

Consolidated Earnings Report for the Third Quarter of Fiscal 2024 [Japanese GAAP]

January 30, 2025

Company Name:	KOITO MANUFACTURING CO., LTD.
Stock Listing:	Prime Market, Tokyo Stock Exchange
Code Number:	7276
URL:	https://www.koito.co.jp/english/
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Scheduled Payment of Dividends:	—
Supplementary explanatory materials prepared:	Yes
Explanatory meeting:	Yes

(¥ millions are rounded down)

1. Consolidated Results for the Third Quarter of Fiscal 2024 (April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (¥millions; percentage figures represent year-on-year changes)

Third Quarter	Net sales	Operating income	Recurring profit	Profit attributable to owners of parent
Fiscal 2024	675,171 △5.6%	30,132 △37.9%	34,218 △35.6%	29,218 △20.4%
Fiscal 2023	714,961 12.5%	48,541 51.0%	53,149 61.5%	36,711 69.4%

Note: Comprehensive income: December 31, 2024: ¥34,691 million (△46.0%),
December 31, 2023: ¥64,217 million (96.8%)

Third Quarter	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2024	97.74	97.73
Fiscal 2023	117.08	117.06

(2) Consolidated Financial Position

(Unit: ¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
December 31, 2024	908,810	694,009	70.6	2,228.78
March 31, 2024	965,595	719,270	69.6	2,182.85

(Reference) Equity: December 31, 2024: ¥ 641,456 million, March 31, 2024: ¥ 671,825 million

2. Dividends

	Dividend per share (¥)				
	First Quarter	Second Quarter	Third Quarter	Year End	Full Year
Fiscal 2023	—	25.00	—	28.00	53.00
Fiscal 2024	—	28.00	—		
Fiscal 2024 (forecast)				28.00	56.00

(Notes) Revisions to recent dividend forecasts: None

3. Forecast of Consolidated Results for Fiscal 2024 (April 1, 2024 to March 31, 2025)

(¥ millions; percentage figures represent year-on-year changes)

	Net sales	Operating income	Recurring profit	Profit attributable to owners of parent	Net income per share (¥)
Full year	912,000 △4.0%	43,000 △23.2%	46,000 △27.3%	31,000 △24.2%	107.71

Note: Revisions to recent consolidated business forecasts: None

***Notes**

(1) Changes to important subsidiaries during the third quarter (changes in specified subsidiaries resulting in revised scope of consolidation): None

(2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting principles, accounting estimates and restatements

①Changes in accounting policies in conjunction with revisions to accounting standards: Yes

②Other changes: None

③Changes in accounting estimates: None

④Restatements: None

Note: For details, please refer to page 9 of the attached document, section “2. Quarterly Consolidated Financial Statements and Notes (4) Notes on Quarterly Consolidated Financial Statements (Notes to Changes of Accounting Policies)”

(4) Number of shares issued (common stock)

①Number of shares issued (including treasury stock):

②Number of treasury stock:

③Average number of stock during the third quarter:

Fiscal 2024, 3Q	307,833,172	Fiscal 2023	307,833,172
Fiscal 2024, 3Q	20,027,773	Fiscal 2023	58,653
Fiscal 2024, 3Q	298,926,505	Fiscal 2023, 3Q	313,568,343

*Review of the attached quarterly consolidated financial statements by certified public accountants or auditing firms: None

*Explanations concerning proper use of business forecasts and other noteworthy matters

(Notes on future assumptions)

The above forecasts are based on information available, and certain assumptions that are judged to be reasonable, at the time of the release of this report. KOITO is not promising that the Company will achieve these forecasts. Actual results could differ from forecasts due to a variety of factors.

The exchange conversion rate based on the business forecast for fiscal 2024, the year ending March 2025 is calculated as 1.0 US\$ = ¥151.2 and 1.0 CNY = ¥20.9.

(Supplementary materials for financial results)

Supplementary materials will be available on our website.

