

# **Ⅲ. The 1st Medium-Term Management Plan**

**(FY 2025-FY 2027)**

# Assumption of Global Automobile Production Volume



(Million units)

	FY 2024		FY 2025		FY 2026		FY 2027		
	Result	YoY	Plan	YoY	Prediction	YoY	Prediction	YoY	vs FY 2024
Japan	8.60	106%	8.85	103%	9.25	105%	9.23	100%	107%
North America	16.07	107%	16.00	100%	16.70	104%	16.70	100%	104%
Europe	13.20	107%	13.40	102%	13.60	101%	13.70	101%	104%
China	30.50	114%	30.50	100%	30.60	100%	30.70	100%	101%
ASEAN	4.15	93%	4.20	101%	4.50	107%	4.70	104%	113%
India	5.95	106%	6.25	105%	6.70	107%	7.10	106%	119%
South America	2.88	104%	3.00	104%	3.10	103%	3.20	103%	111%
Others	6.39	105%	6.44	101%	6.55	102%	6.67	102%	104%
Total	87.73	108%	88.65	101%	91.00	103%	92.00	101%	105%

# Forecasts of Consolidated Net Sales



(¥ billion, ratio:%)

		FY 2024 Result	FY 2025 Forecast	FY 2026 Outlook	FY 2027 Outlook	vs FY 2024 (Constant Forex)		Remarks
							Index	
KOITO MANUFACTURING		341.2	345.0	367.0	373.0	31.7	109	・ Domestic production volume 107%
Domestic subsidiaries		222.6	225.4	237.0	245.5	22.8	110	
Overseas	Americas	294.3	320.2	325.0	339.5	45.4	115	・ Production volume 105%
	China	88.9	84.3	85.5	97.0	8.9	110	・ Production volume 101%
	Asia	157.3	152.1	163.0	173.0	20.0	113	・ Production volume 112%
	Europe	49.0	35.7	32.0	33.0	△15.0	69	・ Production volume 104%
	Subtotal	589.7	592.3	605.5	642.5	59.4	110	・ Overseas production volume 105%
Elimination		△203.4	△206.7	△209.5	△211.0	△7.5		
Consolidated		950.2	956.0	1,000.0	1,050.0	106.4	111	・ Global production volume 105%

# Consolidated Financial outlook (FY 2024 vs FY 2027)



(¥ billion, ratio:%)

			FY 2024 Result		FY 2027 Outlook		Change		Constant Forex	
KOITO MANUFACTURING		Net sales	341.2		373.0		31.7	109.3	31.7	109.3
		Operating income	18.3	5.4	25.0	6.7	6.6	135.9	6.6	135.9
Domestic subsidiaries		Net sales	222.6		245.5		22.8	110.2	22.8	110.2
		Operating income	8.8	4.0	10.0	4.1	1.1	112.4	1.1	112.4
Overseas	Americas	Net sales	294.3		339.5		45.1	115.3	45.4	115.4
		Operating income	2.4	0.8	17.0	5.0	14.5	688.7	14.5	689.6
	China	Net sales	88.9		97.0		8.0	109.0	8.9	110.1
		Operating income	△0.5	—	5.0	5.2	5.5	—	5.5	—
	Asia	Net sales	157.3		173.0		15.6	109.9	20.0	112.8
		Operating income	15.1	9.6	17.5	10.1	2.3	115.6	2.8	118.7
	Europe	Net sales	49.0		33.0		△ 16.0	67.3	△15.0	69.4
		Operating income	1.3	2.8	△0.5	—	△1.8	—	△1.8	—
Subtotal		Net sales	589.7		642.5		52.7	108.9	59.4	110.1
		Operating income	18.4	3.1	39.0	6.1	20.5	211.7	21.1	214.6
Elimination		Net sales	△203.4		△211.0		△7.5	—	△7.5	—
		Operating income	10.2	—	9.5	—	△ 0.7	—	△ 0.7	—
Consolidated Total		Net sales	950.2		1,050.0		99.7	110.5	106.4	111.2
		Operating income	55.9	5.9	83.5	8.0	27.5	149.1	28.0	150.1

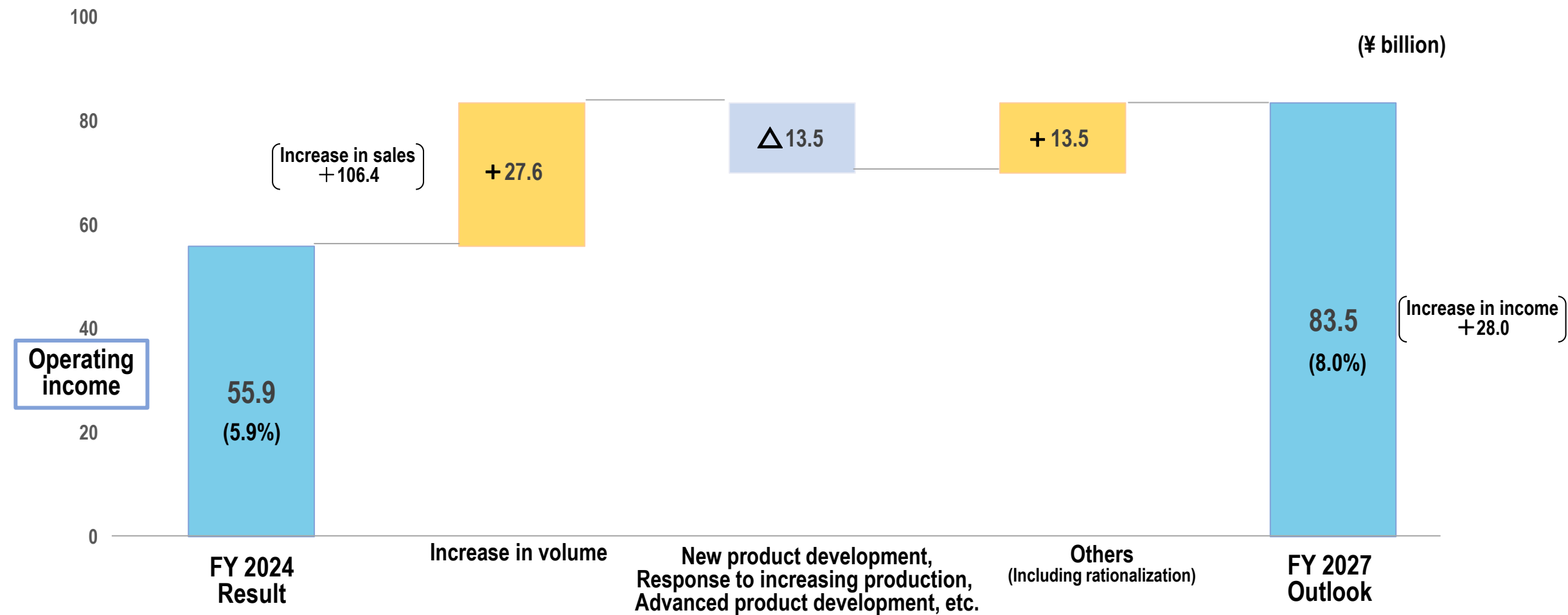
(Forex)

