



## Consolidated Earnings Report for Fiscal 2020 [Japanese GAAP]

May 28, 2020

Company Name:	<b>KOITO MANUFACTURING CO., LTD.</b>
Stock Listing:	First Section, Tokyo Stock Exchange
Code Number:	7276
URL:	<a href="https://www.koito.co.jp">https://www.koito.co.jp</a>
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Planned Date of the General Meeting of Shareholders:	June 26, 2020
Planned Date of Dividends Payment:	June 29, 2020
Planned Date of Filing of Annual Securities Report:	June 29, 2020
Supplementary explanatory materials prepared:	Yes
Explanatory meeting:	None

(¥ millions are rounded down)

### 1. Consolidated Results for Fiscal 2020 (April 1, 2019 to March 31, 2020)

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

	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent	
Fiscal 2020	800,928	△3.1%	82,411	△18.8%	85,264	△19.2%	58,022	△20.4%
Fiscal 2019	826,257	△2.7%	101,534	△2.2%	105,494	△2.3%	72,895	△12.6%

Note: Comprehensive income: Fiscal 2020: ¥41,268 million (△45.5%), Fiscal 2019: ¥75,707 million (△20.3%)

	Net income per share (¥)	Net income per share (diluted) (¥)	Return on equity (%)	Recurring profit to total assets ratio (%)	Operating income to net sales ratio (%)
Fiscal 2020	360.99	360.87	12.3	11.6	10.3
Fiscal 2019	453.52	453.37	16.7	15.0	12.3

Note: Equity in earnings of affiliated companies: Fiscal 2020: ¥△350 million, Fiscal 2019: ¥1 million

#### (2) Consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
March 31, 2020	729,715	513,524	65.8	2,989.43
March 31, 2019	738,175	503,564	62.5	2,870.24

Note: Equity: March 31, 2020: ¥480,503 million, March 31, 2019: ¥461,336 million

#### (3) Consolidated Cash Flows

(¥ millions)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
Fiscal 2020	84,972	△44,728	△32,010	104,202
Fiscal 2019	96,666	△25,906	△13,063	97,993

### 2. Dividends

	Dividend per share (¥)					Dividend paid (annual) (¥ millions)	Payout ratio (Consolidated) (%)	Ratio of dividends to net assets (Consolidated) (%)
	First quarter	Second quarter	Third quarter	Year end	Full year			
Fiscal 2019	—	40.00	—	52.00	92.00	14,787	20.3	3.4
Fiscal 2020	—	52.00	—	20.00	72.00	11,572	19.9	2.5
Fiscal 2021 (forecast)	—	—	—	—	—		—	

Notes: Forecasts of dividends for fiscal 2021 are currently undecided.

### 3. Forecast of Consolidated Results for Fiscal 2021 (April 1, 2020 to March 31, 2021)

The business forecast for fiscal 2021, the year ending March 31, 2021, has not been decided because it is difficult to properly and reasonably calculate the forecast amid the novel coronavirus pandemic. We will promptly disclose our earnings forecast when we can calculate.

#### \*Notes

- (1) Changes to important subsidiaries during fiscal 2020 (changes in specified subsidiaries resulting in revised scope of consolidation): None
- (2) Changes in accounting principles, accounting estimates and restatements
- ① Changes in accounting policies in conjunction with revisions to accounting standards: None
  - ② Other changes : None
  - ③ Changes in accounting estimates : None
  - ④ Restatements : None

- (3) Number of shares issued (common stock)

			(shares)	
① Number of shares issued (including treasury stock):	March 31, 2020	160,789,436	March 31, 2019	160,789,436
② Number of treasury stocks:	March 31, 2020	55,390	March 31, 2019	58,220
③ Average number of shares during the year:	Fiscal 2020	160,733,215	Fiscal 2019	160,731,257

《 For Reference Only 》

Non-consolidated Earnings Report for Fiscal 2020

1. Non-consolidated Results for Fiscal 2020 (April 1, 2019 to March 31, 2020)

(1) Non-consolidated Business Results (¥ millions; percentage figures represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2020	356,505	△2.1%	25,574	△33.3%	46,713	△17.5%	41,644	△5.6%
Fiscal 2019	364,104	7.1%	38,346	2.0%	56,652	1.5%	44,132	△29.1%

	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2020	259.09	259.01
Fiscal 2019	274.57	274.48

(2) Non-consolidated Financial Position (¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
March 31, 2020	430,006	324,311	75.4	2,016.25
March 31, 2019	419,791	303,560	72.3	1,887.09

Note: Equity: March 31, 2020: ¥324,080 million, March 31, 2019: ¥303,314 million

\*This consolidated earnings report is not subject to the auditing procedures by certified public accountants or auditing firms.

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

The business forecast for fiscal 2021, the year ending March 31, 2021, has not been decided because it is difficult to properly and reasonably calculate the forecast amid the novel coronavirus pandemic. We will promptly disclose our earnings forecast when we can calculate.

(Supplementary materials for financial results)

Supplementary materials will be available on our website.

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## 1. Outline of Consolidated Results

### (1) Outline of Consolidated Results in Fiscal 2020

During the period under review, the Japanese economy showed a trend of moderate recovery in the first half of the fiscal 2020 due to an increase in capital investment. In the second half of the fiscal year, however, economic growth slowed sharply due to a decrease in consumer spending caused by the consumption tax increase and stagnation of corporate activities caused by the novel coronavirus pandemic.

