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Date of sending by postal mail: June 4, 2025

Start date of measures for electronic provision: May 30, 2025

To our shareholders:

Michiaki Kato

President

KOITO MANUFACTURING CO., LTD.

Sumitomo Fudosan Osaki Twin Bldg. East, 5-1-18 Kitashinagawa, Shinagawa-ku, Tokyo

NOTICE OF THE 125TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 125th Ordinary General Meeting of Shareholders of KOITO MANUFACTURING CO., LTD. (the “Company”), which will be held as described below.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the Company’s website. Please access the website by using the Internet address shown below to review the information.

“General Meeting of Shareholders” on the Company’s website

<https://www.koito.co.jp/ir/info/generalmeeting/> (in Japanese)

In addition to posting items subject to measures for electronic provision on the Company’s website, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE). Please access the website by using the Internet address shown below to review the information.

The Tokyo Stock Exchange website (Listed Company Search):

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

(Access the TSE website by using the Internet address shown above, enter the Company’s name or securities code “7276,” and click “Search,” and then click “Basic information” and select “Documents for public inspection/PR information.”)

Exercising Voting Rights

[For those attending the meeting]

Please bring the voting form with you and present it at the reception desk on the day of the meeting. You are kindly requested to bring this notice to the meeting in the interest of conserving resources.

[For those exercising voting rights by mail]

Please use the voting form to indicate your approval or disapproval and resend it so it reaches us by 5:00 p.m., Thursday, June 26, 2025 (Japan Standard Time), the day before the Ordinary General Meeting of Shareholders.

[For those exercising voting rights by the Internet]

Please access the voting website (<https://evote.tr.mufg.jp/>) to submit votes of approval or disapproval.

Votes can be submitted until 5:00 p.m., Thursday, June 26, 2025 (Japan Standard Time).

Meeting Details

1. **Date and time:** Friday, June 27, 2025 at 10:00 a.m. (Japan Standard Time)
*Reception desk opens at 9:00 a.m.
2. **Venue:** Shinagawa Prince Hotel, Main Tower 24th floor, Crystal 24
4-10-30, Takanawa, Minato-ku, Tokyo

3. **Agenda of the General Meeting of Shareholders:**

Items to be reported:

1. Business Report and Consolidated Financial Statements for the 125th Term (from April 1, 2024 to March 31, 2025), as well as the results of audit of the Consolidated Financial Statements by the Independent Auditors and the Audit and Supervisory Board.
2. Financial Statements for the 125th Term (from April 1, 2024 to March 31, 2025)

Items to be resolved:

- Proposal 1:** Dividends of surplus
- Proposal 2:** Election of fourteen (14) Directors
- Proposal 3:** Election of one (1) substitute Audit and Supervisory Board Member
- Proposal 4:** Revision of amount of remuneration, etc. for Outside Directors
- Proposal 5:** Revision of remuneration for Directors (excluding Outside Directors) to allot restricted shares thereto

For this general meeting of shareholders, we have delivered paper-based documents stating the items subject to measures for electronic provision to all shareholders, regardless of whether or not they have requested them. However, among the items subject to measures for electronic provision, the items listed below are not described in the attached materials of this convocation notice in accordance with the provisions of laws and regulations and Article 15 of the Articles of Incorporation of the Company.

- (i) “Subscription rights to shares, etc. of the Company,” “System for ensuring appropriate business execution” and “Summary of operation of system for ensuring appropriate business execution” of the Business Report
- (ii) “Consolidated Statement of Changes in Shareholders’ Equity” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements
- (iii) “Non-consolidated Statement of Changes in Shareholders’ Equity” and “Notes to Financial Statements” in the Financial Statements

These items are included in the Business Report, the Consolidated Financial Statements audited by the Audit and Supervisory Board Members in preparing the Audit Report and the Independent Auditor in preparing the Accounting Audit Report.

* If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on the Company’s website and the TSE website.

Attention physically or otherwise disabled shareholders:

Please do not hesitate to ask the staff if you require assistance with your wheelchair or getting to your seat or the restrooms.

Note regarding gifts:

There will be no gifts provided for the shareholders who attend this meeting. Thank you for your understanding.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Dividends of surplus

By making business investments aimed at sustainable growth, the Company works to further improve its corporate value while also enhancing return of profit to its shareholders. As for dividends, the Company's policy is to continuously pay stable dividends to shareholders based on the comprehensive evaluation of our present business results, business climate, etc.

As a result of consideration based on the above policies, the year-end dividend of this term is scheduled to be ¥28 per share, which is the same amount as the previous fiscal year.

The full year dividend for this term, including the interim dividend, is scheduled to be ¥56 per share, which is ¥3 higher than the previous fiscal year.

Matters related to year-end dividend

1. Type of dividend property:

Cash

2. Allocation of dividend property and total amount thereof

¥28 per common share of the Company

Total amount: ¥7,944,902,700

3. Effective date of distribution of dividends of surplus

June 30, 2025

Proposal 2: Election of fourteen (14) Directors

The tenure of all the incumbent ten (10) Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. In that regard, the Company proposes the election of fourteen (14) Directors, increasing the number of Directors by four (4) (including one (1) Outside Director) in order to further strengthen the management system.

The candidates for Directors are as follows:

No. 1	Masahiro Otake (born on March 15, 1947)		Up for re-election
Number of shares of the Company held:	Career history, position and responsibility, and important positions concurrently held		
175,200 shares	April 1977	Joined the Company	
	June 1987	Director	
Attendance at the Board of Directors	June 1993	Managing Director	
Meetings	June 1999	Senior Managing Director	
All 12 meetings (100.0%)	June 2005	Executive Vice President	
	June 2007	President	
	June 2015	Chairman (present position)	

Reasons for nomination as candidate for Director

Mr. Masahiro Otake has acquired extensive experience and a high level of insight through previously serving as President. He has also been involved with the Company's management as a Director, and has contributed significantly to the improvement of the Company's performance and corporate value.

The Company proposes his re-election as a Director so that his knowledge and experience may be reflected in the Company's management.

No.2	Michiaki Kato (born on June 23, 1959)		Up for re-election
Number of shares of the Company held:	Career history, position and responsibility, and important positions concurrently held		
27,600 shares	April 1982	Joined the Company	
	October 2004	General Manager of Euro-American Operations	
Attendance at the Board of Directors	June 2005	Director	
Meetings	June 2011	Managing Director	
All 12 meetings (100.0%)	June 2012	Managing Corporate Officer	
	June 2013	Director and Managing Corporate Officer	
	June 2017	Senior Managing Director	
		Sales Headquarters	
		International Operations Headquarters	
	June 2021	President (present position)	
	Reasons for nomination as candidate for Director		
	Mr. Michiaki Kato has acquired extensive experience and a high level of insight through serving as President and in other positions. He has also been involved with the Company’s management as a Director and has contributed significantly to the improvement of the Company’s performance and corporate value.		
	The Company proposes his re-election as a Director so that his knowledge and experience may be reflected in the Company’s management.		

No.3	Masami Uchiyama (born on May 12, 1959)		Up for re-election
Number of shares of the Company held:	Career history, position and responsibility, and important positions concurrently held		
14,800 shares	April 1983	Joined the Company	
	June 2005	General Manager of Personnel Department	
Attendance at the Board of Directors Meetings	June 2007	Director	
11 of the 12 meetings (91.7%)	June 2011	Managing Director	
	June 2012	Director and Managing Corporate Officer	
	June 2017	Senior Managing Director	
	June 2021	Executive Vice President (present position)	
		Production Headquarters	
		Shizuoka Plant	
		Aircraft Equipment Division	
		In charge of	
		International Operations Headquarters	
		Sustainability Promotion Office	
		General Affairs Department, Shizuoka	
		Logistics Department	
		Safety Environment Department	
		Production Control Department	
		Electronics Products Production Department (present position)	

Reasons for nomination as candidate for Director

Since joining the Company, Mr. Masami Uchiyama has acquired extensive experience and a high level of insight through serving as Head of Production Headquarters and in other positions. He has also been involved with the Company's management as a Director, and has contributed significantly to the improvement of the Company's performance and corporate value.

The Company proposes his re-election as a Director so that his knowledge and experience may be reflected in the Company's management.

No.4	Hideharu Konagaya (born on June 17, 1963)		Up for re-election
Number of shares of the Company held:	Career history, position and responsibility, and important positions concurrently held		
36,400 shares	April 1987	Joined the Company	
	April 2006	General Manager of Accounting Department	
Attendance at the Board of Directors Meetings	June 2009	Director	
All 12 meetings (100.0%)	June 2012	Corporate Officer	
	June 2013	Managing Corporate Officer	
	June 2015	Director and Managing Corporate Officer	
	June 2017	Senior Managing Director	
	June 2023	Executive Vice President (present position)	
		Procurement Headquarters	
		In charge of	
		Finance & Accounting Headquarters	
		General Affairs Department (present position)	

Reasons for nomination as candidate for Director

Since joining the Company, Mr. Hideharu Konagaya has acquired extensive experience and a high level of insight through serving as Head of Finance & Accounting Headquarters, Procurement Headquarters and in other positions. He has also been involved with the Company's management as a Director, and has contributed significantly to the improvement of the Company's performance and corporate value.

The Company proposes his re-election as a Director so that his knowledge and experience may be reflected in the Company's management.

No.5	Jun Toyota (born on August 24, 1959)		Up for re-election
Number of shares of the Company held:	Career history, position and responsibility, and important positions concurrently held		
16,000 shares	April 1983	Joined the Company	
	January 2005	Director, Koito Europe NV (KENV)	
Attendance at the Board of Directors	June 2005	Director, the Company	
Meetings	June 2012	Corporate Officer	
11 of the 12 meetings (91.7%)	June 2013	Managing Corporate Officer	
	June 2015	President, North American Lighting, Inc. (NAL)	
	June 2017	Director and Managing Corporate Officer	
	June 2021	Senior Managing Director	
	June 2022	Senior Managing Corporate Officer	
	June 2023	Senior Managing Director (present position)	
		Sales Headquarters (present position)	
	Reasons for nomination as candidate for Director		
	Since joining the Company, Mr. Jun Toyota has acquired extensive experience and a high level of insight through serving as Head of International Operations Headquarters, Sales Headquarters and in other positions. He has also been involved with the Company’s management as a Director, and has contributed significantly to the improvement of the Company’s performance and corporate value.		
	The Company proposes his re-election as a Director so that his knowledge and experience may be reflected in the Company’s management.		

No.6	Katsuyuki Kusakawa (born on July 30, 1956)		Up for re-election
Number of shares of the Company held:	Career history, position and responsibility, and important positions concurrently held		
29,100 shares	April 1980	Joined Toyota Motor Co., Ltd. (currently TOYOTA MOTOR CORPORATION)	
Attendance at the Board of Directors	January 2009	Seconded to Toyota Motor Sales, U.S.A., Inc.	
Meetings	March 2011	Standing Adviser, the Company	
All 12 meetings (100.0%)	June 2011	Managing Director	
	June 2012	Director and Managing Corporate Officer	
	June 2019	Senior Managing Director (present position)	
		In charge of	
		Corporate Planning Department	
		Compliance Department	
		Personnel Department	
		Cost Administration Department (present position)	

Reasons for nomination as candidate for Director

Since joining the Company, Mr. Katsuyuki Kusakawa has acquired extensive experience and a high level of insight through serving as Deputy Head of Engineering Headquarters and in other positions. He has also been involved with the Company's management as a Director, and has contributed significantly to the improvement of the Company's performance and corporate value.

The Company proposes his re-election as a Director so that his knowledge and experience may be reflected in the Company's management.

No.7	Takayuki Katsuda (born on December 2, 1962)		First-time candidate
Number of shares of the Company held:	Career history, position and responsibility, and important positions concurrently held		
18,500 shares	April 1985	Joined TOYOTA MOTOR CORPORATION	
	January 2010	Chief Engineer, Lexus Center	
	April 2016	Standing Adviser, the Company	
	June 2016	Managing Corporate Officer	
	June 2019	Director and Managing Corporate Officer	
	June 2022	Managing Corporate Officer	
	June 2023	Senior Managing Corporate Officer (present position)	
		Engineering Headquarters, In charge of Mobility Strategy Department, Quality Assurance Department, Research & Development Department and Engineering Department (present position)	
	Reasons for nomination as candidate for Director		
	Since joining the Company, Mr. Takayuki Katsuda has acquired extensive experience and a high level of insight through serving as Deputy Head of Engineering Headquarters and in other positions. He has contributed significantly to the improvement of the Company’s performance and corporate value.		
	The Company proposes his election as a Director so that his knowledge and experience may be reflected in the Company’s management.		

No.8	Eisuke Shibata (born on March 10, 1977)	First-time candidate
Number of shares of the Company held: 2,000 shares	Career history, position and responsibility, and important positions concurrently held	
	April 1999	Joined the Company
	April 2016	Deputy Manager of American Department - North American Region
	April 2019	General Manager of American Department - North American Region
	June 2019	Corporate Officer
	June 2021	Managing Corporate Officer
	June 2023	Senior Managing Corporate Officer (present position)
		International Operations Headquarters, In charge of American Department - North American Region (present position)
	Reasons for nomination as candidate for Director	
	<p>Since joining the Company, Mr. Eisuke Shibata has acquired extensive experience and a high level of insight through serving as Head of International Operations Headquarters and in other positions. He has contributed significantly to the improvement of the Company's performance and corporate value.</p> <p>The Company proposes his election as a Director so that his knowledge and experience may be reflected in the Company's management.</p>	

No.9	Takahito Otake (born on October 5, 1977)		First-time candidate
Number of shares of the Company held:	Career history, position and responsibility, and important positions concurrently held		
4,100 shares	April 2005	Joined Daiwa Securities SMBC Co. Ltd.	
	October 2008	Seconded to Daiwa Capital Markets Singapore Ltd.	
	April 2015	Deputy General Manager, Global Equity Sales Division No. 1 , Daiwa Securities Co. Ltd.	
	January 2019	Standing Adviser, the Company	
	June 2019	Corporate Officer	
	June 2021	Managing Corporate Officer	
	June 2023	Senior Managing Corporate Officer (present position)	
		Finance & Accounting Headquarters,	
		In charge of Public Relations Department (present position)	
	Reasons for nomination as candidate for Director		
	Since joining the Company, Mr. Takahito Otake has acquired extensive experience and a high level of insight through serving as Head of Finance & Accounting Headquarters and in other positions. He has contributed significantly to the improvement of the Company’s performance and corporate value.		
	The Company proposes his election as a Director so that his knowledge and experience may be reflected in the Company’s management.		

No.10	Haruya Uehara (born on July 25, 1946)		Up for re-election Outside Independent executive
Number of shares of the Company held: 0 shares	Career history, position and responsibility, and important positions concurrently held		
	April 1969	Joined The Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation)	
Attendance at the Board of Directors Meetings	June 1996	Director	
All 12 meetings (100.0%)	June 1998	Managing Director	
	June 2001	Senior Managing Director	
	June 2002	Director, Deputy President	
	April 2004	President	
	October 2005	President, Mitsubishi UFJ Trust and Banking Corporation	
	June 2008	Chairman	
	April 2012	Senior Advisor (present position)	
	June 2013	Outside Director, the Company (present position)	
	(Significant concurrent positions outside the Company)		
	Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation		
	Reasons for nomination as candidate for Outside Director and summary of expected role		
	Mr. Haruya Uehara serves as Senior Advisor to Mitsubishi UFJ Trust and Banking Corporation, and the Company proposes his re-election as an Outside Director so that his knowledge and experience may be reflected in the Company’s management and he may fulfill a supervisory function from this perspective.		