US dollar  
Chinese yuan

¥145.3  
¥20.2

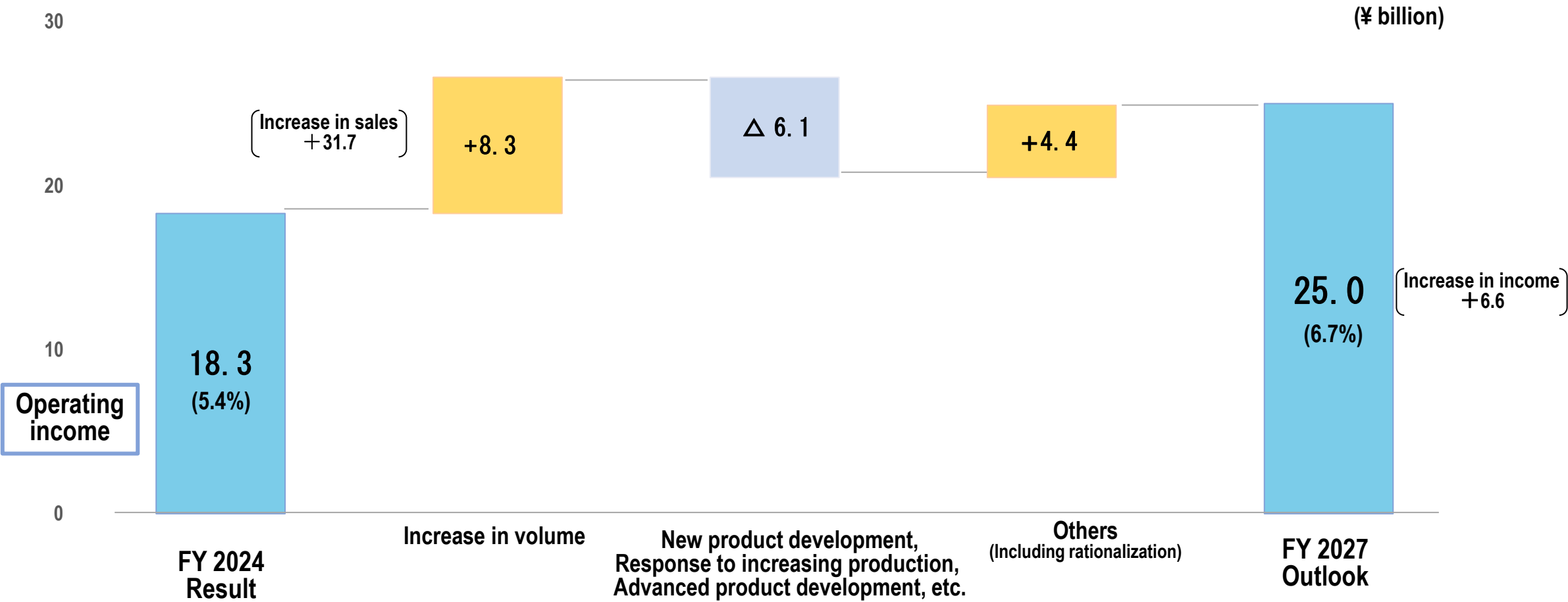
¥145.0  
¥20.0

# Regional Growth Strategies (Consolidated)

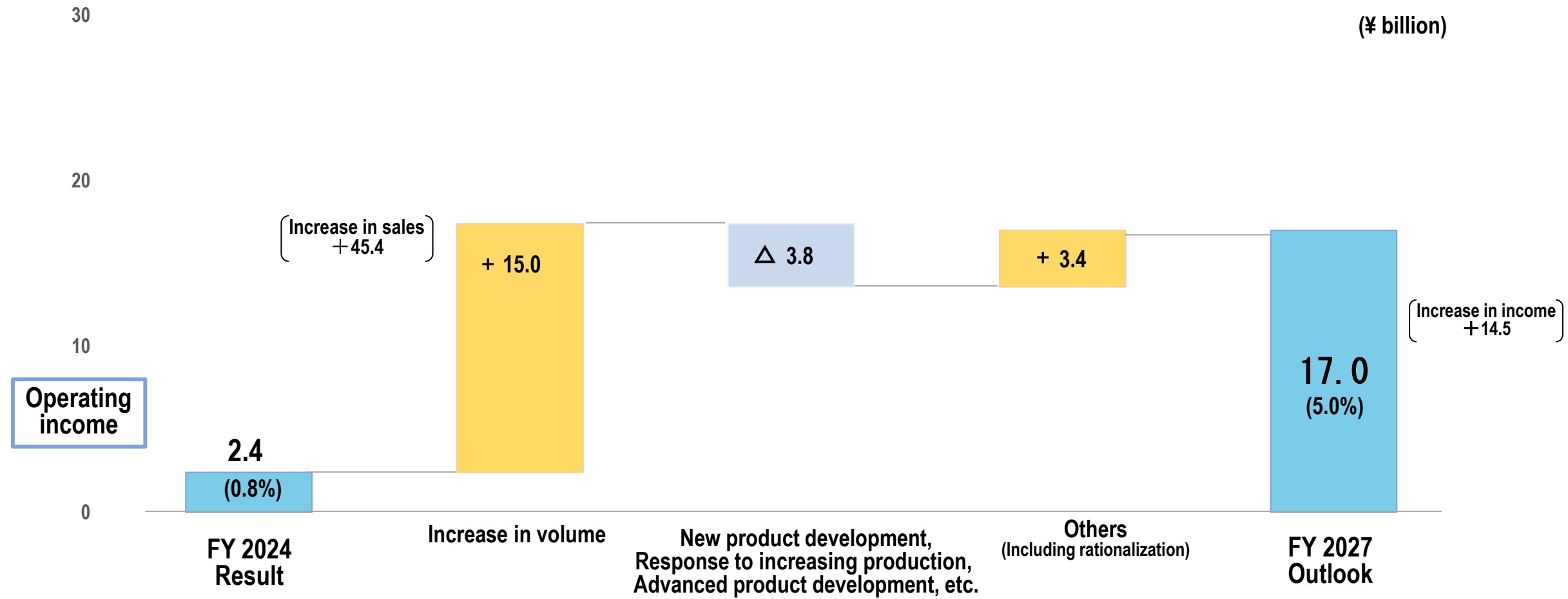


	FY 2024 Result		FY 2027 Outlook		Change (constant Forex)	
					Difference	Index
Net sales	950.2		1,050.0		106.4	111
Operating income	55.9	5.9%	83.5	8.0%	28.0	150

# Regional Growth Strategies (KOITO MANUFACTURING)

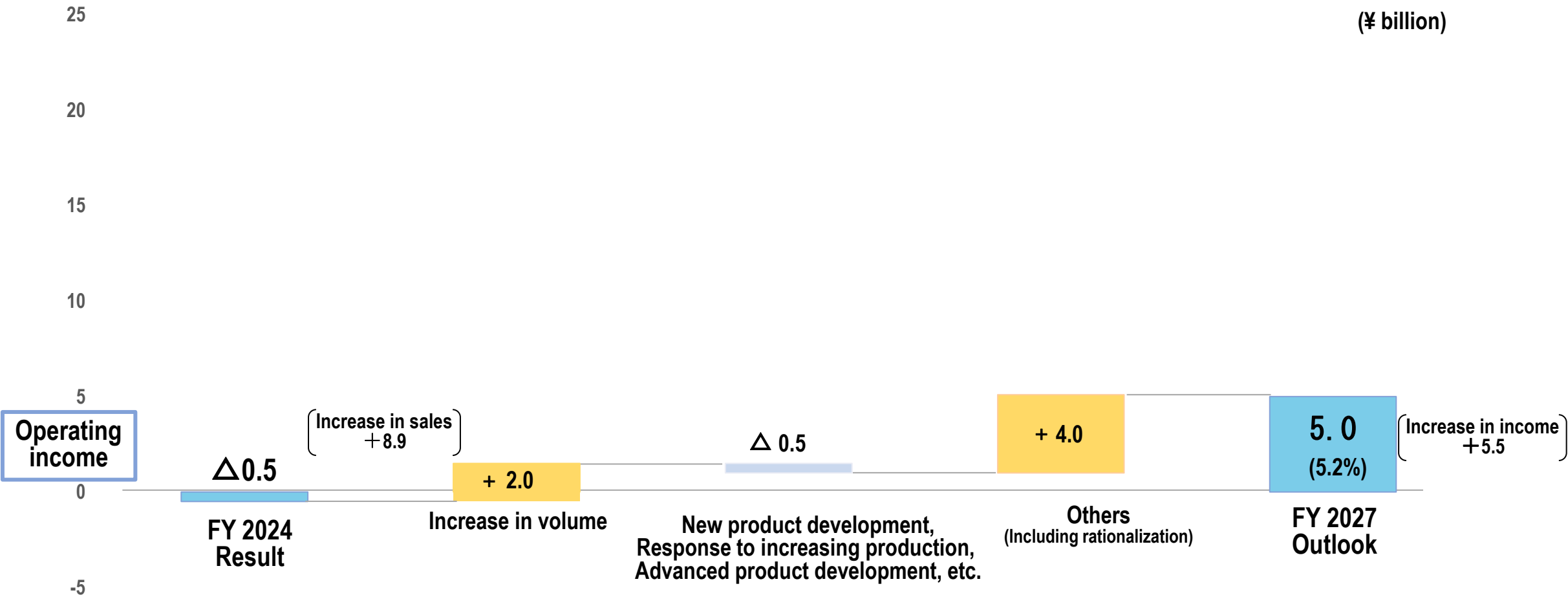


	FY 2024 Result		FY 2027 Outlook		Change (constant Forex)	
					Difference	Index
Net sales	341.2		373.0		31.7	109
Operating income	18.3	5.4%	25.0	6.7%	6.6	136



	FY 2024 Result		FY 2027 Outlook		Change (constant Forex)	
					Difference	Index
Net sales	294.3		339.5		45.4	115
Operating income	2.4	0.8%	17.0	5.0%	14.5	689

# Regional Growth Strategies (China)



	FY 2024 Result		FY 2027 Outlook		Change (constant Forex)	
					Difference	Index
Net sales	88.9		97.0		8.9	110
Operating income	Δ0.5	—	5.0	5.2%	5.5	—