Globally, economic activity stagnated in various regions due to the trade dispute between the U.S. and China, the political turmoil of Brexit, geopolitical risks, and spread of the COVID-19 infections. As a result, global economic growth slowed down as a whole.

In the Japanese auto industry, the production volume decreased year on year for both domestic and export vehicles. The global automobile production volume decreased year on year due to the decreased production volume in North America, China, Asia, Europe, ASEAN countries and India.

In this climate, despite an increase in new orders in the mainstay automotive lighting equipment segment and a shift in automobile lamps to LED, the KOITO Group's net sales for the fiscal 2020 decreased 3.1% year on year to ¥800.9 billion due to a decrease in the global automobile production volume.

Results by geographical segment are outlined as follows:

#### **[Japan]**

Despite the decrease in domestic automobile production volume, sales in Japan remained flat year on year to ¥383.6 billion due to an increase in new orders and a shift in automobile lamps to LED.

#### **[North America]**

Sales in North America decreased 9.2% year on year to ¥181.9 billion due to a decrease in automobile production volume and the effect of currency exchange.

#### **[China]**

Despite a shift in automobile lamps to LED and an increase in new orders, sales in China remained flat year on year to ¥93.6 billion due to a decrease in automobile production volume caused by the novel coronavirus pandemic and the effect of currency exchange.

#### **[Asia]**

Despite a shift in automobile lamps to LED and an increase in new orders, sales in Asia decreased 4.4% year on year to ¥101.7 billion due to a decrease in automobile production volume.

#### **[Europe]**

Sales in Europe decreased 9.1% year on year to ¥35.0 billion due to a decrease in automobile production volume and the effect of currency exchange.

#### **[Other regions]**

KOITO's subsidiary, NAL Brasil commenced operations in May 2018. Sales in the region was ¥4.7 billion.

On the earnings front, although KOITO implemented rationalization in Japan and overseas, operating income decreased 18.8% year on year to ¥82.4 billion, recurring profit decreased 19.2% year on year to ¥85.2 billion, and profit attributable to owners of parent decreased 20.4% year on year to ¥58.0 billion. This was attributable to a decrease in sales caused by a decrease in automobile production volume and increased R&D expenses, depreciation cost for capital investment to meet new orders.

### (2) Outline of Financial Position in Fiscal 2020

#### -1. Assets, liabilities and net assets

Total assets as of March 31, 2020 decreased ¥8.4 billion to ¥729.7 billion. This was mainly due to a decrease in cash and time deposits led by an increase in capital investment and investment in investee companies.

Total liabilities as of March 31, 2020 decreased ¥18.4 billion to ¥216.1 billion due to a decrease in account payable, and debt.

Net assets as of March 31, 2020 increased ¥9.9 billion to ¥513.5 billion due to an increase in retained earnings.

## -2. Cash flows

Operating activities provided net cash of ¥84.9 billion after payment of taxes, mainly reflecting income before income taxes of ¥84.0 billion and depreciation of ¥36.0 billion.

Investing activities used net cash of ¥44.7 billion, mainly reflecting acquisition of property and equipment of ¥54.7 billion.

Financing activities used net cash of ¥32.0 billion, the result mainly of reflecting dividends paid of ¥19.1 billion.

As a result, cash and cash equivalents as of March 31, 2020 were ¥104.2 billion, ¥6.2 billion higher than on March 31, 2019.

### (3) Forecasts for Fiscal 2021

Japan and the world economy are expected to show a significant slowdown due to a slump of personal consumption, deterioration of company's business profit and unemployment caused by the effect of the novel coronavirus pandemic. Therefore, it is difficult to see the future such as normalization of economic situation and the timing of economic recovery.

In the automobile industry, there is also undergoing tremendous impacts, such as a slump of demand for automobiles. At present, the business climate surrounding KOITO is extremely severe and unclear, due to the suspension of automobile production to prevent infections in various regions of the World.

Under these circumstances, the business forecast for fiscal 2021, the year ending March 2021 is undecided because it is difficult at this time to properly and reasonably calculate the forecast of automobile production trends. We will disclose it when we can calculate the business forecast.

### (4) Basic Earnings Distribution Policies and Dividend Payments for Fiscal 2020 and Fiscal 2021

KOITO's policy is to continuously pay stable dividends to shareholders based on the comprehensive evaluation of our present business results, business climate, etc. However, in consideration of the deterioration of our business results and continuous severe impact on our business climate caused by the novel coronavirus pandemic, we sincerely regret to announce that we have decided to pay ¥20 of year-end dividend per share, which is ¥32 lower than previous fiscal year-end.

Accordingly, the full year dividend, including the interim dividend, is scheduled to be ¥72.

The full year dividend for fiscal 2021 is currently undecided.

Looking ahead, KOITO will continue efforts to achieve higher earnings to meet the expectations of all shareholders.

