



Consolidated Earnings Report for Fiscal 2023 [Japanese GAAP]

April 26, 2023

Company Name:	KOITO MANUFACTURING CO., LTD.
Stock Listing:	Prime Market, Tokyo Stock Exchange
Code Number:	7276
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Planned Date of the General Meeting of Shareholders:	June 29, 2023
Planned Date of Dividends Payment:	June 30, 2023
Planned Date of Filing of Annual Securities Report:	June 30, 2023
Supplementary explanatory materials prepared:	Yes
Explanatory meeting:	Yes

(¥ millions are rounded down)

1. Consolidated Results for Fiscal 2023 (April 1, 2022 to March 31, 2023)

(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 2023	864,719	13.7%	46,847	△12.3%	48,532	△19.9%	29,660	△22.6%
Fiscal 2022	760,719	7.7%	53,434	△5.8%	60,613	△0.8%	38,340	1.9%

Note: Comprehensive income: Fiscal 2023: ¥53,155 million (△21.3%), Fiscal 2022: ¥67,558 million (△1.3%)

	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 2023	92.26	92.24	4.9	5.5	5.4
Fiscal 2022	119.26	119.23	6.8	7.4	7.0

Reference: Equity in earnings of affiliated companies: Fiscal 2023: ¥△684 million, Fiscal 2022: ¥△656 million

Note: A 2-for-1 stock split of common stock was conducted, effective as of October 1, 2022. “Net income per share” and “Net income per share (diluted)” are calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

(2) Consolidated Financial Position (¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
March 31, 2023	905,909	670,506	69.4	1,955.44
March 31, 2022	855,237	627,315	69.1	1,838.24

Reference: Equity: March 31, 2023: ¥628,659 million, March 31, 2022: ¥590,958 million

Note: A 2-for-1 stock split of common stock was conducted, effective October 1, 2022. “Net assets per share” is calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

(3) Consolidated Cash Flows (¥ millions)

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of year
Fiscal 2023	59,762	△71,539	△13,281	145,798
Fiscal 2022	65,707	△52,151	△8,491	169,581

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 2022	—	24.00	—	30.00	54.00	8,679	22.6	1.5
Fiscal 2023	—	24.00	—	16.00	—	9,001	30.3	1.5
Fiscal 2024 (forecast)	—	—	—	—	—		—	

Notes (1) Forecasts of dividends for fiscal 2024 are currently undecided.

(2) A 2-for-1 stock split of common stock was conducted, effective as of October 1, 2022. The dividends per share in fiscal 2022 and the second quarter of fiscal 2023 are the actual amount before the stock split.

3. Forecast of Consolidated Results for Fiscal 2024 (April 1, 2023 to March 31, 2024)

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

	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent		Net income per share (¥)
First half	444,000	6.8%	26,500	33.9%	28,000	25.0%	16,500	134.8%	51.32
Full year	927,000	7.2%	64,500	37.7%	67,500	39.1%	42,000	41.6%	130.64

*Notes

(1) Changes to important subsidiaries during fiscal 2023 (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: Yes

② Other changes : None

③ Changes in accounting estimates : None

④ Restatements : None

Note: For details, please refer to the attached material P.13 “3. Consolidated Financial Statements and Notes (5) Notes to Consolidated Financial Statements (Changes in accounting policies).”

(3) Number of shares issued (common stock)

(shares)

① Number of shares issued

(including treasury stock):

March 31, 2023	321,578,872	March 31, 2022	321,578,872
March 31, 2023	86,519	March 31, 2022	97,810
Fiscal 2023	321,489,067	Fiscal 2022	321,478,358

② Number of treasury stocks:

③ Average number of shares during the year:

Note: A 2-for-1 stock split of common stock was conducted, effective as of October 1, 2022. Above number of shares are calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

《 For Reference Only 》

Non-consolidated Earnings Report for Fiscal 2023

1. Non-consolidated Results for Fiscal 2023 (April 1, 2022 to March 31, 2023)

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

	Net sales		Operating income		Recurring profit		Net income	
Fiscal 2023	297,838	1.1%	12,358	△30.4%	33,180	△13.6%	25,661	10.4%
Fiscal 2022	294,463	△5.7%	17,760	△16.0%	38,416	0.6%	23,253	△38.9%

