



## Consolidated Earnings Report for the Second Quarter of Fiscal 2023 [Japanese GAAP]

October 27, 2022

|   |   |
|---|---|
| Company Name:                                 | <b>KOITO MANUFACTURING CO., LTD.</b>                          |
| Stock Listing:                                | Prime Market, Tokyo Stock Exchange                            |
| Code Number:                                  | 7276  |
| URL:  | <a href="https://www.koito.co.jp">https://www.koito.co.jp</a> |
| Representative Director:                      | Michiaki Kato, President                                      |
| Inquiries:                                    | Hideharu Konagaya, Senior Managing Director                   |
| Tel:  | +81-3-3443-7111   |
| Filing of Quarterly Securities Report:        | November 4, 2022  |
| Scheduled Payment of Dividends:               | December 5, 2022  |
| Supplementary explanatory materials prepared: | Yes   |
| Explanatory meeting:                          | Yes   |

(¥ millions are rounded down)

### 1. Consolidated Results for the Second Quarter of Fiscal 2023 (April 1, 2022 to September 30, 2022)

(1) Consolidated Operating Results (¥millions; percentage figures represent year-on-year changes)

| Second Quarter | Net sales |       | Operating income |        | Recurring profit |        | Profit attributable to owners of parent |        |
|----------------|-----------|-------|------------------|--------|------------------|--------|---|--------|
| Fiscal 2023    | 415,611   | 17.8% | 19,790           | △18.1% | 22,407           | △14.0% | 7,026                                   | △56.0% |
| Fiscal 2022    | 352,724   | 21.3% | 24,152           | 210.3% | 26,050           | 146.6% | 15,965                                  | 148.6% |

Note: Comprehensive income: September 30, 2022: ¥35,165million (81.8%), September 30, 2021: ¥19,340million (106.1%)

| Second Quarter | Net income per share (¥) | Net income per share (diluted) (¥) |
|----------------|--------------------------|------------------------------------|
| Fiscal 2023    | 21.86                    | 21.85                              |
| Fiscal 2022    | 49.66                    | 49.65                              |

Note: A 2-for-1 stock split of common stock was conducted, effective October 1, 2022. “Net income per share” and “Net income per share (diluted)” are calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

### (2) Consolidated Financial Position

(¥ millions)

|                    | Total assets | Net assets | Equity ratio (%) | Net assets per share (¥) |
|--------------------|--------------|------------|------------------|--------------------------|
| September 30, 2023 | 882,647      | 656,391    | 70.0             | 1,920.59                 |
| March 31, 2022     | 855,237      | 627,315    | 69.1             | 1,838.24                 |

Reference: Equity: September 30, 2022: ¥617,457 million, March 31, 2022: ¥ 590,958 million

Note: A 2-for-1 stock split of common stock was conducted, effective October 1, 2022. “Net assets per share” is calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

### 2. Dividends

|                        | Dividend per share (¥) |                |               |          |           |
|------------------------|------------------------|----------------|---------------|----------|-----------|
|                        | First Quarter          | Second Quarter | Third Quarter | Year End | Full Year |
| Fiscal 2022            | —                      | 24.00          | —             | 30.00    | 54.00     |
| Fiscal 2023            | —                      | 24.00          |               |          |           |
| Fiscal 2023 (forecast) |                        |                | —             | —        | —         |

Notes (1) Revisions to recent dividend forecasts: Yes

(2) The dividend record date is March 31, as prescribed by KOITO's Articles of Incorporation; the dividend forecast for the March 31, 2023 is currently undecided.

(3) A 2-for-1 stock split of common stock was conducted, effective October 1, 2022. The dividends per share are the amount before the stock split.

### 3. Forecast of Consolidated Results for Fiscal 2023 (April 1, 2022 to March 31, 2023)

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

|           | Net sales     | Operating income | Recurring profit | Profit attributable to owners of parent | Net income per share (¥) |
|-----------|---------------|------------------|------------------|---|--------------------------|
| Full year | 885,000 16.3% | 53,500 0.1%      | 58,000 △4.3%     | 29,500 △23.1%                           | 91.76                    |

Notes (1) Revisions to recent consolidated business forecasts: Yes

(2) A 2-for-1 stock split of common stock was conducted, effective October 1, 2022. “Net income per share” presents the amount after the stock split.