The differences between the actual results for fiscal 2020 herein and the previous forecasts (consolidated and non-consolidated) issued in the Consolidated Earnings Report for the Third Quarter of Fiscal 2020 dated January 30, 2020, are as follows:

(¥ millions are rounded down)

#### Consolidated Results for Fiscal 2020

	Net sales	Operating income	Recurring profit	Profit attributable to owners of parent	Net income per share (¥)
Previously announced forecast (A)	808,000	84,000	87,000	59,000	367.07
Actual results for fiscal 2020 (B)	800,928	82,411	85,264	58,022	360.99
Difference (B-A)	△7,072	△1,589	△1,736	△978	—
Change (%)	△0.9	△1.9	△2.0	△1.7	—
(Reference) Actual results for previous year (fiscal 2019)	826,257	101,534	105,494	72,895	453.52

## (Reference) Non-Consolidated Results for Fiscal 2020

(¥ millions)

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously announced forecast (A)	360,000	28,000	49,000	38,000	236.42
Actual results for fiscal 2020 (B)	356,505	25,574	46,713	41,644	259.09
Difference (B-A)	△3,494	△2,425	△2,286	3,644	—
Change (%)	△1.0	△8.7	△4.7	9.6	—
(Reference) Actual results for previous year (fiscal 2019)	364,104	38,346	56,652	44,132	274.57

## 2. Management Policies

### (1) Basic Management Policies

The KOITO Group's basic management policy is to create customer needs and contribute to the progress of society, while fostering mutually beneficial relationships with all stakeholders, including shareholders, customers, employees and business partners, under the theme of "Light". Furthermore, on the basis of corporate social responsibility (CSR), the KOITO Group engages in environmental preservation and social contribution activities under the policy of "Eco-Friendly Manufacturing for People and the Earth".

### (2) Management Targets

In addition to sales and profits, KOITO emphasizes capital efficiency, and is strengthening its financial position, from the standpoint of maintaining highly profitable and financially sound management. KOITO will continue working to strengthen and refine its corporate structure to enable it to respond with agility to future changes in the business climate, develop new technologies and products, and streamline operations. In doing so, KOITO will strive to raise its corporate value in the medium- and long-term.

### (3) Medium- and Long-Term Management Strategies

Under its corporate message, "Lighting for Your Safety," the KOITO Group, as an automotive lighting and electrical equipment manufacturer, is committed to create new value sought by customers. Moreover, we will continue to contribute to the development of the automotive industry and of the society through providing safe, reliable, and trustworthy products and services.

Strategies for taking KOITO forward are as follows:

- 1. To address the automobile industry's expansion of globally optimal production systems, the KOITO Group will work to enhance its system to respond to the five major regions of the world (Japan, Americas, Europe, China, and Asia). To this end, the Group will further reinforce product development, manufacturing, and the sales functions of its overseas bases, among other measures.
- 2. The KOITO Group will respond to future changes in mobility, such as connectivity, autonomous driving, sharing, and electric vehicles. The Group will also develop cutting-edge technologies that stay ahead of customer and market needs and commercialize products at the earliest opportunity. Moreover, we will bring attractive products to market in a timely manner.
- 3. The KOITO Group aims to pursue the highest quality and safety standards, while advancing the protection of the environment and strengthening compliance.
- 4. The KOITO Group plans to further reinforce its profit structure and operations by securing and effectively allocating resources.

The KOITO Group will formulate specific policies related to these measures, and strive to increase the satisfaction of our shareholders, customers, employees and business partners, and to preserve the environment, and to enhance internal control.

### (4) Key Issues

Putting the highest priority on the safety of customers, business partners, employees and their families, KOITO Group implements various measures based on requests from the government and local governments for the purposes of preventing the spread of the novel coronavirus pandemic. While there is a great impact on the world's and Japanese economy, in order to minimize the impact on business of KOITO Group, and to maintain and continue business activities, KOITO Group will continue to reinforce its mutually complementary supply network and its supply chain, and to promote telework, etc. Further, KOITO Group will continue efforts to achieve higher earnings through strengthening and thoroughly implementing cost-cutting measures such as work productivity and streamlining.

In order to deal with worldwide trends in the automobile industry, as a global supplier, the KOITO Group is working to restructure and reinforce its management framework, establish development, production and sales systems. In addition, the Group is working to enhance internal control over corporate activities. To accomplish this, the Group is striving to improve management practices by developing innovative new technologies and products that anticipate market and customer needs, and preserving the environment, as well as boosting productivity, implementing cost-cutting measures, promoting quality improvement activities and strengthening the corporate structure. On March 22, 2013, KOITO received cease and desist orders and surcharge payment orders from the Japan Fair Trade Commission (JFTC), on suspicion of violating the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade concerning transactions for automotive lighting equipment. In the U.S. and Canada, plaintiffs have filed lawsuits against KOITO and its U.S. subsidiary, and are seeking payment for damages they claim to have incurred. For both lawsuits, a settlement has been reached on some of the cases, and KOITO is awaiting approvals by the court. As for other lawsuits, KOITO will continue reviewing the details of the statement of claim and deal with this matter in an appropriate manner.

KOITO will ensure the further enhancement of corporate governance, compliance systems and the thorough implementation of recurrence prevention measures, as company which should fulfill its social responsibility and to continue as a company that is trusted by all stakeholders, and will make efforts to comply with corporate ethics and restore trust.