	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2023	79.82	79.80
Fiscal 2022	72.33	72.31

Note: A 2-for-1 stock split of common stock was conducted, effective as of October 1, 2022. “Net income per share” and “Net income per share (diluted)” are calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

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

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
March 31, 2023	498,605	397,982	79.8	1,237.39
March 31, 2022	475,170	379,654	79.9	1,180.33

Reference: Equity: March 31, 2023: ¥397,811 million, March 31, 2022: ¥379,455 million

Note: A 2-for-1 stock split of common stock was conducted, effective as of October 1, 2022. “Net assets per share” is calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

2. Forecast of Non-consolidated Results for Fiscal 2024 (April 1, 2023 to March 31, 2024)

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

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
First half	165,000	18.5%	8,500	36.8%	20,000	△7.3%	15,000	38.2%	46.66
Full year	340,000	14.2%	20,500	65.9%	37,500	13.0%	27,000	5.2%	83.98

*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

(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 2024 is calculated as 1.00 US\$ = ¥130.0 and 1 CNY = ¥19.0.

(Supplementary materials for financial results)

KOITO is scheduled to have an earnings release conference for securities analysts and institutional investors on May 12, 2023. Supplementary materials will be available on our website.

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1. Outline of Consolidated Results

(1) Outline of Consolidated Results in Fiscal 2023

Regarding the economic condition in Japan and overseas during fiscal 2023, although there has been a sign of normalization from prolonged COVID-19 effects, the recovery was slow and the outlook remained uncertain due to re-expansion of infection in China, rapid rising prices and geopolitical risks, etc.

As for the global automobile production volume, although the recovery was delayed in Japan and China due to the re-expansion of infections and the continuing shortage of semiconductors, it increased from the previous year due to a recovery in each region, especially in North America and Asia.

In this climate, the consolidated net sales in Japan increased slightly, decreased in China due to the decrease in the automobile production for Japanese vehicles. However, the consolidated net sales considerably increased 13.7% year on year to ¥864.7 billion which is the historically highest due to the recovery of automobile production in each region, mainly in North America and Asia, increased new orders, a shift in automobile lamps to LED and the effect of foreign exchange conversion.

The results by segment are as follows.

[Japan]

Although the automobile production volume increased year on year, the net sales increased only 2.8% year on year to ¥321.0 billion due to the shortage of semiconductors especially for premium cars.

[North America]

The net sales increased 34.9% year on year to ¥250.3 billion yen due to a recovery in automobile production, new orders and a shift in automobile lamps to LED and effect of foreign exchange conversion.

[China]

The net sales decreased 15.4% year on year to ¥93.0 billion yen due to the decrease of automobile production for Japanese vehicles by re-expansion of infections and the continuing shortage of semiconductors.

[Asia]

The net sales increased 31.9% year on year to ¥145.6 billion due to an increase in the automobile production volume, new orders, a shift in automobile lamps to LED and the effect of foreign exchange conversion.

[Europe]

The net sales increased 24.5% year on year to ¥41.5 billion due to a recovery in the automobile production volume and a shift in automobile lamps to LED.

[Others]

The net sales increased 43.1% year on year to ¥13.0 billion due to a recovery in the automobile production volume, new orders, and the effect of foreign exchange conversion.

Regarding profits, although each segment promoted initiatives to improve and rationalize operations, the operating income decreased 12.3% year on year to ¥46.8 billion, and recurring profit decreased 19.9% year on year to ¥48.5 billion, the net income attributable to the owners of the parent decreased 22.6% year on year to ¥29.6 billion, due to a rise in various costs such as raw material costs, distribution and utility costs around the world, increased labor costs caused by the tight employment situations mainly in North America and Europe, and increased in fixed cost due to the sudden fluctuations in production in Japan and China.

(2) Outline of Financial Position in Fiscal 2023

-1. Assets, liabilities and net assets

Total assets as of March 31, 2023 increased by ¥50.6 billion from the previous year to ¥905.9 billion which is mainly due to an increase in accounts receivable and investments in securities.

Total liabilities as of March 31, 2023 increased by ¥7.4 billion, from the previous year to ¥235.4 billion which is mainly due to an increase in trade notes and accounts payable.

