure the Appropriateness of the Company's Business and its Operation Status

(1) Summary of the decisions on the development of a system to ensure the appropriateness of the Company's business

(a) System to ensure that the Directors and employees perform their duties in conformance with relevant laws and regulations and the Articles of Incorporation

1) The Company shall hold, in principle, a regular meeting of the Board of Directors at least once a month, and shall make decisions on significant matters concerning the performance of business and other matters to be submitted for discussion. In addition, the Company shall supervise the Directors' performance of their duties.

2) In order to ensure that Directors and employees of the Citizen Group perform their duties in conformance with relevant laws and regulations, the Articles of Incorporation, and other internal rules, and to ensure that the Company commits to corporate social responsibility, the Company shall stipulate the Citizen Group Code of Conduct (hereinafter the "Citizen Code of Conduct") as a code of conduct which is applicable in common to all of the companies constituting the Citizen Group. In addition, the Company shall establish the CSR Department, and shall thoroughly inform Directors and employees of the Group of the Citizen Code of Conduct in order to enhance their knowledge and awareness of compliance and foster their adherence to the Citizen Code of Conduct.

3) The Company shall also create an internal reporting system, and thereby aim to prevent, find at an early stage, and correct voluntarily any violation of laws and regulations or misconduct caused by fraudulent acts.

4) The Company shall establish the Audit Division, which is directly controlled by the President and CEO, and the Audit Division shall, based on the audit program, audit as to whether the business of the Group is performed in conformance with relevant laws and regulations and internal rules.

5) It shall be clearly stated in the Citizen Code of Conduct and the like that the Company will decisively reject anti-social forces that threaten social order and sound business activities. The Company shall also develop and enhance its system to cooperate with the police and other related external organizations and block any link with anti-social forces.

(b) System for storage and management, etc. of information relating to Directors' performance of their duties

1) The Company shall properly keep and manage the Minutes of General Meetings of Shareholders, Minutes of Board of Directors Meetings, Minutes of Management Committee Meetings, Written Requests for Managerial Decisions, and other information relating to the performance of the duties of Directors in accordance with relevant laws and regulations, the Articles of Incorporation, the Rules on Board of Directors, the Rules on Management Committee, the Rules on Request for Decisions, and other internal rules.

2) The Company shall develop and maintain a system to ensure that the

Company is able to disclose information regarding the Directors' performance of their duties in a timely and appropriate manner pursuant to relevant laws and regulations, the Articles of Incorporation, the Rules on Information Control and Prevention of Insider Trading by the Citizen Group, and other internal rules, when such disclosure of information is requested by Directors, shareholders, creditors, and other interested parties, by setting up a position of the General Manager of Information Control and an Information Control Section.

(c) Regulations and other systems relating to management of risks of loss

1) Business strategy risks inherent in significant decision-making made by the Citizen Group through resolutions of the Board of Directors or determinations by the President and CEO or the Directors in charge of respective operations shall be appropriately managed based on careful deliberations at the Management Committee meetings pursuant to the Rules on Management Committee, Affiliates Management Rules, Citizen Code of Conduct, the management policies and management plan, and the like.

2) In addition to 1) above, the Company shall appropriately manage operational risks inherent in processes, the activities of Directors and employees, systems, external events, etc. through risk management based on our Basic Risk Management Regulations.

(d) System to ensure the efficient performance of Directors' duties

1) The Company shall establish the Management Committee, and shall thoroughly discuss matters to be resolved at the Board of Directors meetings, and other significant matters relating to the management of the Company.

2) Prior to the decision-making by the Board of Directors, sufficient and appropriate information shall be provided to each of the Directors.

3) The Company shall develop a system in which the duties to be performed by, and the authorities and responsibilities of, each Director are specified by internal rules, resolutions of the Board of Directors, or by other similar decisions, and to ensure that all Directors smoothly and effectively perform their duties.

(e) System to ensure the appropriateness of the Citizen Group's business

1) The Company shall manage or instruct the subsidiaries concerning the development of the management and internal control systems for the subsidiaries pursuant to the Affiliates Management Rules or other similar rules.

2) Regarding individual business activities of the Citizen Group, the Company shall familiarize the Group companies with the management policies and the management plan established by the Company, and shall clearly define the authorities and responsibilities of the Group companies. Each of the Group companies shall independently carry out their management of business in consideration of the features of the industry in which each of the Group companies engages.

3) The Company shall hold meetings or liaison conference, or the like which consists of the Management Committee and other Group companies to share information and enhance the partnerships concerning the significant

matters of business in the Citizen Group.

4) The Company shall request that the subsidiaries regularly report to the Company at opportunities such as the Business Control and Management Committee meetings and Watch Group Control Committee meetings regarding whether the business of the subsidiaries is properly performed, and in addition, shall monitor the same by having the Audit Division conduct an audit, etc.

(f) Matters relating to employees who assist the Audit & Supervisory Committee in its duties

1) At the request of the Audit & Supervisory Committee for arranging employees who assist the Audit & Supervisory Committee in its duties, the Company shall arrange auditing personnel with sufficient ability to assist the Audit & Supervisory Committee in its duties.

2) If the Company arranges for auditing personnel for a request mentioned in 1) above, the relevant auditing personnel shall exclusively engage in assistance with the duties of the Audit & Supervisory Committee under the direction of the Audit & Supervisory Committee in order to ensure the independence of such auditing personnel, and the appointment, dismissal or other personnel changes and personnel evaluations and disciplinary dispositions shall be subject to the prior consent of the Audit & Supervisory Committee.

(g) System relating to reporting to the Audit & Supervisory Committee

1) Directors (excluding those who are Audit & Supervisory Committee Members) shall report any decisions that could seriously affect the business or the organization, and the results of internal audits of the Group, to the Audit & Supervisory Committee without delay.

2) The Directors (excluding those who are Audit & Supervisory Committee Members) shall immediately report to the Audit & Supervisory Committee if they become aware of any material breach of relevant laws and regulations, the Articles of Incorporation, the Citizen Code of Conduct, or other internal rules, or any wrongdoing, any possible occurrence of such a breach or wrongdoing in connection with the Group's business, or any other fact which could cause material damage to the Company.

3) If any of the employees of the Company and directors, audit & supervisory board members, and employees of a subsidiary of the Company comes to know the fact referred to in 2) above, such an employee of the Company or an audit & supervisory board member of a subsidiary of the Company may directly report that fact to an Audit & Supervisory Committee of the Company and such a director or an employee of a subsidiary of the Company may, directly or through an audit & supervisory board member of the subsidiary, report that fact to an Audit & Supervisory Committee of the Company.

4) In addition to 1), 2) and 3) above, Directors (excluding those who are Audit & Supervisory Committee Members) and employees of the Company and directors, audit & supervisory board members and employees of its subsidiaries shall timely and appropriately make a business report at the request of the Audit & Supervisory Committee.

5) The Company shall ensure that a person who made a report referred to in 1) through 4) above to the Audit & Supervisory Committee will not be treated in a disadvantageous manner on the ground that he or she made such a report and take any necessary measures including the development of relevant internal rules.

(h) Other systems to ensure the effectiveness of audits by the Audit & Supervisory Committee

1) The Company shall have the Audit & Supervisory Committee Members attend the Management Committee meetings and other important meetings.

2) In addition to 1) above, the Company shall maintain communication between the Audit & Supervisory Committee and directors, audit & supervisory board members and employees of the Group companies by holding talks between the Representative Director and the Audit & Supervisory Committee on a regular basis, while maintaining the fair attitude and independent position of the Audit & Supervisory Committee, or by other means, and shall assist the Audit & Supervisory Committee in collecting information necessary for the Audit & Supervisory Committee to perform its duties and in improving the audit environment.

3) Any expenses or obligations arising in the course of performance of duties by Audit & Supervisory Committee shall be treated appropriately in accordance with the relevant laws and regulations and internal rules.

(2) Summary of the operation status of the system to ensure the appropriateness of the Company's business

(a) Compliance system

The Company is working to promote compliance by establishing the Citizen Code of Conduct as a code of conduct which is applicable in common to all of the companies constituting the Citizen Group, and by thoroughly informing Directors and employees of the Citizen Code of Conduct to enhance their knowledge and awareness of compliance. In addition, we conduct a CSR awareness survey to Directors and employees of the Citizen Group every year to grasp the awareness of CSR and corporate ethics.

(b) System to ensure efficient execution of duties

The Company holds, in principle, a regular meeting of the Management Committee, twice a month, and thoroughly discusses matters to be resolved at the Board of Directors meetings, determined by President and CEO and other significant matters relating to the management of the Company. In addition, the scope of matters to be submitted for deliberation by the Board of Directors and decision criteria have been specified so as to clarify the duties to be performed by, and the authorities and responsibilities of, each Director. At the same time, the Company appoints Operating Officers to commission the performance of duties, allocating the authority and responsibilities pertaining to specific decisions on business execution and thereby ensuring efficient execution of duties.

(c) Audit & Supervisory Committee's audit system

Audit & Supervisory Committee Members attended the Board of Directors meetings, Management Committee meetings and other important meetings to monitor, among

other things, the status of performance of duties and important decision-making processes by Directors and stated their opinions as necessary.

The Audit & Supervisory Committee is putting effort into the coordination of management supervision by holding regular meetings for exchange of opinions with the Representative Director and Independent Auditors, respectively, in addition to holding meetings with Outside Directors. In addition, the Audit & Supervisory Committee confirmed the development and the operation status of the internal control system of the Group by receiving reports on the development and the operation status of the risk management system, the operation status of the whistleblower program and results of monitoring from the Audit Division, the CSR Department, etc., conducting on-site audits, and demanding explanation as necessary. The Audit & Supervisory Committee has put in place a system for communication with audit & supervisory board members of the Group companies, and collect information about, among others, the status of performance of duties by directors of Group companies.