### **3. Basic Approach in Selection of Accounting Standard**

KOITO applies generally accepted account principles (GAAP) of Japan as its accounting standard, mainly to ensure its financial statements are comparable with past years. (The financial statements are prepared based on “Rules Concerning the Taxonomy, Format and Preparation Method of Consolidated Financial Statements” (Ministry of Finance Ordinance No. 28 of 1976))

## 4. Consolidated Financial Statements and Notes

### (1) Consolidated Balance Sheets

(¥ millions)

	Fiscal 2019 As of March 31, 2019	Fiscal 2020 As of March 31, 2020
<b>Assets</b>		
<b>Current assets:</b>		
Cash and time deposits	287,803	271,774
Trade notes and accounts receivable	118,116	107,872
Electronically recorded monetary claims-operating	13,355	12,816
Inventories	66,632	65,544
Other current assets	28,179	34,505
Allowance for doubtful accounts	△ 517	△ 362
<b>Total current assets</b>	<b>513,569</b>	<b>492,150</b>
<b>Non-current assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures (net)	45,599	49,552
Machinery and transportation equipment (net)	60,475	66,417
Fixtures, equipment and tools (net)	15,545	17,050
Land	16,430	16,028
Construction in progress	20,718	21,033
<b>Total property, plant and equipment</b>	<b>158,769</b>	<b>170,082</b>
<b>Intangible fixed assets</b>	<b>3,183</b>	<b>3,193</b>
<b>Investments and other assets:</b>		
Investment securities	43,963	45,701
Claims provable in bankruptcy, claims provable in rehabilitation and other	60	59
Deferred income tax assets	13,621	14,711
Net defined assets for retirement benefits	2,401	1,599
Other investments	2,897	2,504
Allowance for doubtful accounts	△ 291	△ 288
<b>Total investments and other assets</b>	<b>62,652</b>	<b>64,288</b>
<b>Total non-current assets</b>	<b>224,605</b>	<b>237,564</b>
<b>Total assets</b>	<b>738,175</b>	<b>729,715</b>

(¥ millions)

	Fiscal 2019 As of March 31, 2019	Fiscal 2020 As of March 31, 2020
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Trade notes and accounts payable	93,816	85,737
Electronically recorded monetary obligations-operating	12,079	8,692
Short-term loans	23,507	29,171
Accrued expenses	24,222	21,073
Income taxes payable	5,691	7,147
Allowance for employees' bonuses	5,455	5,332
Reserve for product warranties	2,584	2,517
Provision for loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade	83	—
Allowance for expenses for damages	—	91
Allowance for environmental strategies	—	40
Other current liabilities	15,826	13,888
<b>Total current liabilities</b>	<b>183,265</b>	<b>173,690</b>
<b>Non-current liabilities:</b>		
Long-term debt	8,975	355
Deferred income tax liabilities	6,529	6,221
Allowance for directors' and corporate auditors' retirement benefits	478	266
Reserve for product warranties	5,437	5,796
Allowance for environmental strategies	206	4
Net defined liability for retirement benefits	27,977	28,027
Other non-current liabilities	1,741	1,827
<b>Total non-current liabilities</b>	<b>51,345</b>	<b>42,500</b>
<b>Total liabilities</b>	<b>234,611</b>	<b>216,190</b>
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
Common stock	14,270	14,270
Additional paid-in capital	16,759	13,373
Retained earnings	407,725	449,031
Treasury common stock, at cost	△55	△53
<b>Total shareholders' equity</b>	<b>438,700</b>	<b>476,622</b>
<b>Accumulated other comprehensive income:</b>		
Valuation adjustment on marketable securities	19,857	14,822
Translation adjustments	3,473	△ 9,333
Adjustments in defined benefit plans	△694	△ 1,608
<b>Total accumulated other comprehensive income</b>	<b>22,636</b>	<b>3,880</b>
<b>Subscription rights to shares</b>	<b>245</b>	<b>231</b>
<b>Non-controlling interests</b>	<b>41,981</b>	<b>32,789</b>
<b>Total net assets</b>	<b>503,564</b>	<b>513,524</b>
<b>Total liabilities and net assets</b>	<b>738,175</b>	<b>729,715</b>

**(2) Consolidated Statements of Income and Comprehensive Income**

(¥ millions)

	Fiscal 2019 April 1, 2018 to March 31, 2019	Fiscal 2020 April 1, 2019 to March 31, 2020
<b>Net sales</b>	826,257	800,928
Cost of sales	678,738	672,890
<b>Gross profit</b>	147,518	128,038
Selling, general and administrative expenses:		
Selling expenses	14,720	13,502
General and administrative expenses	31,263	32,124
Total selling, general and administrative expenses	45,984	45,626
<b>Operating income</b>	101,534	82,411
Non-operating income:		
Interest income	1,313	1,724
Dividends	1,349	1,274
Royalty income, other	679	597
Equity in earnings of affiliates	1	—
Foreign exchange gains	363	—
Other non-operating income	1,598	1,692
Total non-operating income	5,306	5,289
Non-operating expenses:		
Interest expenses	837	870
Shares of loss of entities accounted for using equity method	—	350
Foreign exchange losses	—	814
Loss on revision of retirement benefit plan	174	—
Other non-operating expenses	334	401
Total non-operating expenses	1,346	2,436
<b>Recurring profit</b>	105,494	85,264
Extraordinary gains:		
Gain on sales of property and equipment	291	25
Gain on sales of investment securities	—	27
Insurance payments received	212	—
Total extraordinary gains	504	52
Extraordinary losses:		
Loss on sale and disposal of property and equipment	806	700
Loss on valuation of investment securities	—	14
Loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade	—	324
Loss on extinguishment of tie-in shares	—	127
Allowance for expenses for damages	—	91
Loss on provision for environmental measures	484	—
Loss on valuation of inventories	268	—
Total extraordinary losses	1,559	1,258
<b>Income before income taxes</b>	104,439	84,058
Income taxes	23,834	21,252
Income tax adjustment	△288	717
Total income taxes	23,545	21,970
<b>Net income</b>	80,893	62,087
(Breakdown)		
Profit attributable to owners of parent	72,895	58,022
Profit attributable to non-controlling interests	7,998	4,065