Total net assets as of March 31, 2023 increased by ¥43.1 billion year on year to ¥670.5 billion due to an increase in the retained earnings led by the net income attributable to the owners of the parent, and an increase in translation adjustment caused by weaken yen.

-2. Cash flows

Cash flow by the operating activities resulted in ¥59.7 billion (previous fiscal year: ¥65.7 billion), mainly reflecting income before income taxes of ¥49.0 billion and depreciation of ¥41.3 billion.

Investment activities used net cash of ¥71.5 billion (previous fiscal year: payment of ¥52.1 billion) as a result of proceeds from time deposits of ¥152.7 billion, payments into time deposits of ¥164.5 billion, and equipment investment of ¥39.8 billion.

Financing activities used net cash of ¥13.2 billion (previous fiscal year: payment of ¥8.4 billion), mainly reflecting the dividends paid of ¥9.8 billion.

As a result, the balance of cash and cash equivalents at the end of the period decreased by ¥23.7 billion from the end of the previous fiscal year to ¥145.7 billion.

(3) Forecasts for Fiscal 2024

Although the outlook for global automobile production in the fiscal year ending March 31, 2024 remains uncertain, it is expected that the impact of the semiconductor shortage gradually dissipates. Therefore, global automobile production is expected to increase in all regions compared to the previous fiscal year.

Consolidated net sales are expected to increase in all regions compared to the previous fiscal year, reaching a record high for the second consecutive year, due to a recovery in automobile production volume and new orders mainly in Japan and North America.

Regarding the profit, despite an increase in investments for new orders, R&D investments for the future, and investments for carbon neutrality, operating income, recurring profit, and the net income attributable to the owners of the parent are expected to increase year on year due to productivity improvements and continuous rationalize operations.

(4) Basic Earnings Distribution Policies and Dividend Payments for Fiscal 2023 and Fiscal 2024

KOITO's policy is to continuously pay stable dividends to shareholders based on the comprehensive evaluation of our present business results, business climate, etc.

On the basis of the above policy, the year-end dividend is scheduled to be ¥16 per share.

KOITO conducted a 2-for-1 split of common stock, effective as of October 1, 2022. By calculating assuming that the split was conducted at the beginning of the financial year ending March 31, 2022, the annual dividend for this fiscal year, including the interim dividend, is scheduled to be 28 yen per share which is ¥1 higher than the previous year.

The forecast of dividend for fiscal 2024 are 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 2023 herein and the previous forecasts (consolidated and non-consolidated) issued in the "Consolidated Earnings Report for the Third Quarter of Fiscal 2023" dated January 26, 2023, are as follows:

(¥ millions are rounded down)

Consolidated Results for Fiscal 2023

	(¥ millions)				
	Net sales	Operating income	Recurring profit	Profit attributable to owners of parent	Net income per share (¥)
Previously announced forecast (A)	864,000	47,000	48,500	32,000	99.54
Actual results for fiscal 2023 (B)	864,719	46,847	48,532	29,660	92.26
Difference (B-A)	719	△153	32	△2,340	—
Change (%)	0.1	△0.3	0.1	△7.3	—
(Reference) Actual results for previous year (fiscal 2022)	760,719	53,434	60,613	38,340	119.26

(Reference) Non-Consolidated Results for Fiscal 2023

	(¥ millions)				
	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
Previously announced forecast (A)	299,000	13,500	32,500	27,000	83.98
Actual results for fiscal 2023 (B)	297,838	12,358	33,180	25,661	79.82
Difference (B-A)	△1,161	△1,141	680	△1,338	—
Change (%)	△0.4	△8.5	2.1	△5.0	—
(Reference) Actual results for previous year (fiscal 2022)	294,463	17,760	38,416	23,253	72.33

Note: A 2-for-1 stock split of common stock was conducted, effective as of October 1, 2022. "Net income per share" is calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

2. 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.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(¥ millions)