No.11	Kingo Sakurai (born on May 5, 1943)		Up for re-election Outside Independent executive
Number of shares of the Company held:	Career history, position and responsibility, and important positions concurrently held		
20,000 shares	March 1972	Registered as certified public accountant	
	June 1983	Independent Auditor, the Company	
Attendance at the Board of Directors Meetings	June 2009	Resigned Independent Auditor	
	July 2009	Adviser (part time), the Company	
All 12 meetings (100.0%)	June 2017	Outside Director, (present position)	
	Reasons for nomination as candidate for Outside Director and summary of expected role		
	<p>Mr. Kingo Sakurai is a certified public accountant, and the Company proposes his re-election as an Outside Director so that his knowledge and experience may be reflected in the Company’s management and he may fulfill a supervisory function from this perspective.</p>		
	<p>Mr. Sakurai has never been involved with a company’s management other than being an outside executive. However, he has sufficient knowledge as an expert in finance and accounting to oversee management as a certified public accountant. As a result, the Company believes that Mr. Sakurai can perform the duties of an Outside Director properly.</p>		

No.12	Chika Igarashi (born on March 26, 1971)	Up for re-election Outside Independent executive Female
Number of shares of the Company held: 0 shares	Career history, position and responsibility, and important positions concurrently held	
	April 1997	Registered as an attorney Joined a law firm in Tokyo
Attendance at the Board of Directors Meetings	July 2006	Joined Asahi Law Office (currently Nishimura & Asahi (Gaikokuho Kyodo Jigyo))(present position)
All 12 meetings (100.0%)	June 2007	Registered as an attorney at law in New York State
	June 2022	Outside Director, the Company (present position)
	(Significant concurrent positions outside the Company)	
	Partner attorney, Nishimura & Asahi (Gaikokuho Kyodo Jigyo)	
	Reasons for nomination as candidate for Outside Director and summary of expected role	
	<p>Ms. Chika Igarashi is an attorney, and the Company proposes her re-election as an Outside Director so that her knowledge and experience may be reflected in the Company's management and she may fulfill a supervisory function from this perspective.</p> <p>Ms. Igarashi has never been directly involved with a company's management other than being an outside executive. However, she has been engaged in corporate legal affairs in Japan and overseas as an attorney for many years, and she has a high degree of legal expertise and international perspective in corporate legal affairs. As a result, the Company believes that Ms. Igarashi can perform the duties of an Outside Director properly.</p> <p>Ms. Igarashi is a partner at Nishimura & Asahi (Gaikokuho Kyodo Jigyo). The Company has a business relationship with Nishimura & Asahi (Gaikokuho Kyodo Jigyo) concerning legal services. However, the Company and said law office have not entered into an advisory agreement.</p> <p>The average amount of legal fees paid to Nishimura & Asahi (Gaikokuho Kyodo Jigyo) including Nishimura & Asahi LPC with which said law office conducts joint legal operations, and so on below amounted to less than 1% of the Company's net sales and less than 2% of said law office's total revenue. Therefore, there is no risk of a conflict of interest with general shareholders and Ms. Igarashi's independence is unaffected.</p>	

No.13	Risa Tanaka (born on November 14, 1966)	Up for re-election Outside Independent executive Female
Number of shares of the Company held: 0 shares	Career history, position and responsibility, and important positions concurrently held	
Attendance at the Board of Directors Meetings All 10 meetings (100.0%)	April 1993	Joined Sendenkaigi Co., Ltd.
	November 2008	Director, Vice President, and Head of Editorial Office
	June 2014	Director (Outside), JAPAN POST Co., Ltd.
	April 2016	President, The Graduate School of Project Design, Advanced Academic Agency (present position)
	March 2020	External Director, Broadleaf Co., Ltd.
	April 2021	Executive Director (part-time) and Executive Vice President, Mie University (present position)
	June 2021	Outside Director, IMURAYA GROUP CO., LTD. (present position)
	June 2024	Outside Director, the Company (present position)
		Outside Director, SOHGO SECURITY SERVICES CO., LTD. (present position)
		Outside Director, The Akita Bank, Ltd. (present position)
	(Significant concurrent positions outside the Company)	
	President, The Graduate School of Project Design, Advanced Academic Agency	
	Outside Director, IMURAYA GROUP CO., LTD.	
	Outside Director, SOHGO SECURITY SERVICES CO., LTD.	
	Outside Director, The Akita Bank, Ltd.	
	Reasons for nomination as candidate for Outside Director and summary of expected role	
	<p>Ms. Risa Tanaka previously served as Director, Vice President, and Head of the Editorial Office of Sendenkaigi Co., Ltd., a publisher of public relations, advertising, and marketing magazines. Her current positions include President of the Graduate School of Project Design at the Advanced Academic Agency, Executive Director and Executive Vice President of Mie University, and a member of various councils at government ministries, including the Ministry of Land, Infrastructure, Transport and Tourism and the Ministry of Internal Affairs and Communications. The Company proposes her re-election as an Outside Director so that her knowledge and experience may be reflected in the Company's management and that she may fulfill a supervisory function from this perspective.</p> <p>Ms. Risa Tanaka serves as Outside Director at SOHGO SECURITY SERVICES CO., LTD. Although the Company has a business relationship with SOHGO SECURITY SERVICES CO., LTD. for the outsourcing of security and other services, the amount paid by the Company to SOHGO SECURITY SERVICES CO., LTD. on average over the past three fiscal years has been less than 1% of the Company's net sales and less than 2% of SOHGO SECURITY SERVICES CO., LTD.'s net sales. Therefore, there is no risk of a conflict of interest with general shareholders and Ms. Tanaka's independence is unaffected.</p> <p>Note: Ms. Risa Tanaka was appointed at the 124th Ordinary General Meeting of Shareholders held on June 27, 2024, and therefore the number of Board of Directors meetings she has attended differs from that of other Directors.</p>	

No.14	Yoshimasa Kawata (born on August 25, 1963)	First-time candidate Outside Independent executive
Number of shares of the Company held: 0 shares	Career history, position and responsibility, and important positions concurrently held April 1992 Assistant , School of Engineering, The University of Osaka April 1997 Assistant Professor, Faculty of Engineering, Shizuoka University April 2005 Professor, Faculty of Engineering April 2013 Professor, Graduate School of Engineering Professor, Research Institute of Electronics April 2015 Professor, College of Engineering Deputy Dean, Faculty of Engineering April 2017 Dean, Faculty of Engineering Dean, College of Engineering April 2021 Trustee/Vice-President April 2025 Vice-President, Research Institute of Electronics (present position) (Significant concurrent positions outside the Company) Vice-President, Research Institute of Electronics, Shizuoka University Representative Director, The Optical Society of Japan Managing Director, The Laser Society of Japan	
	Reasons for nomination as candidate for Outside Director and summary of expected role <p>Mr. Yoshimasa Kawata has served as Trustee/Vice-President of National University Corporation, and has held Faculty of Engineering, Graduate School, and Research Institute/College professorships at the National University for many years. As such, he has extensive knowledge in technical and human resource development. The Company therefore proposes his election as an Outside Director so that his knowledge and experience may be reflected in the Company's management and that he may fulfill a supervisory function from this perspective.</p> <p>Mr. Kawata has never been directly involved with a company's management. However, he has long been involved in university education and management as an instructor and has advanced specialized knowledge as well. The Company therefore believes that Mr. Kawata can perform the duties of an Outside Director properly.</p>	

Notes:

1. There is no particular business or other relationship between all candidate and the Company.
2. Mr. Uehara, Mr. Sakurai, Ms. Igarashi and Ms. Tanaka are the candidate for Outside Director. In addition, Mr. Kawata is a first-time candidate for Outside Director.
3. The Company has submitted a notice to the Tokyo Stock Exchange that Mr. Uehara, Mr. Sakurai, Ms. Igarashi and Ms. Tanaka have been designated as an independent executive in accordance with the regulations of this exchange. If their re-elections are approved, the Company plans for their appointment as an independent executive to continue. In addition, Mr. Kawata fulfills the requirements for independence stipulated by the Tokyo Stock Exchange and, if his election is approved, the Company plans to submit a notice to this exchange that Mr. Kawata is an independent executive.
4. At the conclusion of this meeting, Mr. Uehara's tenure as Outside Director of the Company will have been twelve years, Mr. Sakurai's tenure as Outside Director of the Company will have been eight years, Ms. Igarashi's tenure as Outside Director of the Company will have been three years, Ms. Tanaka's tenure as Outside Director of the Company will have a year.
5. Liability limitation agreements with Outside Directors
To enable Outside Directors to perform their duties as expected, current Articles of Incorporation provide for agreements that limit the liability of Outside Directors for matters specified by laws and regulations concerning liability in Article 423, paragraph 1 of the Companies Act and in accordance with Article 427, paragraph 1 of this act. These agreements limit the monetary liability to the minimum liability amount specified by laws and regulations. The Outside Director candidate Mr. Uehara, Mr. Sakurai, Ms. Igarashi and Ms. Tanaka have established the agreement with the Company. If They are re-elected, the Company plans to renew the agreement with them. In addition, if Outside Director candidate Mr. Kawata is elected, the Company plans to enter into the agreement with him.
6. Directors and officers liability insurance policies covering the Director candidates
The Company has taken out a directors and officers liability insurance policy with an insurance company in accordance with Article 430-3, paragraph 1 of the Companies Act, and uses this insurance policy to cover any damages incurred by the insured parties including Directors of the Company should they receive a claim related their assumption or pursuit of responsibilities in connection with the performance of their duties, and bears the expense of all insurance premiums.
If the candidates are elected as Directors, they will be included among the persons insured by this insurance policy. Moreover, the Company plans to renew the policy with the same policy details at the next policy renewal date.

<Reference>

Skill Matrix of Board of Directors

	Name	Corporate Management	Sales, Purchasing	Engineering, R&D	Production, Quality Management, Safe & Environment	Overseas segment	Finance & Accounting	Legal, Risk Management
1	Masahiro Otake	○	○			○	○	○
2	Michiaki Kato	○	○			○		○
3	Masami Uchiyama	○	○		○	○		○
4	Hideharu Konagaya	○	○			○	○	○
5	Jun Toyota	○	○			○		○
6	Katsuyuki Kusakawa	○		○		○		○
7	Takayuki Katsuda	○	○	○	○			○
8	Eisuke Shibata	○	○			○		○
9	Takahito Otake	○				○	○	○
10	Haruya Uehara	○				○	○	○
11	Kingo Sakurai						○	○
12	Chika Igarashi					○		○
13	Risa Tanaka	○	○					○
14	Yoshimasa Kawata			○				○

Note : Above chart does not represent every skill of each directors.

Proposal 3: Election of one (1) substitute Audit and Supervisory Board Member

The Company proposes that one (1) substitute Audit and Supervisory Board Member be elected to prepare for a case where the number of the Audit and Supervisory Board Members falls below the number stipulated by laws and regulations.

The Audit and Supervisory Board has given its consent to this proposal.

The candidates for Audit and Supervisory Board Member are as follows:

	Hideo Shinohara (born on February 15, 1965)	Up for re-election Outside Independent executive
Number of shares of the Company held: 0 shares	Career history, position and important positions concurrently held	
	February 1993	Registered as certified public accountant
	January 1994	Established Hideo Shinohara CPA Office (present position)
	June 2017	substitute Audit and Supervisory Board Member, the Company (present position)

Reasons for nomination as candidate for Outside substitute Audit and Supervisory Board Member

Mr. Hideo Shinohara is a certified public accountant. The Company proposes his election as a substitute Outside Audit and Supervisory Board Member for the purpose of using his knowledge and experience to strengthen the Company's auditing activities.

Mr. Shinohara has never been involved with a company's management. However, he has sufficient knowledge as an expert in finance and accounting to oversee management as certified public accountant. As a result, the Company believes that Mr. Shinohara can perform the duties of an Outside Audit and Supervisory Board Member properly.

There is no particular business or other relationship between the candidate and the Company.

Notes:

1. Mr. Shinohara is a candidate for substitute Outside Audit and Supervisory Board Member.
2. Matters to the candidate for Outside Audit and Supervisory Board Member are as follows.
 - (1) Mr. Shinohara fulfills the requirements for independence stipulated by the Tokyo Stock Exchange. Accordingly, if he is elected, the Company plans to submit a notice to this exchange that Mr. Shinohara is an independent executive.
 - (2) Liability limitation agreements with Outside Audit and Supervisory Board Members
To enable Outside Audit and Supervisory Board Members to perform their duties as expected, current Articles of Incorporation provide for agreements that limit the liability of Outside Audit and Supervisory Board Members for matters specified by laws and regulations concerning liability in Article 423, paragraph 1 of the Companies Act and in accordance with Article 427, paragraph 1 of this act.
These agreements limit the monetary liability to the minimum liability amount specified by laws and regulations.
If Mr. Shinohara is to assume office as an Outside Audit and Supervisory Board Member, the Company plans to establish the agreement with him.
 - (3) Directors and officers liability insurance policies covering Outside Audit and Supervisory Board Member candidates
The Company has taken out a directors and officers liability insurance policy with an insurance company, in accordance with Article 430-3, paragraph 1 of the Companies Act, uses this insurance policy to cover any damages incurred by the insured parties including Audit and Supervisory Board Members of the Company should they receive a claim related their assumption or pursuit of responsibilities in connection with the performance of their duties, and bears the expense of all insurance premiums.
If Mr. Shinohara is elected as an Outside Audit and Supervisory Board Member, he will be included among the persons insured by this insurance policy.
Moreover, the Company plans to renew the policy with the same policy details at the next policy renewal date.

Proposal 4: Revision of amount of remuneration, etc. for Outside Directors

The amount of remuneration, etc. for Directors was approved by the 119th Ordinary General Meeting of Shareholders of the Company, held on June 27, 2019, to be no more than ¥1.5 billion a year (of which, the annual amount of remuneration for Outside Directors is to be no more than ¥50 million). In addition, separately from the above, the amount of remuneration, etc. related to subscription rights as stock compensation-type stock options for Directors (excluding Outside Directors) was approved by the 115th Ordinary General Meeting of Shareholders, held on June 26, 2015, to be no more than ¥200 million a year, and remain in effect.

To strengthen the supervisory function of the Board of Directors (thus strengthening corporate governance), we have decided to add one additional Outside Director. Accordingly, we would like to maintain the current annual amount of remuneration for Directors at no more than ¥1.5 billion, and revise the annual amount for Outside Directors to be no more than ¥100 million.

This proposal was approved by the Board of Directors after deliberation by the Remuneration Committee, taking into consideration a comprehensive range of factors, including the scale of the Company's business, the executive remuneration system and its payment levels, the current number of executives, and future trends, and has been deemed to be appropriate.

The number of Directors is currently ten (10), including four (4) Outside Directors. Subject to the approval and adoption of Proposal 2 as originally proposed, the number of Directors will be fourteen (14), including five (5) Outside Directors.

Proposal 5: Revision of remuneration for Directors (excluding Outside Directors) to allot restricted shares thereto

The amount of remuneration, etc. for Directors was approved by the 119th Ordinary General Meeting of Shareholders of the Company, held on June 27, 2019, to be no more than ¥1.5 billion a year (of which, the annual amount of remuneration for Outside Directors is to be no more than ¥50 million). In addition, separately from the above, the amount of remuneration, etc. related to subscription rights as stock compensation-type stock options for Directors (excluding Outside Directors) was approved by the 115th Ordinary General Meeting of Shareholders, held on June 26, 2015, to be no more than ¥200 million a year, and remain in effect. If Proposal 4, “Revision of amount of remuneration, etc. for Outside Directors,” is approved as originally proposed, the amount of remuneration, etc. for the Company’s Directors will be no more than ¥1.5 billion a year (of which the amount for Outside Directors will be no more than ¥100 million yen a year).

As part of a review of its Directors’ remuneration system, to have Directors further share with shareholders the benefits and risks of share price fluctuations, and to further enhance their desire to contribute share price growth and enhancement of corporate value, the Company intends, as described below, to allot to its Directors (excluding Outside Directors; hereinafter “Eligible Directors”) common shares of the Company that is subject certain conditions such as a transfer restriction period and reasonable grounds for the Company’s acquisition of that shares without payment (hereinafter “Restricted Shares”).

Accordingly, the Company intends to abolish the provision regarding the amount of remuneration, etc. related to subscription rights as stock compensation-type stock options, and instead, set the total amount of monetary remuneration claims to be paid to Eligible Directors as remuneration, etc. related to the Restricted Shares, at no more than ¥500 million a year, apart from the amount of remuneration, etc. for Directors mentioned above. The allotment of Restricted Shares will be determined based on comprehensive consideration of a range of factors such as contributions by the Eligible Directors, and the upper limit of the number of shares of Restricted Shares to be allotted in each fiscal year as set forth in section 2. below will be approximately 0.1% of the total number of issued shares (if the upper limit of Restricted Shares is issued over a 10-year period, the percentage of the total number of shares issued will be approximately 1.04%). Since the rate of dilution will therefore be minor, we believe this proposal to be appropriate.

If this proposal is approved, so as to be consistent with the content of that approval, at the Board of Directors meeting following the conclusion of this General Meeting of Shareholders, the Company plans to amend as described in “Reference” in this proposal the matters related to the policy for decisions pertaining to the content of individual remuneration, etc. for Directors described on page 45 of the Business Report. This proposal is in line with the revised policy and we deem its content to be appropriate.

The number of Directors is currently ten (10), including four (4) Outside Directors. Subject to the approval and adoption of Proposal 2 as originally proposed, the number of Directors will be fourteen (14), including five (5) Outside Directors.

Note: After the conclusion of this General Meeting of Shareholders, the Company plans to allot to its Corporate Officers the same Restricted Shares as the above-mentioned Restricted Shares.

Specific details and upper limit of the number of shares Restricted Shares to be allotted to Eligible Directors

1. Restricted Shares Allotment and Payment

In accordance with the resolution of the Company's Board of Directors, the Company will grant to Eligible Directors monetary remuneration claims within the range stated above as remuneration, etc. related to the Restricted Shares, and each Eligible Director will receive an allotment of Restricted Shares upon presentation of all the monetary remuneration claims as a payment in kind.

The amount to be paid in for Restricted Shares will be determined by the Board of Directors of the Company within a range that is not particularly advantageous to the Eligible Directors who receive allotments of Restricted Shares, based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day preceding the date of resolution of the Board of Directors regarding the issue or disposal of the Restricted Shares (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

The above monetary remuneration claims will be granted on the condition that the Eligible Directors consent to the above payment in kind and conclude a Restricted Shares Allotment Agreement that includes details specified in section 3. below.

2. Total number of shares of Restricted Shares

The total number of shares of Restricted Shares to be allotted to Eligible Directors of 320,000 shares shall be the upper limit of the number of shares of Restricted Shares to be allotted each fiscal year. However, if there is a need to adjust the total number of shares of Restricted Shares to be allotted due to a share split (including allotment of the Company's common shares without payment) or reverse share split of the Company's common shares, or other event corresponding to these on or after the date of resolution of the proposal, the total number of shares of Restricted Shares may be reasonably adjusted.

3. Details of Restricted Shares Allotment Agreement

When allotting Restricted Shares, the Restricted Shares Allotment Agreement to be concluded between the Company and the Eligible Directors who will be allotted the Restricted Shares pursuant to a resolution of the Company's Board of Directors, shall include the following details.

(1) Details of Transfer Restrictions

An Eligible Director who receives an allotment of Restricted Shares may not transfer, create a pledge or security interest, or provide as a gift during life or as a bequeathment to a third party, or engage in any other act to dispose of (hereinafter "Transfer Restrictions") the allotted shares of Restricted Shares (hereinafter "Allotted Shares") during the period from the allotment date of the Restricted Shares until the date when the Eligible Director resigns or retires from the positions of member of the Board of Directors or Corporate Officer of the Company (hereinafter "Transfer Restriction Period").