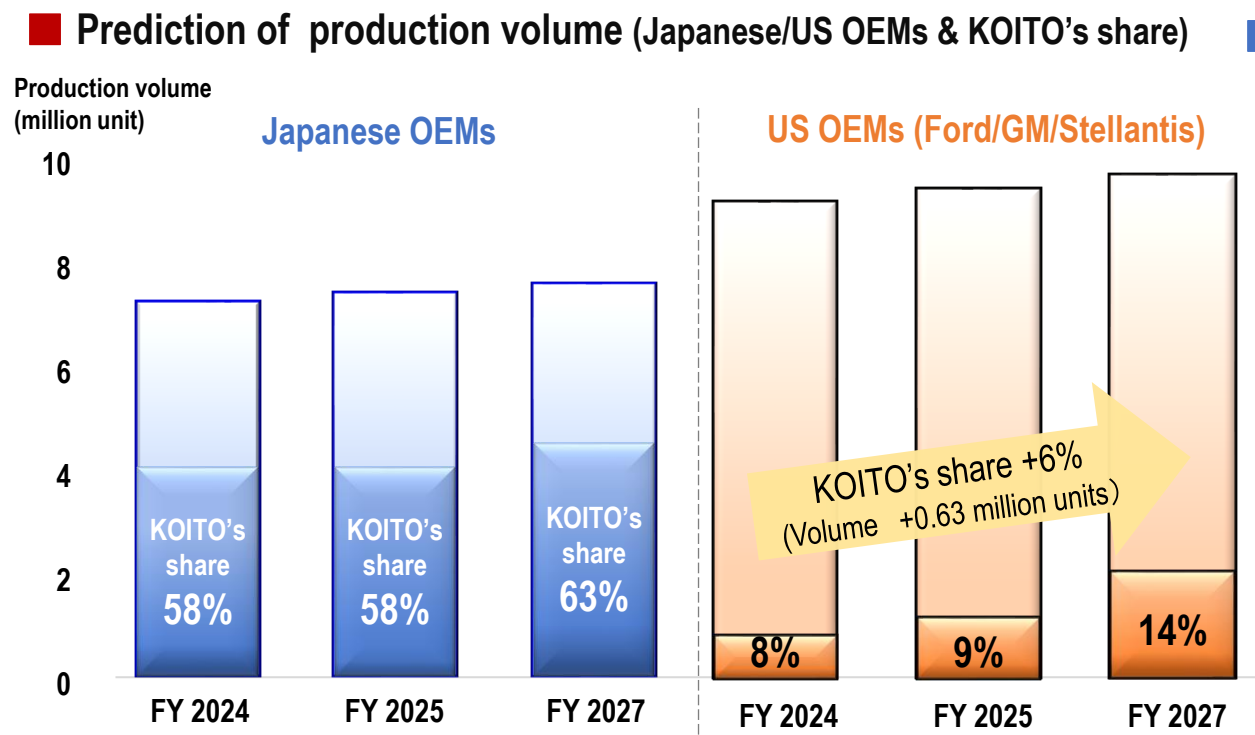
# Outlook of Capital Expenditure

(¥ billion)

			FY 2024 Result	FY 2025 Plan	FY 2025 to 2027 Total	Remarks (Investment details)
Japan		Equipment	8.9	14.6	49.5	・ Automation and unmanned systems, Tohoku new plant, and CN & DX, etc.
		Molds	4.5	4.8	14.8	
	KOITO MANUFACTURING		13.4	19.4	64.3	
	KOITO KYUSHU		0.6	2.4	6.9	
	Others		3.7	3.8	8.7	
	Subtotal		17.7	25.6	80.0	
Overseas	Americas		12.5	19.6	55.0	・ Plant expansion in Mexico & Brazil and automation of manufacturing processes, etc.
	Europe		1.0	1.6	5.0	
	China		5.6	5.5	15.0	・ New products (long lamps), and combination of equipment, etc.
	Asia		5.7	9.6	25.0	・ Gujarat plant in India, and Combination of equipment, etc.
	Subtotal		24.8	36.3	100.0	
Consolidated			42.5	61.9	180.0	

# Overseas Strategies

# Initiatives to Increase Sales : ① Americas (North/South America)



## Market trends / KOITO's share

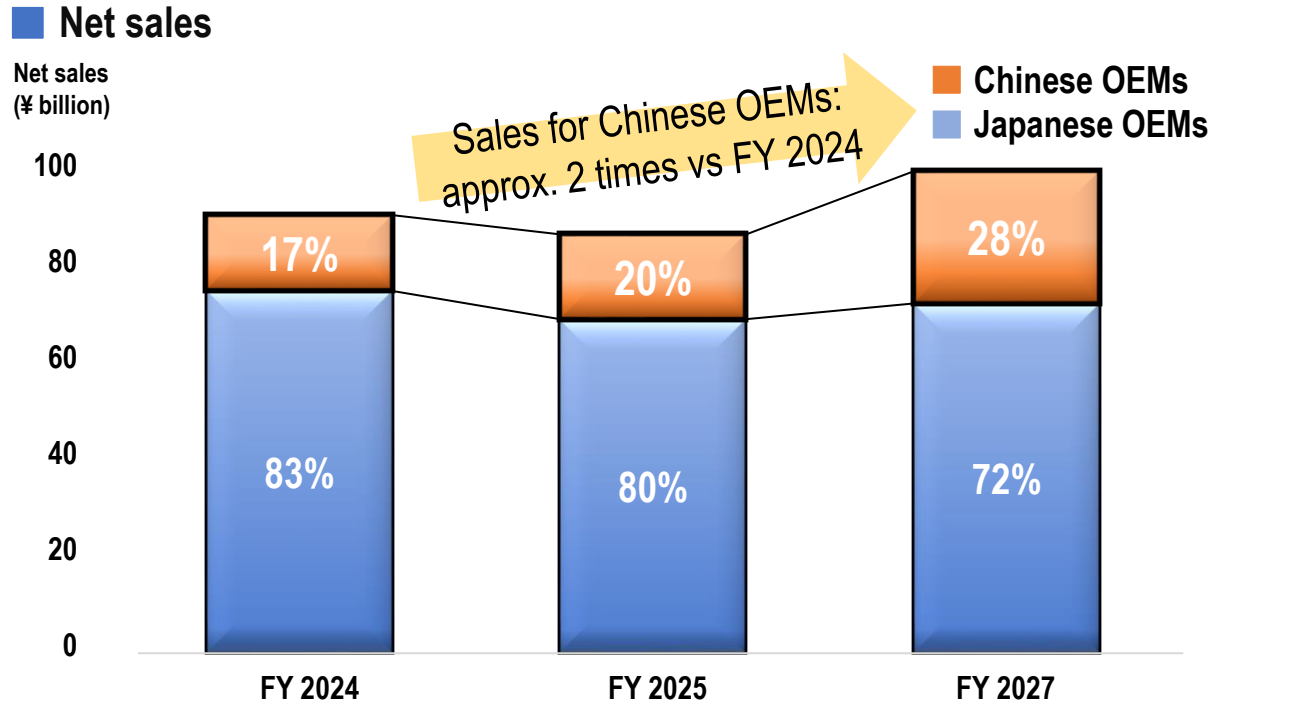
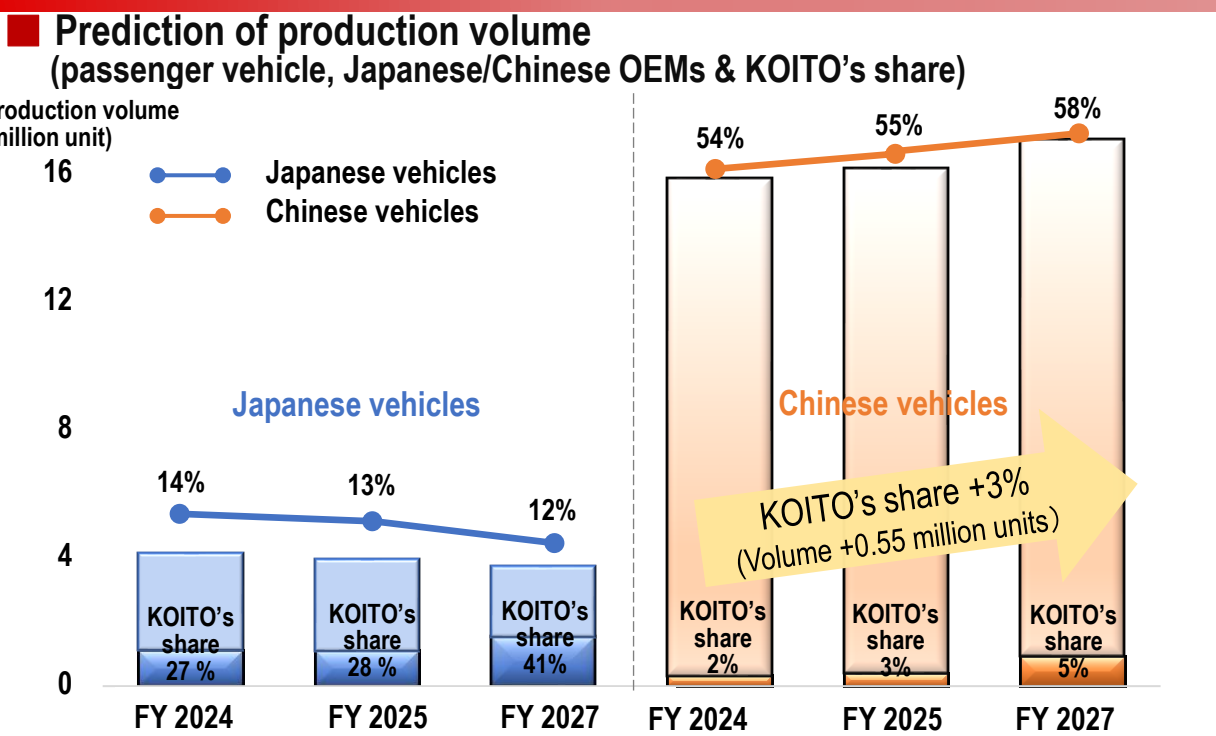
- Automobile production volume is **expected to increase gradually in the Americas market** as a whole, reflecting a recovery in demand in the North America and robust growth in the South America.
- While our share in Japanese OEMs will maintain at around 60%, the share in Detroit 3 will increase significantly to **14% in FY 2027**, from 8% in FY 2024.