	Fiscal 2022 As of March 31, 2022	Fiscal 2023 As of March 31, 2023
Assets		
Current assets:		
Cash and time deposits	323,943	315,039
Trade notes	3,797	5,060
Electronically recorded monetary claims-operating	9,888	9,391
Accounts receivable	113,437	131,104
Contract Assets	918	3,136
Inventories	90,760	95,669
Other current assets	36,723	34,912
Allowance for doubtful accounts	△382	△271
Total current assets	579,086	594,042
Non-current assets:		
Property, plant and equipment:		
Buildings and structures (net)	55,831	56,363
Machinery and transportation equipment (net)	75,334	78,745
Fixtures, equipment and tools (net)	17,453	18,462
Land	16,181	18,572
Construction in progress	17,054	16,804
Other property, plant and equipment	752	5,372
Total property, plant and equipment	182,608	194,320
Intangible fixed assets	3,103	2,692
Investments and other assets:		
Investment securities		
Marketable Securities	73,856	95,510
Claims provable in bankruptcy, claims provable in rehabilitation and other	16	270
Deferred income tax assets	10,863	13,288
Net defined assets for retirement benefits	2,804	2,849
Other investments	3,034	3,325
Allowance for doubtful accounts	△136	△390
Total investments and other assets	90,438	114,853
Total non-current assets	276,150	311,866
Total assets	855,237	905,909

(¥ millions)

	Fiscal 2022 As of March 31, 2022	Fiscal 2023 As of March 31, 2023
Liabilities		
Current liabilities:		
Trade notes and accounts payable	102,641	107,216
Electronically recorded monetary obligations-operating	5,050	3,712
Short-term loans	24,531	22,647
Accrued expenses	23,781	24,693
Income taxes payable	7,319	7,225
Contract Liabilities	1,872	2,017
Allowance for employees' bonuses	5,527	6,386
Reserve for product warranties	3,108	3,560
Other current liabilities	7,573	9,457
Total current liabilities	181,404	186,918
Non-current liabilities:		
Long-term debt	490	—
Deferred income tax liabilities	15,473	17,567
Allowance for directors' and corporate auditors' retirement benefits	298	321
Reserve for product warranties	5,151	4,105
Allowance for environmental strategies	10	—
Net defined liability for retirement benefits	23,097	20,987
Other non-current liabilities	1,995	5,500
Total non-current liabilities	46,517	48,483
Total liabilities	227,922	235,402
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital	13,399	13,420
Retained earnings	509,958	530,939
Treasury common stock, at cost	△49	△45
Total shareholders' equity	537,578	558,585
Accumulated other comprehensive income:		
Valuation adjustment on marketable securities	23,560	24,942
Translation adjustments	27,924	43,019
Adjustments in defined benefit plans	1,895	2,111
Total accumulated other comprehensive income	53,379	70,073
Subscription rights to shares	199	171
Non-controlling interests	36,157	41,675
Total net assets	627,315	670,506
Total liabilities and net assets	855,237	905,909

(2) Consolidated Statements of Income and Comprehensive Income

(¥ millions)

	Fiscal 2022 April 1, 2021 to March 31, 2022	Fiscal 2023 April 1, 2022 to March 31, 2023
Net sales	760,719	864,719
Cost of sales	664,669	768,889
Gross profit	96,050	95,829
Selling, general and administrative expenses:		
Selling expenses	14,937	15,709
General and administrative expenses	27,678	33,273
Selling, general and administrative expenses	42,615	48,982
Operating income	53,434	46,847
Non-operating income:		
Interest income	1,329	1,842
Dividends	1,271	1,416
Foreign exchange gains	1,793	—
Gain on operation of Investment Business Association	1,092	—
Royalty income, other	553	560
Other non-operating income	3,116	2,540
Total non-operating income	9,157	6,360
Non-operating expenses:		
Interest expenses	781	921
Shares of loss of entities accounted for using equity method	656	684
Foreign exchange losses	—	2,009
Other non-operating expenses	539	1,060
Total non-operating expenses	1,978	4,675
Recurring profit	60,613	48,532
Extraordinary gains:		
Gain on sales of property and equipment	49	12,000
Gain on sales of investment securities	1,067	—
Other extra ordinary gains	—	487
Total extraordinary gains	1,117	12,488
Extraordinary losses:		
Loss on sales and disposal of property and equipment	479	855
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	10	10,109
Loss related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade	68	—
Impairment loss	—	609
Loss on disasters	—	371
Total extraordinary losses	558	11,945
Income before income taxes	61,172	49,074
Income tax, inhabitant tax and business tax	16,511	13,947
Income tax adjustment	2,676	876
Total income taxes	19,188	14,824
Profit	41,984	34,250
(Breakdown)		
Profit attributable to owners of parent	38,340	29,660
Profit attributable to non-controlling interests	3,644	4,589

