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## PRESS RELEASE

KOITO MANUFACTURING CO., LTD.  
Representative Director: Michiaki Kato, President  
(Stock Code: 7276 Prime Market, TSE)  
Inquiries: Takahito Otake, Senior Managing Director  
(Tel: +81-3-3443-7111)

# Announcement Regarding the Restructuring of the Production System in China

KOITO MANUFACTURING CO., LTD. ("KOITO") announces that, at the meeting of the Board of Directors held on July 29, 2025, it resolved to restructure its production system in China as follows:

## 1. Overview of the Restructuring of the Production System in China

In China, the sales volume of Japanese automobile manufacturers, our main customers, has been significantly declining due to the major market shifts in China, including the rapid rise of local Chinese EV manufacturers, and it is difficult to foresee the timing of a recovery of Japanese manufacturers.

KOITO's Chinese operations has been conducted through three companies; GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD. ("GUANGZHOU KOITO"), Hubei Koito Automotive Lamp Co., Ltd. ("Hubei Koito"), and FUZHOU KOITO AUTOMOTIVE LAMP CO., LTD. ("FUZHOU KOITO"). Under these market changes, the operating rate at these three companies has declined significantly to about 50%. While KOITO has been vigorously promoting rationalization and improvement measures, and we have decided to dissolve and liquidate FUZHOU KOITO in April, 2025.

To further downsize and optimize production capacity at an early stage, we have decided to transfer the production of signal lamps from Hubei Koito to GUANGZHOU KOITO and KOITO KYUSHU LIMITED. Starting in 2026, Hubei Koito will operate as a dedicated headlamp production plant. This reorganization is expected to improve the operating rate of headlamp production at both GUANGZHOU KOITO and Hubei Koito to 70–80%, while also promoting further streamlining such as fixed cost reductions, to improve overall profitability in our Chinese operations.

KOITO will take all due care to minimize the impact of this restructure on our employees, local communities and customers. And all actions will be taken appropriately in accordance with relevant laws and regulations, as well as our collective bargaining agreements.

## 2. Financial Impact and Future Outlook

KOITO does not expect any significant effects on its consolidated business results for fiscal 2025, the year ending March 31, 2026. We will promptly disclose any additional information that should arise in the future.