2. Corporate Governance

(1) Our corporate governance vision

The Company's corporate philosophy is "Loved by citizens, working for citizens," and it derives its name from this. The Company works to contribute to society and increase its corporate value through sustainable corporate activities, in harmony with the local community and the global environment. To continue to promote its aims, the Company believes that it is important to secure transparency in management and monitor many fields of management. Accordingly, the Company is striving to expand and improve its corporate governance.

(2) The Company's organization

(a) Summary of the Company's organization

The Company has adopted the Audit & Supervisory Committee system. The Board of Directors is comprised of five (5) Directors, who are familiar with the Company's business lines, and five (5) Outside Directors, who are highly independent. The Audit & Supervisory Committee is comprised of three (3) Directors who are Audit & Supervisory Committee Members, two (2) of whom are Outside Directors.

(b) Details of the Company's organization and status of development of internal control system

The Company holds Management Committee meetings that are attended by the full-time Directors, etc. to maintain prompt business judgment and management transparency. Matters to be resolved at the Board of Directors meetings and other important managerial issues are fully discussed and deliberated in advance at these meetings.

The Board of Directors makes decisions about the performance of business and supervises these performances. Management of business operations is carried out by the Representative Director, the Directors in charge of operations and the Operating Officers. The Board of Directors meetings were held seventeen (17) times during the fiscal year under review, and all Directors and all Audit & Supervisory Board Members attended all of the Board of Directors meetings held during the fiscal year under review during the terms of their office.

(c) Nominating Committee and Compensation Committee

The Company has established the Nominating Committee and the Compensation Committee as voluntary institutions to improve the transparency of the management of the Company.

The main duties of the Nominating Committee include discussions on matters concerning the appointment, etc. of the Representative Director, the President and CEO, and the Chairman of the Board of Directors, and proposals of such matters to the Board of Directors. The Nominating Committee meetings were held six (6) times during the fiscal year under review, and all members attended all of the Nominating Committee meetings held during the fiscal year under review.

The main duties of the Compensation Committee include discussions on matters concerning the policies and standards of the compensation to be received by Directors (excluding those who are Audit & Supervisory Committee Members), and the provision of advice concerning the same to the Board of Directors. The Compensation Committee meetings were held eight (8) times during the fiscal year under review, and all members attended all of the Compensation Committee meetings held during the fiscal year under review.

Each of the above-mentioned Committees is composed of three (3) or more Directors who are appointed by a resolution of the Board of Directors, the majority of which are Outside Directors and which shall include at least one (1) Representative Director. The Chairperson of each of the Committees shall be an Outside Director, and shall be elected by mutual election of the members of the Committees.

(d) Status of audits by Audit & Supervisory Committee, audits by Independent Auditors and internal audits

The Audit & Supervisory Committee conducts strict audits on the Directors' performance of their duties, in accordance with the audit policy and audit program, by attending the Board of Directors meetings, Management Committee meetings, division meetings, or other such meetings; receiving from the Directors and other officers reports on the status of the performance of their duties; reviewing important written decisions and other documents; and investigating the business and financial status of the Company. The Company also receives a financial audit report from Nihombashi Corporation, which is an Independent Auditor. The Company conducts effective audits on itself and its subsidiaries in collaboration with the Independent Auditor, and is working on the further expansion and improvement of corporate governance. The Audit & Supervisory Board meetings were held three (3) times and the Audit & Supervisory Committee meetings were held ten (10) times during the fiscal year under review. All Audit & Supervisory Board Members attended all of the Audit & Supervisory Board meetings held during the fiscal year under review during the terms of their office. In addition, all Audit & Supervisory Committee Members attended all of the Audit & Supervisory Committee meetings held during the fiscal year under review during the terms of their office.

With respect to the financial audits, the certified public accountants who independently audited the Company are Mr. Tatsuya Oritoya, Mr. Shuichi Yamashina, and Mr. Shigehiro Chiba, who are associates of Nihombashi Corporation. In addition, five (5) certified public accountants, two (2) successful candidates who have passed the Certified Public Accountants Examination, and two (2) others assisted in the audit of the Company. The Company ensures fairness and independence while it is audited by the Independent Auditors.

Whether to reappoint the Independent Auditors is deliberated and decided by the Audit & Supervisory Committee. If the Audit & Supervisory Committee does not approve the reappointment of the Independent Auditors, such proposal will be deliberated on at the Ordinary General Meeting of Shareholders pursuant to the Companies Act.

For details of the decision-making policy for the dismissal or non-reappointment of the Independent Auditors, see "IV. INDEPENDENT AUDITORS, 3. Decision Making Policy for Dismissal or Non-reappointment of Independent Auditors," which was decided not to be included in the document provided electronically in connection with the convocation of the 141st Ordinary General Meeting of Shareholders.

Further, the Company has established the Audit Division as an internal audit division and conducts audits in accordance with an annual audit program to confirm that the business execution of the Company and its subsidiaries is appropriate and reasonable.

The auditing organizations, the internal audit division, and the internal control division closely communicate with each other.

(e) Relationship with outside officers

The Citizen Group has no special interest with Outside Directors, Ms. Toshiko Kuboki, Mr. Yoshio Osawa, Mr. Katsuhiko Yoshida, Ms. Yaeko Ishida or Ms. Noriko Yamanaka.

3. Sustainability Initiatives

The Citizen Group has set sustainable management as the Group vision based on its Corporate Philosophy of "Loved by citizens, working for citizens." The Sustainability Committee, which is chaired by the Company's President and CEO, is in charge of promoting sustainable management. The Company has also evaluated the level of impact of its business activities on social issues and identified five material issues, for which priorities were set. It also discloses a roadmap for the period through 2030 toward solution of social issues.

Starting from FY2023, we have been certifying products and services that align with the "Respond to climate change and contribute to a recycling-oriented society; Contributing to high quality life; and Providing solutions in industry" materialities and that contribute to business growth as "sustainable products." We are aiming to increase the share of sustainable products in total group sales from 27.8% in FY2025 to at least 31% in FY2027.

In addition, the Citizen Group is developing its business based on the concept of "sustainable factories," which takes into consideration the manufacturing process of products and services. We aim to realize sustainable production facilities and business sites (or business processes) that will comprehensively address compliance, human rights, labor practices, BCP, and productivity improvement, in addition to environmental considerations, throughout the entire value chain by 2030.

As a part of "sustainable factories" initiatives, the Company has established the CITIZEN Group Environmental Vision 2050 and CITIZEN Group Environmental Goals 2030 based on the CITIZEN Group Environmental Policy, aiming to achieve virtually zero CO_2 emissions from its factories and offices, in order to help solve the climate change problem, a global issue. To reach that environmental goal, the Company is switching to using 100% electricity from renewable energy sources at Tokyo Works and Tokorozawa Works in 2023, and installing solar power generation facilities at its domestic and overseas factories. Furthermore, by endorsing and joining international initiatives such as the TCFD, SBT, and RE100, we are promoting climate change initiatives consistent with the Paris Agreement and ensuring appropriate disclosure of information.

Regarding human capital, the Group is promoting a human resources strategy aligned with its business strategy, with the aim of realizing the Group's human capital vision for 2030, based on its understanding that it is people that form the foundation of a company's competitiveness.

In recruitment activities, the Company targets industry-ready human resources, including mid-career employees, to strengthen e-commerce and digital marketing, and secures human resources that support strategies for priority regions, including the promising Asian market. Regarding the deployment and development of human resources, the Company utilizes talent management and visualizes the experience and skills of each employee to proceed with development and deployment based on the issues in the human resource portfolio. With regard to employee engagement, we continuously conduct employee awareness surveys at our core operating companies to assess the state of our organizations. Based on the survey results, we facilitate dialogue and implement initiatives aimed at boosting job satisfaction and driving sustainable growth of corporate value.

The Company considers health administration for employees and creating comfortable work environments to be an important management issue, and actively implements initiatives for health management. In March 2026, the Company was recognized as one of the "2026 Health & Productivity Management Outstanding Organizations (Large Enterprise Category)" selected by the Ministry of Economy, Trade and Industry (METI) and the Japan Health Council, and was certified as "White 500," a title given to the top 500 companies among those receiving the award, for the third consecutive year. Under a management framework led by our president serving as the chief executive, we are committed to creating a workplace environment where each and every employee can enjoy a long and fulfilling career in good physical and mental health. Through such efforts, our aim is to achieve both the well-being of our employees and the sustainable growth of our corporate value.

Concerning intellectual property, we are promoting initiatives to encourage inventions that tap into our employees' creativity. Through the ongoing acquisition of patents and design rights, as well as the strategic use of intellectual property information, we are working to bolster our business competitiveness. We are also taking stringent measures against counterfeiters and acts of unfair competition by enforcing our trademark rights among other legal protections. Through such initiatives, we aim to maintain a fair market and create a society where consumers can choose products and services with confidence, while also continuously protecting the value of our brand. Even in our intellectual property endeavors, we are committed to protecting consumers, continuously elevating brand value, and contributing to the sustainable development of society.

4. Basic Policy Relating to Persons Who Control Decision-making over the Financial and Business Policies of the Company

(1) Basic Policy

The mission of the Citizen Group is to provide the best products and services to all citizens around the world, as its name implies. Under its corporate philosophy "Loved by citizens, working for citizens," the Company has been making its utmost efforts to protect and enhance the corporate value and the common interest of its shareholders, by contributing to the better lives of citizens all over the world through "manufacturing of products that are loved and trusted by citizens."

The Company believes that persons who control decision-making over its financial and business policies should appropriately and consistently implement the Group's management strategies with medium- to long-term perspectives, with a good understanding of its corporate philosophy and unique business profiles, thereby achieving the further creation and enhancement of the corporate value and the common interest of its shareholders.

Nonetheless, the Company holds a view that if a large-scale purchase of the Company's shares occurs, the Company will give consideration as long as such large-scale purchase is beneficial to its corporate value and the shareholders' common interest, and a decision of acceptance or rejection of the said issue should be made ultimately by its shareholders.