(<https://www.koito.co.jp/english/ir/>)

《 For Reference Only 》

Forecast of Non-consolidated Result for Fiscal 2024 (April 1, 2024 to March 31, 2025)

(¥ millions; percentage figures represent year-on-year changes)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Full year	326,000 △4.5%	5,000 △72.8%	26,000 △35.0%	25,500 △2.3%	88.60

Note: Revisions to recent non-consolidated business forecasts: None

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1. Qualitative Information Concerning Quarterly Financial Statements and Other Matters

(1) Explanation Regarding Consolidated Operating Results

During the third quarter of the consolidated fiscal year under review, the economic situation in Japan showed signs of gradual recovery due to a resurgence in consumer spending and capital investment. In the U.S., consumer spending remained robust despite inflation, while signs of recovery were observed across various regions. However, the outlook remains uncertain due to the economic slowdown in China and political instability around the world, including the U.S., South Korea and Europe.

Under these circumstances, the automobiles production volume decreased year-on-year due to automakers' fraud problems in Japan, and the quality issues at some suppliers in North America. In China, the decline in sales of Japanese automobiles continued, leading to a significant reduction in production. However, an increase in exports, particularly of Chinese automobiles, contributed to a subsequent rise in production. In Asia, production increased in India, but decreased in Thailand and Indonesia due to the continued slump in sales caused by high interest rates.

During the third quarter of the consolidated fiscal year under review, net sales in North America increased (by 2.9% year-on-year) due to new orders and foreign exchange conversion, despite the impact of reduced production, but consolidated sales decreased by 5.6% year-on-year to ¥ 675.1 billion due to reduced sales in Japan (by 6.6% year-on-year) caused by reduced production and reduced sales in China (by 29.4% year-on-year) caused by sluggish sales of Japanese automobiles.

In terms of profits, although the results of our ongoing efforts toward improvement and streamlining have become evident, due to factors such as the increased burden of fixed costs associated with reduced production and increased investment in R&D for future growth, the operating income decreased by 37.9% to ¥30.1 billion, the recurring profit decreased by 35.6% to ¥34.2 billion, profit attributable to owners of the parent was decreased by 20.4% to ¥29.2 billion from the same period of the previous fiscal year.

(2) Explanation Regarding Consolidated Financial Position

-1. Analysis of assets, liabilities and net assets

Total assets at the end of the third quarter decreased by ¥56.7 billion to ¥908.8 billion from the end of the previous fiscal year, due to a decrease in cash and deposits resulting from the acquisition of treasury stock, as well as a decrease in investment securities.

Total liabilities decreased by ¥31.5 billion from the end of the previous fiscal year to ¥214.8 billion due to a decline in trade notes and accounts payable as well as short term loans.

Total net assets decreased by ¥25.2 billion from the end of the previous fiscal year to ¥694.0 billion yen due to the acquisition of treasury stock and other factors.

-2. Analysis of cash flows

Cash flows from the operating activities provided ¥68.4 billion, mainly reflecting the net income before income taxes of ¥45.5 billion and depreciation of ¥31.9 billion, which secured net cash of ¥66.7 billion (the third quarter of the previous fiscal year: ¥81.2 billion) after payment of taxes.

Cash flows from investing activities resulted in payments of ¥29.5 billion (the third quarter of the previous fiscal year: payments of ¥60.5 billion), driven by income of ¥9.3 billion from the sale and redemption of investment securities, alongside capital expenditures totaling ¥39.0 billion.

Cash flows from financing activities resulted in payments of ¥67.7 billion (the third quarter of the previous fiscal year: payment of ¥61.2 billion), the result of mainly reflecting repurchase of the Company's treasury stock of ¥41.6 billion and the dividend paid of ¥17.6 billion.

As a result, the balance of cash and cash equivalents at the end of the period decreased by ¥30.9 billion from the end of the previous fiscal year to ¥103.6 billion.

(3) Explanation Regarding Forecast of Consolidated Results for Fiscal 2024 and Other Future Projections

Although the global automobile production volume for the fiscal year ending March 31, 2025 is expected to decline due to the impact of production stoppages stemming from the recent automakers' fraud problems, quality issues at some suppliers in North America, and sluggish sales of Japanese automobiles in China, the impact of production stoppages and reduced production is expected to gradually ease from the fourth quarter, and automobile production shows recovery trend.

Under these circumstances, we expect consolidated net sales and each profit to decrease compared to the previous year, but we will continue to improve profitability by promoting rationalization and other measures.