#### \*Notes

(1) Changes to important subsidiaries during the second quarter (changes in specified subsidiaries resulting in revised scope of consolidation): 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 the attached material P.10 “2. Quarterly Consolidated Financial Statements and Notes (4) Note Regarding Changes in accounting policies.”

(4) Number of shares issued (common stock)

① Number of shares issued (including treasury stock):

② Number of treasury stock:

③ Average number of stock during the second quarter:

|                 |             |                 |             |
|-----------------|-------------|-----------------|-------------|
| Fiscal 2023, 2Q | 321,578,872 | Fiscal 2022     | 321,578,872 |
| Fiscal 2023, 2Q | 85,810      | Fiscal 2022     | 97,810      |
| Fiscal 2023, 2Q | 321,486,205 | Fiscal 2022, 2Q | 321,475,882 |

Note: A 2-for-1 stock split of common stock was conducted, effective October 1, 2022. “Number of shares issued (including treasury stock)”, “Number of treasury stock” and “Average number of stock during the second quarter” are calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

\*This quarterly financial report is not subject to the quarterly audit procedure to be conducted by certified public accountants or auditing firms.

\*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 business forecast for fiscal 2023, the year ending March 2023 is calculated as 1.00 US\$ = ¥135.2 and 1 CNY = ¥19.7.

(Supplementary materials for financial results)

KOITO is scheduled to have an earnings release conference for securities analysts and institutional investors on November 10, 2022. Supplementary materials will be available on our website.

《 For Reference Only 》

**Forecast of Non-consolidated Result for Fiscal 2023 (April 1, 2022 to March 31, 2023)**

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

|           | Net sales |      | Operating income |        | Recurring profit |       | Net income |       | Net income per share (¥) |
|-----------|-----------|------|------------------|--------|------------------|-------|------------|-------|--------------------------|
| Full year | 308,000   | 4.6% | 15,500           | △12.7% | 36,500           | △5.0% | 21,000     | △9.7% | 65.32                    |

Notes (1) Revisions to recent non-consolidated business forecasts: Yes

(2) A 2-for-1 stock split of common stock was conducted, effective October 1, 2022. “Net income per share” presents the amount after the stock split.

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## 1. Qualitative Information Concerning Quarterly Financial Statements and Other Matters

### (1) Explanation Regarding Consolidated Operating Results

Regarding the economic condition in Japan and overseas during the consolidated cumulative second quarter (first half), economic recovery was slow and the outlook remained uncertain due a rise in prices and geopolitical risks such as the situation in Ukraine, despite a movement toward normalization with the easing of COVID-19.

Global automobile production volume in first half is recovering, experienced growth compared with the first half of the previous fiscal year. By region, the production in Japan remained an equivalent level as the same period of previous fiscal year due to a constraint in the supply and demand of semiconductor and production suspension and adjustment caused by the lockdown in Shanghai during the first quarter, while the production in North America, China and Asia were increased compared with the same period of previous fiscal year.

Under these circumstances, net sales for the first half in Japan decreased (decreased 3.8% year-on-year) due to the clients' production suspension and adjustment. However, in North America (increased 46.7% year-on-year), China (increased 3.5% year-on-year), Asia (increased 47.9% year-on-year), net sales increased on account of the impact of foreign exchange conversions. As a result, consolidated net sales increased 17.8% year on year to ¥415.6 billion.

Regarding profits, although each group company promoted initiatives to improve and rationalize operations, operating income decreased by 18.1% to ¥19.7 billion, and recurring profit decreased by 14.0% to ¥22.4 billion year on year, due to an increase in fixed costs accompanying the sudden fluctuation in production especially in Japan and China and deteriorating employment conditions in North America, as well as a rise in various costs such as raw material costs, distribution costs, and utility costs. Net income attributable to owners of the parent decreased by 56.0% to ¥7.0 billion, mainly due to a recorded loss on valuation of investment securities during the first quarter.

### (2) Explanation Regarding Consolidated Financial Position

Total assets at the end of the second quarter increased by ¥27.4 billion from the end of the previous fiscal year to ¥882.6 billion due to an increase in property, plant and equipment for equipment investment.

Total liabilities decreased by ¥1.6 billion from the end of the previous fiscal year to ¥226.2 billion due to a decreased debt.

Total net assets increased by ¥29.0 billion from the end of the previous fiscal year to ¥656.3 billion due to an increase in translation adjustments for the weak Yen.