(¥ millions)

	Fiscal 2022 April 1, 2021 to March 31, 2022	Fiscal 2023 April 1, 2022 to March 31, 2023
Other comprehensive income or loss		
Valuation adjustment on marketable securities	△154	1,403
Translation adjustments	25,623	17,243
Adjustments in defined benefit plans	84	216
Share of other comprehensive income of entities accounted for using equity method	20	42
Total other comprehensive income	<u>25,574</u>	<u>18,905</u>
Comprehensive income	<u>67,558</u>	<u>53,155</u>
(Breakdown)		
Comprehensive income attributable to owners of parent	61,955	46,355
Comprehensive income attributable to non-controlling interests	5,603	6,800

(3) Consolidated Statements of Changes in Shareholders' Equity

Fiscal 2022 (April 1, 2021 to March 31, 2022)

(¥ 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	13,380	480,214	△52	507,813
Cumulative effects of changes in accounting policies	—	—	83	—	83
Restated balance	14,270	13,380	480,297	△52	507,897
Changes during fiscal year					
Dividends from retained earnings	—	—	△8,679	—	△8,679
Profit attributable to owners of parent	—	—	38,340	—	38,340
Purchases of treasury stock	—	—	—	△1	△1
Disposal of treasury stock	—	18	—	4	23
Changes in items other than shareholders' equity during fiscal year (net)	—	—	—	—	—
Total changes during fiscal year	—	18	29,660	3	29,681
Balance at fiscal year-end	14,270	13,399	509,958	△49	537,578

	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	23,690	4,291	1,810	29,792	222	31,610	569,438
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	83
Restated balance	23,690	4,291	1,810	29,792	222	31,610	569,522
Changes during fiscal year							
Dividends from retained earnings	—	—	—	—	—	—	△8,679
Profit attributable to owners of parent	—	—	—	—	—	—	38,340
Purchases of treasury stock	—	—	—	—	—	—	△1
Disposal of treasury stock	—	—	—	—	—	—	23
Changes in items other than shareholders' equity during fiscal year (net)	△129	23,632	84	23,587	△23	4,546	28,110
Total changes during fiscal year	△129	23,632	84	23,587	△23	4,546	57,792
Balance at fiscal year-end	23,560	27,924	1,895	53,379	199	36,157	627,315

Fiscal 2023 (April 1, 2022 to March 31, 2023)

(¥ 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	13,399	509,958	△49	537,578
Changes during fiscal year					
Dividends from retained earnings	—	—	△8,680	—	△8,680
Profit attributable to owners of parent	—	—	29,660	—	29,660
Purchases of treasury stock	—	—	—	△1	△1
Disposal of treasury stock	—	21	—	6	27
Changes in items other than shareholders' equity during fiscal year (net)	—	—	—	—	—
Total changes during fiscal year	—	21	20,980	4	21,006
Balance at fiscal year-end	14,270	13,420	530,939	△45	558,585

	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	23,560	27,924	1,895	53,379	199	36,157	627,315
Changes during fiscal year							
Dividends from retained earnings	—	—	—	—	—	—	△8,680
Profit attributable to owners of parent	—	—	—	—	—	—	29,660
Purchases of treasury stock	—	—	—	—	—	—	△1
Disposal of treasury stock	—	—	—	—	—	—	27
Changes in items other than shareholders' equity during fiscal year (net)	1,382	15,095	216	16,694	△27	5,517	22,184
Total changes during fiscal year	1,382	15,095	216	16,694	△27	5,517	43,191
Balance at fiscal year-end	24,942	43,019	2,111	70,073	171	41,675	670,506

(4) Consolidated Statements of Cash Flows

(¥ millions)

