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PRESS RELEASE

KOITO MANUFACTURING CO., LTD.
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Announcement Regarding Recording of Extraordinary Losses (Impairment Losses) and Differences Between Business Results Forecasts and Actual Results

KOITO MANUFACTURING CO., LTD. ("KOITO") recognized extraordinary losses (impairment losses) related to its LiDAR business and China operations for the fiscal year ended March 31, 2026. In addition, KOITO announces differences between the full-year business results forecast released on January 30, 2026 and actual results for the fiscal year ended March 31, 2026, as follows:

1. Recording of Extraordinary Losses (Impairment Losses)

(1) LiDAR Business

Against the backdrop of ongoing advances in ADAS (Advanced Driver Assistance Systems) and autonomous driving technologies, KOITO had anticipated growing demand for automotive applications in its LiDAR business, primarily in Japan, U.S., and Europe.

However, in the automotive application segment, uncertainty regarding future demand has increased. Delays in vehicle development programs at automobile manufacturers and subsequent revisions to their roadmaps have resulted in order cancellations for KOITO's LiDAR products.

As a result of reviewing future business plans in light of the prevailing business environment, KOITO assessed the recoverability of fixed assets related to the KOITO Group's LiDAR business and recognized an impairment loss of ¥14.3 billion in the fourth quarter of the consolidated fiscal year ended March 31, 2026.

KOITO will continue to expand sales of its LiDAR business by leveraging its established product lineup, focusing on infrastructure-related fields where demand for LiDAR-equipped solutions is high, including construction, industrial, and agricultural machinery, as well as commercial vehicles such as trucks, buses, and robotaxis. In advancing sales expansion, KOITO will pursue initiatives by exercising strict control and optimization of development expenses and fixed costs, with a strong focus on investment efficiency, and by rigorously assessing returns on invested capital and recoverability. As a result, KOITO will ensure thorough business management that not only expands net sales but also reliably translates into profitability.

(2) China Operations

In our China operations, amid the prolonged downturn in vehicle sales by Japanese automobile manufactures—our principal customers—we have been advancing a comprehensive review of our production structure to optimize capacity and improve productivity. As part of these efforts, we have transferred the signal lamp production operations from Hubei Koito Automotive Lamp Co., Ltd. to GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD.

As a result of reviewing the future recoverability of fixed assets within the KOITO Group for which a decline in profitability was identified due to the transfer of production and related measures, we recognized an impairment loss of ¥5.7 billion in the consolidated fourth quarter of the fiscal year ended March 31, 2026.

Going forward, KOITO will continue to develop production structures that are appropriately scaled to demand in each region globally, including China operations, and will strive to further improve profitability.

2. The Differences Between the Full-Year Business Results Forecast and Actual Results for Fiscal 2025, the Year Ended March 31, 2026

(April 1, 2025 to March 31, 2026)

(1) Difference Between Forecasted and Actual Results

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net income per share (¥)
Previously announced forecast (A)	913,000	45,000	51,000	28,000	104.75
Actual result (B)	947,610	51,438	58,791	16,539	60.23
Difference (B-A)	34,610	6,438	7,791	△11,460	
Change (%)	3.8	14.3	15.3	△40.9	
(Ref.) Actual result for the previous fiscal year (ended March 31, 2025)	916,709	44,873	49,147	46,240	156.49

(2) Reasons for Differences

Consolidated net sales exceeded the forecast, reflecting the impact of foreign exchange translation, increased sales volume of ordered vehicle models in Japan, as well as higher demand for hybrid vehicles and increased sales of ordered vehicle models driven by sales promotion campaigns in the Americas.

With respect to profits, operating profit and ordinary profit exceeded the forecast as a result of revenue growth, as well as expanded improvement effects from the review of production structures in China and Europe. On the other hand, profit attributable to owners of the parent fell below the forecast, primarily due to the recognition of the impairment losses described above.