## Initiatives to increase order/sales

- Net sales for US OEMs is expected to double in FY 2027 due to new orders for headlamps for Ford/GM's mass-volume vehicles** have been received through aggressive sales promotion of new technology, including new LED units.
- To respond increasing production volume, we are planning **expanding plants in Mexico and Brazil**. We aims to further increase sales by continuous promotion of high value-added lighting equipment such as ADB.

※ADB: Adaptive Driving Beam

# Initiatives to Increase Sales: ② China



## Market trends / KOITO's share

- The Chinese local OEMs have made a breakthrough with a 54% share in FY 2024 due to the aggressive introduction of low-cost EVs and the expansion of the EV line-up, while the share of the Japanese OEMs, which mainly consists of gasoline vehicles, has fallen to 14%. In FY 2025 and beyond, we are expecting Chinese vehicle's share is expected to grow, while the share of Japanese vehicles will continue to decline.
- In FY 2027, our share to Japanese OEMs will increase to around 40%, mainly due to new orders.  
Its share for Chinese vehicles will grow to 5% due to new orders for BYD's mass-volume vehicles.

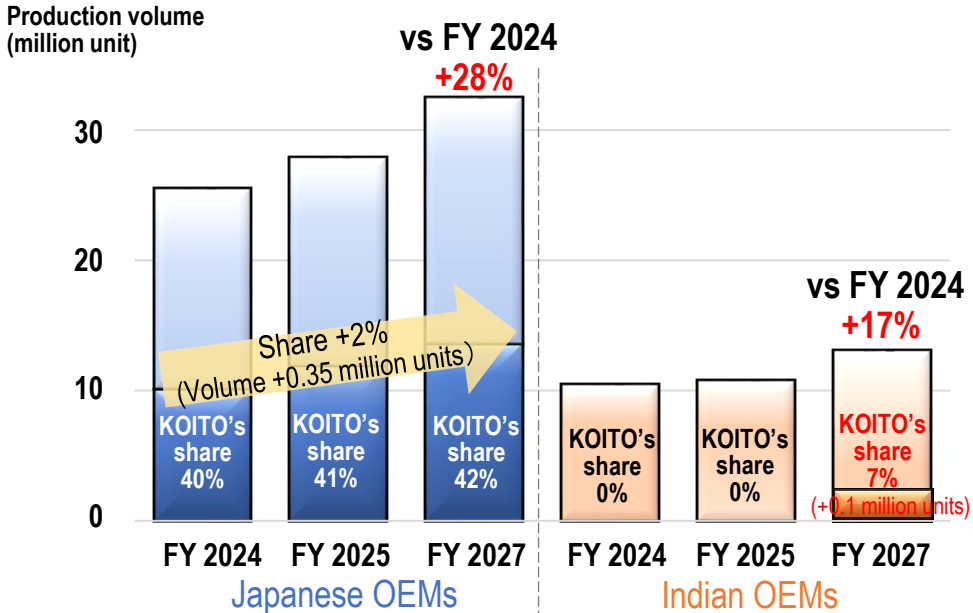
## Initiatives to increase order/sales

- Expanded the Technical Center in GUNANGZHOU and strengthened the sales/development systems in order to respond in a timely manner to short-term development specific to local OEMs and to promote the adoption of products with optimum and low-cost specifications for China.  
(Development term: Chinese OEMs 12 months, Japanese OEMs 24 months)
- In FY 2027, sales for Chinese OEMs will be almost doubled due to new orders received from BYD/Xpeng.
- We will continue to aim for further expansion by offering new technologies that meet Chinese preferences/needs (function for communication, animation, etc.)

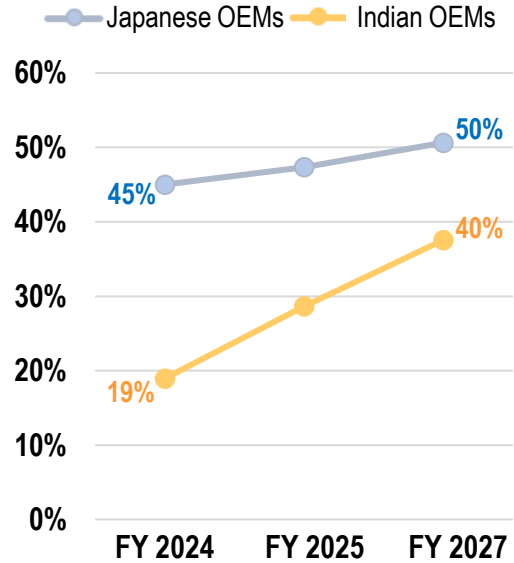
# Initiatives to Increase Sales : ③ Asia (India)



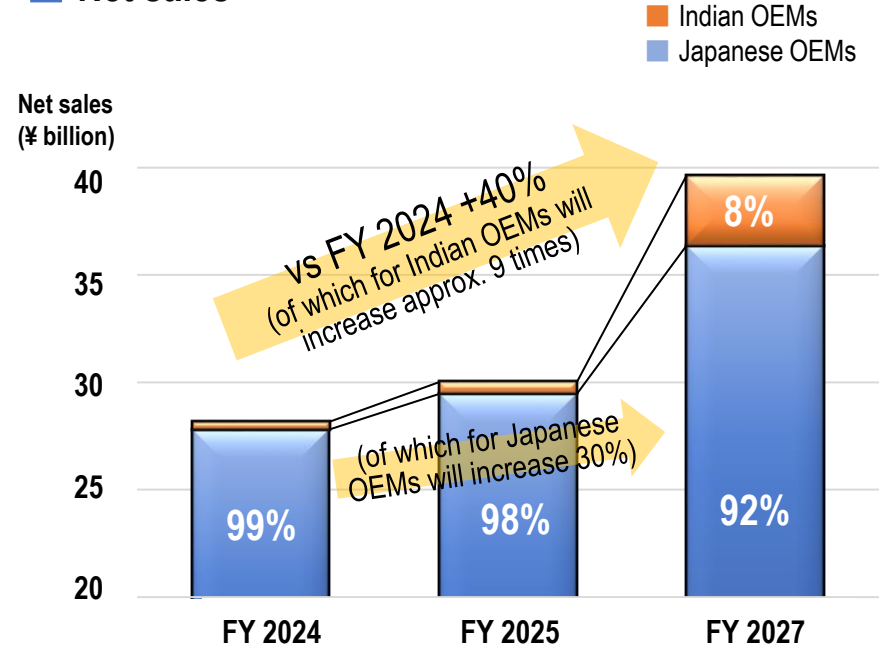
## Prediction of production volume (Japanese/Indian OEMs & KOITO's share)



## LED headlamp adoption ratio in India



## Net sales



### Market trends / KOITO's share

- Production volume in India reached a record high for the second consecutive year. Japanese OEMs, led by SUZUKI, which has the largest market share, are expected to increase, while Indian manufacturers are also expected to actively increase capacity and introduce new vehicles. In FY 2027, both Japanese and Indian OEMs are forecasting double-digit growth compared to FY 2024.
- KOITO's share in  
Japanese OEMs: will maintain more than 40%, with new orders, while the market is expanding significantly.  
Indian OEMs: will be expanded to 7% in FY 2027, thanks to new orders from Tata while the shift to LEDs is progressing.