In light of the current legal framework and financial environment, however, it is difficult to deny the possibility of a large-scale purchase that would not be beneficial to the corporate value of the Company or the common interest of its shareholders. Examples of such a largescale purchase would include those that, judging from the objectives and the manner in which large-scale purchases are conducted, do not seek rationalization of the management in good faith and could cause irreparable damage to the Company; those that may in effect force the shareholders to sell their shares of the Company; those that do not provide sufficient time and information for the shareholders and the Board of Directors of the targeted company to examine the purchase conditions, or for the Board of Directors of the targeted company to make alternative proposals; and those that necessitate further negotiation between the targeted company and the large-scale purchaser for the chance of a better bargain than that which has been offered by the purchaser.

The Company considers persons who carry out such large-scale purchases are, exceptionally, not suitable for controlling decision-making over the financial and business policies of the Company. Therefore, to those who intend to conduct large-scale purchases, to secure the corporate value of the Company and the common interest of its shareholders, the Company will request to provide necessary and sufficient information for the shareholders to make appropriate judgements, disclose the opinions of the Board of Directors, etc. and take appropriate measures based on the Financial Instruments and Exchange Act, the Companies Act and other related laws and regulations, while striving to keep time and information for shareholders to consider the matter.

(2) Special efforts to implement the Basic Policy

The Company has implemented various measures for the purpose of having many shareholders hold shares in the long run upon understanding the corporate value of the Company.

For example, in March 2025, we established a three-year medium-term management plan, "Medium-term Management Plan 2027" from FY2025 (fiscal year ended March 31, 2026) to FY2027 (fiscal year ending March 31, 2028) (hereinafter the "Management Plan").

In the Management Plan, to realize the Group's medium-term management vision, "Crafting a new tomorrow," we focus on two key strategies: 1) strategies of business portfolio, and 2)

promoting the DX strategy and cultivating human resources. In addition, we are addressing issues, prioritizing the following four in the core watch business and the machine tools business.

1. Expanding mechanical watches and expanding direct sales of mechanical movements
2. Further emphasizing the features of environmentally-friendly Eco-Drive and environmental considerations, taking advantage of rising environmental awareness
3. Providing high-value-added products with greater emotional value
4. Establishing a production and sales structure equipped to adapt in a timely manner to fluctuations in the machine tool market

(3) Opinion of the Board of Directors on the efforts mentioned in (2) above and reasons thereof

The purpose of the efforts mentioned in (2) above is to protect and enhance the corporate value and common interest of the shareholders of the Company, which, as a result, will help the Company to implement the Basic Policy. Therefore, the Company believes that such efforts are implemented not for the sake of the Company's officers maintaining their position, but to comply with the Basic Policy and meet the shareholders' common interest.

Note: In this Business Report, all monetary amounts and numbers of shares are rounded down to the specified unit. However, as for ratios, basic earnings per share and net assets per share, fractional amounts are rounded off.

Consolidated Balance Sheet

(As of March 31, 2026)

(Millions of yen)

Account title	Amount	Account title	Amount
ASSETS		**LIABILITIES**	
Current assets	**305,011**	**Current liabilities**	**86,760**
Cash and deposits	105,564	Notes and accounts payable - trade	23,616
Notes and accounts receivable - trade	62,048	Electronically recorded obligations - operating	7,703
Electronically recorded monetary claims - operating	2,026	Notes payable - facilities	10
Merchandise and finished goods	67,999	Electronically recorded obligations - non-operating	2,433
Work in process	28,559	Short-term borrowings	10,011
Raw materials and supplies	25,420	Income taxes payable	4,798
Consumption taxes receivable	4,198	Accrued expenses	14,584
Other	10,430	Provision for bonuses	7,454
Allowance for doubtful accounts	(1,237)	Provision for bonuses for directors (and other officers)	340
		Provision for product warranties	1,625
Non-current assets	**163,292**	Other	14,180
Property, plant and equipment	**104,422**	**Non-current liabilities**	**79,410**
Buildings and structures	49,533	Bonds payable	10,000
Machinery, equipment and vehicles	19,872	Long-term borrowings	37,020
		Deferred tax liabilities	2,759
Tools, furniture and fixtures	5,559	Provision for loss on reorganization	3
Land	12,333	Retirement benefit liability	14,762
Leased assets	9,906	Lease obligations	8,946
Construction in progress	7,217	Provision for custom duties for prior periods	3,532
Intangible assets	**7,877**		
Software	7,008	Other	2,385
Other	868	**Total liabilities**	**166,171**
Investments and other assets	**50,992**	**NET ASSETS**	
Investment securities	39,945	**Shareholders' equity**	**223,391**
Deferred tax assets	8,562	Share capital	32,648
Other	2,562	Capital surplus	34,697
Allowance for doubtful accounts	(78)	Retained earnings	157,824
		Treasury shares	(1,780)
		Accumulated other comprehensive income	**69,793**
		Valuation difference on available-for-sale securities	13,283
		Foreign currency translation adjustment	53,981
		Remeasurements of defined benefit plans	2,528
		Non-controlling interests	**8,948**
		Total net assets	**302,132**
Total assets	**468,303**	**Total liabilities and net assets**	**468,303**

Note: Figures are rounded down to the nearest millions of yen.

Consolidated Statement of Income

From April 1, 2025 to March 31, 2026

(Millions of yen)

Account title	Amount
Net sales	**346,808**
Cost of sales	**197,277**
Gross profit	**149,530**
Selling, general and administrative expenses	**119,280**
Operating profit	**30,250**
Non-operating income	**9,271**
Interest income	1,275
Dividend income	981
Rental income	84
Share of profit of entities accounted for using equity method	1,814
Foreign exchange gains	4,330
Subsidy income	82
Other	701
Non-operating expenses	**1,064**
Interest expenses	488
Loss on sale of notes receivable - trade	5
Depreciation of assets for rent	5
Other	564
Ordinary profit	**38,456**
Extraordinary income	**6,140**
Gain on sale of investment securities	5,852
Gain on sale of non-current assets	103
Reversal of provision for loss on reorganization	26
Other	157
Extraordinary losses	**8,470**
Loss on sale of non-current assets	7
Loss on retirement of non-current assets	338
Impairment losses	1,778
Reorganization cost	7
Extra retirement payments	93
Custom duties for prior periods	2,752
Provision for custom duties for prior periods	3,315
Other	176
Profit before income taxes	**36,127**
Income taxes - current	9,293
Income taxes - deferred	(4,359)
Profit	**31,193**
Profit attributable to non-controlling interests	93
Profit attributable to owners of parent	**31,100**

Note: Figures are rounded down to the nearest millions of yen.

Consolidated Statement of Changes in Equity

From April 1, 2025 to March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2025	32,648	33,747	137,961	(1,669)	202,688
Changes during period					
Dividends of surplus			(11,236)		(11,236)
Profit attributable to owners of parent			31,100		31,100
Purchase of treasury shares				(559)	(559)
Disposal of treasury shares		190		448	638
Purchase of shares of consolidated subsidiaries		2			2
Capital increase of consolidated subsidiaries		758			758
Net changes in items other than shareholders' equity					
Total changes during period	-	950	19,863	(111)	20,703
Balance as of March 31, 2026	32,648	34,697	157,824	(1,780)	223,391

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasure-ments of defined benefit plans	Total accumulated other comprehen-sive income		
Balance as of April 1, 2025	11,592	40,196	1,441	53,230	8,228	264,147
Changes during period						
Dividends of surplus						(11,236)
Profit attributable to owners of parent						31,100
Purchase of treasury shares						(559)
Disposal of treasury shares						638
Purchase of shares of consolidated subsidiaries						2
Capital increase of consolidated subsidiaries						758
Net changes in items other than shareholders' equity	1,690	13,784	1,086	16,562	719	17,282
Total changes during period	1,690	13,784	1,086	16,562	719	37,985
Balance as of March 31, 2026	13,283	53,981	2,528	69,793	8,948	302,132

Note: Figures are rounded down to the nearest millions of yen.

Notes to Consolidated Financial Statements

1. Notes on premise of going concern

Not applicable

2. Basis of presenting the consolidated financial statements

(1) Scope of consolidation

(a) Number of consolidated subsidiaries 68

The names of main consolidated subsidiaries are Citizen Machinery Co., Ltd., Citizen Finedevice Co., Ltd., Citizen Systems Japan Co., Ltd. and Citizen Electronics Co., Ltd.

(b) Status of non-consolidated subsidiaries

The name of a main non-consolidated subsidiary is Citizen Customer Service Co., Ltd.

The reason for exclusion is because the total assets, net sales, profit/loss (equivalent portion for equity holdings), and retained earnings (equivalent portion for equity holdings) of the non-consolidated subsidiary excluded from the scope of consolidation were individually immaterial in comparison to net assets, net sales, profit/loss and retained earnings, as reported on the consolidated financial statements, and also would not materially impact the consolidated financial statements taken together.

(2) Application of the equity method

(a) Number of non-consolidated subsidiaries under the equity method –

(b) Number of affiliates under the equity method 1

The name of affiliates under the equity method is Marubeni Citizen-Cincom Inc.

(c) Status of non-consolidated subsidiaries and affiliates to which the equity method is not applied

The major non-consolidated subsidiary to which the equity method is not applied is Citizen Customer Service Co., Ltd., and the main affiliate to which the equity method is not applied is VELDT Inc.

The reason for non-application is based on the immateriality of the individual impacts of their profit/loss (equivalent portions for equity holdings), retained earnings (equivalent portions for equity holdings), and other financial measures on the consolidated financial statements, and based on the overall lack of importance of each of these companies to the consolidated group.

(3) Fiscal year of consolidated subsidiaries

(a) Consolidated subsidiaries whose closing date is different from the closing date for the consolidated financial statements are as follows:

December 31 44

(b) When preparing consolidated financial statements, the necessary settlements are made to prepare the financial statements which form the basis for the consolidated financial statements prepared on the consolidated closing date.