(2) Acquisition of Restricted Shares without contribution

If an Eligible Director who has received an allotment of Restricted Shares resigns or retires from the positions of member of the Board of Directors or Corporate Officer of the Company, by the day before the first Ordinary General Meeting of Shareholders of the Company following the start date of the Transfer Restriction Period, the Company will automatically acquire without payment the Allotted Shares unless such resignation or retirement is due to a reason deemed justifiable by the Company's Board of Directors.

In addition, the Company will automatically acquire without payment any Allotted Shares for which Transfer Restrictions have not been lifted in accordance with provisions in (3) Lifting of the Transfer Restrictions below upon the expiration of the Transfer Restriction Period described in (1) above.

(3) Lifting of the Transfer Restrictions

The Company will lift the Transfer Restrictions of all of the Allotted Shares at the expiration of the Transfer Restriction Period, on the condition that the Eligible Director who received the allotment of Restricted Shares continuously held the position of member of the Board of Directors or Corporate Officer of the Company from the day of commencement of the Transfer Restriction Period until the

day the first Ordinary General Meeting of Shareholders of the Company is held after the start of that period.

However, if the Eligible Director concerned resigns or retires from the position of member of the Board of Directors or Corporate Officer of the Company during the period from the start date of the Transfer Restriction Period until the day before the first Ordinary General Meeting of Shareholders of the Company is held after the start of that period, due to a reason deemed justifiable by the Board of Directors, the Board of Directors will reasonably adjust the number of Allotted Shares for which Transfer Restrictions are to be lifted and the timing of the lifting of the Transfer Restrictions as necessary.

(4) Treatment in organizational restructuring, etc.

If a proposal relating to a merger agreement in which the Company becomes the extinguished entity, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or any other organizational restructuring, etc. are approved at the General Meeting of Shareholders (or at a meeting of the Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in an organizational restructuring, etc.) during the Transfer Restriction Period, and the Eligible Director receiving the Restricted Shares resigns or retires from the position of member of the Board of Directors or Corporate Officer of the Company as a result of such organizational restructuring, etc., the Company will, by resolution of the Board of Directors of the Company, lift the Transfer Restrictions on the number of the Allotted Shares reasonably determined by considering the period from the date of commencement of the Transfer Restriction Period until the date of approval of the organizational restructuring, etc., prior to the effective date of such organizational restructuring, etc.

In addition, in the event that organizational restructuring, etc. is approved, the Company will automatically acquire without payment any Allotted Shares for which Transfer Restrictions have not been lifted as of the business day immediately preceding the effective date of such organizational restructuring, etc.

Reference

Outline of policy related to decisions pertaining to the content of individual remuneration, etc. for Directors if Proposal 5 is approved as originally proposed

The Directors' remuneration system consists of fixed remuneration paid monthly, performance-linked remuneration and stock compensation. Based on the Company's internal standards on Director's remuneration, the Company comprehensively determines the amount of remuneration by taking several factors into account: corporate performance, the amount of dividends to shareholders, remuneration amount of other companies, the amount of employees' salaries, as well as the Director's management capabilities, achievements, and their contributions.

The fixed remuneration amount is calculated by setting a basic amount based on the size of the role of each Director and their position, and then setting the upper and lower limit amount for each position, the status difference by position, and the difference by the number of years in the position. Performance-linked remuneration is evaluated and decided based on the belief that it is important to comprehensively consider the goals and achievements of each fiscal year's performance (net sales, profits, etc.) and each Director's contribution.

Stock compensation is determined based on the amounts of fixed remuneration and performance-linked remuneration, using TSR (Total Shareholder Return: a comparison of the Company's actual results with a pre-established comparison group regarding total shareholder return) and ESG (the degree of achievement of the Company's environmental, social and governance goals) for each fiscal year as metrics.

The Board of Directors consults the Remuneration Committee regarding the policy for determining remuneration, etc. and the policy, etc. for determining the remuneration for individual Directors.

The remuneration for individual Directors is determined by the Board of Directors based on the deliberations and decisions of the Remuneration Committee.

BUSINESS REPORT (from April 1, 2024 to March 31, 2025)

1. Matters related to the KOITO Group

1) Performance and results of business activities

The economic situation in fiscal 2024 showed a gradual recovery trend against the backdrop of improving corporate earnings and improving the employment and income environment in Japan and robust consumer spending in the U.S. On the other hand, the outlook remained generally uncertain due to the stalling of the Chinese economy, the impact of monetary tightening in response to soaring prices in various countries, high resource prices and geopolitical risks.

The global automobile production volume decreased slightly compared to the previous fiscal year due to sluggish sales of Japanese vehicles in China as the shift to EVs progresses, the impact of certification issues for car manufacturers in Japan, and rising interest rates and stricter loan screening in Thailand and Indonesia resulting in a 3.5% year-on-year decline in the consolidated net sales to ¥916.7 billion.

Results by geographical segment are outlined as follows:

Japan	Net sales decreased by 2.8% year-on-year to ¥351.6 billion due to reduced vehicle production as a result of the impact of certification issues at car manufacturers and the suspension of production and shipments due to disasters at suppliers.	Composition of sales 38.4%
North America	Despite automobile production decreased due to parts supply problems at automobile manufacturers, net sales increased by 3.7% to ¥297.1 billion due to new orders as well as the effect of foreign exchange translation.	Composition of sales 32.4%
China	Automobile production increased due to growth in sales by local manufacturers as a result of progress in the shift to EVs, but sales volume decreased 29.2% year on year to ¥58.3 billion due to the continued sluggish sales of Japanese vehicles, which account for a high percentage of sales volume.	Composition of sales 6.4%
Asia	Although there was an increase in demand in India due to economic growth, overall vehicle production in Asia decreased due to sluggish sales in Thailand and Indonesia, mainly as a result of rising interest rates. Net sales increased by 1.4% year-on-year to ¥155.5 billion due to currency translation, despite the impact of production cuts.	Composition of sales 17.0%
Europe	Net sales decreased by 27.3% year-on-year to ¥36.1 billion, due to a decrease in vehicle production against a backdrop of weak personal consumption and other factors, as well as the impact of production termination of ordered models.	Composition of sales 3.9%
Other regions (NAL Brasil)	Net sales increased by 8.8% year-on-year to ¥17.9 billion, mainly due to increased vehicle production in line with increased demand, as well as the impact of new orders.	Composition of sales 1.9%

Regarding profits, there were impacts from production and shipment suspensions, and one-time expenses such as quality response costs were incurred. Additionally, investments related to the LiDAR business increased due to the consolidation of Cepton Technologies, Inc. in the U.S. as a subsidiary starting from the fourth quarter of the current fiscal year. In this situation, despite the KOITO Group's concerted efforts to improve productivity and other streamlining activities, operating profit decreased by 19.9% year-on-year to ¥44.8 billion and ordinary profit decreased 22.3% year-on-year to ¥49.1 billion. Profit attributable to owners of the parent increased by 13.1% to ¥46.2 billion due to extraordinary gains, including the sale of shares held under policy and compensation received.

2) Capital expenditures

Capital expenditures totaled ¥46 billion. Outlays were centered on the automotive lighting equipment segment, primarily for equipment, molds, and structures for adapting to new products and model changes, and investments for carbon neutrality in Japan and overseas.

3) Financing

The Company used internal funds and loans for the funds required for substantial investments in overseas business and other activities.

4) Key issues

The KOITO Group's key issues are to respond flexibly to rapid changes in the management environment, such as the advance of electrification and autonomous driving for next-generation mobility, to increase our corporate value, and to contribute to the realization of a sustainable society. To meet these challenges, we have formulated the KOITO VISION, "Lighting the Way for Our Sustainable Future," under which we are working towards "Enforcement of Corporate Foundation," "Sustainable Growth," and "Coexistence with the Earth and Society."

For "Enforcement of Corporate Foundation," we aim to nurture the human resources that will drive the Group's development and strengthen and transform manufacturing and personnel development. Furthermore, by strengthening product safety and quality assurance, legal compliance, and internal controls and information security, we are working to enhance our corporate governance to gain the trust of all stakeholders.

For "Sustainable Growth," we will aim to further expand sales so as to improve our current earnings performance, while working to build a profitable structure by upgrading methods of purchasing and manufacturing and implementing all manner of cost reforms.

Not only will we endeavor to popularize our Adaptive Driving Beam (ADB) headlamps, which contribute to reducing traffic accidents, we will also waste no time in bringing to market LiDAR, communication lamps, and other attractive products with a view to an autonomous driving society, so as to deliver safety and peace of mind to people around the world, thereby earning customer satisfaction and trust.

For "Coexistence with the Earth and Society," we are stepping up activities aimed at reducing our CO₂ emissions 50% (compared to fiscal 2015) by fiscal 2030 and achieving carbon neutrality by fiscal 2050. At the same time, we are promoting eco- and people-friendly manufacturing, mainly by reducing the use of substances that are harmful to the environment. Moreover, we will aim to become a company where each and every employee can work to their full potential.




















Under these circumstances, as the first step toward achieving KOITO VISION, we have formulated the 1st Medium-Term Management Plan for the three-year period from FY2025 to FY2027, and have been working to strengthen profitability by investing in the automation of production lines, as well as promoting growth investments and rationalization.

However, global automobile production volume has fallen short of our expectations due to issues with certification at automakers in Japan, sluggish sales of Japanese cars due to the advancement of EVs in China, and sluggish sales due to rising interest rates in Asia. In addition, there are currently many uncertainties, such as U.S. tariff policies, and the environment surrounding the Company is even more opaque going forward. Therefore, we are considering revising our management targets for the final year (FY2027) of our 1st Medium-Term Management Plan..

Under the corporate message of “Lighting for Your Safety,” the KOITO Group will contribute as a global supplier to the safety and peace of mind of the transport society. We ask our shareholders for their continued understanding and support.

(Reference) The KOITO Group's materiality

We have identified priority issues (materiality) that we will focus on through our business activities and formulated a declaration of initiatives from the perspectives of "environment," "safety / peace of mind," and "corporate foundation," aiming to become a company that coexists with the Earth and contributes to a sustainable society by resolving social issues, including the SDGs.

	Materiality	Relevant SDGs	Declaration of KOITO's initiatives
Environment	<ul style="list-style-type: none"> Prevention of global warming Reduction of environmental impact substances and waste Conservation of water resources 	       	<ul style="list-style-type: none"> We will promote reduction of CO2 emissions and environmental impact substances, and resource recycling guided by the theme of "Eco-friendly Manufacturing for People and the Earth." We will contribute to the reduction of CO2 emissions by further improving the light emission efficiency and reducing the weight of mainstay products.
Safety/peace of mind	<ul style="list-style-type: none"> Reduction of traffic accidents Technological development contributes to materialize a sustainable society Enhancement of product quality 	    	<ul style="list-style-type: none"> We will strive to achieve sustainable growth and resolve social issues by developing and providing socially beneficial and safe products and services. Looking ahead to autonomous driving society, we will promote product development of sensors (LiDARs and cameras). We will gain customers' satisfaction and trust through developing and providing safe and high-quality products and services.
Corporate foundation	<ul style="list-style-type: none"> Compliance Corporate governance Information security Human resource development Healthy and safe working environment Workstyle reform Protection of human rights Disaster prevention 	     	<ul style="list-style-type: none"> We will enhance corporate governance and strengthen compliance to establish sound management system. We will strive to protect information assets by preparing for risks on information security. We will strive to provide a healthy and safe workplace environment in which all employees can make the best use of their capabilities and fulfill their potential. We will promote initiatives to respect the human rights of all persons. We will strengthen our disaster prevention system throughout the supply chain.

5) Changes in assets and profit (loss)

	million yen (except per share amounts)			
	122nd Term	123rd Term	124th Term	125th Term
	April 1, 2021 – March 31, 2022	April 1, 2022 – March 31, 2023	April 1, 2023 – March 31, 2024	April 1, 2024 – March 31, 2025
Net sales	760,719	864,719	950,295	916,709
Profit attributable to owners of parent	38,340	29,660	40,879	46,240
Net income per share (yen)	119.26	92.26	130.93	156.49
Total assets	855,237	905,909	965,595	889,952
Net assets	627,315	670,506	719,270	679,865

Notes:

1. Net income per share is based on the average number of shares issued in each fiscal year after deducting treasury stock.
2. The Company conducted a 2-for-1 share split of common shares, effective as of October 1, 2022. Net income per share is calculated assuming that the split was conducted at the beginning of the 122nd term (fiscal 2022).

6) Significant subsidiaries

i. Significant subsidiaries

1) Domestic subsidiaries

Company name	Capital or investments (million yen)	Equity ownership percentage	Description of principal businesses
KOITO KYUSHU LIMITED	3,000	100.0%	Manufacturing and marketing of automotive lighting equipment
Koito Transport Co., Ltd.	40	100.0%	Transportation services and logistics
Aoitec Co., Ltd.	100	98.0%	Manufacturing and marketing of electronic components, electrical devices, telecommunications equipment and precision machinery
Shizuokadenso Co., Ltd.	76	100.0% (35.1%)	Manufacturing and marketing of automotive lighting equipment
Nissei Industries Co., Ltd.	51	61.8% (12.4%)	Manufacturing and marketing of miniature bulbs and electrical equipment
Fujieda Auto Lighting Co., Ltd.	100	100.0% (50.0%)	Manufacturing and marketing of automotive lighting equipment
Shizuoka Wire Harness Co., Ltd.	100	100.0% (50.0%)	Manufacturing and marketing of automotive lighting equipment
Haibara Machine and Tools Co., Ltd.	50	100.0% (55.0%)	Manufacturing and marketing of resin metal molds
Shizuoka Kanagata Co., Ltd.	20	40.0%	Manufacturing and marketing of resin metal molds
Koito Insurance Services Co., Ltd.	10	100.0%	Insurance agent
KOITO ELECTRIC INDUSTRIES, LTD.	90	100.0%	Manufacturing and marketing of railroad car control equipment, road traffic signals and traffic control systems, and seats for railroad cars, etc.
Minatsu, Ltd.	40	100.0%	Maintenance and upkeep of traffic signals and safety equipment
Okayama Industry Co., Ltd.	50	51.0%	Manufacturing and marketing of railroad car seats, etc.

Note:

Percentages in parentheses represent the equity ownership percentage for subsidiaries and are included in the total.

2) Overseas subsidiaries

Company name	Capital or investments	Equity ownership percentage	Description of principal businesses
North America			
North American Lighting, Inc.	130,000 thousands of U.S. dollars	100.0%	Manufacturing and marketing of automotive lighting equipment
North American Lighting Mexico, S.A. de C.V.	750 millions of Mexican peso	90.0% (30.0%)	Manufacturing and marketing of automotive lighting equipment
Cepton Technologies, Inc	200,411 thousands of U.S. dollars	95.4% (95.4%)	Development of LiDAR-related technologies
South America			
NAL do Brasil Indústria e Comércio de Componentes de Iluminação Ltda.	533,000 thousands of Brazilian Real	95.0% (11.4%)	Manufacturing and marketing of automotive lighting equipment
Europe			
Koito Europe Limited	65,000 thousands of Sterling pound	100.0%	Manufacturing and marketing of automotive lighting equipment
Koito Czech s.r.o.	1,000 millions of Czech koruna	100.0%	Manufacturing and marketing of automotive lighting equipment
China			
GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD.	4,000 million yen	100.0%	Manufacturing and marketing of automotive lighting equipment
Hubei Koito Automotive Lamp Co., Ltd.	5,000 million yen	100.0%	Manufacturing and marketing of automotive lighting equipment
FUZHOU KOITO AUTOMOTIVE LAMP CO., LTD.	9,000 thousands of U.S. dollars	100.0%	Manufacturing and marketing of automotive lighting equipment
Asia			
THAI KOITO COMPANY LIMITED	365,200 thousands of Thai baht	61.8%	Manufacturing and marketing of automotive lighting equipment
PT. INDONESIA KOITO	60,000 thousands of U.S. dollars	90.0%	Manufacturing and marketing of automotive lighting equipment
Ta Yih Industrial Co., Ltd.	762,300 thousands of New Taiwan dollar	32.5%	Manufacturing and marketing of automotive lighting equipment
INDIA JAPAN LIGHTING PRIVATE LIMITED	4,099 millions of Indian rupee	100.0%	Manufacturing and marketing of automotive lighting equipment
KOITO MALAYSIA SDN. BHD.	200 millions of Malaysian ringgit	90.0%	Manufacturing and marketing of automotive lighting equipment

Note:

1. Percentages in parentheses represent the equity ownership percentage for subsidiaries and are included in the total.
2. Cepton Technologies, Inc. became a consolidated subsidiary in January 2025.
3. KPS N.A., INC. has been excluded from the consolidated subsidiaries as its liquidation has been completed.
4. FUZHOU KOITO TAYIH AUTOMOTIVE LAMP CO., LTD. changed its name to FUZHOU KOITO AUTOMOTIVE LAMP CO., LTD. in August 2024.
5. Regarding FUZHOU KOITO AUTOMOTIVE LAMP CO., LTD., a consolidated subsidiary of the Company, we have resolved to dissolve the company in the first quarter of the fiscal year ending March 2026, and to begin liquidation procedures, with liquidation scheduled to be completed in the first quarter of the fiscal year ending March 2027.

ii. Technology alliances

The Company has technology alliances primarily with the following companies.

