



Consolidated Earnings Report for the First Quarter of Fiscal 2024, Ending March 31, 2025 [Japanese GAAP]

July 29, 2024

Company Name:	KOITO MANUFACTURING CO., LTD.
Stock Listing:	Prime Market, Tokyo Stock Exchange
Code Number:	7276
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Scheduled Payment of Dividends:	—
Supplementary explanatory materials prepared:	Yes
Explanatory meeting:	Yes

(¥ millions are rounded down)

1. Consolidated Results for the First Quarter of Fiscal 2024 (April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results

(¥ millions; percentage figures represent changes)

First Quarter	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent	
Fiscal 2024	229,772	1.7%	9,045	△38.6%	11,886	△33.7%	7,296	△50.0%
Fiscal 2023	225,995	16.8%	14,741	131.1%	17,941	112.2%	14,585	—

Note: Comprehensive income: June 30, 2024: ¥21,351 million (△49.7%), June 30, 2023: ¥42,478 million (105.2%)

First Quarter	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2024	23.87	23.86
Fiscal 2023	45.57	45.56

(2) Consolidated Financial Position

(¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
June 30, 2024	952,543	720,648	70.5	2,214.33
March 31, 2024	965,595	719,270	69.6	2,182.85

Note: Equity: June 30, 2024: ¥671,582 million, March 31, 2024: ¥671,825 million

2. Dividends

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

Notes: Revisions to recent dividend forecasts: None

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

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

	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent		Net income per share (¥)
First half	452,000	△3.5%	20,500	△36.9%	24,500	△33.6%	14,500	△43.2%	47.81
Full year	928,500	△2.3%	49,000	△12.5%	54,500	△13.9%	37,000	△9.5%	122.00

Note: Revisions to recent consolidated business forecasts: Yes

***Notes**

(1) Changes to important subsidiaries during the first quarter of fiscal 2024: None

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

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

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

② Other changes: None

③ Changes in accounting estimates: None

④ Restatements: None

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes (4) Notes on Quarterly Consolidated Financial Statements (Changes of Accounting Policies)” on page 10 of the attached document.

(4) Number of shares issued (common stock)

① Number of shares issued (including treasury stock):

Fiscal 2024, 1Q	307,833,172	Fiscal 2023	307,833,172
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② Number of treasury stock:

Fiscal 2024, 1Q	4,544,053	Fiscal 2023	58,653
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③ Average number of stock during the first quarter:

Fiscal 2024, 1Q	305,722,019	Fiscal 2023, 1Q	320,065,715
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*Review of accompanying Quarterly Consolidated Financial Statements by certified public accountants or auditing firms:
None

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

(Notes on future assumptions)

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

The exchange conversion rate based on the full-year business forecast for fiscal 2024, the year ending March 2025, is calculated as 1 US\$ = ¥152.1 and 1 CNY = ¥20.8

(Supplementary materials for financial results)

Supplementary materials will be available on our website. (<https://www.koito.co.jp/english/ir/>)

《 For Reference Only 》

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

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

	Net sales	Operating income	Recurring profit	Net income	Net income per share (¥)
First half	158,000 \triangle 7.2%	1,500 \triangle 89.1%	18,000 \triangle 35.2%	15,500 \triangle 19.3%	51.11
Full year	332,000 \triangle 2.7%	6,000 \triangle 67.4%	28,500 \triangle 28.8%	28,000 7.3%	92.32

Note: Revisions to recent non-consolidated business forecasts: Yes

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1. Qualitative Information Concerning Quarterly Financial Statements and Other Matters

(1) Explanation Regarding Consolidated Operating Results

Regarding the economic situation during the first quarter of fiscal 2024, in Japan, a gradual recovery was seen due to firm capital investment and other factors, and the U.S. economy remained firm. On the other hand, the outlook still remained uncertain due to the stalling Chinese economy and sharp exchange rate fluctuations, in addition to rising prices such as resources and raw materials.