### -2. Analysis of cash flows

Cash flows from the operating activities provided ¥37.9 billion, mainly reflecting the net income before income taxes of ¥13.8 billion and depreciation of ¥19.1 billion, which secured net cash of ¥29.1 billion (second quarter of the previous fiscal year: ¥40.1 billion) after payment of taxes.

Cash flows from investing activities resulted in payments of ¥35.6 billion (second quarter of the previous fiscal year: proceeds of ¥22.0 billion) as a result of proceeds from time deposits of ¥52.1 billion, payments into time deposits of ¥60.5 billion, and acquisitions of property and equipment of ¥18.8 billion.

Cash flows from financing activities resulted in payments of ¥11.9 billion (second quarter of the previous fiscal year: payment of ¥3.8 billion), the result of mainly reflecting the dividend paid of ¥6.0 billion.

As a result, the balance of cash and cash equivalents at the end of the period decreased by ¥16.8 billion from the end of the previous fiscal year to ¥152.7 billion.

### (3) Explanation Regarding Forecast of Consolidated Results for Fiscal 2022 and Other Future Projections

Since the global automobile production volume is showing a moderate recovery, the annual production volume is expected to increase in all regions compared with the previous fiscal year. However, due to the persistent constraints supply and demand for semiconductors, we anticipate the global automobile production volume will not reach that of pre-COVID-19 levels.

Regarding the KOITO's business forecast for the fiscal year 2023, the year ending March 31, 2023, net sales are expected to increase year on year due to the gradual recovery of automobile production, an increase in new orders and the effect of exchange conversions.

On the earnings front, each profit for the first quarter decreased year on year, due to an increase in fixed costs accompanying the sudden fluctuation in production and deteriorating employment conditions in North America. However, in the second quarter, each profit increased significantly compared to this first quarter and the same quarter of previous fiscal year, due to the effect of profit recovering activities such as recovery from rising costs and cost reduction activities.

In second half, we are expected to increase in each profit, compared to this first half and the previous second half, the result of reflecting increasing net sales as a recovering automobile production, optimizing personnel and improving productivity in North America segment, and continuous profit recovering activities such as recovery from rising costs and cost reduction activities that the Group has been pursuing as one.

As a result, full year operating income and recurring profit are expected to decrease year on year because of the significant impact of the lockdown in Shanghai during the consolidated cumulative second quarter and the shortage of semiconductors. Net income attributable to the owners of the parent is expected to decrease year on year due to the recording of a loss on valuation of investment securities in the first quarter.

KOITO's policy is to continuously pay stable dividends to shareholders based on the comprehensive evaluation of our present business results, business climate, etc.

Although the profit of this second quarter decreased significantly year on year, in line with the above policy, KOITO has decided to pay an interim dividend of ¥24 per share, which is the equivalent for the same period of the previous fiscal year.

The forecast for the year-end dividend this year has yet to be determined and will be announced when decided.

Looking ahead, KOITO will continue efforts to improve its business performance in order to meet the expectations of all shareholders.

Based on the latest operational trend, KOITO has revised the previous business result forecast (both consolidated and non-consolidated) for fiscal 2023 announced in the "Announcement Regarding the Revision of the Business Results Forecast" released on July 27, as follows.

#### Forecast of Consolidated Results

Forecast of Fiscal 2023 (April 1, 2022 to March 31, 2023)

(Rounded Down)  
(¥ millions)

|  | Net sales | Operating income | Recurring profit | Profit attributable to owners of parent | Net income per share (¥) |
|--|-----------|------------------|------------------|---|--------------------------|
| Previously Announced forecast (A)          | 874,000   | 59,000           | 62,000           | 35,000                                  | 108.87                   |
| Revised forecast (B)                       | 885,000   | 53,500           | 58,000           | 29,500                                  | 91.76                    |
| Difference (B-A)                           | 11,000    | △5,500           | △4,000           | △5,500                                  | —                        |
| Change (%)                                 | 1.3       | △9.3             | △6.5             | △15.7                                   | —                        |
| (Reference) Actual results for fiscal 2022 | 760,719   | 53,434           | 60,613           | 38,340                                  | 119.27                   |

#### (Reference) Forecast of Non-Consolidated Results

Forecast of Fiscal 2023 (April 1, 2022 to March 31, 2023)