1) Agreements to provide technological support

Company name	Country
Farba Otomotiv A.S.	Turkey
Lumotech (Pty.) Ltd.	South Africa
AuVitronics Limited	Pakistan

2) Agreements to receive technological support

Company name	Country
PTI Technologies Inc.	USA

7) Description of principal businesses (as of March 31,2025)

Segments	Main products
Automotive lighting equipment segment	LED headlamps, headlights and auxiliary lamps, signaling lamps, high-mount stop lamps, halogen lamps, other miniature bulbs, other lighting equipment
Electrical equipment segment excluding automotive lighting equipment segment	Railroad car electric components, road traffic signals, highway information systems
Other products and services	Aircraft components, electronics components, seats for railroad cars, climate control equipment, transportation services and logistics, insurance service

8) Main offices and plants (as of March 31, 2025)

i. The Company

Office name	Location	Office name	Location
Head office	Shinagawa-ku, Tokyo	Tokyo Sales Office	Shinagawa -ku, Tokyo
Sendai Branch	Miyagino-ku, Sendai City	Atsugi Sales Office	Atsugi City, Kanagawa Pref.
Kitakanto Branch	Utsunomiya City, Tochigi Pref.	Shizuoka Sales Office	Shimizu-ku, Shizuoka City
Tokyo Branch	Shinagawa -ku, Tokyo	Nagoya Sales Office	Toyota City, Aichi Pref.
Toyota Branch	Toyota City, Aichi Pref.	Osaka Sales Office	Yodogawa-ku, Osaka City
Osaka Branch	Yodogawa-ku, Osaka City	Fukuoka Sales Office	Hakata-ku, Fukuoka City
Hiroshima Branch	Aki-gun, Hiroshima Pref.	Shizuoka Plant	Shimizu-ku, Shizuoka City
Sapporo Sales Office	Higashi-ku, Sapporo City	Haibara Plant	Makinohara City, Shizuoka Pref.
Sendai Sales Office	Miyagino-ku, Sendai City	Sagara Plant	Makinohara City, Shizuoka Pref.
Kitakanto Sales Office	Utsunomiya City, Tochigi Pref.	Fujikawa Tooling Plant	Fuji City, Shizuoka Pref.
Ota Sales Office	Ota City, Gunma Pref.	Koito Parts Center	Shimizu-ku, Shizuoka City

Note: Due to organizational changes in April 2024, we have closed our Sapporo Branch and established a new Sendai Branch (location: Miyagino-ku, Sendai City).

ii. Subsidiaries

1) Domestic subsidiaries

Company name	Location	Company name	Location
KOITO KYUSHU LIMITED	Saga City, Saga Pref.	Haibara Machine and Tools Co., Ltd.	Makinohara City, Shizuoka Pref.
Koito Transport Co., Ltd.	Shimizu-ku, Shizuoka City	Shizuoka Kanagata Co., Ltd.	Fujieda City, Shizuoka Pref.
Aoitec Co., Ltd.	Chuo-ku, Hamamatsu City	Koito Insurance Services Co., Ltd.	Shinagawa -ku, Tokyo
Shizuokadenso Co., Ltd.	Shimizu-ku, Shizuoka City	KOITO ELECTRIC INDUSTRIES, LTD.	Sunto-gun, Shizuoka Pref.
Nissei Industries Co., Ltd.	Shimizu-ku, Shizuoka City	Minatsu, Ltd.	Totsuka-ku, Yokohama City
Fujieda Auto Lighting Co., Ltd.	Fujieda City, Shizuoka Pref.	Okayama Industry Co., Ltd.	Ora-gun, Gunma Pref.
Shizuoka Wire Harness Co., Ltd.	Shimizu-ku, Shizuoka City		

2) Overseas subsidiaries

Company name		Location	
North American Lighting, Inc.	Head Office (Paris) / Paris Plant	USA	Illinois
	Flora Plant		Illinois
	Salem Plant		Illinois
	Alabama Plant		Alabama
	Indiana Tooling Plant		Indiana
	Technical Center		Michigan
North American Lighting Mexico, S.A. de C.V.		Mexico	San Luis Potosí
Cepton Technologies, Inc		USA	California
NAL do Brasil Indústria e Comércio de Componentes de Iluminação Ltda.		Brazil	San Paulo
Koito Europe Limited		United Kingdom	Droitwich City, Worcestershire
Koito Czech s.r.o.		Czech Republic	Zatec City
GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD.		China	Guangzhou City
Hubei Koito Automotive Lamp Co., Ltd.		China	Xiaogan City
FUZHOU KOITO AUTOMOTIVE LAMP CO., LTD.		China	Fuzhou City
THAI KOITO COMPANY LIMITED	Bangplee Plant	Thailand	Samut Prakarn
	Prachinburi Plant		Prachinburi
PT. INDONESIA KOITO		Indonesia	West Java
Ta Yih Industrial Co., Ltd.		Taiwan	Tainan City
INDIA JAPAN LIGHTING PRIVATE LIMITED	Chennai Plant	India	Tamil Nadu
	Bawal Plant		Haryana
	Gujarat Plant		Gujarat
KOITO MALAYSIA SDN. BHD.		Malaysia	Negeri Sembilan

9) Employees (as of March 31, 2025)

Segment	Number of employees	Change from previous fiscal year
Japan	7,315	-27
North America	7,358	+66
China	1,922	-184
Asia	4,833	-101
Europe	1,263	-300
Other Regions	555	+65
Corporate	86	+6
Total	23,332	-475

Note: The number of employees listed under “Corporate” belong to the administration departments of the head office.

10) Principal lenders (as of March 31, 2025)

Lender	Outstanding amount of loan (million yen)
MUFG Bank, Ltd.	4,118
The Shizuoka Bank, Ltd.	890
THE SHIMIZU BANK,LTD.	700

2. Shares (as of March 31, 2025)

1) Total number of shares authorized to be issued 640,000,000 shares

2) Total number of shares issued 307,833,172 shares

3) Number of shareholders 21,405

4) Principal shareholders

Shareholders	Number of shares held (thousand shares)	Ratio of shares held (%)
TOYOTA MOTOR CORPORATION	64,316	22.7
The Master Trust Bank of Japan, Ltd. (Trust account)	31,971	11.3
Custody Bank of Japan, Ltd. (Trust account)	10,959	3.9
Nippon Life Insurance Company	9,688	3.4
The Dai-ichi Life Insurance Company, Limited	8,001	2.8
STATE STREET BANK AND TRUST COMPANY 505001	7,998	2.8
Sumitomo Mitsui Banking Corporation	5,442	1.9
MUFG Bank, Ltd.	5,154	1.8
SUMITOMO LIFE INSURANCE COMPANY	4,794	1.7
BNYMSANV AS AGENT / CLIENTS LUX UCITS	4,748	1.7
NON TREATY 1		

Note:

1. The Company holds 24,086,647 treasury stock, but these are excluded from the above list of principal shareholders.
2. Ratio of shares held is calculated by deducting treasury stock.

<Reference> Distribution by owners

Financial institution	30.7%
Foreign corporation, etc.	26.5%
Other domestic corporation	26.3%
Individual, etc.	14.1%
Financial instruments business operator (brokerage house)	2.4%

5) Other significant matters concerning shares

i. Acquisition of treasury stock (Resolution of the Board of Directors on March 28, 2024)

Based on the resolution of the Board of Directors held on March 28, 2024, the Company carried out the acquisition of treasury stock as described below.

Class of shares acquired	Common shares
Total number of shares acquired	24,127,200 shares
Acquisition price	¥49,999,818,900
Acquisition period	From April 1, 2024 to February 5, 2025
Method of acquisition	Market purchase on the Tokyo Stock Exchange

ii. disposal of treasury stock as restricted shares

Based on the resolution of the Board of Directors held on October 29, 2024, the Company has introduced a system to grant restricted shares to employees of the Company and its subsidiaries through a stock ownership plan. Based on this system, the Company disposed of 95,400 of its treasury stock (common shares) to the KOITO Group Employee Stock Ownership Plan on March 7, 2025.

3. Subscription rights to shares, etc. of the Company

Subscription rights to shares issued to/held by executives of the Company as compensation for the execution of their duties as of the fiscal year end

Name	First Issue of Subscription Rights to Shares (Stock compensation-type stock options)
Date of issuance resolution	June 26, 2015
Status of subscription rights to shares held by executives	Number of holders: 6 Directors (except Outside Directors)
Number of subscription rights to shares	170
Type and number of shares subject to subscription rights to shares	Common shares 34,000 shares
Amount to be paid upon exercise of subscription rights to shares	One (1) yen per share
Exercise period of subscription rights to shares	July 30, 2015 - July 29, 2045
Primary condition for exercise of subscription rights to shares	Once an individual is no longer the Company's Director or Corporate Officer, any subscription rights to shares held can be exercised only during the 10-day period starting on the next day following the day the Company's position ended.

4. Company's executives

1) Directors and Audit and Supervisory Board Members (as of March 31, 2025)

Position	Name	In charge of/Important positions concurrently held
Chairman	Masahiro Otake	
President	Michiaki Kato	
Executive Vice President	Masami Uchiyama	Production Headquarters Shizuoka Plant Aircraft Equipment Division International Operations Headquarters Sustainability Promotion Office General Affairs Department, Shizuoka Logistics Department Safety Environment Department Production Control Department Electronics Products Production Department
Executive Vice President	Hideharu Konagaya	Procurement Headquarters Finance & Accounting Headquarters General Affairs Department
Senior Managing Director	Katsuyuki Kusakawa	Corporate Planning Department Compliance Department Personnel Department Cost Administration Department
Senior Managing Director	Jun Toyota	Sales Headquarters
Director (Outside) (Independent executive)	Haruya Uehara	Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation
Director (Outside) (Independent executive)	Kingo Sakurai	Certified public accountant
Director (Outside) (Independent executive)	Chika Igarashi	Attorney, Partner of Nishimura & Asahi (Gaikokuho Kyodo Jigyo)
Director (Outside) (Independent executive)	Risa Tanaka	President, The Graduate School of Project Design, Advanced Academic Agency Outside Director, IMURAYA GROUP CO., LTD. Outside Director, SOHGO SECURITY SERVICES CO., LTD. Outside Director, The Akita Bank, Ltd.
Standing Audit and Supervisory Board Member	Mitsuo Kikuchi	
Standing Audit and Supervisory Board Member	Koichi Sakakibara	
Audit and Supervisory Board Member (Outside) (Independent executive)	Hiroshi Kimeda	Attorney, Partner of Nishimura & Asahi (Gaikokuho Kyodo Jigyo)
Audit and Supervisory Board Member (Outside) (Independent executive)	Hidemi Yamaguchi	Certified tax accountant Audit and Supervisory Board Member, Koito Insurance Services Co., Ltd.

Position	Name	In charge of/Important positions concurrently held
		Outside Director (Audit & Supervisory Committee Member), TOYO DRILUBE CO., LTD. Independent Audit & Supervisory Board Member, Dainichiseika Color & Chemicals Mfg. Co., Ltd.

Notes:

1. Director Haruya Uehara, Director Kingo Sakurai, Director Chika Igarashi and Director Risa Tanaka are Outside Directors.
2. Audit and Supervisory Board Members Hiroshi Kimeda and Audit and Supervisory Board Member Hidemi Yamaguchi are Outside Audit and Supervisory Board Members.
3. Audit and Supervisory Board Member Hidemi Yamaguchi is a certified tax accountant who has considerable expertise in the fields of finance and accounting.
4. The Company has submitted a notice to the Tokyo Stock Exchange that Director Haruya Uehara, Director Kingo Sakurai, Director Chika Igarashi, Director Risa Tanaka, Audit and Supervisory Board Member Hiroshi Kimeda and Audit and Supervisory Board Member Hidemi Yamaguchi have been designated as independent executive in accordance with the regulations of this exchange.
5. On the basis of the stipulations of Article 427, paragraph 1 of the Companies Act, the Company and its Outside Directors and its Outside Audit and Supervisory Board Members have concluded an agreement limiting restitution liability for Article 423, paragraph 1 of the same act. These agreements limit the monetary liability to the minimum liability amount specified by laws and regulations.
6. The Company has taken out a directors and officers liability insurance policy with an insurance company in accordance with Article 430-3, paragraph 1 of the Companies Act.

The scope of insured persons under this policy covers Directors, Audit and Supervisory Board Members, and Corporate Officers of the Company, and the Company bears the expense of all insurance premiums.

This insurance policy covers damages incurred by the insured parties should they receive a claim or pursuit of responsibilities in connection with the performance of their duties.

However, in order to ensure that the appropriateness of an insured party's execution of his or her duties is not impaired, the policy does not cover claims for damages arising from willful misconduct or gross negligence.

2) Remuneration, etc. to Directors and Audit and Supervisory Board Members

i. Matters related to the policy for decisions pertaining to the content of individual remuneration, etc. for Directors

The policy for determining remuneration, etc. for Directors has been decided by the Board of Directors, as follows.

It was approved at the 119th Ordinary General Meeting of Shareholders held on June 27, 2019 that the amount of remuneration, etc. for the Company's Directors shall be no more than ¥1.5 billion a year. In addition, it was approved at the 115th Ordinary General Meeting of Shareholders held on June 26, 2015, that, apart from the amount of remuneration, etc., for Directors described above, the amount of remuneration, etc., related to subscription rights as stock compensation-type stock options for Directors shall be no more than ¥200 million a year.

The Directors' remuneration system consists of fixed remuneration, paid monthly, and performance-linked remuneration. Based on the Company's internal standards on Director's remuneration, the Company comprehensively determines the amount of remuneration by taking several factors into account: corporate performance, the amount of dividends to shareholders, remuneration amount of other companies, the amount of employees' salaries, as well as the Director's management capabilities, achievements, and their contributions.

The fixed remuneration amount is calculated by setting a basic amount in based on the size of the role of each Director and their position, then setting the upper and lower limit amount for each position, the status difference by position, and the difference by the number of years in the position.

Performance-linked remuneration is evaluated and decided based on the belief that it is important to comprehensively consider the goals and achievements of each fiscal year's performance (net sales, profits, etc.) and each Director's contribution.

The goal of stock compensation-type stock options is to motivate company managers to contribute to improving business performance and corporate value in the medium to long term by sharing the benefit of rising stock prices and the risk of falling stock prices with shareholders. The number of stock options granted is based on each Director's status of business execution and level of contribution, etc., and Directors are able to exercises their options once they have lost their position as Director.

The Board of Directors consults the Remuneration Committee regarding the policy for determining remuneration, etc. and the policy, etc. for determining the remuneration for individual Directors.

The remuneration for individual Directors is determined by the Board of Directors based on the deliberations and decisions of the Remuneration Committee.

For Outside Directors, only fixed remuneration is paid, and no performance-linked remuneration is paid.

In determining the content of individual remuneration, etc. for Directors, the Company's Board of Directors discusses the matter through consultation based on the determination policy for remuneration, etc. of Directors, and the Company judges that the contents are in line with the determination policy.

ii. The remuneration of Audit and Supervisory Board Members

The remuneration of each Audit and Supervisory Board Members has been determined by consultations among Audit and Supervisory Board Members. For Audit and Supervisory Board Members, only fixed remuneration is paid, and no performance-linked remuneration is paid.

iii. Matters related to the General Meeting of Shareholders' resolution regarding remuneration, etc. of Directors and Audit and Supervisory Board Members

The amount of monetary remuneration for Directors was resolved by the 119th Ordinary General Meeting of Shareholders, held on June 27, 2019, to be no more than ¥1.5 billion a year (of which, the annual amount of remuneration for Outside Directors is to be no more than ¥50 million). At the conclusion of that Ordinary General Meeting of Shareholders, there were fourteen (14) Directors (including two (2) Outside Directors).

In addition, the amount of remuneration, etc., related to subscription rights as stock compensation-type stock options for Directors was resolved by the 115th Ordinary General Meeting of Shareholders, held on June 26, 2015, to be no more than ¥200 million a year.

At the conclusion of that Ordinary General Meeting of Shareholders, there were thirteen (13) Directors (excluding Outside Directors).

The amount of monetary remuneration for Audit and Supervisory Board Members was resolved by the 112th Ordinary General Meeting of Shareholders, held on June 28, 2012, to be no more than ¥120 million a year. At the conclusion of that Ordinary General Meeting of Shareholders, there were four (4) Audit and Supervisory Board Members.

iv. Matters related to delegation of the authority pertaining to deciding the content of individual remuneration, etc. for Directors

The content of individual remuneration, etc. for Directors is decided by the Board of Directors and is not delegated to Directors or other third parties.

v. Total remuneration, etc. to Directors and Audit and Supervisory Board Members

	Number of eligible officers	Total amount of remuneration, etc. by type (million yen)		Total amount of remuneration, etc. (million yen)
		Fixed remuneration	Performance-linked remuneration	
For Directors	10	521	224	746
For Audit and Supervisory Board Members	4	108	—	108
Total	14	629	224	854

Notes:

1. Aggregate remuneration for the Outside Directors and Outside Audit and Supervisory Board Members, a total of six individuals, was ¥78 million. (Fixed remuneration only.)
2. Besides the above, one Outside Audit and Supervisory Board Member have received executives' remuneration of ¥0 million from Koito Insurance Services Co., Ltd., a subsidiary of the Company.
3. For Performance-linked remuneration, recurring profit is used as an indicator since it reflects the overall results of the Company's management activities, and the remuneration is calculated giving consideration to the year-on-year change in this indicator. The amounts listed for recurring profit for the fiscal year under review and for the previous fiscal year are the amounts presented in the non-consolidated statements of income.

3) Outside executives

- i. Significant positions at other companies, etc. and the Company's relationship with these companies, etc.

Director Haruya Uehara is a Senior Advisor of Mitsubishi UFJ Trust and Banking Corporation.

Director Chika Igarashi is a Partner of Nishimura & Asahi (Gaikokuho Kyodo Jigyo). The

Company has a business relationship with Nishimura & Asahi (Gaikokuho Kyodo Jigyo) concerning legal services.