(¥ millions)

	Fiscal 2019 April 1, 2018 to March 31, 2019	Fiscal 2020 April 1, 2019 to March 31, 2020
Other comprehensive income or loss		
Valuation adjustment on marketable securities	△3,987	△5,198
Translation adjustments	△321	△14,723
Adjustments in defined benefit plans	△876	△907
Share of other comprehensive income of entities accounted for using equity method	—	10
Total other comprehensive income	△5,186	△20,819
Comprehensive income	75,707	41,268
(Breakdown)		
Attributable to shareholders of the parent company	67,265	39,266
Attributable to non-controlling interests	8,442	2,001

### (3) Consolidated Statements of Changes in Shareholders' Equity

Fiscal 2019 (April 1, 2018 to March 31, 2019)

(¥ millions)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury common stock, at cost	Total shareholders' equity
Balance at beginning of year	14,270	16,716	350,903	△54	381,836
Changes during fiscal year					
Dividends from retained earnings	—	—	△16,073	—	△16,073
Profit attributable to owners of parent	—	—	72,895	—	72,895
Purchases of treasury stock	—	—	—	△0	△0
Changes of equity interest in consolidated subsidiaries	—	△0	—	—	△0
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	43	—	—	43
Changes in items other than shareholders' equity during fiscal year (net)	—	—	—	—	—
Total changes during fiscal year	—	42	56,822	△0	56,864
Balance at fiscal year-end	14,270	16,759	407,725	△55	438,700

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation adjustment on marketable securities	Translation adjustments	Adjustments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	23,969	3,902	394	28,266	245	34,460	444,808
Changes during fiscal year							
Dividends from retained earnings	—	—	—	—	—	—	△16,073
Profit attributable to owners of parent	—	—	—	—	—	—	72,895
Purchases of treasury stock	—	—	—	—	—	—	△0
Changes of equity interest in consolidated subsidiaries	—	—	—	—	—	—	△0
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	43
Changes in items other than shareholders' equity during fiscal year (net)	△4,112	△429	△1,088	△5,630	—	7,521	1,891
Total changes during fiscal year	△4,112	△429	△1,088	△5,630	—	7,521	58,755
Balance at fiscal year-end	19,857	3,473	△694	22,636	245	41,981	503,564

Fiscal 2020 (April 1, 2019 to March 31, 2020)

(¥ millions)

	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury common stock, at cost	Total shareholders' equity
Balance at beginning of year	14,270	16,759	407,725	△55	438,700
Changes during fiscal year					
Dividends from retained earnings	—	—	△16,716	—	△16,716
Profit attributable to owners of parent	—	—	58,022	—	58,022
Purchases of treasury stock	—	—	—	△0	△0
Disposal of treasury stock	—	11	—	2	13
Changes of equity interest in consolidated subsidiaries	—	△0	—	—	△0
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	△3,396	—	—	△3,396
Changes in items other than shareholders' equity during fiscal year (net)	—	—	—	—	—
Total changes during fiscal year	—	△3,385	41,306	1	37,922
Balance at fiscal year-end	14,270	13,373	449,031	△53	476,622

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation adjustment on marketable securities	Translation adjustments	Adjustments of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of year	19,857	3,473	△694	22,636	245	41,981	503,564
Changes during fiscal year							
Dividends from retained earnings	—	—	—	—	—	—	△16,716
Profit attributable to owners of parent	—	—	—	—	—	—	58,022
Purchases of treasury stock	—	—	—	—	—	—	△0
Disposal of treasury stock	—	—	—	—	—	—	13
Changes of equity interest in consolidated subsidiaries	—	—	—	—	—	—	△0
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	△3,396
Changes in items other than shareholders' equity during fiscal year (net)	△5,034	△12,807	△913	△18,755	△13	△9,192	△27,961
Total changes during fiscal year	△5,034	△12,807	△913	△18,755	△13	△9,192	9,960
Balance at fiscal year-end	14,822	△9,333	△1,608	3,880	231	32,789	513,524

**(4) Consolidated Statements of Cash Flows**

(¥ millions)