(4) Accounting policies

(a) Valuation standards and method for major assets

1) Securities

- Available-for-sale securities

Securities other than shares with no market value, etc.…… Stated at fair value (valuation differences are reported as components of net assets and the cost of securities sold is primarily calculated based on the moving average method).

Shares with no market value, etc…… Those without determinable market values are stated at cost based on the moving average method.

2) Derivatives

Derivatives are stated at market value method.

3) Inventories

Inventories are primarily stated at cost on the gross average method (with balance sheet values reflecting write downs for decreased profitability).

(b) Depreciation and amortization methods used for important depreciable assets

1) Depreciation of property, plant and equipment (excluding leased assets) is calculated using the straight-line method.

Primary useful lives are as follows:

Buildings and structures	2 to 60 years
Machinery, equipment and vehicles	1 to 10 years

2) Amortization of intangible assets (excluding leased assets) is calculated using the straight-line method.

3) Leased assets are depreciated using the straight-line method.

(c) Method of accounting for significant deferred assets

Bond issuance cost

Amortized in lump sum in the fiscal year in which they occur.

(d) Basis of accounting for major reserves

1) Allowance for doubtful accounts

In setting aside an allowance for possible losses related to accounts receivable, loans receivable, etc. for the Company and its domestic consolidated subsidiaries, an amount equivalent to the portion judged to be uncollectible is

recorded; ordinary receivables are based on the loan loss ratio, and receivables regarded as doubtful are based on individual evaluation for collectability.

For overseas consolidated subsidiaries, individual receivables are evaluated for collectability and required loss estimates are recorded.

2) Provision for bonuses

In the Company and some consolidated subsidiaries, the provision for bonuses to employees is stated at an amount based on the estimated forthcoming payments.

3) Provision for directors' bonuses

In the Company and some consolidated subsidiaries, the provision for bonuses to directors is stated at an amount based on the estimated forthcoming payments.

4) Provision for product warranties

At some consolidated subsidiaries, certain rates of net sales are provided as an allowance for the possible expenses required for after-sales service of products.

5) Provision for loss on reorganization

An estimated amount is recorded in preparation for expenses or losses associated with business restructuring.

6) Provision for custom duties for prior periods

An estimated amount of losses that could be incurred in the future is recorded in preparation for losses related mainly to custom duties for prior periods.

(e) Accounting policy for significant revenues and expenses

The Group primarily manufactures and sells products in the watches business, the machine tools business and the devices and components business.

The Company primarily deems its performance obligations to be satisfied on the transfer to a customer of control when the product is delivered and recognizes the revenue from sale of the product at that time.

The transaction price is determined at an amount calculated by deducting variable consideration such as sales returns and rebates expected in the future from consideration promised under contracts with customers.

Variable consideration is estimated based on past results and information available as at the end of the fiscal year under review, and reassessed at the end of each period.

Further, the watches business provides membership-based inspection services. With respect to these services, performance obligations for sales of products and performance obligations for services are identified, and revenue is recognized when respective performance obligations are satisfied. Consideration for these performance obligations does not contain any significant financial component, because it is basically paid within one year after the performance obligations are satisfied.

(f) Translation standards of major foreign currency assets or liabilities

Foreign currency amounts are translated into Japanese yen at the spot rate on the consolidated closing date for accounts receivables and accounts payable. The translation adjustments are stated as gains/losses.

In addition, assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen using the spot rate on the consolidated closing date, whereas revenues and expenses are translated into Japanese yen using the weighted-average rate. The translation adjustments are included in foreign currency translation adjustment and non-controlling interests in net assets section.

(g) Other important matters for presenting the consolidated financial statements

1) The method of attributing expected retirement benefit to periods

- Accounting treatment regarding retirement benefits

  With respect to the method of attributing expected retirement benefit to periods up to the end of the fiscal year under review, we adopt benefit formula basis for the calculation of retirement benefit liabilities.

- Actuarial difference and past service costs

  Actuarial difference is recognized as expense starting from the fiscal year following the year in which it occurs and amortized over an average remaining service period of employees at the time of accrual (five years with the declining-balance method in principle).

  Past service costs are recognized as expense and amortized over an average remaining service period of employees at the time of accrual (five years with the declining-balance method in principle).

2) Accounting treatment for income taxes and local income taxes and related tax effect accounting

The Company and some of its domestic consolidated subsidiaries have adopted the group totalization system. In accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021), the Company accounted for income taxes and local income taxes or tax effect accounting related to these taxes and made disclosures.

3. Notes on accounting estimates

(1) Impairment losses on non-current assets

(a) Amount recorded in consolidated financial statements for the fiscal year under review

(Millions of yen)

Item	Amount
Impairment losses	1,778

(b) Information of significant accounting estimate relating to identified item

In accounting for non-current assets or asset groups deemed as exhibiting signs of impairment based on factors such as an asset's market price and/or profit or loss resulting from operating activities utilizing the asset, if the total amount of discounted future cash flows

obtainable from the asset or asset group falls below the book value, the Group writes down the book value of the non-current asset or asset group up to its recoverable amount and records the amount of the write-down as an impairment loss. The higher of the net selling price and the value in use is used for the recoverable amount. The net selling price is estimated based on the valuation reasonably calculated. The value in use is calculated as the discounted present value of future cash. Future cash flows are calculated based on the business plan approved by the Board of Directors, etc. or market forecasts etc.

The Company gives careful consideration to understanding signs of impairment losses and recognizing and measuring impairment losses. However, if the conditions or assumptions on which the estimates are based were to change due to changes in business plans or market conditions, it could have a material impact on the consolidated financial statements for the following fiscal year.

(2) Valuation of inventories

(a) Amount recorded in consolidated financial statements for the fiscal year under review

(Millions of yen)

Item	Amount
Merchandise and finished goods	67,999
Work in process	28,559
Raw materials and supplies	25,420

(b) Information of significant accounting estimate relating to identified item

The Group's inventories consist mainly of inventories related to the Watch business. These are stated at cost using the periodic average method (The amount stated in the balance sheet is calculated using the book value write-down method based on reduction in profitability.) If the net sale price of inventories falls below the book value, the book value is written down to the net sale price, and the amount of the write-down is recorded in cost of sales as loss on valuation of inventories. For inventories such as slow-moving inventory left over from the sales cycle or items for disposal, a write-down rate is set for each item based on a certain number of years elapsed, and their book value is written down on a regular basis.

These estimates are made based on internal inventory disposal rules and past performance data, among other references, and are impacted by factors such as changes in the market environment. As such, they involve uncertainties, and if provisional revision, etc. of estimates using inventory valuation becomes necessary, it could have a material impact on the amount of inventories recorded in the consolidated financial statements for the following fiscal year.

(3) Provision for custom duties for prior periods

(a) Amount recorded in consolidated financial statements for the fiscal year under review

(Millions of yen)

Item	Amount
Provision for custom duties for prior periods	3,532

(b) Information of significant accounting estimate relating to identified item

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 for the importation of watches from 2015 to 2018 was insufficient due to differences in the method of calculating the amount payable.

CWUS submitted a written refutation in response to this notification; however, if CWUS's approach to calculating tariffs is not accepted and CWUS is found to have negligence or gross negligence, there is a possibility that additional tariffs and other costs may arise.

Regarding the estimation of future costs, there is a discrepancy between the valuation of the taxable standard amount for movements, one of the components of a watch, as assessed by the U.S. authorities and CWUS. Therefore, the estimation is calculated by reducing the total amount of additional tariffs notified by the U.S. authorities and fines in the event of negligence, to the amount estimated by the Company based on the actual cost ratio of past tariff transactions available at this time for the taxable standard amount of movements.

Given that this estimation of future costs includes uncertainties, actual costs may differ from the estimate due to changes in assumptions, and additional provisions or reversals may be necessary for prior years' tariffs and other related reserves.

4. Notes on Consolidated Balance Sheet

Accumulated depreciation of property, plant and equipment 247,248 million yen

5. Notes on Consolidated Statement of Income

(1) Impairment losses

For the fiscal year under review, the Group recognized impairment losses on the asset groups as shown below.

Location	Use	Type
Japan	Manufacturing facilities for watches; opto-devices; manufacturing facilities for healthcare products; and software, etc.	Buildings and structures; Tools, furniture and fixtures; machinery, equipment and vehicles; construction in progress; and software, etc.
China	Manufacturing facilities for opto-devices; and manufacturing facilities for healthcare products, etc.	Machinery, equipment and vehicles; and tools, furniture and fixtures, etc.
Hong Kong	Manufacturing facilities for opto-devices, etc.	Machinery, equipment and vehicles
The Philippines	Manufacturing facilities for crystal devices, etc.	Machinery, equipment and vehicles

The Company and its subsidiaries group their assets into the smallest unit that generates cash flow, which is, in principle, a business unit based on the business classification for managerial accounting purposes. The Group treats some of its consolidated subsidiaries as independent asset groups depending on their size of business. The assets that cannot clearly be associated with specific businesses, such as head office, are treated as corporate assets.

For the fiscal year under review, the book values of assets that were no longer expected to be used in the future, and assets that belonged to businesses with deteriorated profitability were written down to their recoverable amounts, and the amounts of the write-downs were recognized as impairment losses. The total amount of impairment losses presented as extraordinary losses amounted to 1,778 million yen. The amount consists primarily of 974 million yen for machinery, equipment and vehicles, 330 million yen for construction in progress, 197 million yen for tools, furniture and fixtures, and 193 million yen for buildings and structures.

The recoverable amount is determined based on the net salable price or the value in use. The net salable price is estimated based on the disposal value of assets and the value in use is determined mainly by discounting future cash flows at a discount rate of 11%.