### Initiatives to increase order/sales

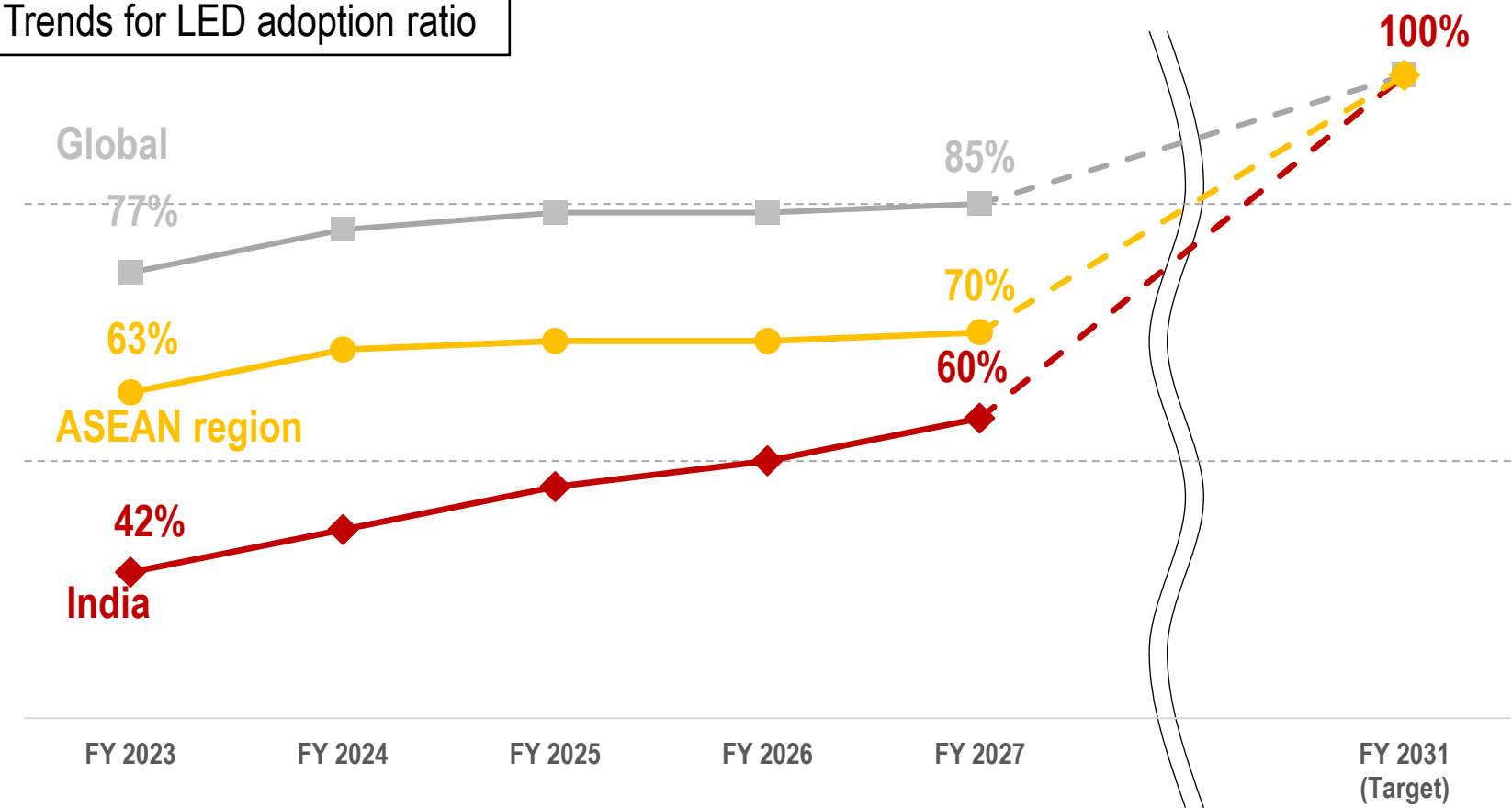
- Sales for Indian OEMs are expected to increase 9 times in FY 2027 reflecting new orders from Tata and other companies as a result of the expansion of the LED unit line-up and local procurement. For Japanese OEMs, we are strengthening promotion of high value-added lighting equipment such as ADB and long lamps, etc.
- In March 2024, our new plant in Gujarat commenced operations with the aim of responding to the increased capacity of customers in the western region (Suzuki and Tata). To further increase sales, We are introducing state-of-the-art equipment to meet specification trends.

# **Sales Strategies**

# Sales Expansion Trends for LED Lamps

■ In FY 2023, the global LED headlamps adoption ratio was 77%, and these in Japan, North America and China was over 90%. We will expand sales of LED headlamps mainly in the ASEAN region (installation rate: 63%) and India (installation rate: 42%) by launching next-generation bi-functional LED units.

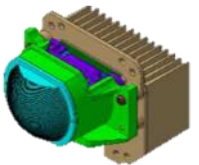
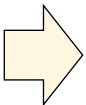
Trends for LED adoption ratio



Evolution of LED basic units realizes cost reductions



Current unit  
(FY 2021)



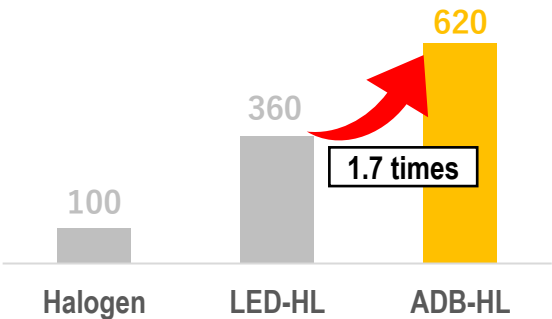
Next-generation unit  
(FY 2027)

# Sales Expansion Trends for ADB

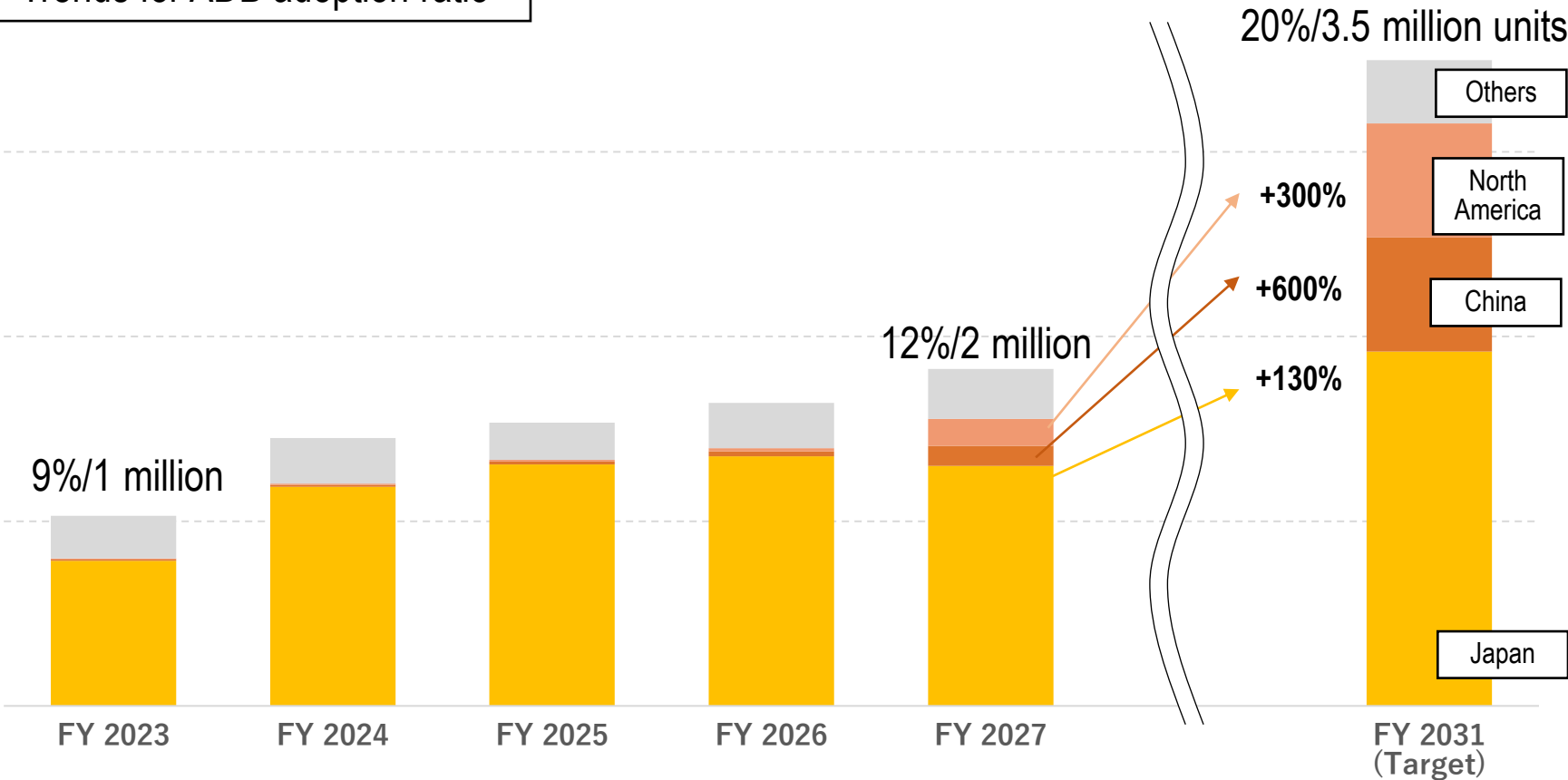


■ ADB adoption ratio in FY 2023 was 9%, and sales will expand mainly in Japan until FY 2027. Thereafter, ADB will expand mainly in North America and China.  
Unit price of a LED headlamp equipped ADB is 1.7 times higher than that of without ADB.