	Fiscal 2019 April 1, 2018 to March 31, 2019	Fiscal 2020 April 1, 2019 to March 31, 2020
<b>Cash flows from operating activities</b>		
Income before income taxes	104,439	84,058
Depreciation	32,060	36,066
Stock-based compensation	44	—
Equity in earnings of affiliated companies	△1	350
Provision for allowance for doubtful accounts	21	△143
Net defined assets and liability for retirement benefits	△1,093	△549
Provision for reserve for bonuses	260	△100
Reserve for product warranties	△206	293
Interest and dividends received	△2,663	△2,998
Interest payments	837	870
Loss on valuation of inventories	268	—
Gain on sale of marketable and investment securities	—	△27
Loss on valuation of marketable and investment securities	—	14
Loss on sale of property and equipment	514	675
Increase in provision for environmental measures	484	—
Loss related to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade	—	324
Allowance for expenses for damages	—	91
Loss on extinguishment of tie-in shares	—	127
Increase or decrease in trade notes and accounts receivable	△1,879	7,339
Increase in inventories	△5,185	△2,161
Increase in other current assets	△4,116	△7,275
Increase or decrease in trade notes and accounts payable	3,178	△8,621
Increase or decrease in accrued expenses and other current liabilities	3,040	△2,232
Others	1,304	△3,166
Subtotal	131,309	102,934
Interest and dividend received	2,658	2,994
Interest paid	△837	△870
Loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade paid	—	△389
Income taxes paid	△36,463	△19,695
<b>Net cash provided by operating activities</b>	96,666	84,972
<b>Cash flows from investing activities</b>		
Payments into time deposits	△187,984	△168,475
Proceeds from the redemption of time deposits	218,218	188,071
Payments for purchase of marketable and investment securities	△928	△6,088
Proceeds from sale of marketable and investment securities	0	30
Payments for acquisition of shares of subsidiaries and affiliates	—	△2,668
Acquisition of property and equipment	△53,781	△54,796
Proceeds from sale and disposal of property and equipment	1,281	534
Payments for new loans	△6	△6
Proceeds from loan repayments	7	8
Others	△2,713	△1,337
<b>Net cash used in investing activities</b>	△25,906	△44,728



(¥ millions)

	Fiscal 2019 April 1, 2018 to March 31, 2019	Fiscal 2020 April 1, 2019 to March 31, 2020
<b>Cash flows from financing activities</b>		
Increase in short-term loans	5,650	1,481
Increase in long-term debt	1,243	1,085
Repayment of long-term debt	△2,992	△3,712
Payments for repurchase of treasury stock	△0	△0
Proceeds from exercise of stock options	—	0
Purchase of shares in subsidiaries resulting in change in scope of consolidation	—	△11,762
Proceeds from share issuance to non-controlling shareholders	1,337	—
Dividends paid by parent company	△16,066	△16,713
Dividends paid to non-controlling shareholders	△2,235	△2,387
<b>Net cash used in financing activities</b>	<b>△13,063</b>	<b>△32,010</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>△753</b>	<b>△2,024</b>
<b>Increase in cash and cash equivalents</b>	<b>56,942</b>	<b>6,209</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>41,050</b>	<b>97,993</b>
<b>Cash and cash equivalents at end of year</b>	<b>97,993</b>	<b>104,202</b>

**(5) Notes to Consolidated Financial Statements  
(Going Concern Assumption)**

None

## (Segment Information)

### 1. Overview of Reporting Segments

The KOITO Group produces primarily automotive lighting equipment in Japan and overseas, and supplies products to countries around the world as a global supplier. Each local subsidiary is an independent business entity, and the Group does business by establishing a comprehensive plan for each region. The Company's six reporting segments are therefore geographical segments based on production and sales structures, comprising Japan, North America, China, Asia, Europe and Other regions.

Within each of these geographical segments are segments that produce and sell automotive lighting equipment, railroad car control equipment, aircraft components, and seats for railroad cars and aircraft.

### 2. Calculation for Net Sales, Segment Income or Loss, Assets, Liabilities and Others of Reporting Segments

Accounting treatment for reporting segments are almost as same as notes listed on "Important Basic Matters for Preparation of Consolidated Financial Statements".

Income of reporting segments is based on operating income.

Inter-segment sales and transfers are based on general market prices.

### 3. Information Concerning Net Sales and Operating Income or Loss for Each Segment

#### I Fiscal 2019 (April 1, 2018 to March 31, 2019)

(¥ millions)

	Japan	North America	China	Asia	Europe	Other regions	Total	Adjustment (Note 1)	Amount recorded on consolidated financial statements (Note 3)
Net sales									
Sales to outside customers	384,651	200,337	93,732	106,392	38,567	2,576	826,257	—	826,257
Inter-segment sales and transfers	27,504	105	7,373	5,634	188	9	40,815	(40,815)	—
Total	412,156	200,442	101,106	112,027	38,755	2,585	867,073	(40,815)	826,257
Segment operating income or loss	57,073	16,867	12,859	11,772	3,447	△1,587	100,432	1,101	101,534
Segment assets	293,642	100,837	84,899	90,988	27,057	8,556	605,982	132,192	738,175
Other items									
Depreciation	15,497	6,727	3,643	4,554	1,210	344	31,978	82	32,060
Increase in property, plant and equipment and intangible fixed assets	21,864	9,356	8,696	7,795	1,586	4,753	54,053	—	54,053

Notes: 1. Adjustments are as follows:

- (1) The ¥1,101 million adjustment in segment operating income includes ¥7,233 million in intersegment eliminations and ¥△6,131 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 ¥132,192 million adjustment in segment assets includes ¥△93,124 million in intersegment eliminations, ¥188,097 million in surplus operational funds at the parent company (cash and time deposits), ¥35,719 million in long-term investments (investment securities, etc.) and ¥1,500 million in the parent company's Head Office building, etc.
- (3) The ¥82 million adjustment of depreciation expenses are the fixed assets amortization expenses for the parent company's Head Office.