2. Quarterly Consolidated Financial Statements and Notes
(1) Quarterly Consolidated Balance Sheets

(Unit: ¥ millions)

	Fiscal 2023 As of March 31, 2024	Third Quarter of Fiscal 2024 As of December 31, 2024
Assets		
Current assets:		
Cash and time deposits	302,874	280,325
Trade notes	6,382	3,119
Electronically recorded monetary claims-operating	8,699	10,046
Accounts receivable	127,597	114,768
Contract assets	1,468	2,626
Marketable securities	—	3,904
Inventories	95,796	100,745
Other current assets	40,040	32,598
Allowance for doubtful accounts	△360	△227
Total current assets	582,498	547,907
Non-current assets:		
Property, plant and equipment:		
Buildings and structures (net)	59,416	60,547
Machinery and transportation equipment (net)	85,024	83,048
Fixtures, equipment and tools (net)	20,226	21,311
Land	19,078	20,399
Construction in progress	16,424	22,060
Other property, plant and equipment	6,136	5,955
Total property, plant and equipment	206,305	213,322
Intangible fixed assets	2,482	2,806
Investments and other assets:		
Investment securities	147,537	126,621
Claims provable in bankruptcy, claims provable in rehabilitation and other	452	468
Deferred income tax assets	19,563	11,504
Net defined assets for retirement benefits	3,677	3,485
Other investments	3,646	3,265
Allowance for doubtful accounts	△568	△570
Total investments and other assets	174,308	144,773
Total non-current assets	383,096	360,903
Total assets	965,595	908,810

(Unit: ¥ millions)

	Fiscal 2023 As of March 31, 2024	Third Quarter of Fiscal 2024 As of December 31, 2024
Liabilities		
Current liabilities:		
Trade notes and accounts payable	103,100	97,714
Electronically recorded monetary obligations-operating	3,036	4,353
Short-term loans	14,295	6,998
Accrued expenses	28,613	29,587
Income taxes payable	9,857	4,299
Contract liabilities	3,110	2,546
Allowance for employees' bonuses	6,720	3,024
Reserve for product warranties	3,246	2,712
Other current liabilities	20,497	21,886
Total current liabilities	192,479	173,123
Non-current liabilities:		
Deferred income tax liabilities	27,879	18,055
Allowance for directors' and corporate auditors' retirement benefits	312	348
Reserve for product warranties	3,436	2,920
Net defined liability for retirement benefits	16,253	14,745
Other non-current liabilities	5,963	5,607
Total non-current liabilities	53,845	41,677
Total liabilities	246,324	214,801
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital	13,188	13,188
Retained earnings	524,380	536,704
Treasury common stock, at cost	△148	△41,776
Total shareholders' equity	551,691	522,387
Accumulated other comprehensive income:		
Valuation adjustment on marketable securities	43,791	35,173
Translation adjustments	71,499	79,445
Adjustments in defined benefit plans	4,843	4,448
Total accumulated other comprehensive income	120,133	119,068
Subscription rights to shares	106	97
Non-controlling interests	47,338	52,455
Total net assets	719,270	694,009
Total liabilities and net assets	965,595	908,810

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Third quarter, for the nine months ended December 31)

(Unit: ¥ millions)

	Third Quarter of Fiscal 2023 April 1, 2023 to December 31, 2023	Third Quarter of Fiscal 2024 April 1, 2024 to December 31, 2024
Net sales	714,961	675,171
Cost of sales	628,806	607,336
Gross profit	86,154	67,835
Selling, general and administrative expenses	37,612	37,702
Operating income	48,541	30,132
Non-operating income:		
Interest income and dividends	2,525	3,447
Dividends	1,491	1,678
Foreign exchange gains	1,337	—
Other non-operating income	1,460	1,535
Total non-operating income	6,815	6,661
Non-operating expenses		
Interest expenses	458	269
Shares of loss of entities accounted for using equity method	365	9
Foreign exchange losses	—	550
Loss on investment partnership management	247	293
Other non-operating expenses	1,136	1,453
Total non-operating expenses	2,207	2,575
Recurring profit	53,149	34,218
Extraordinary gains:		
Gain on sales of property and equipment	139	82
Gain on sales of investment securities	1,286	4,896
Compensation received	—	8,624
Other extraordinary gains	16	188
Total extraordinary gains	1,442	13,791
Extraordinary losses:		
Loss on sales and disposal of property and equipment	577	1,712
Loss on valuation of investment securities	331	—
Impairment loss	446	658
Loss on disasters	—	68
Total extraordinary losses	1,355	2,439
Income before income taxes	53,236	45,570
Total income taxes	13,885	13,173
Profit	39,351	32,396
(Break down)		
Profit attributable to non-controlling interests	2,639	3,178
Profit attributable to owners of parent	36,711	29,218