	Fiscal 2022 April 1, 2021 to March 31, 2022	Fiscal 2023 April 1, 2022 to March 31, 2023
Cash flows from operating activities		
Income before income taxes	61,172	49,074
Depreciation	35,811	41,324
Impairment loss	—	609
Equity in earnings of affiliated companies	656	684
Provision for allowance for doubtful accounts	△11	134
Net defined assets and liability for retirement benefits	△1,679	△1,780
Provision for reserve for bonuses	70	871
Reserve for product warranties	△5	△611
Interest and dividends received	△2,601	△3,259
Insurance claim received	—	△487
Interest payments	781	921
Gain or loss on sale of marketable and investment securities	△1,067	—
Gain or loss on valuation of marketable and investment securities	10	10,196
Loss on sale of property and equipment	429	△11,144
Loss on disasters	—	371
Loss on related to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade	68	—
Increase or decrease in trade notes and accounts receivable	7,213	△17,107
Increase or decrease in inventories	△10,191	△2,949
Increase or decrease in other current assets	△2,531	4,360
Increase or decrease in trade notes and accounts payable	△1,892	1,495
Increase or decrease in accrued expenses and other current liabilities	△1,246	△530
Others	△7,703	△983
Subtotal	77,286	71,188
Interest and dividend received	2,596	3,234
Interest paid	△781	△921
Lost related to the Act on Prohibition to Private	—	△68
Expenses for damages	—	487
Income taxes paid	△13,392	△14,158
Net cash provided by operating activities	65,707	59,762
Cash flows from investing activities		
Payments into time deposits	△141,365	△164,584
Proceeds from the redemption of time deposits	133,651	152,781
Payments for purchase of marketable and investment securities	△16,221	△31,525
Proceeds from sale of marketable and investment securities	1,606	—
Acquisition of property and equipment	△28,932	△39,834
Proceeds from sale and disposal of property and equipment	445	12,230
Payments for new loans	△6	△5,801
Proceeds from loan repayments	5	5,805
Others	△1,336	△610
Net cash used in investing activities	△52,151	△71,539

(¥ millions)

	Fiscal 2022 April 1, 2021 to March 31, 2022	Fiscal 2023 April 1, 2022 to March 31, 2023
Cash flows from financing activities		
Increase or decrease in short-term loans	1,241	△2,032
Increase in long-term debt	336	—
Repayment of long-term debt	△383	△628
Payments for repurchase of treasury stock	△1	△1
Proceeds from exercise of stock options	0	0
Dividends paid by parent company	△8,684	△8,685
Dividends paid to non-controlling shareholders	△998	△1,198
Others	—	△734
Net cash used in financing activities	△8,491	△13,281
Effect of exchange rate changes on cash and cash equivalents	2,661	1,274
Increase in cash and cash equivalents	7,726	△23,783
Cash and cash equivalents at beginning of year	161,855	169,581
Cash and cash equivalents at end of year	169,581	145,798

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

None

(Changes in Accounting Policies)

(Note Regarding Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard, etc. for Fair Value Measurement)

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 31, June 17, 2021, Accounting Standards Board of Japan,”), from the beginning of the fiscal 2023. The company has prospectively applied new accounting policies based on the Implementation Guidance on Accounting Standard for Fair Value Measurement, in accordance with the transitional measurement in Article 27-2 of Accounting Standard for Fair Value Measurement. There is no impact on consolidated financial statements for fiscal 2023 by this application.

(Application of FASB Accounting Standards Codification (ASC) Topic 842, “Leases”)

The Company’s overseas subsidiaries that apply U.S. GAAP have adopted ASC Topic 842, “Leases,” effective as of the beginning of the first quarter of the fiscal 2023. Consequently, the Company recognizes all leases as assets and liabilities on its balance sheets.

As a result, at the end of the third quarter of the fiscal 2023, “other” in property, plant and equipment increased by ¥4,426 million, “other” in current liabilities increased by ¥631 million, and “other” in noncurrent liabilities increased by ¥3,795 million. The impact on the Consolidated Statements of Income for the third quarter of the fiscal 2023 is immaterial.