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 or loss is adjusted to operating income in the consolidated financial statements.

II Fiscal 2020 (April 1, 2019 to March 31, 2020)

(¥ millions)

	Japan	North America	China	Asia	Europe	Other regions	Total	Adjustment (Note 1)	Amount recorded on consolidated financial statements (Note 3)
Net sales									
Sales to outside customers	383,672	181,981	93,670	101,743	35,072	4,788	800,928	—	800,928
Inter-segment sales and transfers	24,225	259	9,050	4,233	57	4	37,831	(37,831)	—
Total	407,898	182,240	102,720	105,976	35,130	4,793	838,760	(37,831)	800,928
Segment operating income or loss	43,524	11,266	14,508	9,412	2,138	△457	80,392	2,018	82,411
Segment assets	297,425	99,051	81,835	97,127	25,886	7,444	608,770	120,945	729,715
Other items									
Depreciation	18,841	6,857	3,665	5,098	1,278	178	35,919	146	36,066
Increase in property, plant and equipment and intangible fixed assets	24,888	10,203	3,525	12,163	5,055	900	56,737	—	56,737

Notes: 1. Adjustments are as follows:

- (1) The ¥2,018 million adjustment in segment operating income includes ¥8,261 million in intersegment eliminations and ¥△6,242 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 ¥120,945 million adjustment in segment assets includes ¥△100,960 million in intersegment eliminations, ¥178,200 million in surplus operational funds at the parent company (cash and time deposits), ¥39,180 million in long-term investments (investment securities, etc.) and ¥4,525 million in the parent company's Head Office building, etc.
- (3) The ¥146 million adjustment of depreciation expenses are the fixed assets amortization expenses for the parent company's Head Office.

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 or loss is adjusted to operating income in the consolidated financial statements.

**(Per Share Information)**

Fiscal 2019 April 1, 2018 to March 31, 2019		Fiscal 2020 April 1, 2019 to March 31, 2020	
Net assets per share	¥2,870.24	Net assets per share	¥2,989.43
Net income per share	¥453.52	Net income per share	¥360.99
Profit per share after adjustment for dilution	¥453.37	Profit per share after adjustment for dilution	¥360.87

The following shows the basis for calculation of profit per share, and profit per share after adjustment for dilution.

	Fiscal 2019 April 1, 2018 to March 31, 2019	Fiscal 2020 April 1, 2019 to March 31, 2020
(1)Net income per share (Basis for calculation)	¥453.52	¥360.99
Adjustment to profit attributable to owners of parent	¥72,895 million	¥58,022 million
Amount not attributable to common stock	—	—
Profit attributable to shareholders of common stock of parent	¥72,895 million	¥58,022 million
Average number of shares outstanding during the period (thousand shares)	160,731	160,733
(2)Profit per share after adjustment for dilution (Basis for calculation)	¥453.37	¥360.87
Adjustment to profit attributable to owners of parent	—	—
Increase in the number of common stock (thousand shares)	52	50
Details of material change from the end of previous fiscal year for latent stocks without a dilution effect, which were not included in the calculation of profit per share after adjustment for dilution	—	—

**(Significant Subsequent Events)**

(The impact of the spread of novel coronavirus disease (COVID-19) infections)

The global spread of COVID-19 infections is expected to impact the operations and business results of the KOITO Group in fiscal 2021 onward. However, at this point in time it is difficult to rationally estimate that effect.

(Absorption-type merger of a consolidated subsidiary)

As of April 1, 2020, KOITO completed absorption-type merger of KI HOLDINGS CO., LTD., a wholly owned subsidiary, pursuant to a resolution by the extraordinary meeting of the Board of Directors held on January 30, 2020.

## (1) Overview of transaction

## i. Name of combined company and its business purpose

Name of combined company      KI HOLDINGS CO., LTD.

Business purpose                      Manufacturing and marketing seats for aircraft, and other businesses

## ii. Date of business combination

April 1, 2020

## iii. Legal form of business combination

Absorption-type merger with KOITO as the surviving company and KI HOLDINGS CO., LTD. as the disappearing company

## iv. Name of company after the combination

KOITO MANUFACTURING CO., LTD.

## v. Other matters concerning the summary of transaction

The purpose is to conduct further rationalization of the management structure, among others.

## (2) Account processing summary

Based on the “Accounting Standard for Business Combinations” and “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures,” this transaction was processed as a transaction under common control.