	(Unit: ¥ millions)	
	Third Quarter of Fiscal 2023 April 1, 2023 to December 31, 2023	Third Quarter of Fiscal 2024 April 1, 2024 to December 31, 2024
Other comprehensive income		
Valuation difference on available-for-sale securities	8,241	△8,568
Translation adjustments	16,875	11,258
Adjustments in defined benefit plans	△259	△394
Share of other comprehensive income of entities accounted for using equity method	8	0
Total other comprehensive income	24,866	2,295
Comprehensive income	64,217	34,691
(Break down)		
Comprehensive income attributable to non-controlling interests	5,000	6,539
Comprehensive income attributable to owners of parent	59,217	28,152

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: ¥ millions)

	Third Quarter of Fiscal 2023 April 1, 2023 to December 31, 2023	Third Quarter of Fiscal 2024 April 1, 2024 to December 31, 2024
Cash flows from operating activities		
Income before income taxes	53,236	45,570
Depreciation	32,071	31,959
Impairment loss	446	658
Equity in earnings of affiliated companies	365	8
Provision for allowance for doubtful accounts	105	△152
Net defined asset and liability for retirement benefits	△1,267	△1,990
Provision for reserve for bonuses	△2,992	△3,739
Reserve for product warranties	△1,156	△984
Interest and dividends received	△4,016	△5,125
Compensation received	—	△8,624
Compensation income from damage	△37	—
Interest payments	458	269
Gain on sales of marketable and investment securities	△1,266	△4,896
Loss on valuation of marketable and investment securities	578	293
Loss on sale of property and equipment	437	1,630
Decrease in trade notes and accounts receivable	16,375	15,926
Increase or decrease in inventories	3,464	△3,618
Increase or decrease in other current assets	△838	6,393
Decrease in trade notes and accounts payable	△625	△5,507
Increase or decrease in accrued expenses and other current liabilities	△1,733	1,046
Others	81	△684
Sub total	93,688	68,434
Interest and dividends received	3,945	5,064
Interest paid	△458	△269
Amount of compensation received	—	8,624
Received from damages	37	—
Income taxes paid	△16,003	△15,088
Net cash provided by operating activities	81,208	66,765
Cash flows from investing activities		
Payments into time deposits	△98,104	△164,656
Proceeds from time deposits	89,634	164,110
Payments for purchase of marketable and investment securities	△27,657	△133
Gain on sales of marketable and investment securities	2,672	9,395
Acquisition of property and equipment	△28,657	△39,019
Proceeds from sale and disposal of property and equipment	△115	△591
Payments for new loans	△4	△2
Proceeds from loan repayments	4	4
Others	1,632	1,346
Net cash used in investing activities	△60,595	△29,545

(Unit: ¥ millions)

	Third Quarter of Fiscal 2023 April 1, 2023 to December 31, 2023	Third Quarter of Fiscal 2024 April 1, 2024 to December 31, 2024
Cash flows from financing activities		
Increase in short-term loans	△12,098	△7,587
Payments for repurchase of treasury stock	△35,000	△41,636
Proceeds from exercise of share options	0	0
Dividends paid by parent company	△12,291	△16,280
Dividends paid to non-controlling interests	△1,421	△1,358
Others	△409	△901
Net cash used in financing activities	△61,221	△67,765
Effect of exchange rate changes on cash and cash equivalents	694	△366
Decrease in cash and cash equivalents	△39,913	△30,911
Cash and cash equivalents at beginning of quarter	145,798	134,560
Cash and cash equivalents at end of quarter	105,884	103,648

(4) Notes on Quarterly Consolidated Financial Statements

(Going Concern Assumption)

None

(Note Regarding Significant Changes in Shareholders' Equity)

The Company resolved at the meeting of the Board of Directors held on March 28, 2024, the matters concerning the acquisition of own shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the same Act. The Company is proceeding with the acquisition of own shares from April 1, 2024 to March 24, 2025, with a maximum number of 35 million shares to be repurchased and a total amount of ¥50.0 billion. As a result, the Company repurchased approximately 19 million shares and ¥41.6 billion of treasury stock during the third quarter of the consolidated fiscal year under review. As a result, treasury common stock amounted to ¥41.7 billion at the end of the third quarter of the consolidated fiscal year under review.