Regarding the automobile industry, there is a gradual recovery trend due to the shrinking impact of the semiconductor shortage and other factors. Although, there is no end in sight to the fraud and other problems at automobile manufacturers in Japan, and some manufacturers are frequently suspending production and shipments or postponing the launch of new vehicles. In China, the business environment surrounding our company is very severe, as the decline in sales and market share of Japanese vehicles is further accelerating due to price reductions by local Chinese manufacturers, and sales in Thailand, Indonesia, and other countries remain sluggish due to high interest rates.

Under these circumstances, consolidated net sales for the first quarter of the fiscal 2024 increased by 1.7% year on year to ¥229.7 billion, mainly due to an increase in sales in North America (increased by 14.3% year on year) resulting from new orders and the effect of the weaken Yen, despite sales decreases in Japan (decreased by 6.3% year on year) and China (decreased by 14.2% year on year).

Regarding profits, despite the promotion of rationalization activities at each group company, the operating income decreased 38.6% year on year to ¥9.0 billion, the recurring profit decreased 33.7% year on year to ¥11.8 billion, and net income attributable to owners of the parent decreased 50.0% year on year to ¥7.2 billion due to increased fixed costs resulting from suspension of production and shipments in Japan and reduced production in China, among other factors.

(2) Explanation Regarding Consolidated Financial Position

-1. Analysis of assets, liabilities and net assets

Total assets at the end of the first quarter decreased by ¥13.0 billion from the end of the previous fiscal year to ¥952.5 billion, due to a decrease in accounts receivable.

Total liabilities decreased by ¥14.4 billion from the end of the previous fiscal year to ¥231.8 billion due to a decrease in trade notes and accounts payable.

Total net assets increased by ¥1.3 billion from the end of the previous fiscal year to ¥720.6 billion, due to an increase in translation adjustments for the weaken Yen, despite there was a decrease due to acquisition of own shares.

-2. Analysis of cash flows

Net cash provided by operating activities was ¥31.0 billion, mainly due to income before income taxes of ¥11.2 billion and depreciation of ¥10.5 billion. Cash flows from the operating activities was ¥24.1 billion (first quarter of the previous fiscal year: ¥27.9 billion) after reflecting income taxes paid.

Net cash used in investing activities was ¥32.5 billion (first quarter of the previous fiscal year: ¥16.9 billion), mainly due to payments into time deposits of ¥66.6 billion and capital expenditures of ¥12.3 billion, while there was ¥43.8 billion in proceeds from withdrawal of time deposits.

Cash flows from financing activities resulted in expenditures of ¥22.7 billion (first quarter of the previous fiscal year: ¥21.5 billion), the result of mainly reflecting the acquisition of own shares of ¥9.9 billion and the dividend paid of ¥8.9 billion.

As a result, the balance of cash and cash equivalents at the end of the period decreased by ¥30.2 billion from the end of the previous fiscal year to ¥104.2 billion.

(3) Explanation Regarding Forecasts for Fiscal 2024 and Other Future Projections

The global automobile production volume in the fiscal 2024, the year ending March 31, 2025, is expected to recover moderately and increase compared to the previous fiscal year. However, our business environment is very severe and the outlook is uncertain due to the effects of the fraud problems of Japanese automakers, sluggish sales and production cutbacks of Japanese vehicles in China.

The impact of these factors on consolidated net sales is never avoidable, we are expecting net sales to decrease from the previous fiscal year in all regions with the exception of the North America, where an increase in new orders is expected,

As for profits, although each group company will thoroughly implement productivity improvement and streamlining measures, operating income, ordinary income, and net income attributable to owners of the parent are expected to decrease from the previous year due to the decrease in sales, cost increase caused by inflation and labor shortage in each country, and increase in investment for new orders and R&D investment for the future.

KOITO has revised its consolidated and non-consolidated business results forecast for the first half and the full-year of fiscal 2024, the year ending March 31, 2025, which were announced in the Consolidated Earnings Report released on April 25, 2024. For details, please refer to “Announcement Regarding the Revision of the Business Results Forecast” announced today.