(¥ millions)

|  | Net sales | Operating income | Recurring profit | Net income | Net income per share (¥) |
|--|-----------|------------------|------------------|------------|--------------------------|
| Previously Announced forecast (A)          | 315,000   | 17,000           | 37,000           | 22,000     | 68.43                    |
| Revised forecast (B)                       | 308,000   | 15,500           | 36,500           | 21,000     | 65.32                    |
| Difference (B-A)                           | △7,000    | △1,500           | △500             | △1,000     | —                        |
| Change (%)                                 | △2.2      | △8.8             | △1.4             | △4.5       | —                        |
| (Reference) Actual results for fiscal 2022 | 294,463   | 17,760           | 38,416           | 23,253     | 72.33                    |

Note: A 2-for-1 stock split of common stock was conducted, effective October 1, 2022. "Net income per share" is calculated assuming that the stock split was conducted at the beginning of the fiscal 2022.

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

(¥ millions)

|  | Fiscal 2022          | Second Quarter of Fiscal 2023 |
|--|----------------------|-------------------------------|
|  | As of March 31, 2022 | As of September 30, 2022      |
| <b>Assets</b>  |                      |                               |
| <b>Current assets:</b>   |                      |                               |
| Cash and time deposits   | 323,943              | 318,798                       |
| Trade notes and accounts receivable  | 3,797                | 2,299                         |
| Electronically recorded monetary claims-operating                          | 9,888                | 8,848                         |
| Accounts receivable  | 113,437              | 119,307                       |
| Contract Assets  | 918                  | 2,135                         |
| Inventories  | 90,760               | 97,988                        |
| Other current assets   | 36,723               | 36,111                        |
| Allowance for doubtful accounts  | △382                 | △392                          |
| <b>Total current assets</b>  | <b>579,086</b>       | <b>585,096</b>                |
| <b>Non-current assets:</b>   |                      |                               |
| <b>Property, plant and equipment:</b>                                      |                      |                               |
| Buildings and structures (net)   | 55,831               | 58,721                        |
| Machinery and transportation equipment (net)                               | 75,334               | 83,711                        |
| Fixtures, equipment and tools (net)  | 17,453               | 18,603                        |
| Land   | 16,181               | 16,764                        |
| Construction in progress   | 17,054               | 18,034                        |
| Other property, plant and equipment  | 752                  | 5,004                         |
| <b>Total property, plant and equipment</b>                                 | <b>182,608</b>       | <b>200,840</b>                |
| <b>Intangible fixed assets</b>   | <b>3,103</b>         | <b>2,933</b>                  |
| <b>Investments and other assets:</b>                                       |                      |                               |
| Investment securities  | 73,856               | 74,086                        |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 16                   | 14                            |
| Deferred income tax assets   | 10,863               | 13,220                        |
| Net defined assets for retirement benefits                                 | 2,804                | 2,827                         |
| Other investments  | 3,034                | 3,042                         |
| Allowance for doubtful accounts  | △136                 | △135                          |
| <b>Total investments and other assets</b>                                  | <b>90,438</b>        | <b>93,777</b>                 |
| <b>Total non-current assets</b>  | <b>276,150</b>       | <b>297,551</b>                |
| <b>Total assets</b>  | <b>855,237</b>       | <b>882,647</b>                |

(¥ millions)