(2) Custom duties for prior periods and provision for custom 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 taken other actions. Subsequently, the U.S. authorities indicated that CWUS's claim was unacceptable, and CWUS was charged tariffs on CITIZEN brand watches in September 2025 and other brand watches in October 2025 for the period between 2018 and 2021. The Company posted 2,752 million yen, the total amount of tariff payment, as custom duties for prior periods under extraordinary losses. CWUS paid part of the amount in the form of installment payment. The filing of a lawsuit related to this matter is being considered.

CWUS was also notified in August 2021 by the U.S. authorities that the amount of tariffs paid for the period between 2015 and 2018 based on similar considerations as in the above period was insufficient. In response, CWUS has submitted a written refutation and taken other actions. In connection with the notification, the Company has recorded 3,315 million yen, the amount of tariffs, etc. that may be posted in the future, as a provision for custom duties for prior periods under extraordinary losses.

Although there is a possibility of incurring losses for the period after 2021, it is difficult to make a rational estimate of losses at this time and no provision for such losses has been posted.

6. Notes on Consolidated Statement of Changes in Equity

(1) Total number of issued shares

Type of shares	No. of shares at the beginning of current fiscal year	Increase during the fiscal year	Decrease during the fiscal year	No. of shares at the end of current fiscal year
Common shares	246,000,000	–	–	246,000,000

(2) Cash dividends

(a) Cash dividend payment

1) Dividends approved at the 140th Ordinary General Meeting of Shareholders held on June 25 2025

- Total amount of dividends 5,496 million yen

  (The amount above includes dividends of 8 million yen for shares of the Company held by the BIP Trust.)

- Dividends per share 22.50 yen

- Record date March 31, 2025
- Effective date June 26, 2025

2) Dividends approved at the meeting of the Board of Directors held on November 12, 2025

- Total amount of dividends 5,740 million yen

  (The amount above includes dividends of 6 million yen for shares of the Company held by the BIP Trust.)
- Dividends per share 23.50 yen
- Record date September 30, 2025
- Effective date December 5, 2025

(b) Of the cash dividends with record date during the fiscal year under review, those with effective date in the next fiscal year

The following matters will be placed on the agenda at the 141st Ordinary General Meeting of Shareholders, which is scheduled to be held on June 24, 2026.

- Total amount of dividends 5,750 million yen

  (The amount above includes dividends of 16 million yen for shares of the Company held by the BIP Trust.)
- Dividend resource Retained earnings
- Dividends per share 23.50 yen
- Record date March 31, 2026
- Effective date June 25, 2026

7. Notes on financial instruments

(1) Status on financial instruments

As a Group policy, the Company and consolidated subsidiaries restrict their investments only in short term deposits or the like and obtain funds mainly by borrowing from financial institutions including banks and bond issuance.

The customer credit risk associated with notes and accounts receivable is mitigated in accordance with the internal rules on receivables management procedures of each company belonging to the Group.

The foreign exchange fluctuation risk associated with operating receivables denominated in foreign currencies, arisen from the overseas operations, is partially hedged by employing foreign exchange contract, except for such receivables of which the amounts are below the operating debt denominated in the same foreign currencies.

Investment securities mainly consist of equity securities, and their market prices and the financial conditions of the issuers are periodically monitored.

Loans payable and bonds payable are made for the purpose of working capital, re-financing of long-term liabilities and funds for strategic investments.

Derivatives are utilized solely to avoid the fluctuation risks of foreign exchanges, in accordance with the internal management rules of the Company and each subsidiary.

(2) Fair values of financial instruments

Carrying amounts in the consolidated balance sheet, fair values and the differences between them as of March 31, 2026 were as follows:

(Millions of yen)

	Consolidated balance sheet amount	Fair value	Differences
i) Investment securities (Note 2)			
Available-for-sale securities	22,058	22,058	–
Assets, total	22,058	22,058	–
ii) Bonds payable (including current portion)	10,000	9,718	(282)
iii) Long-term borrowings (including current portion)	47,031	45,739	(1,291)
Total liabilities	57,031	55,457	(1,573)
Derivatives (Note 3)	[34]	[34]	–

Notes: 1. Information on "cash and deposits," "notes and accounts receivable - trade," "electronically recorded monetary claims - operating," "notes and accounts payable -trade," "electronically recorded obligations - operating," "electronically recorded obligations - non-operating" and "short-term borrowings" is omitted, since these accounts are cash and are settled or repaid in a short period of time, and therefore, their fair value approximates the book value.

2. Shares with no market price, etc. are not included in "i) Investment securities." The consolidated balance sheet amounts of the financial instruments are as follows.

(Millions of yen)

Category	Current fiscal year
Unlisted shares	17,887

3. Net receivables and payables arising from derivatives are presented on a net basis, and value of a net payable after totaling of receivables and payables is shown in parentheses.

(3) Components of fair values of financial instruments by level, etc.

Fair values of financial instruments are classified into the following three levels, depending on observability and significance of inputs for determining fair values.

Fair values of Level 1:
Fair value determined based on a quoted market price for the asset or liability whose fair value is measured, which is formed in an active market, out of observable inputs for fair value measurement

Fair values of Level 2:
Fair value determined using inputs for fair value measurement other than Level 1 inputs, out of observable inputs for fair value measurement

Fair values of Level 3:
Fair value determined using unobservable inputs for fair value measurement

If multiple inputs that have a significant influence on determination of fair value, the fair value is classified as the lowest priority level of fair value measurement of levels in which each input belongs.

(a) Financial instruments recorded at fair value on the consolidated balance sheet

As of March 31, 2026

(Millions of yen)

Business segment	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	22,058	–	–	22,058
Derivatives				
Currency	–	–	–	–
Total assets	22,058	–	–	22,058
Derivatives				
Currency	–	34	–	34
Total liabilities	–	34	–	34

(b) Financial instruments other than those recorded at fair value on the consolidated balance sheet

As of March 31, 2026

(Millions of yen)

Business segment	Fair value			
	Level 1	Level 2	Level 3	Total
Bonds payable	–	9,718	–	9,718
Long-term borrowings	–	45,739	–	45,739
Total liabilities	–	55,457	–	55,457

Notes: Explanation of valuation techniques used to determine fair values and inputs for fair value measurement

1. Investment securities

   Listed shares are measured using the quoted market price. Since listed shares are traded in an active market, their fair value is classified as Level 1 fair value.

2. Derivatives

   The fair value of forward exchange contracts is measured by the discounted cash flow method using observable inputs such as interest rates and foreign exchange rates, and is classified as Level 2 fair value.

3. Bonds payable

   Fair value of bonds payable issued by the Company is determined based on the total of principal and interest as well as the interest rate taking into account the remaining period and credit risk of the bonds payable, using the discounted cash flow method, and is classified as Level 2 fair value.

4. Long-term borrowings

   Fair value of long-term borrowings is determined based on the total of principal and interest as well as the interest rate taking into account the remaining period and credit risk of the borrowings, using the discounted cash flow method, and is classified as Level 2 fair value.

8. Notes on revenue recognition

(1) Information on disaggregation of revenue from contracts with customers

(Millions of yen)

	Watches	Machine Tools	Devices and Components	Total
Japan	31,126	13,459	35,194	79,781
Asia	35,385	33,417	13,910	82,713
United States of America	93,444	7,552	4,965	105,962
Europe	34,655	31,443	9,332	75,431
Others	2,386	418	51	2,857
Revenue from contracts with customers	196,998	86,292	63,455	346,745
Other revenue	62	–	–	62
Revenues from external customers	197,061	86,292	63,455	346,808

(Note)Other revenue represents revenue, etc. based on the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13).

(2) Information forming the basis for understanding revenue

Information forming the basis for understanding revenue is as stated in "2. Basis of presenting the consolidated financial statements (4) Accounting policies (e) Accounting policy for significant revenues and expenses."

(3) Information for understanding the amount of revenue in the fiscal year under review and the following fiscal years

Information on relationship between satisfaction of performance obligations under contracts with customers and cash flows arising from the contracts as well as the amount and timing of revenue that is expected to be recognized in the following fiscal years from contracts with customers existing at the end of the fiscal year under review

(a) The balance of contract liabilities

(Millions of yen)

	Fiscal year under review
Contract liabilities	1,696

In the consolidated balance sheet, contract liabilities are included in "other." Contract liabilities are recognized, mainly in the case where consideration for a transaction for sales of products is received as advances received before the delivery of the products, and where consideration for a transaction in membership-based inspection services in the watches business is received in advance in lump sum at the time of selling the products, and other cases. Contract liabilities are reversed along with the recognition of revenue.

Of revenue recognized during the fiscal year under review, the amount included in the balance of contract liabilities as at the beginning of the year was 791 million yen.

(b) Transaction price allocated to remaining performance obligations

The Group applies the practical expedient in providing a note on transaction prices allocated to remaining performance obligations, and excludes contracts with an initial expected contract period of one year or less from the scope of note disclosure. The total amount of transaction prices allocated to remaining performance obligations and period in which revenue is expected to be recognized are as follows.

(Millions of yen)

	Fiscal year under review
Within 1 year	100
Over 1 year	356
Total	456

9. Notes on per share information

Net assets per share 1,201.61 yen

Basic earnings per share 127.48 yen

Note: Net assets per share was calculated using the number of shares by deducting the number of treasury shares at the period end and the number of shares at the period end held by the BIP trust from the total number of shares issued at the period end. Basic earnings per share was calculated using the number of shares by deducting the average number of treasury shares during the period and the average number of shares during the period held by the BIP trust from the average total number of shares issued during the period.

For the fiscal year under review, the average number of shares during the period held by the BIP trust was 438,408, and the number of shares at the period end held by the BIP trust was 721,146.

10. Other notes

(1) Additional information

Performance-linked stock compensation plan

(a) Overview of the plan

From the fiscal year under review, the Company has introduced a new performance-linked stock compensation plan (hereinafter the "Plan") for Directors and Operating Officers of the Company (excluding Directors who are Audit & Supervisory Committee Members, Outside Directors and non-residents of Japan. Hereinafter "Directors, etc."). The purpose is to clarify the link between the compensation of Directors, etc. and the share value of the Company and raise awareness of making a contribution to enhancing the medium- to long-term results and increasing corporate value.