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

(¥ millions)

	Fiscal 2023 As of March 31, 2024	First Quarter of Fiscal 2024 As of June 30, 2024
Assets		
Current assets:		
Cash and time deposits	302,874	299,539
Trade notes	6,382	5,435
Electronically recorded monetary claims-operating	8,699	9,076
Accounts receivable	127,597	115,530
Contract assets	1,468	1,957
Inventories	95,796	98,173
Other current assets	40,040	38,197
Allowance for doubtful accounts	△360	△272
Total current assets	582,498	567,637
Non-current assets:		
Property, plant and equipment:		
Buildings and structures (net)	59,416	61,623
Machinery and transportation equipment (net)	85,024	88,816
Fixtures, equipment and tools (net)	20,226	21,234
Land	19,078	19,318
Construction in progress	16,424	17,082
Other property, plant and equipment	6,136	6,308
Total property, plant and equipment	206,305	214,384
Intangible fixed assets	2,482	2,575
Investments and other assets:		
Investment securities	147,537	141,318
Claims provable in bankruptcy, claims provable in rehabilitation and other	452	477
Deferred income tax assets	19,563	19,339
Net defined assets for retirement benefits	3,677	3,613
Other investments	3,646	3,790
Allowance for doubtful accounts	△568	△592
Total investments and other assets	174,308	167,946
Total non-current assets	383,096	384,905
Total assets	965,595	952,543

(¥ millions)

	Fiscal 2023 As of March 31, 2024	First Quarter of Fiscal 2024 As of June 30, 2024
Liabilities		
Current liabilities:		
Trade notes and accounts payable	103,100	95,876
Electronically recorded monetary obligations-operating	3,036	3,314
Short-term loans	14,295	11,304
Accrued expenses	28,613	29,371
Income taxes payable	9,857	2,682
Contract liabilities	3,110	3,491
Allowance for employees' bonuses	6,720	10,194
Reserve for product warranties	3,246	3,164
Other current liabilities	20,497	21,103
Total current liabilities	192,479	180,502
Non-current liabilities:		
Deferred income tax liabilities	27,879	26,123
Allowance for directors' and corporate auditors' retirement benefits	312	326
Reserve for product warranties	3,436	3,603
Net defined liability for retirement benefits	16,253	15,281
Other non-current liabilities	5,963	6,056
Total non-current liabilities	53,845	51,391
Total liabilities	246,324	231,894
Net assets		
Shareholders' equity:		
Common stock	14,270	14,270
Additional paid-in capital	13,188	13,188
Retained earnings	524,380	523,059
Treasury common stock, at cost	△148	△10,090
Total shareholders' equity	551,691	540,428
Accumulated other comprehensive income:		
Valuation adjustment on marketable securities	43,791	41,144
Translation adjustments	71,499	84,907
Adjustments in defined benefit plans	4,843	5,102
Total accumulated other comprehensive income	120,133	131,154
Subscription rights to shares	106	106
Non-controlling interests	47,338	48,959
Total net assets	719,270	720,648
Total liabilities and net assets	965,595	952,543

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(First quarter, for the three months ended June 30)

(¥ millions)

	First Quarter of Fiscal 2023 April 1, 2023 to June 30, 2023	First Quarter of Fiscal 2024 April 1, 2024 to June 30, 2024
Net sales	225,995	229,772
Cost of sales	199,222	207,986
Gross profit	26,773	21,786
Selling, general and administrative expenses	12,031	12,741
Operating income	14,741	9,045
Non-operating income:		
Interest income	800	1,254
Dividends	759	836
Foreign exchange gains	1,960	816
Other non-operating income	331	522
Total non-operating income	3,851	3,429
Non-operating expenses		
Interest expenses	165	113
Shares of loss of entities accounted for using equity method	128	4
Loss on investment partnership management	189	107
Other non-operating expenses	168	362
Total non-operating expenses	651	588
Recurring profit	17,941	11,886
Extraordinary gains:		
Gain on sales of property and equipment	9	5
Gain on sales of investment securities	1,096	—
Total extraordinary gains	1,105	5
Extraordinary losses:		
Loss on sales and disposal of property and equipment	231	605
Total extraordinary losses	231	605
Income before income taxes	18,815	11,286
Total income taxes	3,111	2,666
Net income	15,703	8,619
(Break down)		
Profit attributable to non-controlling interests	1,118	1,323
Profit attributable to owners of parent	14,585	7,296