|  | Fiscal 2022<br>As of March 31, 2022 | Second Quarter of Fiscal 2023<br>As of September 30, 2022 |
|--|-------------------------------------|---|
| <b>Liabilities</b>   |                                     |   |
| <b>Current liabilities:</b>  |                                     |   |
| Trade notes and accounts payable                                     | 102,641                             | 101,588   |
| Electronically recorded monetary obligations-operating               | 5,050                               | 3,530   |
| Short-term loans   | 24,531                              | 20,307  |
| Accrued expenses   | 23,781                              | 25,557  |
| Income taxes payable   | 7,319                               | 3,259   |
| Contract liabilities   | 1,872                               | 1,684   |
| Allowance for employees' bonuses                                     | 5,527                               | 7,793   |
| Reserve for product warranties                                       | 3,108                               | 4,913   |
| Other current liabilities  | 7,573                               | 8,757   |
| <b>Total current liabilities</b>                                     | <b>181,404</b>                      | <b>177,392</b>  |
| <b>Non-current liabilities:</b>                                      |                                     |   |
| Long-term debt   | 490                                 | —   |
| Deferred income tax liabilities                                      | 15,473                              | 16,110  |
| Allowance for directors' and corporate auditors' retirement benefits | 298                                 | 296   |
| Reserve for product warranties                                       | 5,151                               | 4,644   |
| Allowance for environmental strategies                               | 10                                  | 0   |
| Net defined liability for retirement benefits                        | 23,097                              | 22,722  |
| Other non-current liabilities  | 1,995                               | 5,091   |
| <b>Total non-current liabilities</b>                                 | <b>46,517</b>                       | <b>48,864</b>   |
| <b>Total liabilities</b>   | <b>227,922</b>                      | <b>226,256</b>  |
| <b>Net assets</b>  |                                     |   |
| <b>Shareholders' equity:</b>   |                                     |   |
| Common stock   | 14,270                              | 14,270  |
| Additional paid-in capital   | 13,399                              | 13,420  |
| Retained earnings  | 509,958                             | 512,162   |
| Treasury common stock, at cost                                       | △49                                 | △43   |
| <b>Total shareholders' equity</b>                                    | <b>537,578</b>                      | <b>539,811</b>  |
| <b>Accumulated other comprehensive income:</b>                       |                                     |   |
| Valuation adjustment on marketable securities                        | 23,560                              | 24,740  |
| Translation adjustments  | 27,924                              | 51,181  |
| Adjustments in defined benefit plans                                 | 1,895                               | 1,724   |
| <b>Total accumulated other comprehensive income</b>                  | <b>53,379</b>                       | <b>77,645</b>   |
| <b>Subscription rights to shares</b>                                 | <b>199</b>                          | <b>171</b>  |
| <b>Non-controlling interests</b>                                     | <b>36,157</b>                       | <b>38,762</b>   |
| <b>Total net assets</b>  | <b>627,315</b>                      | <b>656,391</b>  |
| <b>Total liabilities and net assets</b>                              | <b>855,237</b>                      | <b>882,647</b>  |



**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**  
(Second quarter, for the six months ended September 30)

(¥ millions)

|  | Second Quarter of Fiscal 2022<br>April 1, 2021<br>to September 30, 2021 | Second Quarter of Fiscal 2023<br>April 1, 2022<br>to September 30, 2022 |
|--|---|---|
| <b>Net sales</b>   | 352,724   | 415,611   |
| Cost of sales  | 307,816   | 372,480   |
| <b>Gross profit</b>  | 44,907  | 43,130  |
| Selling, general and administrative expenses                 | 20,755  | 23,340  |
| <b>Operating income</b>                                      | 24,152  | 19,790  |
| Non-operating income:  |   |   |
| Interest income  | 656   | 764   |
| Dividends  | 580   | 649   |
| Foreign exchange losses                                      | 208   | 1,190   |
| Other non-operating income                                   | 1,289   | 1,485   |
| Total non-operating income                                   | 2,735   | 4,088   |
| Non-operating expenses                                       |   |   |
| Interest expenses  | 311   | 667   |
| Shares of loss of entities accounted for using equity method | 304   | 345   |
| Other non-operating expenses                                 | 221   | 458   |
| Total non-operating expenses                                 | 837   | 1,471   |
| <b>Recurring profit</b>                                      | 26,050  | 22,407  |
| Extraordinary gains:   |   |   |
| Gain on sales of property and equipment                      | 27  | 32  |
| Total extraordinary gains                                    | 27  | 32  |
| Extraordinary losses:  |   |   |
| Loss on sales and disposal of property and equipment         | 262   | 453   |
| Loss on sales of investment securities                       | 2   | 7,130   |
| Loss on valuation of investment securities                   |   |   |
| Impairment loss  | —   | 609   |
| Loss on disasters  | —   | 374   |
| Total extraordinary losses                                   | 264   | 8,567   |
| <b>Income before income taxes</b>                            | 25,812  | 13,872  |
| Total income taxes   | 8,293   | 4,741   |
| <b>Profit</b>  | 17,519  | 9,130   |
| (Break down)   |   |   |
| Profit attributable to owners of parent                      | 15,965  | 7,026   |
| Profit attributable to non-controlling interests             | 1,554   | 2,103   |