Unit price of a LED headlamp equipped ADB



Trends for ADB adoption ratio



## Expansion of ADB

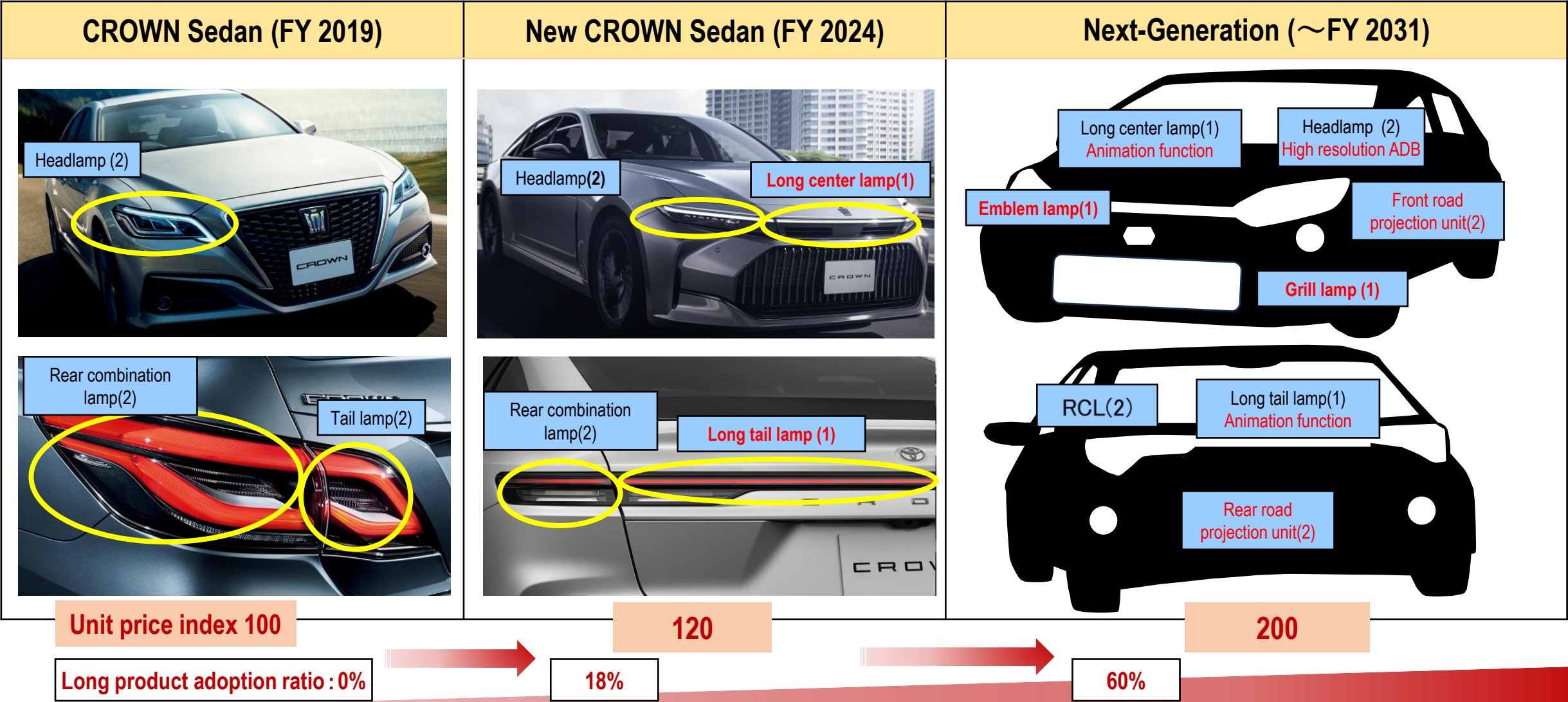
- For the USA: to be launched in FY 2026. OEMs will adopt the next-generation ADB units in earnest from the second half of FY 2027.
  - For China: the ADB point ratio has increased in C-NCAP\* since 2024. Adoption of ADB will increase in future development vehicles.
- \*Chinese car safety assessment program. The China Automotive Technology and Research Center conducts safety function tests on new vehicles and publishes the results ranked by number of stars (up to 5 stars+).



# Trends in sales price per unit due to the adoption of new items

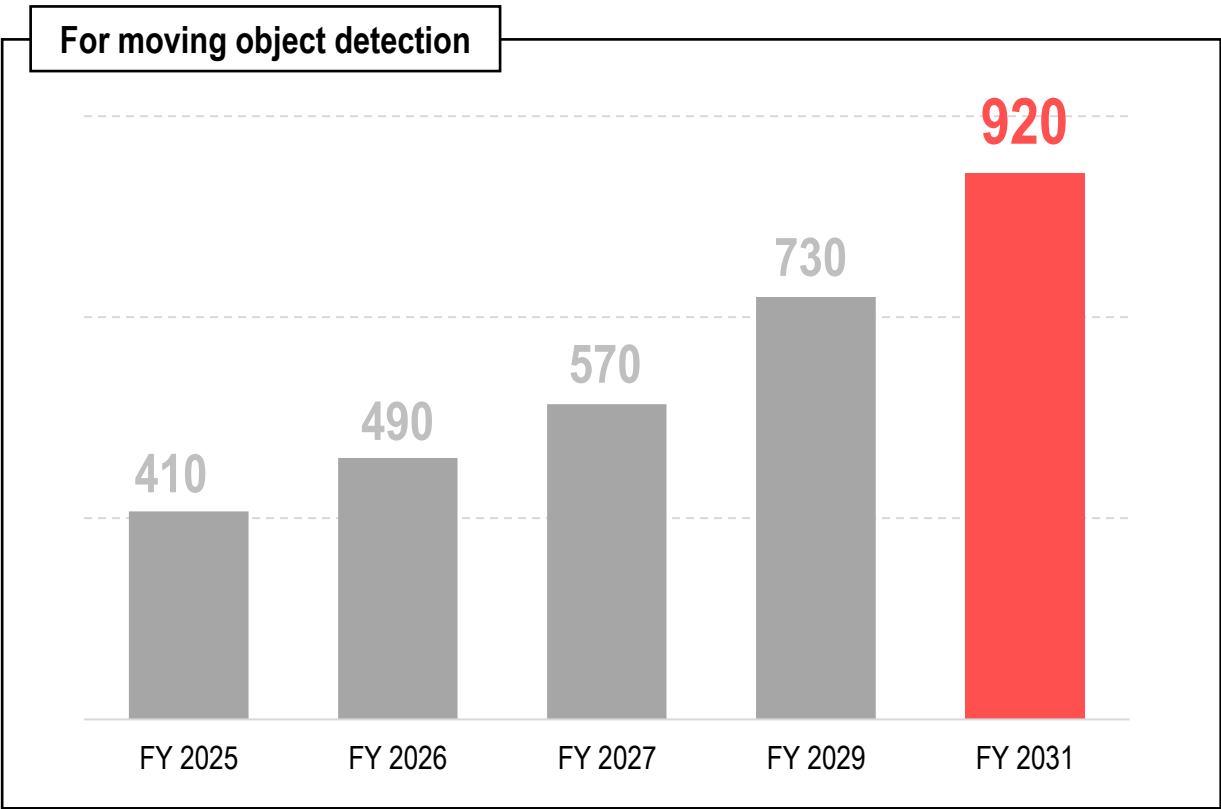
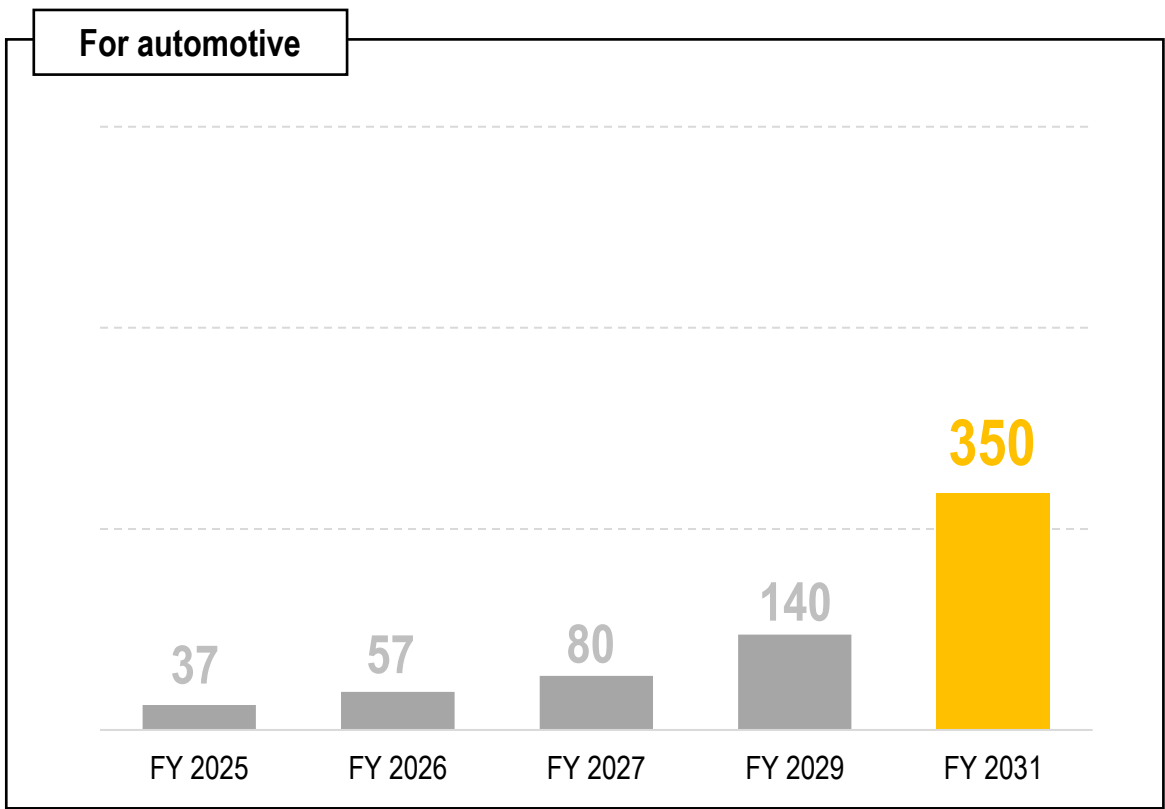
■ The sales price per unit is increasing as Each OEM is adding longer tail lamps and center lamps following on design trends. In the future, we will utilize our technological advantages to further raise the sales price.