Director Risa Tanaka is a President, The Graduate School of Project Design, Advanced Academic Agency, Outside Director, IMURAYA GROUP CO., LTD., Outside Director, SOHGO SECURITY SERVICES CO., LTD. and Outside Director and The Akita Bank, Ltd. The Company has a business relationship with SOHGO SECURITY SERVICES CO., LTD. for the outsourcing of security and other services.

Audit and Supervisory Board Member Hiroshi Kimeda is a Partner of Nishimura & Asahi (Gaikokuho Kyodo Jigyo). The Company has a business relationship with Nishimura & Asahi (Gaikokuho Kyodo Jigyo) concerning legal services.

Audit and Supervisory Board Member Hidemi Yamaguchi is an Audit and Supervisory Board Member of Koito Insurance Services Co., Ltd., which is a subsidiary of the Company, Outside Director (Audit & Supervisory Committee Member), TOYO DRILUBE CO., LTD. and Independent Audit & Supervisory Board Member, Dainichiseika Color & Chemicals Mfg. Co., Ltd. The Company has a business relationship related to insurance agency services with Koito Insurance Services Co., Ltd.

ii. Major activities during the fiscal year ended March 2023

	Name	Attendance at the Board of Directors Meetings	Attendance at the Audit and Supervisory Board Meetings	Major activities and status of duties conducted in relation to expected role as Outside Director
Outside Director	Haruya Uehara	All 12 meetings (100.0%)	—	Mr. Haruya Uehara played an appropriate role in ensuring the adequacy and appropriateness of decisions by the Board of Directors, such as providing opinions and other information based on his knowledge and experience concerning corporate management. He also performed a supervisory function, such as sharing information through meetings with the audit department.
Outside Director	Kingo Sakurai	All 12 meetings (100.0%)	—	Mr. Kingo Sakurai played an appropriate role in ensuring the adequacy and appropriateness of decisions by the Board of Directors, such as providing opinions and other information based on his knowledge and experience as a certified public accountant. He also performed a supervisory function, such as sharing information through meetings with the audit department.
Outside Director	Chika Igarashi	All 12 meetings (100.0%)	—	Ms. Chika Igarashi played an appropriate role in ensuring the adequacy and appropriateness of decisions by the Board of Directors, such as providing opinions and other information based on her knowledge and experience as an attorney. She also performed a supervisory function, such as sharing information through meetings with the audit department.

	Name	Attendance at the Board of Directors Meetings	Attendance at the Audit and Supervisory Board Meetings	Major activities and status of duties conducted in relation to expected role as Outside Director
Outside Director	Risa Tanaka	All 12 meetings (100.0%)	–	Ms. Risa Tanaka played an appropriate role in ensuring the adequacy and appropriateness of decisions by the Board of Directors, such as providing opinions from a professional perspective based on her knowledge of marketing and experience serving as president of an academic corporation and as a committee member for various government ministries. She also performed a supervisory function, such as sharing information through meetings with the audit department.
Outside Audit and Supervisory Board Member	Hiroshi Kimeda	All 12 meetings (100.0%)	All 8 meetings (100.0%)	Mr. Hiroshi Kimeda provided opinions primarily by using his legal expertise and performed other activities for verifying the adequacy and appropriateness of decisions by the Board of Directors, etc. and offering other advice and ideas.
Outside Audit and Supervisory Board Member	Hidemi Yamaguchi	All 10 meetings (100.0%)	All 6 meetings (100.0%)	Mr. Hidemi Yamaguchi provided opinions primarily by using his financial and tax practice expertise and performed other activities for verifying the adequacy and appropriateness of decisions by the Board of Directors, etc. and offering other advice and ideas.

Note: The record for Director Risa Tanaka covers the period after her appointment on June 27, 2024.

5. Independent Auditors

1) Name of Independent Auditors

ARK LLC

2) Remuneration, etc. to the Independent Auditors

	Amount paid (million yen)
1. Amount of remuneration, etc. paid by the Company	90
2. Total amount of money and other property benefits paid by the Company and its subsidiaries	95

Notes:

1. In the auditing contract with the Independent Auditors, there is no separation of the amount of remuneration, etc. for audits in accordance with the Companies Act and the amount for audits in accordance with the Financial Instruments and Exchange Act. Furthermore, since it is impractical to separate these two items, the amount in item 1. is the sum for these two audits.
2. Audit and Supervisory Board, acting in accordance with the “Business Guidance relating to Cooperation with Independent Auditors” issued by the Public Interest Incorporated Association Japan Audit & Supervisory Board Members Association, received the necessary materials and completed its hearing of the report from the relevant internal departments and from Independent Auditors. As a result of discussing the content of the audit plan of Independent Auditors, the execution of the operational responsibilities in previous business years and the basis of the calculation of the remuneration projections, Audit and Supervisory Board has defined that the amount of remuneration, etc. in item 1. was reasonable, and consented in accordance with Article 399, paragraph 1 of the Companies Act.

3) Policy regarding decisions about dismissal or non-reappointment of the Independent Auditors

- i. In cases where the Independent Auditors fall under any of the grounds set forth in each item of Paragraph 1 of Article 340 of the Companies Act and the dismissal is deemed appropriate, Audit and Supervisory Board shall decide to dismiss the Independent Auditors based on the consent of all the Audit and Supervisory Board Members of the Company.
- ii. In cases where it is found that a reason that hinders the Independent Auditors from performing proper audits has arisen, Audit and Supervisory Board shall decide on the content of drafts to be submitted to the General Meeting of Shareholders for dismissal or non-reappointment of the Independent Auditors.

4) Audits of the Company's subsidiaries' financial statements by certified public accountants or auditing firms other than the Company's Independent Auditors

Overseas subsidiaries of the Company are audited by certified public accountants or auditing firms other than the Company's Independent Auditors.

6. System for ensuring appropriate business execution

This section explains the summary of decisions in regard to systems for ensuring that Directors execute their duties in compliance with laws and regulations and the Company's Articles of Incorporation and that other operations of the Company are conducted properly.

1) System ensuring that Directors and employees execute their duties in compliance with laws and regulations and the Company's Articles of Incorporation

The Compliance Committee, Compliance Department, Internal Audit Department, whistle-blower internal reporting system and other organizations and systems, as well as the Code of Corporate Ethics and other relevant regulations, will be developed and enhanced based on the KOITO Group Corporate Behavior Charter. At the same time, the Company's Directors, Corporate Officers and employees will receive education familiarizing them with the organizations, systems and regulations.

2) System for the preservation and administration of information on Directors executing their duties

Regulations will be developed and enhanced to appropriately preserve and administer the minutes of the General Meeting of Shareholders, Board of Directors, Managing Committee, and other information on Directors executing their duties.

3) Regulations and other systems for managing the risk of loss

Risk Management Regulations and other regulations and systems for managing risk will be developed to avoid and eliminate material risks that could threaten the Company's survival, and minimize the impact when they arise. At the same time, the Company's Directors, Corporate Officers and employees will receive education and training on risk management.

4) System for ensuring the efficient execution of duties by Directors

Board of Directors and Managing Committee will be held regularly. Meanwhile, Board of Directors Regulations, Managing Committee Regulations and other regulations pertaining to the execution of duties by Directors, as well as the Corporate Officer system and other organizations and systems, will be developed and enhanced to ensure the efficient execution of duties by Directors. At the same time, business will be executed according to specific plans the divisions develop each year based on the President's policy.

5) System for ensuring appropriate business execution by the corporate group comprising the Company and its subsidiaries

The Company and its Group companies will subscribe together to the KOITO Group Corporate Behavior Charter and develop a system for ensuring and administering the properness of operations.

- i) Based on the Affiliates Management Regulations, etc., the Company will specify matters to be reported, enhance the Group's reporting system, and ensure that Group companies file periodical reports to the Company.
- ii) Based on the Affiliates Management Regulations, etc., the Company will keep watching on risks to the Group as a whole in a comprehensive and centralized manner. Whenever it finds insufficiency in a Group company's action, etc., the Company will give it guidance or take other corrective measures.
- iii) The Company will ensure that Group companies prepare and keep their regulations, organizations, and systems to ensure periodical holding of Board of Directors meetings and Directors' execution of their duties.

For significant Group companies, executives of the Company may concurrently hold offices of executives of such Group companies.

- iv) Based on the KOITO Group Corporate Behavior Charter, etc., the Company will ensure that Group companies achieve compliance with laws and regulations, and the Company's administrative units and Internal Audit Department conduct Group companies' operational and accounting audits. Further, based on the Affiliates Management Regulations, etc., the Company will specify matters subject to the Company's approval, and ensure that Group companies first obtain the Company's approval before carrying out such matters.

6) Matters pertaining to the status of certain employees, their independence from Directors, and ensuring the viability of instruction in the event Audit and Supervisory Board Members request for such employees to assist in the execution of their duties

An Audit and Supervisory Board Members' Office will be established to help the Audit and Supervisory Board Members execute their duties under the instruction and order of the Audit and Supervisory Board Members and the Audit and Supervisory Board.

Moreover, assignment of personnel to the Audit and Supervisory Board Members' Office shall be decided upon approval by the Audit and Supervisory Board to ensure independence from Directors.

7) System for Directors and employees of the Company and its subsidiaries to report to Audit and Supervisory Board Members of the Company, and for preventing unfair treatment of the Directors and employees for reporting to the Audit and Supervisory Board Members of the Company

Directors, Corporate Officers and employees of the Company and its Group companies shall report to the Audit and Supervisory Board Members of the Company when they learn of matters of material impact on the Company, serious violations of laws and regulations and the Company's Articles of Incorporation, and other issues of compliance.

Moreover, each Audit and Supervisory Board Member shall exercise their own discretion in reporting the findings from such reports to the Audit and Supervisory Board.

Meanwhile, the Company's organization and systems will be developed and enhanced to rigorously prevent the unfair treatment of the directors, corporate officers and employees for reporting to the Audit and Supervisory Board Members.

8) Policy on expenses arising from the Audit and Supervisory Board Members of the Company executing their duties, and system for enabling the Audit and Supervisory Board Members to conduct effective audits

The Company shall pay all necessary expenses involved in the Audit and Supervisory Board Members executing their duties.

The Audit and Supervisory Board Members shall monitor and audit the execution of business by means that include attending meetings of the Board of Directors, Managing Committee, Compliance Committees and other relevant meetings and committees, and examining important documents.

The Audit and Supervisory Board Members shall exchange opinions periodically, or as necessary, with Directors, Corporate Officers, Independent Auditors, and the Internal Audit Department, among others.

7. Summary of operation of system for ensuring appropriate business execution

1) Compliance system

To strengthen our compliance system, the Company has established the Compliance Committee, Compliance Department, Internal Audit Department, and whistle-blower internal reporting desks (corporate ethics consulting desks).

The Compliance Committee meets regularly to confirm and follow up on the activity plans and results of the Compliance Department and Internal Audit Department, the operation status of the corporate ethics consulting desks, and responses to risks, among others.

The Compliance Department disseminates the KOITO Group Corporate Behavior Charter and related rules and regulations, conducts compliance training programs by hierarchy and by topics such as the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, conducts awareness surveys regarding the KOITO Group Corporate Behavior Charter and compliance, promotes use of the corporate ethics consulting desks, and fosters compliance awareness among employees.

The Internal Audit Department conducts periodic compliance audits regarding the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade and the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors, etc.

Corporate ethics consulting desks have been established both internally and externally (at a law firm). All employees and affiliated companies are informed of the contact information for the corporate ethics consulting desks, and internal regulations are in place to protect the privacy of informants and to ensure that they are not disadvantaged in the workplace, thereby aiming to improve its viability. The operational situation of the corporate ethics consulting desks is also regularly reported to the Board of Directors and other relevant bodies.

2) System concerning the execution of duties by Directors

At the Company, based on the Company's regulations, management decisions and supervision are conducted by the Board of Directors, the execution of duties is conducted by Directors and Corporate Officers, and the execution of duties is audited by Audit and Supervisory Board Members. The Board of Directors, which comprises 9 Directors (including 3 Outside Directors), in principle meets once per month and is attended by Directors and Audit and Supervisory Board Members. It reports on progress in the execution of duties and makes decisions on important matters.

The Managing Committee, comprising Full-Time Directors and Corporate Officers, is a body to aid the Board of Directors. The committee meets in principle 3 times per month and reports on progress in the execution of duties and follows up on it.

3) Risk management system

The Company has Risk Management Regulations in order to be prepared for a quick and accurate response in the event of a risk that has a serious impact on business operations. Risk factors

involving laws and regulations, the start of overseas operations, product quality, information security, natural disasters and other items are examined by every business unit and there are measures to maintain and improve risk management system.

4) System for management of Group companies

The Company holds briefing sessions such as “Group Company Business Report Conference” aimed at providing guidance and training for Group companies with the aim of ensuring that the operations of its Group companies run more smoothly and that their management functions are properly regulated. For important matters, there are preliminary discussions by respective Group companies and the Company’s relevant departments based on Affiliates Management Regulations. Next, the subject is submitted to the Company’s Managing Committee and Board of Directors for approval. The Company’s Internal Audit Department performs periodic audits concerning the status of development and operation of internal control systems at Group companies. These audits are used to identify problems early so that actions can be taken to prevent losses. They also result in suggestions and guidance for improvements.

5) System concerning Audit and Supervisory Board Members

In addition to attending Board of Directors meetings, Audit and Supervisory Board Members also make best use of the specialized knowledge and experience that they have accumulated in their individual working environments, and as such they audit the Directors’ execution of their duties as well as the validity and appropriateness of the Company’s decision-making. Also, in addition to the site visits, interviews with various departments and other measures that the Audit and Supervisory Board Members personally undertake, as well as through their participation in audits undertaken by the Independent Auditors and the Internal Audit Department, they cooperate with related parties, including Outside Directors, by means of appropriately exchanging information in an effort to improve the effectiveness of audits.

After the fiscal year has ended, an evaluation of the effectiveness of the Audit and Supervisory Board is conducted to identify issues in an effort to improve its effectiveness in the following fiscal year.

8. Basic policy concerning corporate control

1) Explanation of basic policy

The Company believes that individuals who control decisions about financial and business policies must be capable of fully understanding the Company's finances and business operations as well as the sources of the Company's corporate value and achieving consistent and sustainable growth in corporate value and eventually the common interests of shareholders.

The Company's shares are traded on financial markets. The Company respects the freedom of investors to buy and sell its stock on these markets. Therefore, the Company does not necessarily reject all attempts by one or more parties to purchase a large volume of the Company stock as long as these purchases are aimed at protecting and contributing to the growth of the Group's corporate value and the common interests of shareholders. Furthermore, the Company believes that shareholders should make the final decision about whether or not to accept a proposal for a large purchase of the Company stock.

However, there may be proposal for purchasing a large volume of stock that poses the danger of damaging the Group's corporate value and the common interests of shareholders. For example, a proposal may create the risk of being unable to maintain sound relationships with the Group's stakeholders. Other proposals may not sufficiently reflect the value of the Group or may not supply enough information to allow shareholders to make a final decision.

In the event of these types of proposals, the Company believes that the Board of Directors, to fulfill its responsibilities to shareholders, must secure enough time and information for shareholders, hold discussions with the party planning to purchase a large volume of stock and take other actions as needed.

2) Initiative to enhance corporate value

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:

- i. To address the automobile industry's expansion of globally optimal production systems, the Group will work to enhance its system to respond to the five major regions of the world (Japan, America, Europe, China and Asia). To this end, the Group will further reinforce the product development, manufacturing and sales functions of its overseas bases, among other measures.

- ii. The KOITO Group will respond to the future changes in the 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.
- iii. The KOITO Group aims to pursue the highest quality and safety standards, while advancing the protection of the environment and strengthening compliance.
- iv. The KOITO Group plans to further reinforce its profit structure and operations by securing and effectively allocating resources.

The Group believes that implementing these measures on a continuous basis will contribute to the effective utilization of the Group's resources, maintaining and further improving good relationships with all stakeholders, and achieving growth of the Group's corporate value as well as the common interests of shareholders. These initiatives were formulated for the purpose of achieving consistent and sustainable growth in the Group's corporate value. As a result, the Board of Directors believes that these initiatives are consistent with the basic policy in item 1) of this section and that these initiatives are not detrimental to the common interests of shareholders and do not have the goal of protecting the positions of the Company's executives.

Monetary figures and numbers of shares in this business report are rounded down to the units shown.
All ratios are rounded off to the units shown. (Except for the part of the references)

FINANCIAL STATEMENTS, ETC.