A mechanism called the officer compensation Board Incentive Plan (BIP) trust (hereinafter the "BIP trust") will operate the Plan. The BIP trust will deliver and provide to Directors, etc. the Company shares and money equivalent to the converted cash of the Company shares in accordance with their title and level of achievement, like a performance-linked stock compensation (Performance Share) plan and a transfer restricted stock compensation (Restricted Stock) plan in the U.S.

(b) The number of residual shares of the Company in the BIP trust

The residual shares of the Company in the BIP trust were presented as treasury shares in the net assets section. At the end of the fiscal year under review, the book value and the number of such treasury shares were 730 million yen and 721,146 shares, respectively.

(2) Figures are rounded down to the nearest millions of yen. However, as for ratios, net assets per share and basic earnings per share, fractional amounts are rounded off.

Non-Consolidated Balance Sheet

(As of March 31, 2026)

(Millions of yen)

Account title	Amount	Account title	Amount
ASSETS		**LIABILITIES**	
Current assets	**100,444**	**Current liabilities**	**54,357**
Cash and deposits	30,464	Accounts payable - trade	10,171
Notes receivable - trade	20	Electronically recorded obligations - operating	1,533
Electronically recorded monetary claims - operating	177	Electronically recorded obligations - non-operating	185
Accounts receivable - trade	12,065	Current portion of long-term borrowings	10,000
Finished goods	12,713	Accounts payable - other	559
Work in process	283	Accrued expenses	2,380
Raw materials	331	Income taxes payable	980
Consumption taxes receivable	967	Deposits received	25,168
Short-term loans receivable	38,464	Provision for bonuses	1,152
Accounts receivable - other	4,478	Provision for bonuses for directors (and other officers)	91
Other current assets	1,014	Other current liabilities	2,134
Allowance for doubtful accounts	(537)	**Non-current liabilities**	**50,935**
Non-current assets	**148,936**	Bonds payable	10,000
Property, plant and equipment	**14,659**	Long-term borrowings	37,000
Buildings and structures	9,872	Deferred tax liabilities	744
Machinery and equipment	900	Provision for retirement benefits	2,923
Tools, furniture and fixtures	282	Provision for share awards for directors (and other officers)	192
Land	3,357	Provision for loss on reorganization	3
Leased assets	17	Asset retirement obligations	25
Construction in progress	230	Long-term lease obligations	14
Intangible assets	**2,308**	Long-term income taxes payable	32
Software	2,303	**Total liabilities**	**105,293**
Other intangible assets	5	**NET ASSETS**	
Investments and other assets	**131,967**	**Shareholders' equity**	**130,977**
Shares of subsidiaries and associates	100,376	**Share capital**	**32,648**
Investment securities	31,068	**Capital surplus**	**36,219**
Long-term prepaid expenses	148	Legal capital surplus	36,029
Other investments and other assets	449	Other capital surplus	190
Allowance for doubtful accounts	(76)	**Retained earnings**	**63,888**
		Other retained earnings	63,888
		Reserve for tax purpose reduction entry	282
		Retained earnings brought forward	63,606
		Treasury shares	**(1,780)**
		Valuation and translation adjustments	**13,109**
		Valuation difference on available-for-sale securities	**13,109**
		Total net assets	**144,086**
Total assets	**249,380**	**Total liabilities and net assets**	**249,380**

Note: Figures are rounded down to the nearest millions of yen.

Non-Consolidated Statement of Income

From April 1, 2025 to March 31, 2026

(Millions of yen)

Account title	Amount
Net sales	**100,606**
Cost of sales	**76,938**
Gross profit	**23,668**
Selling, general and administrative expenses	**23,768**
Operating loss	**99**
Non-operating income	**16,581**
Interest income	357
Dividend income	13,533
Rental income	13
Foreign exchange gains	2,624
Reversal of allowance for doubtful accounts	30
Other	20
Non-operating expenses	**687**
Interest expenses	549
Loss on sale of notes receivable - trade	5
Commission for syndicated loans, etc.	85
Other	47
Ordinary profit	**15,793**
Extraordinary income	**5,864**
Gain on sale of non-current assets	11
Gain on sale of investment securities	5,852
Reversal of provision for loss on reorganization	0
Extraordinary losses	**198**
Loss on retirement of non-current assets	60
Impairment losses	100
Loss on valuation of shares of subsidiaries and associates	36
Profit before income taxes	**21,460**
Income taxes - current	1,404
Income taxes - deferred	(1,469)
Profit	**21,525**

Note: Figures are rounded down to the nearest millions of yen.

Non-Consolidated Statement of Changes in Equity

From April 1, 2025 to March 31, 2026

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital surplus			Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings		Total retained earnings
					Reserve for tax purpose reduction entry	Retained earnings brought forward	
Balance as of April 1, 2025	32,648	36,029	0	36,029	285	53,313	53,599
Changes during period							
Dividends of surplus						(11,236)	(11,236)
Profit						21,525	21,525
Reversal of reserve for tax purpose reduction entry					(3)	3	
Purchase of treasury shares							
Disposal of treasury shares			190	190			
Net changes in items other than shareholders' equity							
Total changes during period	–	–	190	190	(3)	10,292	10,289
Balance as of March 31, 2026	32,648	36,029	190	36,219	282	63,606	63,888

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2025	(1,669)	120,608	11,464	11,464	132,073
Changes during period					
Dividends of surplus		(11,236)			(11,236)
Profit		21,525			21,525
Purchase of treasury shares	(559)	(559)			(559)
Disposal of treasury shares	448	638			638
Net changes in items other than shareholders' equity			1,645	1,645	1,645
Total changes during period	(111)	10,368	1,645	1,645	12,013
Balance as of March 31, 2026	(1,780)	130,977	13,109	13,109	144,086

Note: Figures are rounded down to the nearest millions of yen.

Notes to Non-Consolidated Financial Statements

1. Notes on premise of going concern

Not applicable

2. Notes on major accounting policies

(1) Valuation standards and method for marketable securities

(a) Shares of subsidiaries and affiliates are stated at cost based on the moving average method.

(b) Available-for-sale securities

Securities other than shares with no market value, etc.

Those with determinable market values are stated at market value method. (Valuation differences are reported as components of net assets and the cost of securities sold is calculated based on the moving average method).

Shares with no market value, etc.

Those without determinable market values are stated at cost based on the moving average method.

(2) Valuation standards for derivatives

Derivatives are stated at market value method.

(3) Valuation standards and method for inventories

Inventories are stated at cost on the gross average method (with balance sheet values reflecting write downs for decreased profitability).

(4) Depreciation methods used for non-current assets

(a) Depreciation of property, plant and equipment (excluding leased assets)

Calculated using the straight-line method.

Primary useful lives are as follows:

Buildings and structures	3 to 50 years
Machinery and equipment	1 to 10 years

(b) Amortization of intangible assets (excluding leased assets)

Calculated using the straight-line method.

(c) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership of the leased assets to the lessee are depreciated using the straight-line method with useful lives equal to lease terms and zero residual values.

(5) Basis of accounting for reserves

(a) Allowance for doubtful accounts

In setting aside an allowance for possible losses related to accounts receivable, loans receivable, etc., an amount equivalent to the portion judged to be uncollectible is recorded; ordinary receivables are based on the loan loss ratio, and receivables regarded as doubtful are based on individual evaluation for collectability.

(b) Provision for bonuses

The provision for bonuses is stated at an amount based on the estimated forthcoming payments.

(c) Provision for bonuses for directors (and other officers)

The provision for bonuses to directors is stated at an amount based on the estimated forthcoming payments.

(d) Provision for retirement benefits

The provision for defined retirement benefits is stated at the amount deemed to be correct as of the end of the fiscal year under review. The amount is based on estimated accounts of defined retirement benefit liabilities and pension assets as of the end of the fiscal year under review. The Company has established a retirement benefits trust.

1) The method of attributing expected retirement benefit to periods

With respect to the method of attributing expected retirement benefit to periods up to the end of the fiscal year under review, we adopt benefit formula basis for the calculation of retirement benefit liabilities.

2) Actuarial difference and past service costs

Actuarial difference is recognized as expense starting from the fiscal year following the year in which it occurs and amortized over an average remaining service period of employees at the time of accrual (five years with the declining-balance method in principle).

Past service costs are recognized as expense and amortized over on an average remaining service period of employees at the time of accrual (five years with the declining-balance method in principle).

(e) Provision for share awards for directors (and other officers)

Provision for share awards for directors (and other officers) is provided based on the estimated amount of stock benefit obligation as of the end of the fiscal year under review in order to prepare for granting shares of the Company's stock to Directors (excluding those who are Audit & Supervisory Committee Members, Outside Directors, and non-residents of Japan) and Operating Officers in accordance with the share delivery regulations.

(f) Provision for loss on reorganization

An estimated amount is recorded in preparation for expenses or losses associated with business restructuring.

(6) Accounting policy for significant revenues and expenses

The Company primarily manufactures and sells watch products. The Company primarily deems its performance obligations to be satisfied on the transfer to a customer of control when the product is delivered and recognizes the revenue from sale of the product at that time. In addition, the Company provides membership-based inspection services. With respect to these services, performance obligations for sales

of products and performance obligations for services are identified, and revenue is recognized when respective performance obligations are satisfied.

(7) Method of accounting for deferred assets

Bond issuance cost

Amortized in lump sum in the fiscal year in which they occur.

(8) Method of accounting for retirement benefits

The accounting treatment for the balance of unrecognized actuarial differences and unrecognized past service costs for retirement benefits is different to the treatment for these items in the consolidated financial statements.