\* Figures in brackets ( ) indicate the number of units per vehicle.



- The automotive LiDAR market will be ¥37 billion in FY 2025.  
The market is expected to expand to ¥350 billion in FY 2031, as LiDAR is essential for advanced ADAS/autonomous driving vehicles.  
(Sonar: detection distance: approx. 1 m / millimeter wave: cannot detect small objects / camera: cannot be substituted due to detection distance of approx. 100 m)
- The moving object detection market is expected to reach ¥ 920 billion in FY 2031, as LiDAR will be used in conjunction with or replaces 3D mapping and AI cameras.

## Outlook of LiDAR Market (¥ billion)

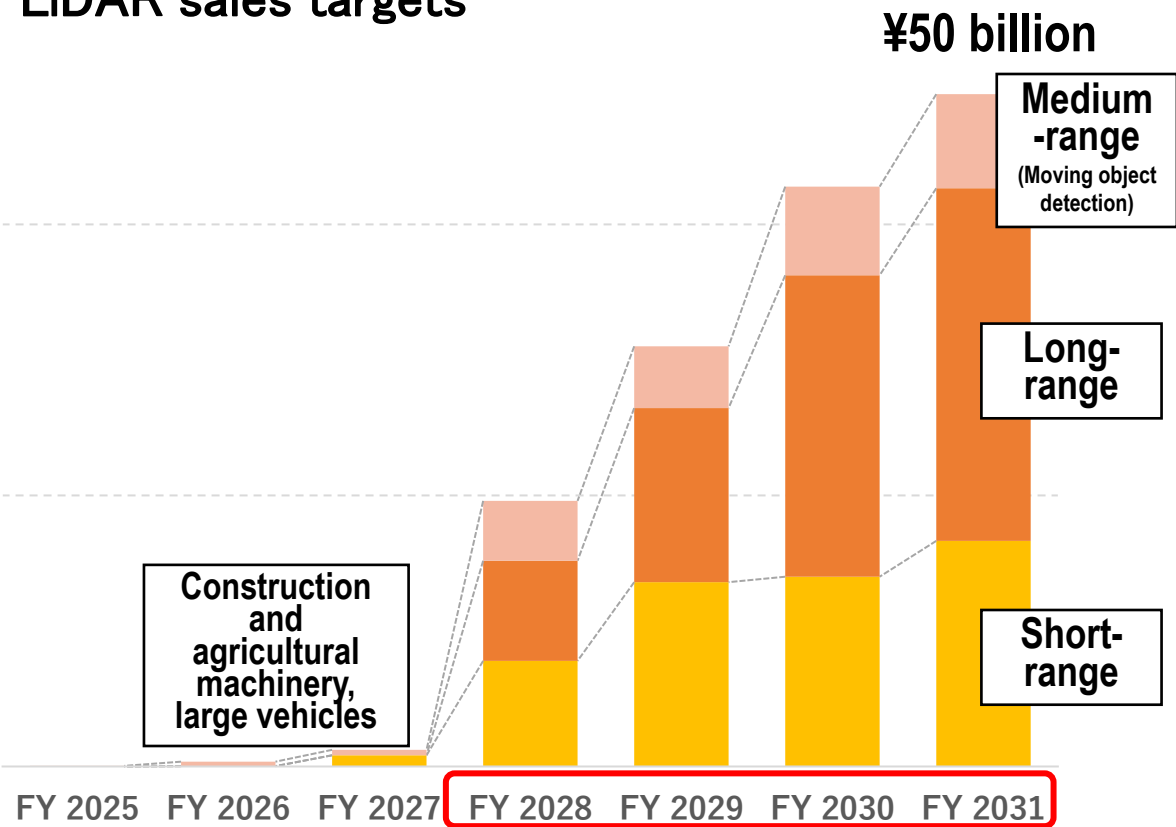





# LiDAR Business Outlook (KOITO's Sales)



- KOITO aims to increase orders through the technical superiority of its LiDAR and the development of variations (short/long/medium range). We have received orders and inquires from several customers (passenger cars/large vehicles/construction and agricultural machinery, etc.).  
Expectations are very high for our LiDAR, which is already ready for mass production.
- Our LiDAR business is expected to be profitable from FY 2029, when our order volumes are expected to increase.

## LiDAR sales targets



	Needs (1st level) · KOITO's strong point (2nd level)
<div>Short-range</div> <div></div>	<div>Automatic operation of large vehicles/construction agricultural machinery (detection of the vehicle's near surroundings)</div> <div>Enables <b>wide vertical detection</b></div>
<div>Long-range</div> <div></div>	<div>Forward detection during high-speed driving of passenger cars/large vehicles, etc.</div> <div>The integrated design of the light source and optics enables minimized size and <b>installation in the cabin</b>.</div>
<div>Medium-range</div> <div></div>	<div>Moving Object Detection</div> <div><b>Moving object detection</b> systems (hardware and software) to meet the customer's detailed needs.</div>

# **Automation of Production Lines**

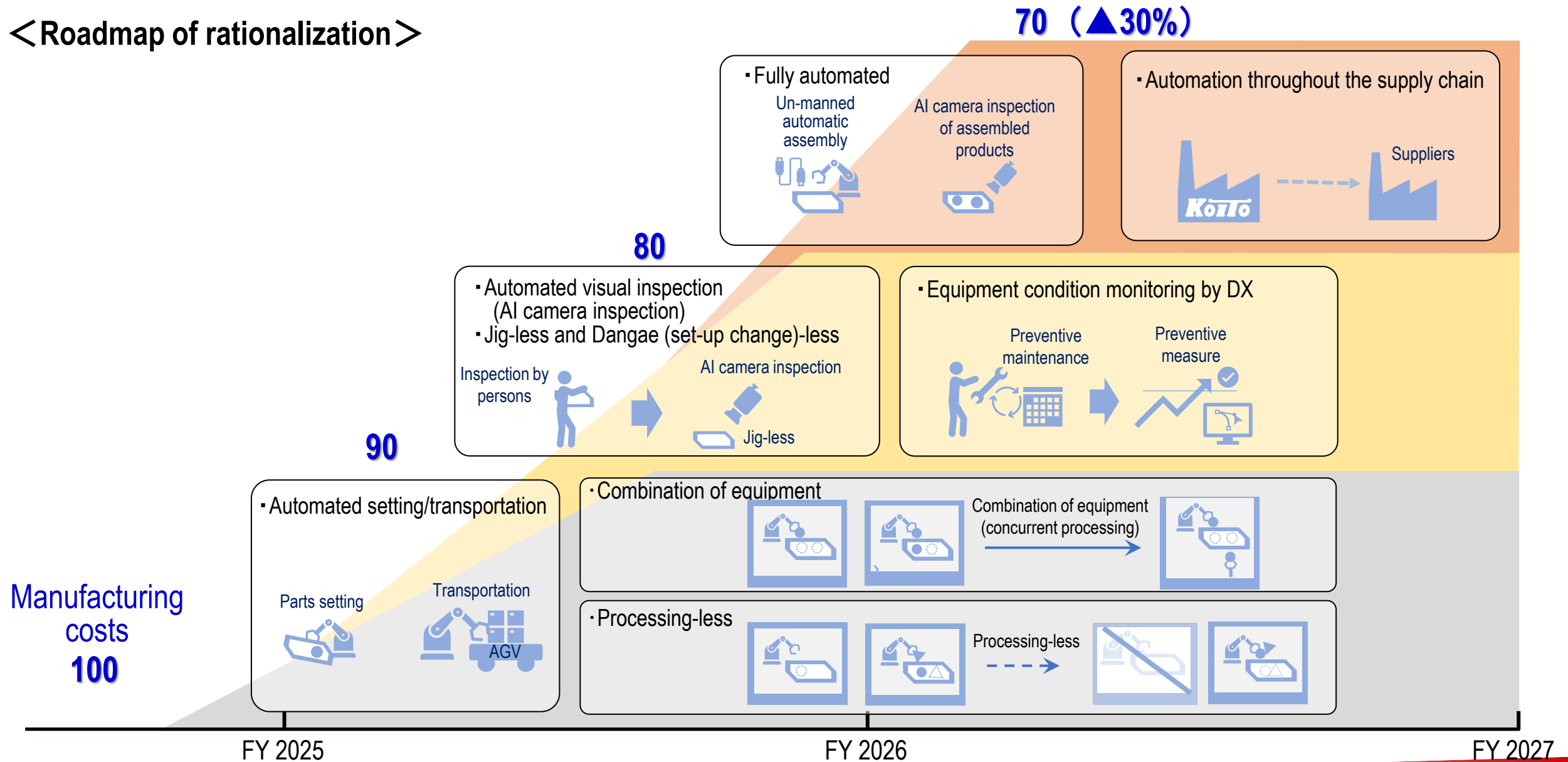
Promote innovative manufacturing through make use of digital technology, such as automation of production lines