Consolidated Balance Sheet

(¥ millions)

	Fiscal 2023 As of March 31, 2024	Fiscal 2024 As of March 31, 2025
Assets		
Current assets:		
Cash and time deposits	302,874	270,845
Trade notes	6,382	1,103
Electronically recorded monetary claims-operating	8,699	8,909
Accounts receivable	127,597	132,507
Contract Assets	1,468	2,385
Marketable securities	—	5,302
Inventories	95,796	95,100
Other current assets	40,040	30,280
Allowance for doubtful accounts	(360)	(72)
Total current assets	582,498	546,361
Non-current assets:		
Property, plant and equipment:		
Buildings and structures (net)	59,416	59,240
Machinery and transportation equipment (net)	85,024	81,038
Fixtures, equipment and tools (net)	20,226	19,343
Land	19,078	20,052
Construction in progress	16,424	23,399
Other property, plant and equipment	6,136	6,568
Total property, plant and equipment	206,305	209,643
Intangible fixed assets		
Goodwill	—	9,740
Other intangible fixed assets	2,482	5,874
Total intangible fixed assets	2,482	15,614
Investments and other assets:		
Investment securities		
Marketable Securities	147,537	100,620
Claims provable in bankruptcy, claims provable in rehabilitation and other	452	444
Deferred income tax assets	19,563	10,309
Net defined assets for retirement benefits	3,677	4,114
Other investments	3,646	3,390
Allowance for doubtful accounts	(568)	(547)
Total investments and other assets	174,308	118,332
Total non-current assets	383,096	343,590
Total assets	965,595	889,952

Note: Yen in millions, rounded down

(¥ millions)

	Fiscal 2023 As of March 31, 2024	Fiscal 2024 As of March 31, 2025
Liabilities		
Current liabilities:		
Trade notes and accounts payable	103,100	100,990
Electronically recorded monetary obligations-operating	3,036	3,734
Short-term loans	14,295	5,728
Accrued expenses	28,613	29,924
Income taxes payable	9,857	2,878
Contract Liabilities	3,110	3,731
Allowance for employees' bonuses	6,720	6,372
Reserve for product warranties	3,246	2,540
Provision for loss on business liquidation	—	842
Other current liabilities	20,497	16,616
Total current liabilities	192,479	173,359
Non-current liabilities:		
Deferred income tax liabilities	27,879	14,183
Allowance for directors' and corporate auditors' retirement benefits	312	363
Reserve for product warranties	3,436	2,899
Net defined liability for retirement benefits	16,253	13,312
Other non-current liabilities	5,963	5,967
Total non-current liabilities	53,845	36,726
Total liabilities	246,324	210,086
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital	13,188	13,235
Retained earnings	524,380	553,720
Treasury common stock, at cost	(148)	(49,941)
Total shareholders' equity	551,691	531,285
Accumulated other comprehensive income:		
Other Valuation adjustment on marketable securities	43,791	28,113
Foreign currency translation adjustments	71,499	62,671
Adjustments in defined benefit plans	4,843	5,033
Total accumulated other comprehensive income	120,133	95,819
Subscription rights to shares	106	97
Non-controlling interests	47,338	52,663
Total net assets	719,270	679,865
Total liabilities and net assets	965,595	889,952

Note: Yen in millions, rounded down

Consolidated Statement of Income

(¥ millions)

	Fiscal 2023 April 1, 2023 to March 31, 2024	Fiscal 2024 April 1, 2024 to March 31, 2025
Net sales	950,295	916,709
Cost of sales	843,620	820,037
Gross profit	106,674	96,671
Selling, general and administrative expenses:		
Selling expenses	16,835	17,937
General and administrative expenses	33,843	33,860
Selling, general and administrative expenses	50,679	51,798
Operating profit	55,995	44,873
Non-operating profit:		
Interest income	3,514	4,773
Dividends	1,659	1,819
Foreign exchange gains	2,473	—
Other non-operating profit	2,330	2,168
Total non-operating profit	9,977	8,761
Non-operating expenses:		
Interest expenses	548	336
Shares of loss of entities accounted for using equity method	358	7
Foreign exchange losses	—	996
Loss on investment partnership management	360	712
Share acquisition-related expenses	454	733
Other non-operating expenses	987	1,701
Total non-operating expenses	2,708	4,487
Ordinary profit	63,265	49,147
Extraordinary gains:		
Gain on sales of property and equipment	163	102
Gain on sales of investment securities	4,192	4,962
Compensation received	—	8,624
Gain on step acquisition	—	3,869
Other extra ordinary gains	197	1,226
Total extraordinary gains	4,553	18,784
Extraordinary losses:		
Loss on sales and disposal of property and equipment	881	2,132
Loss on valuation of investment securities	331	—
Impairment loss	681	262
Provision for loss on business restructuring	—	842
Compensation payment for damages	5,913	68
Other extra ordinary losses	520	42
Total extraordinary losses	8,329	3,349
Income before income taxes	59,489	64,583
Income tax, inhabitant tax and business tax	16,404	11,986
Income taxes for prior periods	3,455	—
Income tax adjustment	(5,240)	1,730
Total income taxes	14,619	13,717
Profit	44,870	50,865
(Breakdown)		
Profit attributable to owners of parent	3,990	4,625
Profit attributable to non-controlling interests	40,879	46,240

Note: Yen in millions, rounded down

Consolidated Statement of Changes in Shareholders' Equity

Fiscal 2024 (April 1, 2024 to March 31, 2025)

(¥ 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	13,188	524,380	△148	551,691
Changes during fiscal year					
Dividends from retained earnings	—	—	△16,894	—	△16,894
Profit attributable to owners of parent	—	—	46,240	—	46,240
Purchases of treasury stock	—	—	—	△50,000	△50,000
Disposal of treasury stock	—	△5	—	206	201
Cancellation of treasury stock	—	—	—	—	—
Transfer from retained earnings to additional paid-in capital	—	5	△5	—	—
Others	—	47	—	—	47
Changes in items other than shareholders' equity during fiscal year (net)	—	—	—	—	—
Total changes during fiscal year	—	47	29,339	△49,793	△20,405
Balance at fiscal year-end	14,270	13,235	553,720	△49,941	531,285

	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	43,791	71,499	4,843	120,133	106	47,338	719,270
Changes during fiscal year							
Dividends from retained earnings	—	—	—	—	—	—	△16,894
Profit attributable to owners of parent	—	—	—	—	—	—	46,240
Purchases of treasury stock	—	—	—	—	—	—	△50,000
Disposal of treasury stock	—	—	—	—	—	—	201
Cancellation of treasury stock	—	—	—	—	—	—	—
Transfer from retained earnings to additional paid-in capital	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	47
Changes in items other than shareholders' equity during fiscal year (net)	△15,677	△8,827	190	△24,314	△9	5,324	△18,999
Total changes during fiscal year	△15,677	△8,827	190	△24,314	△9	5,324	△39,404
Balance at fiscal year-end	28,113	62,671	5,033	95,819	97	52,663	679,865

Note: Yen in millions, rounded down

Notes to consolidated financial statements

1. Significant basis of preparation for consolidated financial statements

(1) Scope of consolidation

i. Consolidated subsidiaries

Number of consolidated subsidiaries: 33

Names of primary consolidated subsidiaries:

KOITO KYUSHU LIMITED and other 13 domestic subsidiaries

North American Lighting, Inc. and other 20 overseas subsidiaries

Changes in the scope of consolidation:

The Company has included seven companies, including Cepton Technologies, Inc. , in the scope of consolidation from the fiscal year under review. Also, the Company has excluded KPS N.A., INC. from the scope of consolidation due to the completion of its liquidation.

ii. Non-consolidated subsidiary

Name of primary non-consolidated subsidiary: New Fuji Co., Ltd.

Reason for exclusion from the scope of consolidation:

The non-consolidated subsidiary is excluded from the scope of consolidation because the exclusion has a minimal impact on total assets, net sales, profit (loss), retained earnings, and others, and they have no importance as a whole.

(2) Application of the equity method

i. Equity-method affiliates

Number of affiliates to which the equity method was applied: 2 companies

Company name: Takeda Suntech Co., Ltd., Brightway Vision Ltd.

ii. Non-consolidated subsidiary to which the equity method was not applied

Name of primary non-consolidated subsidiary: New Fuji Co., Ltd.

Reason for not applying the equity method:

The non-consolidated subsidiary is excluded from application of the equity method because the exclusion has a minimal impact on profit (loss), retained earnings, and others, and they have no importance as a whole.

(3) Matters related to the business year of consolidated subsidiaries

The fiscal year of KOITO ELECTRIC INDUSTRIES, LTD., KOITO KYUSHU LIMITED, Koito Transport Co., Ltd., Minatsu, Ltd., Okayama Industry Co. Ltd., and INDIA JAPAN LIGHTING PRIVATE LIMITED ends on March 31.

For other consolidated subsidiaries (27 companies including Aoitec Co., Ltd.), the Company made consolidated financial statements based on provisional statements of accounts as of March 31.

(4) Accounting policy

i. Valuation basis and methods for significant assets

- a. Securities being held for trading: Market value method (Sales cost of securities is principally determined by the moving-average method)
- b. Bonds being held to maturity: Cost amortization method (straight-line method)
- c. Other securities:

Securities other than shares without market value, etc.

Market value method based on market price as of the closing date (Unrealized gains and losses are reported in net assets section. Sales cost of securities is principally determined by the moving-average method.)

Shares without market value, etc.

Cost method based on the moving-average method

For investments in investment limited partnerships, an amount corresponding to the equity in the partnership assets is recognized as “marketable securities” under investments and other assets, and an amount corresponding to the share of profit or loss of the investment limited partnership is recognized as profit or loss.

- d. Derivatives: Market value method
- e. Money trusts for investments: Market value method
- f. Inventories:

The Company and its consolidated subsidiaries in Japan state inventories principally at cost as determined by the weighted average method (book values of inventories are lowered in accordance with declines in profitability). Foreign consolidated subsidiaries state inventories at the lower of cost or market as determined by the moving-average method.

ii. Depreciation and amortization method for principal assets

- a. Property, plant and equipment (excluding leased assets):

The Company and its consolidated subsidiaries in Japan compute depreciation with the declining-balance method and foreign consolidated subsidiaries use the straight-line method.

However, consolidated subsidiaries in Japan use the straight-line method for buildings (excluding attached facilities) that were acquired on or after April 1, 1998, and facilities attached to buildings and structures that were acquired on or after April 1, 2016.

- b. Intangible fixed assets (excluding leased assets):

The Company and its consolidated subsidiaries in Japan compute depreciation with the straight-line method and foreign consolidated subsidiaries use the straight-line method in accordance with the accounting standards of the countries where they are located.

- c. Leased assets: Leased assets under finance lease transactions that do not transfer ownership

Leased assets are depreciated with the straight-line method with the lease term regarded as the useful life and a residual value of zero.

iii. Significant allowances

- a. Allowance for doubtful accounts:
The allowance for doubtful accounts for the Company and its consolidated subsidiaries in Japan is calculated by using the actual loss ratio for ordinary receivables and recording an estimate of the amount that cannot be recovered for specific doubtful receivables after determining the likelihood of collection. Foreign consolidated subsidiaries primarily record estimated amounts that cannot be recovered for specific receivables.
 - b. Allowance for employees' bonuses:
The allowance for employees' bonuses for the Company and some of its consolidated subsidiaries is the estimated amount of bonuses to be paid to employees based on their services provided during the fiscal year.
 - c. Reserve for product warranties:
Reserve for product warranties for the Company and some of its consolidated subsidiaries is the estimated amount of expenses associated with product warranties in accordance with the designated standards.
 - d. Allowance for directors' and corporate auditors' retirement benefits:
Some consolidated subsidiaries in Japan recorded the amount of required payments at the end of the fiscal year in accordance with the benefit rules, to cover the payment of executive retirement bonuses paid at the time of retirement.
 - e. Provision for loss on business liquidation:
To prepare for the losses arising from business liquidation of some overseas consolidated subsidiaries, the Company has recorded the estimated amount of provision for loss on business liquidation.
- iv. Recognition of significant revenues and expenses
- The following is a summary of the principal performance obligations of the Company and its consolidated subsidiaries' principal businesses relating to revenue from contracts with customers and the usual time at which such performance obligations are satisfied (the usual time at which revenue is recognized).
- Automotive lighting equipment segment
This segment's main business is manufacturing and marketing of automotive lighting equipment. For the sale of products, revenue is recognized when the products are delivered to the customer or inspected by the customer.
Revenue is measured at the consideration promised in the contract with the customer, less returns, discounts, etc.
The consideration for transactions is received within one year of satisfaction of the performance obligation and does not include significant financial elements.
- v. Standard for conversions into yen of major assets and liabilities denominated in foreign currencies
- Foreign currency-denominated assets and liabilities are converted into yen using the spot exchange rate at the end of the fiscal year and any differences are recorded as gains or losses. At foreign consolidated subsidiaries, assets and liabilities are converted into yen using the spot exchange rate at the end of the fiscal year and income and expenses are converted into yen

using the average fiscal year exchange rate. Differences are included in foreign currency translation adjustments and non-controlling interests, which are part of net assets.

vi. Principal methods of hedge accounting

a. Methods of hedge accounting:

In principle, the deferral hedge accounting is applied. Exceptional accounting method is applied to interest rate swaps that meet the requirements.

b. Hedging instruments and hedged items:

Items to be hedged are exchange rate fluctuation risks in transactions denominated in foreign currencies and interest rate fluctuation risks in loans. The Company adopts foreign exchange contracts to hedge exchange rate fluctuation risks and interest rate swap agreements to hedge interest rate fluctuation risks.

c. Hedging policy:

The Company carries out hedging to avoid risks from foreign exchange and interest rate fluctuations pertaining to the hedged items. The Company in principle refrains from using hedges for the purpose of speculative transactions.

d. Hedge effectiveness evaluation methods:

In individual hedging transactions, the Company judges the hedging efficiency by directly weighing changes in market prices or cash flows of the hedged items and hedging instruments, based on internal regulations about management policy at and after the start of hedges.

vii. Amortization method and amortization period for goodwill:

Goodwill is amortized over ten years on a straight-line method.

However, if the goodwill amount is minimal, it is treated as profit or loss in the fiscal year of occurrence.

viii. Other important basis of preparation for consolidated financial statements

Accounting method associated with retirement benefits:

To prepare for net defined assets and liability for retirement benefits to employees, provision has been made based on an estimate of the projected retirement benefit liability at the end of the fiscal year under review minus the fair value of the pension fund assets. When calculating retirement benefit obligation, the benefit formula basis is used to allocate estimated retirement benefits to the period up to this fiscal year-end. Actuarial gains and losses are amortized by the straight-line method over a certain period (mainly five years), which is within the average remaining service period of employees at the time of recognition, starting from the fiscal year following the respective fiscal year of recognition. In calculating retirement benefits, part of consolidated subsidiaries uses the simplified method of assuming their benefit obligations to be equal to the benefits payable that would be required if all employees retired at fiscal year-end.

2. Note on changes in accounting policies

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

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”), etc. from the beginning of the current fiscal year.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and to the transitional treatment in the proviso of paragraph 65-2(2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; the “Revised Guidance of 2022”). The change in accounting policy has no impact on the consolidated financial statements.

In addition, for changes related to the revised treatment in consolidated financial statements when a gain or loss on sale arising from the sale of shares of subsidiaries, etc. among consolidated companies is deferred for tax purposes, the Revised Guidance of 2022 has been applied from the beginning of the current fiscal year. This change in accounting policies has been applied retrospectively, and is reflected in the consolidated financial statements for the previous fiscal year. This change in accounting policy has no impact on the consolidated financial statements for the previous fiscal year.

3. Notes concerning accounting estimates

The items recorded in the Consolidated Financial Statements for the fiscal year under review based on accounting estimates and that may have a significant impact on the Consolidated Financial Statements for the next fiscal year are as follows.

(Expenses for a product recall and other market treatment related to specific vehicle models)

There are expenses for a product recall and other market treatment related to specific vehicle models (¥8,542 million) included in accrued expenses. In estimating these liabilities, the Company records such expenses based on assumptions about likelihood of occurrence, cost burden ratio, and other factors, and actual incurrence may differ from the estimates.

(Valuation of goodwill)

There is goodwill (¥9,740 million) that arose when companies, including Cepton Technologies, Inc., were consolidated as subsidiaries. If there are signs of impairment for goodwill, the Company determines whether to recognize impairment loss. If impairment loss is recognized, the Company depreciates the book value of goodwill to the recoverable value and books the depreciation amount as an impairment loss. Future cash flow across remaining amortization period of goodwill used in the recoverable value is calculated by an estimate based on the business plan, etc. prepared by considering the past business results and future business environment of the relevant company.. It is regarded as a key assumption when calculating the amount to be recorded for goodwill. If there are changes to the conditions precedent or the business environment, there may be significant impact on the consolidated financial statements from the next fiscal year on.

4. Notes to consolidated balance sheets

- Accumulated depreciation of property, plant and equipment: ¥519,613 million

5. Notes to consolidated statements of changes in equity

(1) Total number of shares issued

(thousand shares)				
Type of shares	Number of shares at the beginning of the fiscal 2025	Increase	Decrease	Number of shares at the end of the fiscal 2025
Common shares	307,833	—	—	307,833

(2) Type and number of treasury stock

(thousand shares)				
Type of shares	Number of shares at the beginning of the fiscal 2025	Increase	Decrease	Number of shares at the end of the fiscal 2025
Common shares	58	24,127	99	24,086

Notes:

1. The increase in the number of treasury stock is due to the purchase of 24,127 thousand shares of treasury stock, an increase of 0 thousand shares resulting from the Company's purchase of fractional shares less than one unit, and the gratuitous acquisition of 0 thousand restricted shares for the employee stock ownership plan.
2. The decrease in the number of treasury stock is due to a decrease of 4 thousand shares resulting from the exercise of stock options and the disposal of 95 thousand shares of treasury stock as restricted shares for the employee stock ownership plan.

(3) Dividends of surplus

i. Cash dividends

- a. Matters concerning dividends based on resolutions at the 124th General Meeting of Shareholders (June 27, 2024)

Type of shares	Common shares
Aggregate dividends	¥8,617 million
Dividend per share	¥28
Record date	March 31, 2024
Effective date	June 28, 2024

- b. Matters concerning dividends based on resolutions at the Board of Directors Meeting (October 29, 2024)

Type of shares	Common shares
Aggregate dividends	¥8,276 million
Dividend per share	¥28
Record date	September 30, 2024
Effective date	December 5, 2024

- ii. Of the dividends whose record date falls within the fiscal 2025, the following is a dividend whose effective date will fall within the fiscal 2026

The Company plans to present a proposal on that dividend as follows for resolution at the 125th General Meeting of Shareholders to be held on June 27, 2025.