(¥ millions)

	First Quarter of Fiscal 2023 April 1, 2023 to June 30, 2023	First Quarter of Fiscal 2024 April 1, 2024 to June 30, 2024
Other comprehensive income		
Valuation adjustment on marketable securities	6,616	△2,624
Translation adjustments	20,221	15,096
Adjustments in defined benefit plans	△72	258
Share of other comprehensive income of entities accounted for using equity method	9	1
Total other comprehensive income	26,774	12,732
Comprehensive income	42,478	21,351
(Break down)		
Comprehensive income attributable to non-controlling interests	3,241	3,034
Comprehensive income attributable to owners of parent	39,237	18,316

(3) Quarterly Consolidated Statements of Cash Flows

(¥ millions)

	First Quarter of Fiscal 2023 April 1, 2023 to June 30, 2023	First Quarter of Fiscal 2024 April 1, 2024 to June 30, 2024
Cash flows from operating activities		
Income before income taxes	18,815	11,286
Depreciation	10,036	10,580
Equity in earnings of affiliated companies	128	4
Provision for allowance for doubtful accounts	△58	△96
Decrease in retirement benefit asset and liability	△468	△591
Provision for reserve for bonuses	3,142	3,446
Reserve for product warranties	359	89
Interest and dividends received	△1,559	△2,090
Interest payments	165	113
Gain on sales of marketable and investment securities	△1,096	—
Loss on valuation of marketable and investment securities	189	107
Loss on sale of property and equipment	222	599
Decrease in trade notes and accounts receivable	16,292	15,787
Increase or decrease in inventories	1,844	594
Increase or decrease in other current assets	△6,434	2,066
Decrease in trade notes and accounts payable	△5,128	△9,216
Increase in accrued expenses and other current liabilities	74	93
Others	△1,412	△1,720
Sub total	35,111	31,056
Interest and dividends received	1,531	2,072
Interest paid	△165	△113
Income taxes paid	△8,540	△8,907
Net cash provided by operating activities	27,936	24,107
Cash flows from investing activities		
Payments into time deposits	△28,404	△66,615
Proceeds from time deposits	28,975	43,898
Payments for purchase of marketable and investment securities	△10,261	△58
Proceeds from sales of marketable and investment securities	1,575	2,500
Acquisition of property and equipment	△10,265	△12,339
Proceeds from sale and disposal of property and equipment	△145	△384
Payments for new loans	△1	△0
Proceeds from loan repayments	0	0
Others	1,557	449
Net cash used in investing activities	△16,970	△32,549

(¥ millions)

	First Quarter of Fiscal 2023 April 1, 2023 to June 30, 2023	First Quarter of Fiscal 2024 April 1, 2024 to June 30, 2024
Cash flows from financing activities		
Decrease in short-term loans	△5,230	△3,626
Payments for repurchase of treasury stock	△10,251	△9,942
Dividends paid by parent company	△4,797	△7,991
Dividends paid to non-controlling interests	△1,176	△1,004
Others	△53	△219
Net cash used in financing activities	△21,509	△22,784
Effect of exchange rate changes on cash and cash equivalents	1,219	963
Increase or decrease in cash and cash equivalents	△9,322	△30,263
Cash and cash equivalents at beginning of year	145,798	134,560
Cash and cash equivalents at end of quarter	136,475	104,297

(4) Notes on Quarterly Consolidated Financial Statements

(Going Concern Assumption)