3. Notes on accounting estimates

(1) Impairment losses on non-current assets

(a) Amount recorded in financial statements for the fiscal year under review

(Millions of yen)

Item	Amount
Impairment losses	100

(b) Information of significant accounting estimate relating to identified item

The same as the content stated in "3. Notes on accounting estimates (1) Impairment losses on non-current assets" of the Notes to Consolidated Financial Statements.

(2) Valuation of inventories

(a) Amount recorded in financial statements for the fiscal year under review

(Millions of yen)

Item	Amount
Finished goods	12,713
Work in process	283
Raw materials	331

(b) Information of significant accounting estimate relating to identified item

The same as the content stated in "3. Notes on accounting estimates (2) Valuation of inventories" of the Notes to Consolidated Financial Statements.

4. Notes on Non-Consolidated Balance Sheet

(1) Short-term monetary claims from subsidiaries and associates 51,493 million yen
Short-term monetary liabilities to subsidiaries and associates 33,410 million yen

(2) Accumulated depreciation of property, plant and equipment 29,581 million yen

(3) Guarantee obligation

Guarantees for real estate lease agreement of subsidiaries and associates 43 million yen

Concurrent obligations for payments for electronic monetary claims transactions of subsidiaries and associates 396 million yen

5. Notes on Non-Consolidated Statement of Income

(1) Net sales concerning subsidiaries and associates 53,644 million yen

(2) Purchases from subsidiaries and associates 83,003 million yen

(3) Other operating transaction with subsidiaries and associates 21,514 million yen

(4) Non-operating transaction with subsidiaries and associates 13,622 million yen

6. Notes on Non-Consolidated Statement of Changes in Equity

Type and total number of treasury shares as of the end of the fiscal year under review

Type of shares	No. of shares at the beginning of current fiscal year	Increase during the fiscal year	Decrease during the fiscal year	No. of shares at the end of current fiscal year
Common shares	2,131,730	451,380	576,976	2,006,134

Notes:

1. The 451,380 share increase in treasury shares resulted from an increase of 449,126 shares through the acquisition by the Board Incentive Plan (BIP) Trust and an increase of 2,254 shares through the purchase of shares less than one unit.
2. The 576,976 share decrease in treasury shares resulted from reduction of 449,126 shares due to the disposal of treasury shares through the third-party allotment to the Board Incentive Plan (BIP) Trust, reduction of 127,790 shares due to the granting, and sale of shares of the Company's stock by the Board Incentive Plan (BIP) Trust to persons who were Directors, and additional sale of 60 shares, which were less than one unit, to shareholders.
3. The number of shares at the beginning of the current fiscal year includes 399,810 shares held by the BIP trust.
4. The number of shares at the end of the current fiscal year includes 721,146 shares held by the BIP trust.

7. Notes on tax effect accounting

(1) Breakdown of deferred tax assets and deferred tax liabilities by the cause of its occurrence

Deferred tax assets

Shares of subsidiaries and associates and investment securities	16,284 million yen
Provision for retirement benefits	1,490 million yen
Depreciable assets	906 million yen
Loss carryforward	401 million yen
Other	2,115 million yen
Subtotal	21,197 million yen
Valuation allowance for tax loss carryforward (Note)	(269) million yen
Valuation allowance for the total of deductible temporary differences, etc.	(16,665) million yen
Valuation allowance	(16,934) million yen
Total	4,262 million yen

Deferred tax liabilities

Valuation difference on available-for-sale securities	(4,866) million yen
Other	(140) million yen
Total	(5,006) million yen
Net deferred tax liabilities	(744) million yen

(Note) Valuation allowance for tax loss carryforward (Millions of yen)

	Within 1 year	Over 1 year within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Over 5 years	Total
Tax loss carryforward (*)	–	–	–	–	280	120	401
Valuation allowance	–	–	–	–	(151)	(117)	(269)
Deferred tax assets	–	–	–	–	128	2	131

* Tax loss carryforward is the amount obtained by multiplying by the effective statutory tax rate.

(2) Accounting for corporate and local income taxes or tax effect accounting related to these taxes

The Company has adopted the group tax sharing system. In accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Solution No. 42, August 12, 2021), the Company accounted for income taxes and local income taxes or tax effect accounting related to these taxes and made disclosures.

8. Notes on revenue recognition

Information forming the basis for understanding revenue from contracts with customers is omitted, because the same information has been provided in "2. Notes on major accounting policies (6) Accounting policy for significant revenues and expenses."

9. Notes on transactions with related parties

(Millions of yen)

Attribute	Name	Voting rights or ownership	Relationship		Transactions	Transaction amount	Item	Balance at the year end
			No. of interlocking directors	Business relations				
Subsidiary	Citizen Watch Manufacturing Co., Ltd.	Ownership (direct) 100%	1	Manufacturing of the products of the Company	Purchase of products (Note) 1	37,544	Accounts payable - trade	3,982
					Purchase of raw materials on behalf of others (Note) 1	11,683	Accounts receivable - other	1,691
					Lending of money (Note) 2, 3	941	Short-term loans receivable	8,024
Subsidiary	Sunciti Manufacturers Ltd.	Ownership (direct) 100%	–	Manufacturing of the products of the Company	Purchase of products (Note) 1	15,817	Accounts payable - trade	1,236
					Purchase of raw materials on behalf of others (Note) 1	3,249	Accounts receivable - other	991
Subsidiary	Civis Manufacturing Limited	Ownership (direct) 100%	–	Manufacturing of the products of the Company	Purchase of products (Note) 1	17,080	Accounts payable - trade	1,429
					Purchase of raw materials on behalf of others (Note) 1	2,426	Accounts receivable - other	594
Subsidiary	Royal Time Citi Co., Ltd.	Ownership (direct) 100%	–	Manufacturing of the products of the Company	Purchase of products (Note) 1	10,669	Accounts payable - trade	665
					Purchase of raw materials on behalf of others (Note) 1	1,861	Accounts receivable - other	631
Subsidiary	Citizen Watch Company of America, Inc.	Ownership (direct) 100%	–	Sales of the products of the Company	Sales of products (Note) 1	22,864	Accounts receivable - trade	3,210
					Dividend income	4,098	–	–
Subsidiary	Frederique Constant Holding SA	Ownership (direct) 100%	–	Control /management of business activities	Lending of money (Note) 2	1,452	Short-term loans receivable	4,003
Subsidiary	Citizen Machinery Co., Ltd.	Ownership (direct) 100%	2	Control /management of business activities Leasing of real estate, etc.	Dividend income	3,520	–	–
					Lending of money (Note) 2, 3	1,085	Short-term loans receivable	20,490
Subsidiary	Citizen Systems Japan Co., Ltd.	Ownership (direct) 100%	2	Control /management of business activities	Collecting of money (Note) 2, 3	1,675	Deposits received	3,778
Subsidiary	Citizen Electronics Co., Ltd.	Ownership (direct) 79.33%	2	Control /management of business activities	Collecting of money (Note) 2, 3	2,421	Deposits received	13,641

Attribute	Name	Voting rights or ownership	Relationship		Transactions	Transaction amount	Item	Balance at the year end
			No. of interlocking directors	Business relations				
Subsidiary	TOKYO BIJUTSU Co., Ltd.	Ownership (direct) 71.86%	–	Control /management of business activities	Collecting of money (Note) 2, 3	249	Deposits received	3,936

Notes: Business terms and decision-making policy of business terms, etc.

1. Purchase and sales of products and purchase of raw materials on behalf of others are determined in accordance with price negotiating that gives consideration to market prices, etc.
2. The interest rates for lending and collecting money shall be determined in view of the market interest rates.
3. The amount of transaction through the lending and collecting of money is the amount arising from transactions under the CMS (cash management system), and the amount stated is the increase/decrease (net amount) during the fiscal year under review.

10. Notes on per share information

Net assets per share 590.53 yen

Basic earnings per share 88.23 yen

Note: Net assets per share was calculated using the number of shares by deducting the number of treasury shares at the period end and the number of shares at the period end held by the BIP trust from the total number of shares issued at the period end. Basic earnings per share was calculated using the number of shares by deducting the average number of treasury shares during the period and the average number of shares during the period held by the BIP trust from the average total number of shares issued during the period.

For the fiscal year under review, the average number of shares held by the BIP trust during the period was 438,408, and the number of shares held by the BIP trust at the period end was 721,146.

11. Other notes

(1) Additional information

(Performance-linked stock compensation plan)

The note on the transactions in which shares of the Company are delivered to Directors, etc. through a trust is omitted as the same description can be found in “10. Other notes” of the Notes to Consolidated Financial Statements.

(2) Figures are rounded down to the nearest millions of yen. However, as for ratios, net assets per share and basic earnings per share, fractional amounts are rounded off.

Financial Audit Report on Consolidated Financial Statements

Independent Auditors' Report on Consolidated Financial Statements

May 22, 2026

To the Board of Directors of Citizen Watch Co., Ltd.

Nihombashi Corporation
Chuo-ku, Tokyo
Tatsuya Oritoya
Designated Partner and Engagement Partner, C.P.A.
Shuichi Yamashina
Designated Partner and Engagement Partner, C.P.A.
Shigehiro Chiba
Designated Partner and Engagement Partner, C.P.A.

Opinion

Pursuant to the provisions of Article 444, paragraph (4) of the Companies Act, we have audited the consolidated financial statements of Citizen Watch Co., Ltd. (the "Company") for the fiscal year from April 1, 2025 to March 31, 2026. These statements comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in equity, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group consisted of the Company and its consolidated subsidiaries as of March 31, 2026, and the consolidated results of its operations for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is further stated in the Auditor's responsibility for the audit of the consolidated financial statements section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan (including the provisions applicable to audits of financial statements of public interest entities), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Other Information

The other information refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, Audit & Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our audit opinion on the consolidated financial statements does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

Responsibility of management and the Audit & Supervisory Committee for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan. The responsibility includes designing, implementing and maintaining internal control, judged by the management as necessary for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the Directors' performance of duties related to maintenance and operation the financial reporting process.