Type of shares	Common shares
Aggregate dividends	¥7,944 million
Funds for the dividend	Retained earnings
Dividend per share	¥28
Record date	March 31, 2025
Effective date	June 30, 2025

- (4) Type and number of shares subject to subscription rights to shares in the end of the fiscal year under review (excluding subscription rights to shares for which the first day of the exercise period has not yet arrived)

Common shares	42,000 shares
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6. Notes to financial instruments

(1) Financial instruments

The KOITO Group places emphasis on safe investments of funds, prioritizing the preservation of principal. The Group has a policy of raising necessary funds by internal funds and bank loans. Trade receivables—trade notes, electronically recorded monetary claims—operating, and accounts receivable—are exposed to credit risks in relation to customers. The Group lowers those risks by performing maturity date management and balance management for each business partner. Investment securities face risks of market price fluctuations, but they are mainly shares related to companies in business alliances and debt securities purchased with surplus funds, and the Group regularly monitors market prices of those securities.

Trade payables—trade notes and accounts payable, electronically recorded monetary obligations—operating, accrued expenses, and income taxes payable—have payment terms within one year. Among loans payable, short-term loans primarily represent fund raising related to operating transactions, and long-term debt mainly concern fund raising related to capital expenditure. Trade payables and loans payable are exposed to liquidity risks. The Group manages those risks by making cash management plans. The Group utilizes derivative transactions for the purpose of reducing risks of foreign exchange and interest rate fluctuations and refrains from speculative transactions.

(2) Fair value of financial instruments

The following table shows amounts recognized on the consolidated balance sheets, fair values, and the differences between them on March 31, 2025.

			(¥ millions)
	Balance sheet amount	Fair value	Difference
(1) Securities and investment securities	99,387	98,333	(1,054)
Bonds being held to maturity	51,700	50,645	(1,054)
Other securities	47,687	47,687	—
(2) Claims provable in bankruptcy, claims provable in rehabilitation and other	444		
Allowance for doubtful accounts (*2)	(444)		
Total assets	99,387	98,333	(1,054)

(*1) Notes for “Cash” are omitted. Also, notes for “Time deposits,” “Trade notes,” “Electronically recorded monetary claims-operating,” “Accounts receivable,” “Trade notes and accounts payable,” “Electronically recorded monetary obligations-operating,” “Short-term loans,” “Accrued expenses,” and “Income taxes payable,” are omitted as they are settled in short terms and therefore their fair values are roughly equal to their book values.

(*2) Allowance for doubtful accounts on claims provable in bankruptcy, claims provable in rehabilitation and other has been deducted.

Note:

Explanation of valuation techniques and inputs used to determine fair value

The fair values of financial instruments are classified into the following three levels according to the observability and importance of inputs used to determine fair value.

Level 1 Fair Value: Fair value calculated using quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Fair Value: Fair value calculated using observable inputs other than Level 1 inputs to the calculation of fair value, either directly or indirectly.

Level 3 Fair Value: Fair value calculated using significant unobservable inputs related to the calculation of fair value.

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

Marketable securities

Listed stocks are valued using quoted market prices. Because listed stocks are traded in active markets, their fair values are classified as Level 1 fair value. Debt securities are valued using reference prices published by the Japan Securities Dealers Association or quoted market prices provided by financial institutions, or using the discounted present value method based on their future cash flows, government bond yields, etc., and are classified as Level 2 fair value. Investment trusts are valued using net asset values provided by financial institutions and are classified as Level 2 fair value. Unlisted stocks with no market value (consolidated balance sheet amount: ¥ 2,653 million) and investments in investment partnerships (¥3,881 million) are not included. Furthermore, for investment in limited partnerships, etc., the measures provided for in Implementation Guidance on Accounting Standard for Fair Value Measurement, paragraph 24-16 are applied and no notes are provided concerning matters set forth in Implementation Guidance on Disclosures about Fair Value of Financial Instruments, paragraph 4 (1).

(1) Financial instruments recorded on the Consolidated Balance Sheets at fair value

Fiscal 2025 (As of March 31, 2025)

Segments	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Other securities				
Shares	45,884			45,884
Bonds		1,802		1,802
Total assets	45,884	1,802	—	47,687

(2) Financial instruments other than those recorded on the Consolidated Balance Sheets at fair value

Fiscal 2025 (As of March 31, 2025)

Segments	Fair value			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Bonds being held to maturity				
Corporate bonds		50,645		50,645
Total assets	—	50,645	—	50,645

7. Notes to revenue recognition

(1) The information on disaggregation of revenue from contracts with customers

Net sales of the Group consist mainly of the revenue recognized from contracts with customers. The following table shows the disaggregation of net sales of each reporting segment based on type of goods or services.

Fiscal 2025 (April 1, 2024 to March 31, 2025)

(¥ millions)

	Japan	North America	China	Asia	Europe	Other regions	Total
Automotive lighting equipment segment	295,715	296,411	58,303	155,144	36,182	17,903	859,659
Others	55,924	746	—	378	—	—	57,049
Revenue from contracts with customers	351,640	297,157	58,303	155,522	36,182	17,903	916,709
Other revenue	—	—	—	—	—	—	—
Sales to outside customers	351,640	297,157	58,303	155,522	36,182	17,903	916,709

(2) Information on basis for understanding revenues

Information on basis for understanding revenues is as described in “1. Significant basis of preparation for consolidated financial statements (4) Accounting Policy (iv) Recognition of significant revenues and expenses.”

(3) Information for understanding the amount of revenue in the fiscal 2025 and fiscal 2026

i. Balance of contract assets and contract liabilities, etc.

Contract assets are in principle a right of revenue recognized over a certain period for a portion of transactions of subsidiaries.

Contract liabilities are in principle the consideration received from the customer before the product delivery.

The remaining balance of contract liabilities at the end of fiscal 2024 of ¥3,110 million has been generally recognized as revenue in fiscal 2025.

ii. Transaction price allocated to the remaining performance obligations

Information on amounts of revenue from existing contracts expected to be recognized in fiscal 2026 or later has been omitted due to its immateriality.

Moreover, practical expedients have been applied for contracts with periods initially expected to be within one year, and that information has been omitted.

8. Notes to per share information

(1) Net assets per share ¥2,210.09

(2) Net income per share ¥156.49

9. Notes concerning significant subsequent events

Not applicable.

Non-consolidated Balance Sheets

(¥ millions)

	Fiscal 2024 As of March 31, 2024	Fiscal 2025 As of March 31, 2025
Assets		
Current assets:		
Cash and time deposits	146,363	87,781
Notes receivable	7	—
Electronically recorded monetary claims-operating	6,483	6,368
Accounts receivable	48,301	48,412
Marketable securities	—	5,302
Finished products	6,903	8,064
Work in progress	1,293	1,602
Raw materials and supplies	11,067	14,133
Accrued income	6,539	6,602
Other current assets	1,231	2,404
Less: Allowance for doubtful receivables	(163)	(10)
Total current assets	228,028	180,663
Non-current assets:		
Property, plant and equipment:		
Buildings (net)	11,888	13,080
Structures (net)	694	663
Machinery (net)	6,877	8,048
Transportation equipment (net)	183	210
Fixtures, equipment and tools (net)	3,910	4,757
Land	9,505	9,791
Construction in progress	100	1,957
Total property, plant and equipment	33,161	38,510
Intangible fixed assets:		
Telephone subscription rights	37	37
Other intangible fixed assets	1,043	1,974
Total intangible fixed assets	1,080	2,011
Investments and other assets:		
Investment securities	104,687	70,486
Shares of affiliated companies	105,654	92,818
Investments in affiliated companies	21,118	47,687
Long-term loans of affiliated companies	9,600	9,600
Claims provable in bankruptcy, claims provable in rehabilitation and other	9	6
Deferred income tax assets	—	3,206
Other investments	804	647
Less: Allowance for doubtful accounts	(122)	(106)
Total investments and other assets	241,751	224,346
Total non-current assets	275,993	264,868
Total assets	504,022	445,531

Note: Yen in millions, rounded down

	(¥ millions)	
	Fiscal 2024	Fiscal 2025
	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities:		
Accounts payable	57,280	60,320
Accrued amount payable	9,321	4,857
Accrued expenses	11,901	11,860
Income taxes payable	5,355	274
Contract liabilities	575	869
Allowance for employees' bonuses	3,661	3,447
Reserve for product warranties	1,717	1,533
Other current liabilities	1,248	401
Total current liabilities	<u>91,061</u>	<u>83,564</u>
Non-current liabilities:		
Deferred income tax liabilities	3,487	—
Allowance for retirement benefits	10,892	8,123
Allowance for losses on overseas investments	229	—
Reserve for product warranties	3,003	2,465
Other non-current liabilities	311	311
Total non-current liabilities	<u>17,924</u>	<u>10,900</u>
Total liabilities	<u>108,985</u>	<u>94,464</u>
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital		
Capital reserve	17,107	17,107
Total additional paid-in capital	<u>17,107</u>	<u>17,107</u>
Retained earnings		
Profit reserve	3,567	3,567
Other retained earnings		
Reserve for reductions of asset costs	964	891
Other reserve	100,000	100,000
Retained earnings brought forward	215,584	237,252
Total retained earnings	<u>320,116</u>	<u>341,710</u>
Treasury common stock, at cost	<u>(148)</u>	<u>(49,941)</u>
Total shareholders' equity	<u>351,347</u>	<u>323,148</u>
Revaluations and translation adjustments:		
Valuation adjustment on marketable securities	43,582	27,821
Total revaluations and translation adjustments	<u>43,582</u>	<u>27,821</u>
Subscription rights to shares	<u>106</u>	<u>97</u>
Total net assets	<u>395,036</u>	<u>351,066</u>
Total liabilities and net assets	<u>504,022</u>	<u>445,531</u>

Note: Yen in millions, rounded down

Non-consolidated Statement of Income

(¥ millions)

	Fiscal 2024 April 1, 2023 to March 31, 2024	Fiscal 2025 April 1, 2024 to March 31, 2025
Net sales	341,254	324,038
Cost of sales	298,535	292,951
Gross profit	42,719	31,086
Total selling, general and administrative expenses	24,325	24,057
Operating income	18,393	7,029
Non-operating income:		
Interest income	361	877
Interest on securities	206	254
Dividend income	9,344	14,689
Royalty income, other	9,545	8,755
Rent income	203	205
Foreign exchange gains	1,167	—
Miscellaneous income	1,637	484
Total non-operating income	22,466	25,265
Non-operating expenses:		
Foreign exchange losses	—	406
Commission for purchase of treasury stock	254	157
Loss on investment partnership management	360	712
Miscellaneous expenses	245	868
Total non-operating expenses	860	2,145
Recurring profit	40,000	30,149
Extraordinary gains:		
Gain on sale of fixed assets	121	17
Gain on sale of investment securities	4,192	4,962
Compensation income	—	8,624
Other extraordinary gains	132	17
Total extraordinary gains	4,446	13,622
Extraordinary losses:		
Loss on sale and disposal of fixed assets	597	1,240
Loss on sales of investment securities	0	—
Loss on valuation of investment securities	331	—
Impairment loss	135	—
Loss on valuation of stock in affiliated companies	2,647	—
Loss on valuation of investment in affiliated companies	—	677
Compensation payment for damages	5,944	—
Other extraordinary losses	309	111
Total extraordinary losses	9,966	2,029
Income before income taxes	34,480	41,742
Income taxes	7,254	3,171
Income taxes for prior periods	3,449	—
Income tax adjustment	(2,315)	76
Total income taxes	8,388	3,248
Net income	26,092	38,494

Note: Yen in millions, rounded down

Non-Consolidated Statement of Changes in Shareholders' Equity

Fiscal 2025 (April 1, 2024 to March 31, 2025)

(¥ millions)

	Shareholders' equity								
	Common stock	Additional paid-in capital				Retained earnings			
		Legal capital surplus	Other additional paid-in capital	Total additional paid-in capital	Retained earnings	Other retained earnings			Total retained earnings
						Reserve for reduction of asset costs	General reserve	Retained earnings brought forward	
Balance at beginning of year	14,270	17,107	—	17,107	3,567	964	100,000	215,584	320,116
Changes during fiscal year									
Reversal of reserve for reduction of asset costs	—	—	—	—	—	(73)	—	73	—
Dividends from retained earnings	—	—	—	—	—	—	—	(16,894)	(16,894)
Profit	—	—	—	—	—	—	—	38,494	38,494
Purchases of treasury stock	—	—	—	—	—	—	—	—	—
Disposal of treasury stock	—	—	(5)	(5)	—	—	—	—	—
Transfer from retained earnings to additional paid-in capital	—	—	5	5	—	—	—	(5)	(5)
Changes in items other than shareholders' equity during fiscal year (net)	—	—	—	—	—	—	—	—	—
Total changes during fiscal Year	—	—	—	—	—	(73)	—	21,667	21,594
Balance at fiscal year-end	14,270	17,107	—	17,107	3,567	891	100,000	237,252	341,710

	Shareholders' equity		Valuation and translation adjustments		Subscription rights to share	Total net assets
	Treasury stock	Total shareholders' equity	Valuation adjustment on investment securities	Total valuation and Translation adjustments		
Balance at beginning of year	(148)	351,347	43,582	43,582	106	395,036
Changes during fiscal year						
Reversal of reserve for reduction of asset costs	—	—	—	—	—	—
Dividends from retained earnings	—	(16,894)	—	—	—	(16,894)
Profit	—	38,494	—	—	—	38,494
Purchases of treasury stock	(50,000)	(50,000)	—	—	—	(50,000)
Disposal of treasury stock	206	201	—	—	—	201
Transfer from retained earnings to additional paid-in capital	—	—	—	—	—	—
Changes in items other than shareholders' equity during fiscal year (net)	—	—	(15,761)	(15,761)	(9)	(15,770)
Total changes during fiscal year	(49,793)	(28,199)	(15,761)	(15,761)	(9)	(43,969)
Balance at fiscal year-end	(49,941)	323,148	27,821	27,821	97	351,066

Note: Yen in millions, rounded down

Notes to non-consolidated financial statements

1. Significant accounting policies

(1) Valuation basis and methods for securities

- i. Shares of subsidiaries and affiliates: Cost method based on the moving-average method
- ii. Bonds being held to maturity: Cost amortization method (straight-line method)
- iii. Other securities:

Securities other than shares without market value, etc.

Market value method based on market price as of the closing date (Unrealized gains and losses are reported in net asset section. Sales cost of securities is determined by the moving-average method)

Shares without market value, etc.

Cost method based on the moving-average method

For investments in investment limited partnerships, an amount corresponding to the equity in the partnership assets is recognized as “marketable securities” under investments and other assets, and an amount corresponding to the share of profit or loss of the investment limited partnership is recognized as profit or loss.

(2) Valuation basis and methods for derivatives and others

- i. Derivatives: Market value method
- ii. Money trusts for investments: Market value method

(3) Valuation basis and methods for inventories

The Company states inventories principally at cost as determined by the weighted average method (book values of inventories are lowered in accordance with declines in profitability).

(4) Depreciation and amortization method for non-current assets

- i. Property, plant and equipment: Declining-balance method

The useful lives of property, plant and equipment are as follows.

Buildings and structures: 7-50 years

Machinery and transportation equipment: 3-7 years

Fixtures, equipment and tools: 2-20 years

- ii. Intangible fixed assets

Software: For amortization of software, the straight-line method based on the estimated internal use period (five years) is used.

Other intangible fixed assets: Straight-line method

(5) Standard for conversions into yen of assets and liabilities denominated in foreign currencies

Foreign currency-denominated assets and liabilities are converted into yen using the spot exchange rate at the end of the fiscal year and any differences are recorded as gains or losses.

(6) Allowances

- i. Allowance for doubtful receivables

The allowance for doubtful receivables for the Company is calculated by using the actual loss ratio for ordinary receivables and recording an estimate of the amount that cannot be recovered for specific doubtful receivables after determining the likelihood of collection.

ii. Allowance for employees' bonuses

The allowance for employees' bonuses for the Company is the estimated amount of bonuses to be paid to employees based on estimated bonus payments this fiscal year.

iii. Reserve for product warranties

Reserve for product warranties is the estimated amount of expenses associated with product warranties in accordance with the designated standards.

iv. Allowance for retirement benefits

To prepare for allowance for retirement benefits to employees, provision has been made based on an estimate of the projected retirement benefit liability at the end of the fiscal year under review and the estimated value of the pension fund assets.

When calculating retirement benefit obligation, the benefit formula basis is used to allocate estimated retirement benefits to the period up to this fiscal year-end. Actuarial gains and losses are amortized by the straight-line method over a certain period (five years), which is within the average remaining service period of employees at the time of recognition, starting from the fiscal year following the respective fiscal year of recognition.

v. Allowance for losses on overseas investments

To prepare for losses associated with overseas investments, the Company reports an estimated loss amount, considering financial positions of overseas affiliates.

(7) Recognition of significant revenues and expenses

The following is the summary of the principal performance obligations of the Company's principal businesses relating to revenue from contracts with customers and the usual time at which such performance obligations are satisfied (the usual time at which revenue is recognized).

- Automotive lighting equipment segment

This segment's main business is manufacturing and marketing of automotive lighting equipment. For the sale of products, revenue is recognized when the products are delivered to the customer or inspected by the customer. Note that revenue is recognized upon shipment for cases when the period from shipment of the product, etc. to transfer of control of it to the customer is a standard period.

Revenue is measured at the consideration promised in the contract with the customer, less returns, discounts, etc.

The consideration for transactions is received within one year of satisfaction of the performance obligation and does not include significant financial elements.

(8) Method of hedge accounting

In principle, the deferral hedge accounting is applied. Exceptional accounting method is applied to interest rate swaps that meet the requirements.