30% reduction in manufacturing costs [Automation / Digitization / Optimization]

Components		Assembly	Logistics
Automatization/ Digitalization	Good or bad inspection with AI camera/ preventive maintenance	Fully automated/ strengthen manufacturing traceability for quality assurance	Automated loading / shipping warehouse
Optimization	Processing-less and Dangae (set-up change)-less	Processing-less, jig-less and Dangae-less	Shortest transportation time

# Automation of Production Lines

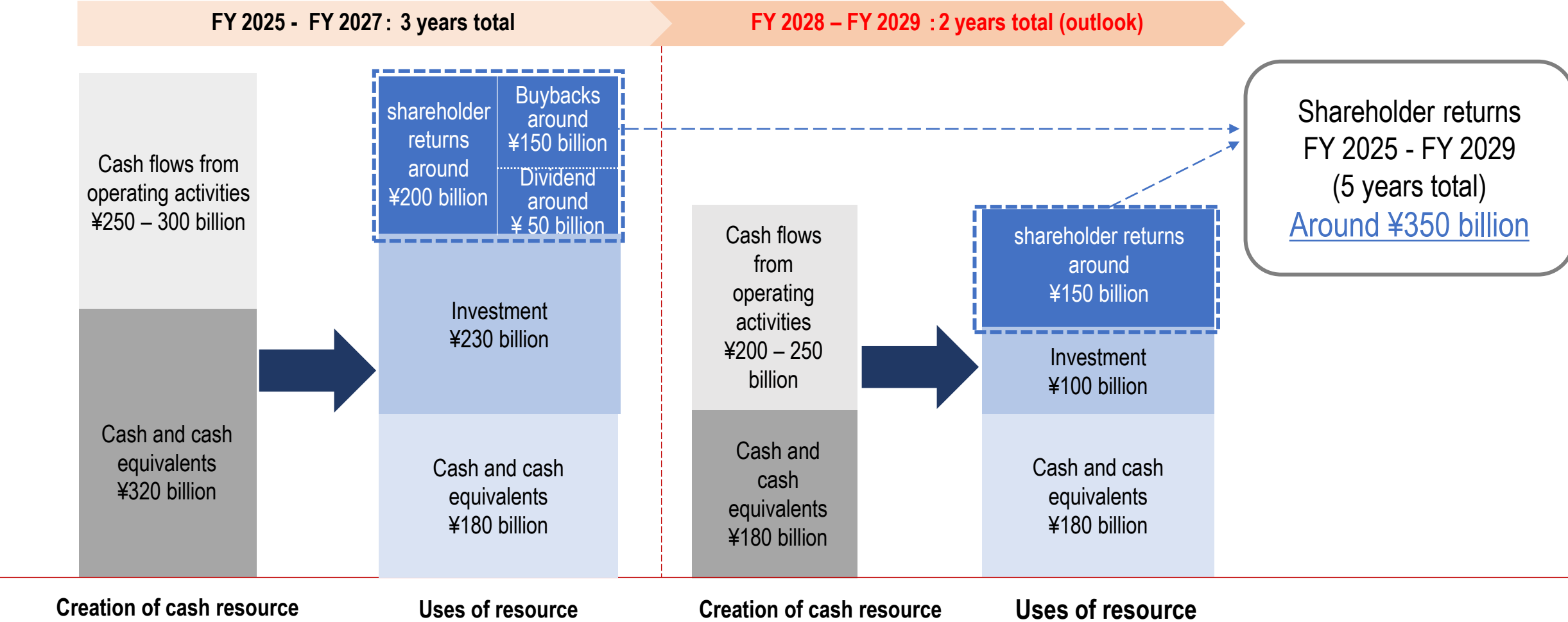
## <Roadmap of rationalization>



# Financial Strategy

<Basic Policies>

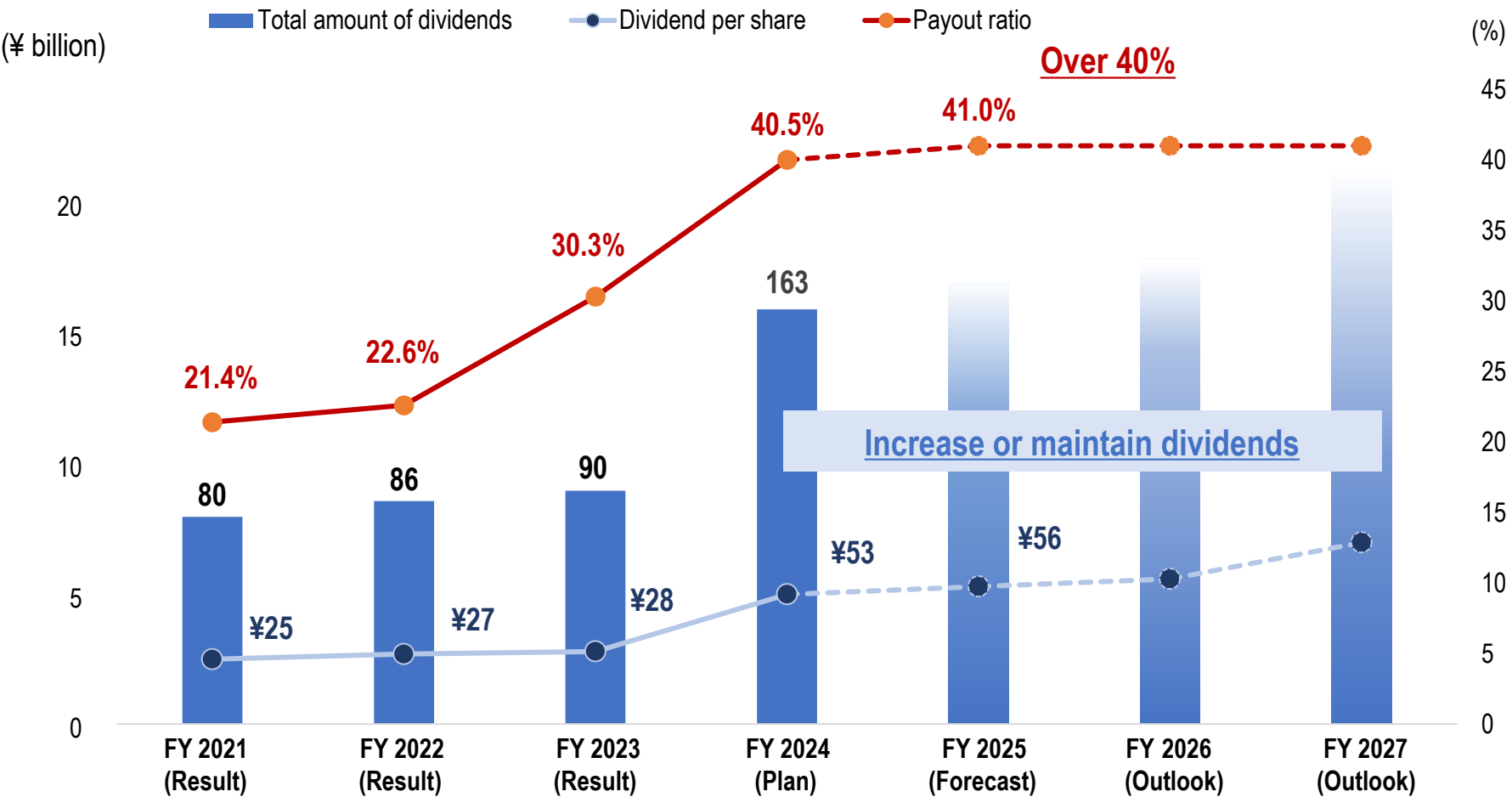
- ① We will make proactive investments while securing financial soundness.
- ② For optimizing its capital structure, We will implement buybacks and stably increasing dividend level.





<Basic Policies>

A consolidated dividend payout ratio of at least 40% and a basic policy of increasing or maintaining dividends.



\* The year-end dividend for FY 2024 will be proposed to the General Meeting of Shareholders in June 2024.

This presentation contains forward-looking statements concerning KOITO MANUFACTURING CO., LTD. and its consolidated subsidiaries' future plans and performance, which are based on assumptions from available information at the present moment.

Furthermore, they are subject to a number of risks and uncertainties including, but not limited to economic conditions, worldwide competition in the automotive industry, market trends, foreign currency exchange rates, tax rules, regulations and other factors. Koito therefore wishes to caution readers that actual results may differ from our forecasts.