Auditor's responsibility for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the consolidated financial statements from an independent point of view in an auditor's report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or in the aggregate, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures responsive to those risks. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Assess the appropriateness of accounting policies adopted by management and their method of application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes thereto.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we determine that there is a significant uncertainty concerning the premise of a going concern, we are required to call attention to the notes to the consolidated financial statements in our auditor's report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, to issue a qualified opinion with exceptions on the consolidated financial statements. While our conclusions are based on the audit evidence obtained up to the date of our auditor's report, depending on future events or conditions, the Company may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, assess whether the presentation, structure, and content of the consolidated financial statements including related notes thereto, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Plan and conduct audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to provide a basis to express our opinion on the consolidated financial statements. We are responsible for the direction, supervision, and inspection of the audit of the consolidated financial statements, and remain solely responsible for our audit opinion.

We report to the Audit & Supervisory Committee regarding the planned scope and timing of the audit, material audit findings including any material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

We also report to the Audit & Supervisory Committee regarding the observance of provisions related to ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements as well as matters that are reasonably considered to have an impact on the auditor's independence and where applicable, convey details of measures taken in order to eliminate obstruction factors or safeguards that applied in order to reduce obstruction factors to acceptable levels.

Interest

We or engagement partners have no interests in the Company and its consolidated subsidiaries, which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Financial Audit Report on Non-Consolidated Financial Statements

Independent Auditors' Report on Non-Consolidated Financial Statements

May 22, 2026

To the Board of Directors of Citizen Watch Co., Ltd.

Nihombashi Corporation
Chuo-ku, Tokyo
Tatsuya Oritoya
Designated Partner and Engagement Partner, C.P.A.
Shuichi Yamashina
Designated Partner and Engagement Partner, C.P.A.
Shigehiro Chiba
Designated Partner and Engagement Partner, C.P.A.

Opinion

Pursuant to the provisions of Article 436, paragraph (2), item (i) of the Companies Act, we have audited the non-consolidated financial statements and the supplementary schedules (hereinafter the "Financial Statements, etc.") of Citizen Watch Co., Ltd. (the "Company") for the 141st business term from April 1, 2025 to March 31, 2026. The non-consolidated financial statements comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in equity, and the notes to the non-consolidated financial statements.

In our opinion, the Financial Statements, etc. referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2026, and the results of its operations for the fiscal year then ended in accordance with accounting principles generally accepted in Japan.

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is further stated in the Auditor's responsibility for the audit of the Financial Statements, etc. section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan (including the provisions applicable to audits of financial statements of public interest entities), and are fulfilling other ethical responsibilities in accordance with these requirements. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Other Information

The other information refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, Audit & Supervisory Committee is responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other information.

The scope of our audit opinion on the non-consolidated financial statements, etc. does not include the content of the other information, and we do not express an opinion regarding the other information.

Our responsibility in auditing the non-consolidated financial statements, etc. is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the non-consolidated financial statements, etc. or the knowledge we have gained in the auditing process, and we also pay attention as to whether

there are any indications in the other information of material errors besides such material differences.
If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.
There are no matters to report regarding the other information.

Responsibility of management and the Audit & Supervisory Committee for the Financial Statements, etc.
Management is responsible for the preparation and fair presentation of the Financial Statements, etc. in accordance with accounting principles generally accepted in Japan. The responsibility includes designing, implementing and maintaining internal control, judged by the management as necessary for the preparation and fair presentation of the Financial Statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, etc., management is responsible for assessing whether it is appropriate to prepare the Financial Statements, etc. in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Committee is responsible for monitoring the Directors' performance of duties related to maintenance and operation the financial reporting process.

Auditor's responsibility for the audit of the Financial Statements, etc.
Our responsibility is to obtain reasonable assurance about whether the Financial Statements, etc. as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the Financial Statements, etc. from an independent point of view in our auditor's report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or in the aggregate, influence the decisions of users taken on the basis of the Financial Statements, etc.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures responsive to those risks. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit of the Financial Statements, etc. in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the Financial Statements, etc. is not expressing an opinion on the effectiveness of the Company's internal control.
- Assess the appropriateness of accounting policies adopted by management and their method of application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes thereto.
- Determine whether it is appropriate for management to prepare the Financial Statements, etc. on the premise of a going concern and, based on the audit evidence obtained, whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we determine that there is a significant uncertainty concerning the premise of a going concern, we are required to call attention to the notes to the Financial Statements, etc. in our auditor's report, or if the notes to the Financial Statements, etc. pertaining to the significant uncertainty are inappropriate, to issue a qualified opinion with exceptions on the Financial Statements, etc. While our conclusions are based on the audit evidence obtained up to the date of our auditor's report, depending on future events or conditions, the Company may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the Financial Statements, etc. are in accordance with accounting standards generally accepted in Japan, assess whether the presentation, structure, and content of the Financial Statements, etc. including related notes thereto, and whether the Financial Statements, etc. fairly present the transactions and accounting events on which they are based.

We report to the Audit & Supervisory Committee regarding the planned scope and timing of the audit, material audit findings including any material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

We also report to the Audit & Supervisory Committee regarding the observance of provisions related to ethical requirements in Japan regarding independence that are relevant to our audit of the financial statements as well as matters that are reasonably considered to have an impact on the auditor's independence and where applicable, convey details of measures taken in order to eliminate obstruction factors or safeguards that applied in order to reduce obstruction factors to acceptable levels.

Interest

We or engagement partners have no interests in the Company, which should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report of the Audit & Supervisory Committee

Audit Report

We have audited the performance of the Directors' duties for the 141st business term from April 1, 2025 to March 31, 2026. We report on the method and results as follows.

Please note that, effective as of the conclusion of the 140th Ordinary General Meeting of Shareholders held on June 25, 2025, the Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee. The status from April 1, 2025, until the conclusion of the general meeting of shareholders is based on information received from the former Audit & Supervisory Board.

1. Auditing Methods and Details of Such Audits

With respect to the details of the resolution of the Board of Directors regarding the matters stated in Article 399-13, paragraph (1), item (i), (b) and (c) of the Companies Act and the development and the status of operations regarding the system developed under such resolution (the "internal control system"), we have periodically received reports from Directors and employees, among others, requested an explanation when necessary, provided opinions, and implemented auditing in the following manner.

(a) According to the audit policy prescribed by the Audit & Supervisory Committee and allocation of duties and other relevant matters; we have coordinated with the Company's internal audit division; attended important meetings; received reports from the Directors, employees and others on matters regarding the performance of their duties; asked the Directors, employees and others to provide explanations when needed; reviewed important written decisions and other items; and studied the business and financial conditions of the Company at its head office, etc. With respect to subsidiaries, the Full-Time Audit & Supervisory Committee Member concurrently served as audit & supervisory board member of the important subsidiaries, and in addition to attending meeting of the important subsidiaries including meetings of the board of directors, maintained communications and exchanged information with directors, audit & supervisory board members, and others of subsidiaries, and received business reports from subsidiaries when needed. From the standpoint of group auditing, the Full-Time Audit & Supervisory Committee Member regularly held the Group Audit & Supervisory Board Members' Liaison Meetings attended by the full-time audit & supervisory board members, etc. of the Group companies, maintained communications, shared information, and exchanged opinions. With respect to internal control over financial reporting, we have received reports from Directors, etc. and Nihombashi Corporation regarding the evaluation and status of audit of the internal control, and asked them to provide explanations when needed.

(b) We discussed the details of the Basic Policy Relating to Persons who Control Decision-making over the Financial and Business Policies of the Company mentioned in the business report and of the efforts based on the Basic Policy, taking in account factors such as the status of deliberations at the Board of Directors and other bodies.

(c) We monitored and examined whether the Independent Auditors performed proper audits while retaining their independence, and received reports from the Independent Auditors on the performance of their duties and asked them to provide explanations when needed. In addition, we were notified by the Independent Auditors that the "system to ensure proper performance of its duties" (matters stipulated in items in Article 131 of the Company Accounting Regulations) has been developed in accordance with the "Quality Control Standards for Audits" (issued by the Business Accounting Council), and other relevant standards, and we asked the Independent Auditors to provide explanations when needed.

Based on the above methods, we reviewed the business report and its supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated

statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements) and their supplementary schedules, as well as the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for this business term.

2. Audit Results

(1) Audit Results of Business Report and Other Documents

(a) We are of the opinion that the Business Report and the supplementary schedules fairly present the situation of the Company in accordance with relevant laws and regulations and the Articles of Incorporation.

(b) We have found no significant evidence of wrongful acts or violations of relevant laws and regulations or the Articles of Incorporation with regard to the Directors' performance of their duties.

(c) We are of the opinion that the resolutions of the Board of Directors regarding the internal control system are proper and correct. Furthermore, we have found no matters which we need to point out regarding the details described in the Business Report and the Directors' performance of their duties in connection with the relevant internal control system.

(d) We are of the opinion that the Basic Policy Relating to Persons who Control Decision-making over the Financial and Business Policies of the Company mentioned in the Business Report is proper and correct. We are of the opinion that each of the efforts based on the Basic Policy do not impair the common interests of the Company's shareholders and do not aim to protect the officers' positions in the Company.

(2) Audit Results of Non-Consolidated Financial Statements and Supplementary Schedules

We are of the opinion that the methods and results of the audit made by the Independent Auditors, Nihombashi Corporation, are appropriate.

(3) Audit Results of Consolidated Financial Statements

We are of the opinion that the methods and results of the audit made by the Independent Auditors, Nihombashi Corporation, are appropriate.

May 26, 2026

The Audit & Supervisory Committee
Citizen Watch Co., Ltd.

Kazunori Yanagi
Full-time Audit & Supervisory Committee Member

Yaeko Ishida
Audit & Supervisory Committee Member

Noriko Yamanaka
Audit & Supervisory Committee Member

(Note) Audit & Supervisory Committee Members Yaeko Ishida and Noriko Yamanaka are Outside Directors stipulated in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.