(Note to Changes of Accounting Policies)

(Application of “the Accounting Standard for Current Income Taxes”)

“The Accounting Standards for Corporate Tax, Resident Tax, and Business Tax, etc. (ASBJ Guidance No. 27, October 28, 2022),” and other standards have been applied since the beginning of fiscal 2024.

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

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of this fiscal year. This change in accounting policies was applied retrospectively. Hence, the consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been modified retrospectively. This change in accounting policies has no impact on the consolidated financial statements for the same period of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Segment Information)

【Segment Information】

I. Third Quarter of fiscal 2023 (April 1, 2023 to December 31, 2023)

Information Concerning Net Sales and Operating Income for Each Segment

(Unit: ¥ millions)

	Japan	North America	China	Asia	Europe	Other regions	Total	Adjustment (Note 1)	Amount recorded on quarterly consolidated financial statements (Note 3)
Net sales									
Sales to outside customers	273,565	213,473	63,664	115,233	36,882	12,143	714,961	—	714,961
Inter-segment sales and transfers	17,937	2	3,104	2,395	9	—	23,448	(23,448)	—
Total	291,502	213,476	66,768	117,628	36,891	12,143	738,410	(23,448)	714,961
Segment operating income	29,681	2,506	118	11,489	1,369	1,267	46,434	2,107	48,541

Notes 1. The ¥2,107 million adjustment in segment (operating income) includes ¥6,726 million in intersegment eliminations and ¥△4,618 million in unallocated expenses. Unallocated expenses comprise expenses related to management divisions such as administrative and accounting divisions of the head office of the parent company.

2. The breakdown of countries and regions other than Japan and China is as follows:

- (1) North America: United States and Mexico
- (2) Asia: Thailand, Indonesia, Taiwan, India and Malaysia
- (3) Europe: United Kingdom and Czech Republic
- (4) Other regions: Brazil

3. Segment operating income is adjusted to operating income in the quarterly consolidated financial statements.

II. Third Quarter of fiscal 2024 (April 1, 2024 to December 31, 2024)

Information Concerning Net Sales and Operating Income for Each Segment

(Unit: ¥ millions)

	Japan	North America	China	Asia	Europe	Other regions	Total	Adjustment (Note 1)	Amount recorded on quarterly consolidated financial statements (Note 3)
Net sales									
Sales to outside customers	255,508	219,649	44,945	114,573	27,238	13,257	675,171	—	675,171
Inter-segment sales and transfers	16,134	311	8,060	342	124	0	24,973	(24,973)	—
Total	271,642	219,960	53,005	114,916	27,362	13,257	700,144	(24,973)	675,171
Segment operating income or loss (△)	13,578	3,777	△989	12,025	△643	1,119	28,866	1,266	30,132

Notes 1. The ¥1,266 million adjustment in segment (operating income) includes ¥6,001 million in intersegment eliminations and ¥△4,735 million in unallocated expenses. Unallocated expenses comprise expenses related to management divisions such as administrative and accounting divisions of the head office of the parent company.

2. The breakdown of countries and regions other than Japan and China is as follows:

- (1) North America: United States and Mexico
- (2) Asia: Thailand, Indonesia, Taiwan, India and Malaysia
- (3) Europe: United Kingdom and Czech Republic
- (4) Other regions: Brazil

3. Segment operating income is adjusted to operating income in the quarterly consolidated financial statements.

(Material subsequent event)

(Consolidation of Cepton, Inc. as a subsidiary)

We had been proceeding with the necessary procedures regarding the acquisition of Cepton, Inc. (“Cepton”), as announced in the “Announcement Regarding Making Cepton, Inc., a U.S. Listed Company, a Subsidiary” released on July 29, 2024, including the approval at the shareholders’ meeting of Cepton, approval by the U.S. authorities, as well as other terms and conditions stipulated in the merger agreement. As announced in the “Announcement Regarding Completion of Acquisition of a U.S. Listed Company, Cepton, Inc.” released on January 8, 2025, all procedures were completed on January 7, 2025 (local time).