(9) Other important basis of preparation for financial statements

Accounting standard for retirement benefits

The accounting method for unrecognized items regarding retirement benefits is different from that in the consolidated financial statements.

2. Note on changes in accounting policies

Application of the Accounting Standard for Current Income Taxes, Etc.

The Company has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”), etc. from the beginning of the current fiscal year.

The amendment to categories in which current income taxes should be recorded follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022.

This change in accounting policies has no impact on the financial statements.

3. Notes concerning accounting estimates

The items recorded in the Non-consolidated Financial Statements for the fiscal year under review based on accounting estimates and that may have a significant impact on the Non-consolidated Financial Statements for the next fiscal year are as follows.

(Expenses for a product recall and other market treatment related to specific vehicle models)

There are expenses for a product recall and other market treatment related to specific vehicle models (¥6,476 million) included in accrued expenses. In estimating these liabilities, the Company records such expenses based on assumptions about likelihood of occurrence, cost burden ratio, and other factors, and actual incurrence may differ from the estimates.

4. Notes to non-consolidated balance sheets

(1) Accumulated depreciation of property, plant and equipment: ¥122,838 million

(2) Contingent liabilities

- Guarantee liabilities

The Company guarantees following loans obtained by affiliates.

North American Lighting, Inc. ¥74,760 million

NAL do Brasil Indústria e Comércio de Componentes ¥10,155 million

de Iluminação Ltda.

FUZHOU KOITO AUTOMOTIVE LAMP CO., ¥13,014 million

LTD.

Total ¥97,930 million

(3) Following is the total amount of credits and debits to affiliates, respectively.

i. Short-term credits ¥26,246 million

ii. Short-term debits ¥20,977 million

5. Note to non-consolidated statements of income

Transactions with affiliates

i. Net sales ¥139,065 million

ii. Purchase of goods ¥176,681 million

iii. Other business transactions ¥6,746 million

iv. Transactions excluding business transaction ¥22,338 million

6. Note to non-consolidated statements of changes in equity

Type and number of treasury stock

Type of shares	(thousand shares)			
	Number of shares at the beginning of the fiscal 2025	Increase	Decrease	Number of shares at the end of the fiscal 2025
Common shares	58	24,127	99	24,086

Notes:

1. The increase in the number of treasury stock is due to the purchase of 24,127 thousand shares of treasury stock, an increase of 0 thousand shares resulting from the Company's purchase of fractional shares less than one unit, and the gratuitous acquisition of 0 thousand restricted shares for the employee stock ownership plan.
2. The decrease in the number of treasury stock is due to a decrease of 4 thousand shares resulting from the exercise of stock options and the disposal of 95 thousand shares of treasury stock as restricted shares for the employee stock ownership plan.

7. Note to tax effect accounting

Breakdown of main causes of deferred income tax assets and deferred income tax liabilities

Deferred income tax assets

Allowance for employees' bonuses	¥1,054 million
Allowance for retirement benefits	¥2,558 million
Directors' and corporate auditors' retirement payments	¥94 million
Excess amount of depreciation	¥4,241 million
Loss on valuation of investment securities	¥3,995 million
Claim expenses	¥1,981 million
Reserve for product warranties	¥1,245 million
Allowance for doubtful accounts	¥36 million
Work-in-progress development expenses	¥3,938 million
Gains on stock transfers for corporate tax purposes	¥1,176 million
Others	¥1,910 million
Deferred income tax assets subtotal	¥22,234 million
Valuation allowance	¥(6,286) million
Deferred income tax assets total	¥15,947 million

Deferred income tax liabilities

Reserve for reduction of asset costs	¥(392) million
Valuation adjustment on other securities	¥(11,781) million
Others	¥(567) million
Deferred income tax liabilities total	¥(12,741) million
Net deferred income tax assets (liabilities)	¥3,206 million

8. Notes to transactions with related parties

(1) Parent companies and major corporate shareholders

Relationship	Company name	Location	Capital or investments	Description of businesses or job	Voting rights holding	Relationship with related parties		Description of transactions	Transaction amount (¥ millions)	Account	Ending balance (¥ millions)
						Interlocking of officers	Business relationships				
Other affiliate	TOYOTA MOTOR CORPORATION	Toyota City, Aichi Prefecture	¥635,402 million	Manufacturing and marketing of motor vehicles and automobile parts, marketing of industrial vehicles, manufacturing and marketing of houses, and others	(Owned) Directly held 23%	—	Marketing of automotive lighting equipment	Marketing of automotive lighting equipment	119,571	Electronically recorded monetary claims-operating	4,246
										Accounts receivable	12,860
								Receipt of materials	3,605	Accounts payable	667

(2) Subsidiaries

Relationship	Company name	Location	Capital or investments	Description of businesses or job	Voting rights holding	Relationship with related parties		Description of transactions	Transaction amount (¥ millions)	Account	Ending balance (¥ millions)
						Interlocking of officers	Business relationships				
Consolidated subsidiary	KOITO KYUSHU LIMITED	Saga City, Saga Prefecture	¥3,000 million	Manufacturing and marketing of automotive lighting equipment	(Ownership) Directly holding 100%	There are concurrent services of officers	Manufacturing of the Company's products	Purchase of the subsidiary's products	54,787	Accounts payable	8,801
								Supply of materials	23,435	Accrued income	779
Consolidated subsidiary	Aoitec Co., Ltd.	Hamamatsu City, Shizuoka Prefecture	¥100 million	Manufacturing and marketing of electronic components, electrical devices, telecommunications equipment and precision machinery	(Ownership) Directly holding 98%	—	Manufacturing of the Company's products	Purchase of the subsidiary's products	42,541	Accounts payable	3,459
								Supply of materials	29,910	Accrued income	967
Consolidated subsidiary	Shizuokadensho Co., Ltd.	Shizuoka City, Shizuoka Prefecture	¥76 million	Manufacturing and marketing of automotive lighting equipment	(Ownership) Directly holding 65%	—	Manufacturing of the Company's products	Purchase of the subsidiary's products	32,218	Accounts payable	1,991
								Supply of materials	25,200	Accrued income	833
Consolidated subsidiary	North American Lighting, Inc.	Illinois, U.S.	130,000 thousands of U.S. dollars	Manufacturing and marketing of automotive lighting equipment	(Ownership) Directly holding 100%	There are concurrent services of officers	Manufacturing and marketing of the subsidiary's products mainly in the U.S. There is a technological support agreement	Debt guarantee	74,760	—	—
								Debt guarantee			
Consolidated subsidiary	NAL do Brasil Indústria e Comércio de Componentes de Iluminação Ltda.	San Paulo, Brazil	533,000 thousand Brazilian reals	Manufacturing and marketing of automotive lighting equipment	(Ownership) Directly holding 84%	—	Manufacturing and marketing of the subsidiary's products mainly in Brazil There is a technological support agreement	Debt guarantee	10,155	Long-term loans of affiliated companies	9,600
								Underwriting of capital increase	5,788	—	—
Consolidated subsidiary	FUZHOU KOITO AUTOMOTIVE LAMP CO., LTD.	Fuzhou City, People's Republic of China	9,000 thousands of U.S. dollars	Manufacturing and marketing of automotive lighting equipment	(Ownership) Directly holding 100%	—	Manufacturing and marketing of the subsidiary's products mainly in China There is a technological support agreement	Debt guarantee	13,014	—	—
								Debt guarantee			

Notes:

1. The terms and conditions of the above transactions and their decision policy
As in general transactions, the Company takes market prices and total costs into consideration in determining the transactions.
2. The Company provides guarantees for loans from financial institutions and receives guarantee fees decided through consultation.
3. For loans receivable, the Company takes market interest rates into consideration in determining the interest rate.

9. Notes to revenue recognition

Notes are omitted as the same information is presented in the Notes to Consolidated Financial Statements (Notes to Revenue Recognition) regarding information on the basis for understanding revenue.

10. Notes to per share information

(1) Net assets per share	¥1,236.91
(2) Net income per share	¥130.28

11. Notes concerning significant subsequent events

Not applicable.

Independent Auditor's Report

May 23, 2025

The Board of Directors
KOITO MANUFACTURING CO., LTD.

ARK LLC
Tokyo Head Office

Reiji Yonekura
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Norikazu Shibuya
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kenji Okada
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Audit Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the consolidated financial statements of KOITO MANUFACTURING CO., LTD., which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in shareholders' equity and the notes to consolidated financial statements applicable to the fiscal year from April 1, 2024 through March 31, 2025.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consisted of KOITO MANUFACTURING CO., LTD. and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2025 in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company Groups in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Statements

Other statements consist of the Business Report and its supporting schedules. Management is responsible for the preparation and disclosure of the other statements. Audit and Supervisory Board Members and Audit and Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the reporting process for the other statements.

The subject of our audit opinion on the consolidated financial statements does not include other statements, and we express no opinion on them.

Our responsibility in the audit of the consolidated financial statements is to read the other statements in full and, in the course of reading the other statements, to consider whether there are material differences between the other statements and the consolidated financial statements or knowledge we acquired in the course of the audit, and to pay attention to whether there is any indication of material errors in the other statements other than such material differences.

Based on the work we performed, if it is determined that there are material errors in the other statements, we are required to report those facts.

With respect to the other statements, there are no matters we should report.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the consolidated financial statements based on our audit from an independent point of view. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these consolidated financial statements.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the consolidated financial statements, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an

- opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.
 - Conclude on the appropriateness of preparing the consolidated financial statements with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the consolidated financial statements or, if the notes to the consolidated financial statements on material uncertainty are inadequate, to express a qualified opinion with exceptions on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate whether the presentation of the consolidated financial statements and notes to the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements fairly present the underlying transactions and accounting events.
 - Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, countermeasures have been established to eliminate obstruction factors to our independence or safeguards have been applied to reduce these obstruction factors to allowable levels.

Conflicts of Interest

We or engagement partners have no interests in the Company and its consolidated subsidiaries, which should be stated in compliance with the Certified Public Accountants Act.

Independent Auditor's Report

May 23, 2025

The Board of Directors
KOITO MANUFACTURING CO., LTD.

ARK LLC
Tokyo Head Office

Reiji Yonekura
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Norikazu Shibuya
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Kenji Okada
Designated Limited Liability Partner
Engagement Partner
Certified Public Accountant

Audit Opinion

Pursuant to Article 436, paragraph 2, Item 1 of the Companies Act, we have audited the financial statements of KOITO MANUFACTURING CO., LTD. ("the Company"), which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in shareholders' equity and the notes to financial statements, and the supporting schedules ("Financial Statements and Others") applicable to the 125th business year from April 1, 2024 through March 31, 2025.

In our opinion, the Financial Statements and Others referred to above present fairly, in all material respects, the financial position and results of operations, applicable to the business year ended March 31, 2025 in accordance with accounting principles generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and Others section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements and Others in Japan, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Statements

Other statements consist of the Business Report and its supporting schedules. Management is responsible for the preparation and disclosure of the other statements. Audit and Supervisory Board Members and Audit and Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of

the reporting process for the other statements.

The subject of our audit opinion on the Financial Statements and Others does not include other statements, and we express no opinion on them.

Our responsibility in the audit of the Financial Statements and Others is to read the other statements in full and, in the course of reading the other statements, to consider whether there are material differences between the other statements and the Financial Statements and Others or knowledge we acquired in the course of the audit, and to pay attention to whether there is any indication of material errors in the other statements other than such material differences.

Based on the work we performed, if it is determined that there are material errors in the other statements, we are required to report those facts.

With respect to the other statements, there are no matters we should report.

Responsibilities of Management, Audit & Supervisory Board Members and the Audit & Supervisory Board for the Financial Statements and Others

Management is responsible for the preparation and fair presentation of the Financial Statements and Others in accordance with accounting principles generally accepted in Japan; this includes the maintenance and operation of internal control deemed necessary by management for the preparation and fair presentation of the Financial Statements and Others that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements and Others, management is responsible for assessing whether it is appropriate to prepare the Financial Statements and Others with the assumption of a going concern, and in accordance with accounting principles generally accepted in Japan, for disclosing, as necessary, matters related to going concern.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' performance of duties within the maintenance and operation of the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and Others

Our responsibilities are to obtain reasonable assurance about whether the Financial Statements and Others as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that expresses our opinion on the Financial Statements and Others based on our audit from an independent point of view.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of these Financial Statements and Others.

In accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit process to perform the following:

- Identify and assess the risks of material misstatement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Selecting audit procedures to be applied is at the discretion of the auditor. Obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- When auditing the Financial Statements and Others, obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances in making risk assessments, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used by management and their method of application, as well as the reasonableness of accounting estimates made by management and related notes thereto.

- Conclude on the appropriateness of preparing the Financial Statements and Others with the assumption of a going concern by management, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the notes to the Financial Statements and Others or, if the notes to the Financial Statements and Others on material uncertainty are inadequate, to express a qualified opinion with exceptions on the Financial Statements and Others. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation of the Financial Statements and Others and notes to the Financial Statements and Others are in accordance with accounting standards generally accepted in Japan, as well as evaluate the presentation, structure, and content of the Financial Statements and Others, including the related notes thereto, and whether the Financial Statements and Others fairly present the underlying transactions and accounting events.

We report to the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit process, and other matters required by auditing standards.

We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements in Japan regarding independence, and to communicate with them all relationships and other matters that may reasonably be deemed to bear on our independence, and where applicable, countermeasures have been established to eliminate obstruction factors to our independence or safeguards have been applied to reduce these obstruction factors to allowable levels.

Conflicts of Interest

We or engagement partners have no interests in the Company, which should be stated in compliance with the Certified Public Accountants Act.

AUDIT REPORT

Regarding the execution of Directors' duties during the 125th business year from April 1, 2024 to March 31, 2025, we, the Audit and Supervisory Board of KOITO MANUFACTURING CO., LTD. ("the Company"), hereby submits its audit report, which has been prepared through discussions based on the audit reports prepared by the respective Audit and Supervisory Board Members.

1. Method and details of audit

(1) We, the Audit and Supervisory Board, established the auditing policies and allocation of duties, received reports regarding the status of audits and the results thereof from each Audit and Supervisory Board Member, as well as reports regarding the status of the execution of duties from Directors, etc. and Independent Auditors, and requested explanations as necessary.

(2) In compliance with the auditing rules of the Audit and Supervisory Board and pursuant to the auditing plans and the assigned tasks and others, each Audit and Supervisory Board Member communicated with Directors, officials at the Internal Audit Department and other relevant personnel, endeavored to collect necessary information and improve the auditing environment, and conducted the audit in accordance with the following methods.

i) Each Audit and Supervisory Board Member also attended meetings of the Board of Directors and other meetings as deemed important, received reports from Directors and employees on their performance of duties, requested additional explanations as necessary, perused the documents whereby the important decisions were made, and examined the business and financial conditions at the head office and the principal offices.

Meanwhile, each Audit and Supervisory Board Member communicated and exchanged information with Directors, Audit and Supervisory Board Members, and others of subsidiaries and, when necessary, received reports concerning business activities of the subsidiaries.

ii) Each Audit and Supervisory Board Member monitored and reviewed the substance of the Board of Directors' resolutions to establish a system to ensure the conformity of the execution of duties by the Directors with laws and regulations and with the Articles of Incorporation, and other arrangements prescribed in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Companies Act as necessary for ensuring the integrity of corporate groups comprised of stock companies and their subsidiaries, as well as the establishment and operation of a system (internal control system) being developed in accordance with such resolutions.

iii) Each Audit and Supervisory Board Member examined the substance of the basic policies on those who control the decision of the Company's financial and operational policies and specific measures taken to implement the said policies.

iv) In addition to monitoring and examining whether the Independent Auditor maintained an independent position and performed auditing appropriately, we received reports from the Independent Auditor on the performance of its duties and requested explanations when necessary. In addition, we received notice from the Independent Auditor that "The systems for ensuring the proper performance of duties" (set forth in each item of Article 131 of the Regulations of Corporate Financial Calculation) are organized in accordance with the "Standards for Quality Control of Audit" (Business Accounting Council) and other relevant standards, and sought explanations whenever necessity arose.

Based on the above methods, we examined the business report, consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statement of changes in equity, notes to consolidated financial statements), financial statements (balance sheets, statements of income, statement of changes in equity, notes to financial statements), supporting schedules for the fiscal year under review.

2. Results of audit

(1) Results of audit of business report, etc.

i) In our opinion, the business report and supporting schedules fairly represent the condition of the Company in accordance with the laws, regulations and Articles of Incorporation of the Company.

ii) We have determined that there were no serious occurrences of dishonest or false activity or violations of any laws, regulations or the Company's Articles of Incorporation by any Directors or Executive Officers in carrying out their duties.

iii) We find the Board of Directors' resolutions concerning the internal control system are appropriate and there are no matters to be pointed out with respect to the establishment and operation of the said internal control system.

iv) There are no matters to be pointed out with respect to the basic policies on those who control the decision of the Company's financial and operational policies and specific measures taken to implement the said policies.

(2) Results of audit of consolidated financial statements

In our opinion, the audit method and audit results received from the Independent Auditor ARK LLC. are appropriate.

(3) Results of audit of financial statements and supporting schedules

In our opinion, the audit method and audit results received from the Independent Auditor ARK LLC. are appropriate.

May 23, 2025

Audit and Supervisory Board of KOITO MANUFACTURING CO., LTD.

Standing Audit and Supervisory Board Member
Mitsuo Kikuchi (Seal)

Standing Audit and Supervisory Board Member
Koichi Sakakibara (Seal)

Outside Audit and Supervisory Board Member
Hiroshi Kimeda (Seal)

Outside Audit and Supervisory Board Member
Hidemi Yamaguchi (Seal)