(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 same as 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 2022 (April 1, 2021 to March 31, 2022)

(¥ 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	312,366	185,529	109,938	110,413	33,382	9,089	760,719	—	760,719
Inter-segment sales and transfers	28,000	8	3,261	3,652	139	0	35,063	(35,063)	—
Total	340,367	185,537	113,199	114,065	33,522	9,089	795,782	(35,063)	760,719
Segment operating income or loss	30,713	286	13,597	9,988	△2,680	△75	51,830	1,604	53,434
Segment assets	181,085	118,277	112,064	120,122	29,026	11,622	572,199	283,038	855,237
Other items									
Depreciation	15,515	7,755	4,039	6,057	2,126	260	35,755	56	35,811
Impairment loss	—	—	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible fixed assets	14,984	6,204	5,113	5,189	3,041	309	34,842	—	34,842

Notes: 1. Adjustments are as follows:

- (1) The ¥1,604 million adjustment in segment operating income includes ¥6,826 million in intersegment eliminations and ¥△5,222 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 ¥283,038 million adjustment in segment assets includes ¥△8,412 million in intersegment eliminations, ¥203,659 million in surplus operational funds at the parent company (cash and time deposits), ¥81,941 million in long-term investments (investment securities, etc.) and ¥5,850 million in the parent company's Head Office building, etc.
- (3) The ¥56 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 2023 (April 1, 2022 to March 31, 2023)

(¥ 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	321,074	250,365	93,031	145,662	41,576	13,009	864,719	—	864,719
Inter-segment sales and transfers	23,484	66	2,496	3,680	61	—	29,789	(29,789)	—
Total	344,559	250,431	95,527	149,342	41,638	13,009	894,508	(29,789)	864,719
Segment operating income or loss	24,700	1,283	3,913	14,778	△115	1,012	45,573	1,273	46,847
Segment assets	185,657	141,321	104,810	135,999	30,309	14,739	612,839	293,069	905,909
Other items									
Depreciation	17,339	9,614	4,591	6,924	2,462	311	41,244	79	41,324
Impairment loss	609	—	—	—	—	—	609	—	609
Increase in property, plant and equipment and intangible fixed assets	22,438	10,159	3,685	4,842	687	631	42,446	—	42,446

Notes: 1. Adjustments are as follows:

- (1) The ¥1,273 million adjustment in segment operating income includes ¥8,065 million in intersegment eliminations and ¥△6,792 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 ¥293,069 million adjustment in segment assets includes ¥△1,587 million in intersegment eliminations, ¥184,757 million in surplus operational funds at the parent company (cash and time deposits), ¥103,796 million in long-term investments (investment securities, etc.) and ¥6,103 million in the parent company's Head Office building, etc.
- (3) The ¥79 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 2022 April 1, 2021 to March 31, 2022		Fiscal 2023 April 1, 2022 to March 31, 2023	
Net assets per share	¥1,838.24	Net assets per share	¥1,955.44
Net income per share	¥119.26	Net income per share	¥92.26
Profit per share after adjustment for dilution	¥119.23	Profit per share after adjustment for dilution	¥92.24

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

	Fiscal 2022 April 1, 2021 to March 31, 2022	Fiscal 2023 April 1, 2022 to March 31, 2023
(1)Net income per share	¥119.26	¥92.26
(Basis for calculation)		
Adjustment to profit attributable to owners of parent	¥38,340 million	¥29,660 million
Amount not attributable to common stock	—	—
Profit attributable to shareholders of common stock of parent	¥38,340 million	¥29,660 million
Average number of shares outstanding during the period (thousand shares)	321,478	321,489
(2)Profit per share after adjustment for dilution	¥119.23	¥92.24
(Basis for calculation)		
Adjustment to profit attributable to owners of parent	—	—
Increase in the number of common stock (thousand shares)	93	82
(Acquisition of property and equipment)	93	82
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	—	—

Note: A 2-for-1 stock split of common stock was conducted, effective as of October 1, 2022. “Net assets per share”, “Net income per share” and “Profit per share after adjustment for dilution ” are calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

(Significant Subsequent Events)

None.

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(¥ millions)