None

(Note Regarding Significant Changes in Shareholders' Equity)

The Company resolved at a meeting of the Board of Directors held on March 28, 2024, the matters concerning the acquisition of own shares pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph (3) of the same Act. The Company is proceeding with the acquisition of own shares from April 1, 2024 to March 24, 2025, with a maximum number of 35 million shares to be repurchased and a total amount of ¥50.0 billion. As a result, the Company repurchased approximately 4 million shares and ¥9.9 billion of treasury stock during the first quarter of this fiscal year. As a result, treasury common stock amounted to ¥10.0 billion at the end of the first quarter of this fiscal year.

(Notes to Changes of Accounting policies)

(Application of the Accounting Standard for Current Income Taxes)

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No.28, October 28, 2022; hereinafter referred to as the "Revised Implementation Guidance 2022").

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

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on sale of shares in subsidiaries resulting from transactions between consolidated companies were deferred for tax purposes, the Revised Implementation Guidance 2022 has been adopted from the beginning of the first quarter ended June 30, 2024. This change in accounting policies was applied retrospectively.

Hence, the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year have been modified retrospectively. This change in accounting policies has no impact on the quarterly consolidated financial statements for the same quarter of the previous fiscal year and the consolidated financial statements for the previous fiscal year.

(Application of "the Treatment of Tax Effect Accounting for the Global Minimum Tax Rules")

"The Treatment of Tax Effect Accounting for the Global Minimum Tax Rules" (the PITF No. 46, March 22, 2024) is applied from the beginning of the first quarter of fiscal 2024.

Since the treatment prescribed in Paragraph 7 of the PITF No. 46 is followed, the Treatment of Tax Effect Accounting for the Global Minimum Tax Rules have not been accounted for the consolidated financial statements of the current fiscal year.

(Segment Information)

【Segment Information】

I. First Quarter of Fiscal 2023 (April 1, 2023 to June 30, 2023)

Information Concerning Net Sales and Operating Income for Each Segment

(¥ millions)

	Japan	North America	China	Asia	Europe	Other regions	Total	Adjust-ment (Note 1)	Amount recorded on quarterly consolidated financial statements (Note 3)
Net sales									
Sales to outside customers	83,807	71,035	20,135	35,078	12,088	3,849	225,995	—	225,995
Inter-segment sales and transfers	5,934	0	724	749	3	—	7,413	(7,413)	—
Total	89,741	71,036	20,860	35,827	12,092	3,849	233,408	(7,413)	225,995
Segment operating income	8,383	1,696	131	3,119	374	364	14,069	672	14,741

Notes 1. The ¥672 million adjustment in segment operating income or loss includes ¥2,173 million in intersegment eliminations and ¥△1,501 million in unallocated expenses. Unallocated expenses comprise expenses related to management divisions such as administrative and accounting divisions of the head office of the parent company.

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

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

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

II. First Quarter of Fiscal 2024 (April 1, 2024 to June 30, 2024)

Information Concerning Net Sales and Operating Income for Each Segment

(¥ millions)

	Japan	North America	China	Asia	Europe	Other regions	Total	Adjust-ment (Note 1)	Amount recorded on quarterly consolidated financial statements (Note 3)
Net sales									
Sales to outside customers	78,545	81,189	17,268	37,079	11,548	4,141	229,772	—	229,772
Inter-segment sales and transfers	5,278	216	2,622	264	51	—	8,432	(8,432)	—
Total	83,823	81,405	19,890	37,343	11,599	4,141	238,205	(8,432)	229,772
Segment operating income or loss (△)	2,235	2,335	△259	3,728	41	380	8,462	582	9,045

Notes 1. The ¥582 million adjustment in segment operating income or loss includes ¥2,092 million in intersegment eliminations and ¥△1,510 million in unallocated expenses. Unallocated expenses comprise expenses related to management divisions such as administrative and accounting divisions of the head office of the parent company.

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

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

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