(¥ millions)

|  | Second Quarter of Fiscal 2022<br>April 1, 2021<br>to September 30, 2021 | Second Quarter of Fiscal 2023<br>April 1, 2022<br>to September 30, 2022 |
|--|---|---|
| Other comprehensive income   |   |   |
| Valuation adjustment on marketable securities  | 2,626   | 1,197   |
| Translation adjustments  | △584  | 24,946  |
| Adjustments in defined benefit plans   | △227  | △171  |
| Share of other comprehensive income of entities<br>accounted for using equity method | 5   | 62  |
| Total other comprehensive income   | 1,820   | 26,035  |
| Comprehensive income   | 19,340  | 35,165  |
| (Break down)   |   |   |
| Comprehensive income attributable to owners of parent                                | 19,008  | 31,293  |
| Comprehensive income attributable to non-controlling<br>interests                    | 331   | 3,872   |

### (3) Quarterly Consolidated Statements of Cash Flows

(¥ millions)

|   | Second Quarter of Fiscal 2022<br>April 1, 2021 to<br>September 30, 2021 | Second Quarter of Fiscal 2023<br>April 1, 2022 to<br>September 30, 2022 |
|---|---|---|
| <b>Cash flows from operating activities</b>   |   |   |
| Income before income taxes  | 25,812  | 13,872  |
| Depreciation  | 16,568  | 19,101  |
| Impairment loss   | —   | 609   |
| Equity in earnings of affiliated companies  | 304   | 345   |
| Provision for allowance for doubtful accounts   | 10  | △4  |
| Net defined liability for retirement benefits   | △704  | △663  |
| Provision for reserve for bonuses   | 757   | 2,154   |
| Reserve for product warranties  | 0   | 1,212   |
| Interest and dividends received   | △1,237  | △1,413  |
| Interest payments   | 311   | 667   |
| Loss on valuation of marketable and investment securities   | 2   | 7,297   |
| Loss on sale of property and equipment  | 234   | 420   |
| Loss on disasters   | —   | 374   |
| Increase in trade notes and accounts receivable   | 33,375  | 2,373   |
| Increase in inventories   | △10,229   | △2,403  |
| Increase or decrease in other current assets  | △3,625  | 5,501   |
| Decrease in trade notes and accounts payable  | △13,491   | △7,422  |
| Increase or decrease in accrued expenses and other current liabilities                            | 1,591   | △388  |
| Others  | △3,740  | △3,642  |
| Sub total   | 45,942  | 37,992  |
| Interest and dividends received   | 1,234   | 1,411   |
| Interest paid   | △311  | △667  |
| Loss on related to the Act on Prohibition to Private Monopolization and Maintenance of Fair Trade | —   | △68   |
| Income taxes paid   | △6,724  | △9,543  |
| <b>Net cash provided by operating activities</b>  | <b>40,141</b>   | <b>29,124</b>   |
| <b>Cash flows from investing activities</b>   |   |   |
| Payments into time deposits   | △43,713   | △60,529   |
| Proceeds from time deposits   | 35,667  | 52,157  |
| Payments for purchase of marketable and investment securities                                     | △346  | △8,161  |
| Proceeds from sale of marketable and investment securities  | 0   | —   |
| Acquisition of property and equipment   | △13,597   | △18,869   |
| Proceeds from sale and disposal of property and equipment   | 285   | △84   |
| Payments for new loans  | △3  | △0  |
| Proceeds from loan repayments   | 4   | 3   |
| Others  | △326  | △199  |
| <b>Net cash used in investing activities</b>  | <b>△22,029</b>  | <b>△35,685</b>  |

|   | (¥ millions)  |   |
|---|---|---|
|   | Second Quarter of Fiscal 2022<br>April 1, 2021 to<br>September 30, 2021 | Second Quarter of Fiscal 2023<br>April 1, 2022 to<br>September 30, 2022 |
| <b>Cash flows from financing activities</b>                         |   |   |
| Increase or decrease in short-term loans                            | 1,857   | △5,305  |
| Increase in long-term debt  | 319   | —   |
| Repayment of long-term debt   | △240  | △635  |
| Payments for repurchase of treasury stock                           | △0  | —   |
| Proceeds from exercise of share options                             | 0   | 0   |
| Dividends paid by parent company                                    | △4,819  | △4,823  |
| Dividends paid to non-controlling interests                         | △988  | △1,195  |
| <b>Net cash used in financing activities</b>                        | <b>△3,872</b>   | <b>△11,960</b>  |
| <b>Effect of exchange rate changes on cash and cash equivalents</b> | <b>174</b>  | <b>1,711</b>  |
| <b>Increase or decrease in cash and cash equivalents</b>            | <b>14,414</b>   | <b>△16,810</b>  |
| <b>Cash and cash equivalents at beginning of quarter</b>            | <b>161,855</b>  | <b>169,581</b>  |
| <b>Cash and cash equivalents at end of quarter</b>                  | <b>176,269</b>  | <b>152,771</b>  |