	Fiscal 2022 As of March 31, 2022	Fiscal 2023 As of March 31, 2023
Assets		
Current assets:		
Cash and time deposits	203,659	184,757
Notes receivable	480	33
Electronically recorded monetary claims-operating	8,027	7,560
Accounts receivable	42,708	51,431
Finished products	7,239	6,527
Work in progress	1,159	1,050
Raw materials and supplies	8,814	10,703
Accrued income	6,427	7,641
Short-term loans of affiliated companies	—	9,600
Other current assets	830	94
Less: Allowance for doubtful receivables	△159	△168
Total current assets	279,186	279,232
Non-current assets:		
Property, plant and equipment:		
Buildings (net)	11,783	11,805
Structures (net)	722	699
Machinery (net)	5,067	5,997
Transportation equipment (net)	177	221
Fixtures, equipment and tools (net)	3,483	4,154
Land	7,314	9,509
Construction in progress	2,344	404
Total property, plant and equipment	30,892	32,792
Intangible fixed assets:		
Telephone subscription rights	37	37
Other intangible fixed assets	1,693	1,291
Total intangible fixed assets	1,730	1,328
Investments and other assets:		
Investment securities	47,351	73,255
Shares of affiliated companies	91,224	87,497
Investments in affiliated companies	21,118	21,118
Long-term loans of affiliated companies	122	133
Claims provable in bankruptcy, claims provable in rehabilitation and other	16	12
Deferred income tax assets	3,269	2,788
Other investments	510	711
Less: Allowance for doubtful accounts	△251	△265
Total investments and other assets	163,360	185,251
Total non-current assets	195,984	219,372
Total assets	475,170	498,605

(¥ millions)

	Fiscal 2022 As of March 31, 2022	Fiscal 2023 As of March 31, 2023
Liabilities		
Current liabilities:		
Notes and accounts payable	53,042	60,529
Electronically recorded monetary obligations-operating	1,286	—
Accrued amount payable	2,337	2,836
Accrued expenses	5,544	7,295
Income taxes payable	3,528	4,605
Contract Liabilities	69	75
Allowance for employees' bonuses	3,438	3,418
Reserve for product warranties	2,688	2,319
Other current liabilities	462	1,520
Total current liabilities	72,396	82,599
Non-current liabilities:		
Allowance for retirement benefits	14,302	12,600
Allowance for losses on overseas investments	3,250	1,462
Reserve for product warranties	4,688	3,616
Allowance for environmental strategies	10	—
Other non-current liabilities	869	344
Total non-current liabilities	23,119	18,023
Total liabilities	95,516	100,622
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital		
Capital reserve	17,107	17,107
Other additional paid-in capital	211	232
Total additional paid-in capital	17,319	17,340
Retained earnings		
Profit reserve	3,567	3,567
Other retained earnings		
Reserve for reductions of asset costs	894	949
Other reserve	100,000	100,000
Retained earnings brought forward	220,018	236,944
Total retained earnings	324,480	341,461
Treasury common stock, at cost	△49	△45
Total shareholders' equity	356,020	373,028
Revaluations and translation adjustments:		
Valuation adjustment on marketable securities	23,434	24,783
Total revaluations and translation adjustments	23,434	24,783
Subscription rights to shares	199	171
Total net assets	379,654	397,982
Total liabilities and net assets	475,170	498,605

(2) Non-consolidated Statements of Income

(¥ millions)

	Fiscal 2022 April 1, 2021 to March 31, 2022	Fiscal 2023 April 1, 2022 to March 31, 2023
Net sales	294,463	297,838
Cost of sales	255,217	261,621
Gross profit	39,246	36,216
Selling, general and administrative expenses:		
Selling expenses	9,817	10,110
General and administrative expenses	11,667	13,747
Total selling, general and administrative expenses	21,485	23,858
Operating income	17,760	12,358
Non-operating income:		
Interest income	110	135
Interest on securities	44	84
Dividend income	11,587	11,084
Royalty income, other	7,009	8,309
Rent income	350	262
Foreign exchange gains	990	—
Miscellaneous income	1,527	2,201
Total non-operating income	21,620	22,078
Non-operating expenses:		
Foreign exchange losses	—	821
Reserve for allowance for overseas investment loss	563	—
Miscellaneous expenses	402	435
Total non-operating expenses	965	1,256
Recurring profit	38,416	33,180
Extraordinary gains:		
Gain on sale of fixed assets	8	11,964
Gain on sale of investment securities	1,067	—
Other extraordinary gains	—	378
Total extraordinary gains	1,075	12,343
Extraordinary losses:		
Loss on sale and disposal of fixed assets	377	465
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	10	10,109
Impairment loss	—	609
Loss on disasters	—	283
Loss on valuation of investment in affiliated companies	5,215	—
Loss related to the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade	68	—
Total extraordinary losses	5,671	11,467
Income before income taxes	33,820	34,056
Income taxes	6,646	7,414
Income tax adjustment	3,920	980
Total income taxes	10,566	8,394
Net income	23,253	25,661