## 5. Non-consolidated Financial Statements

### (1) Non-consolidated Balance Sheets

(¥ millions)

	Fiscal 2019 As of March 31, 2019	Fiscal 2020 As of March 31, 2020
<b>Assets</b>		
<b>Current assets:</b>		
Cash and time deposits	188,097	178,200
Notes receivable	603	641
Electronically recorded monetary claims-operating	12,302	11,406
Accounts receivable-trade	54,829	47,591
Finished products	7,058	7,258
Work in progress	1,264	1,058
Raw materials and supplies	8,393	6,746
Accrued income	5,651	5,762
Other current assets	339	267
Less: Allowance for doubtful receivables	△259	△241
<b>Total current assets</b>	278,280	258,691
<b>Non-current assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings (net)	7,217	8,066
Structures (net)	544	857
Machinery (net)	4,778	7,229
Transportation equipment (net)	195	217
Fixtures, equipment and tools (net)	3,225	4,293
Land	4,652	4,652
Construction in progress	352	2,943
<b>Total property, plant and equipment</b>	20,967	28,259
<b>Intangible fixed assets:</b>		
Telephone subscription rights	37	37
Other intangible fixed assets	1,537	1,828
<b>Total intangible fixed assets</b>	1,574	1,866
<b>Investments and other assets:</b>		
Investment securities	21,850	22,395
Shares of affiliated companies	59,734	83,788
Bonds of affiliated companies	1,650	—
Investments in affiliated companies	26,333	26,333
Long-term loans of affiliated companies	1,700	—
Claims provable in bankruptcy, claims provable in rehabilitation and other	60	59
Deferred income tax assets	6,641	7,899
Other investments	1,162	876
Less: Allowance for doubtful accounts	△164	△163
<b>Total investments and other assets</b>	118,968	141,189
<b>Total non-current assets</b>	141,510	171,315
<b>Total assets</b>	419,791	430,006

(¥ millions)

	Fiscal 2019 As of March 31, 2019	Fiscal 2020 As of March 31, 2020
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Notes and accounts payable	61,431	57,908
Electronically recorded monetary obligations-operating	3,851	3,538
Accrued amount payable	3,205	3,352
Accrued expenses	6,538	7,526
Income taxes payable	3,687	2,354
Allowance for employees' bonuses	3,712	3,511
Reserve for product warranties	2,584	2,232
Provision for loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade	83	—
Other current liabilities	1,004	971
<b>Total current liabilities</b>	<b>86,098</b>	<b>81,397</b>
<b>Non-current liabilities:</b>		
Allowance for retirement benefits	16,661	15,939
Allowance for losses on overseas investments	7,000	2,016
Reserve for product warranties	5,437	5,400
Allowance for environmental strategies	29	4
Other non-current liabilities	1,005	937
<b>Total non-current liabilities</b>	<b>30,132</b>	<b>24,297</b>
<b>Total liabilities</b>	<b>116,231</b>	<b>105,694</b>
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
Common stock	14,270	14,270
Additional paid-in capital		
Capital reserve	17,107	17,107
Other additional paid-in capital	174	185
Total additional paid-in capital	17,282	17,293
Retained earnings		
Profit reserve	3,567	3,567
Other retained earnings		
Reserve for reductions of asset costs	973	955
Other reserve	100,000	100,000
Retained earnings brought forward	148,818	173,764
Total retained earnings	253,359	278,287
Treasury common stock, at cost	△55	△53
<b>Total shareholders' equity</b>	<b>284,857</b>	<b>309,798</b>
<b>Revaluations and translation adjustments:</b>		
Valuation adjustment on marketable securities	18,457	14,281
Total revaluations and translation adjustments	18,457	14,281
<b>Subscription rights to shares</b>	<b>245</b>	<b>231</b>
<b>Total net assets</b>	<b>303,560</b>	<b>324,311</b>
<b>Total liabilities and net assets</b>	<b>419,791</b>	<b>430,006</b>

**(2) Non-consolidated Statements of Income**

(¥ millions)

	Fiscal 2019 April 1, 2018 to March 31, 2019	Fiscal 2020 April 1, 2019 to March 31, 2020
<b>Net sales</b>	364,104	356,505
Cost of sales	301,398	305,736
<b>Gross profit</b>	62,705	50,769
Selling, general and administrative expenses:		
Selling expenses	10,627	10,741
General and administrative expenses	13,731	14,454
Total selling, general and administrative expenses	24,359	25,195
<b>Operating income</b>	38,346	25,574
Non-operating income:		
Interest income	283	380
Dividend income	10,098	12,302
Royalty income, other	7,252	8,298
Rent income	55	55
Miscellaneous income	734	284
Total non-operating income	18,425	21,322
Non-operating expenses:		
Foreign exchange losses	—	101
Miscellaneous expenses	119	81
Total non-operating expenses	119	183
<b>Recurring profit</b>	56,652	46,713
Extraordinary gains:		
Gain on sale of fixed assets	270	28
Gain on sale of investment securities	—	23
Gain on reversing allowance for overseas investment	—	4,984
Total extraordinary gains	270	5,036
Extraordinary losses:		
Loss on sale and disposal of fixed assets	474	496
Loss on valuation of investment securities	—	14
Loss related to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade	—	324
Loss on provision for environmental measures	484	—
Total extraordinary losses	958	835
<b>Income before income taxes</b>	55,963	50,914
Income taxes	11,024	9,229
Income tax adjustment	806	41
Total income taxes	11,831	9,270
<b>Net income</b>	44,132	41,644