#### **(4) Notes on Quarterly Consolidated Financial Statements**

(Going Concern Assumption)

None

(Note Regarding Significant Changes in Shareholders' Equity)

None

(Note Regarding Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard, etc. for Fair Value Measurement)

The Company has applied the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 31, June 17, 2021, Accounting Standards Board of Japan,"), from the beginning of the fiscal 2023. The company has prospectively applied new accounting policies based on the Implementation Guidance on Accounting Standard for Fair Value Measurement, in accordance with the transitional measurement in Article 27-2 of Accounting Standard for Fair Value Measurement. There is no impact on consolidated financial statements for fiscal 2023 by this application.

(Application of FASB Accounting Standards Codification (ASC) Topic 842, "Leases")

The Company's overseas subsidiaries that apply U.S. GAAP have adopted ASC Topic 842, "Leases," effective as of the beginning of the first quarter of the fiscal 2023. Consequently, the Company recognizes all leases as assets and liabilities on its balance sheets.

As a result, at the end of the second quarter of the fiscal 2023, "other" in property, plant and equipment increased by ¥4,017 million, "other" in current liabilities increased by ¥607 million, and "other" in noncurrent liabilities increased by ¥3,409 million. The impact on the Consolidated Statements of Income for the second quarter of the fiscal 2023 is immaterial.

(Segment Information)

【Segment Information】

I. Second Quarter of fiscal 2022 (April 1, 2021 to September 30, 2021)

Information Concerning Net Sales and Operating Income for Each Segment

(¥ millions)

|                                      | Japan   | North America | China  | Asia   | Europe | Other regions | Total   | Adjustment (Note 1) | Amount recorded on quarterly consolidated financial statements (Note 3) |
|--------------------------------------|---------|---------------|--------|--------|--------|---------------|---------|---------------------|---|
| Net sales                            |         |               |        |        |        |               |         |                     |   |
| Sales to outside customers           | 151,402 | 85,048        | 48,828 | 46,575 | 16,265 | 4,603         | 352,724 | —                   | 352,724   |
| Inter-segment sales and transfers    | 13,985  | 3             | 1,854  | 2,215  | 121    | △0            | 18,180  | (18,180)            | —   |
| Total                                | 165,388 | 85,052        | 50,682 | 48,791 | 16,387 | 4,603         | 370,905 | (18,180)            | 352,724   |
| Segment operating income or loss (△) | 15,759  | △756          | 6,474  | 4,122  | △1,902 | 105           | 23,803  | 349                 | 24,152  |

Notes 1. The ¥349 million adjustment in segment (operating income or loss) includes ¥3,019 million in intersegment eliminations and ¥△2,670 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 is adjusted to operating income in the quarterly consolidated financial statements.

II. Second Quarter of fiscal 2023 (April 1, 2022 to September 30, 2022)

Information Concerning Net Sales and Operating Income for Each Segment

(¥ millions)

|                                      | Japan   | North America | China  | Asia   | Europe | Other regions | Total   | Adjustment (Note 1) | Amount recorded on quarterly consolidated financial statements (Note 3) |
|--------------------------------------|---------|---------------|--------|--------|--------|---------------|---------|---------------------|---|
| Net sales                            |         |               |        |        |        |               |         |                     |   |
| Sales to outside customers           | 145,654 | 124,749       | 50,512 | 68,865 | 19,520 | 6,309         | 415,611 | —                   | 415,611   |
| Inter-segment sales and transfers    | 12,790  | 50            | 1,023  | 1,759  | 37     | —             | 15,661  | (15,661)            | —   |
| Total                                | 158,445 | 124,799       | 51,536 | 70,624 | 19,558 | 6,309         | 431,272 | (15,661)            | 415,611   |
| Segment operating income or loss (△) | 9,819   | △1,275        | 3,407  | 6,266  | △312   | 418           | 18,323  | 1,466               | 19,790  |

Notes 1. The ¥1,466 million adjustment in segment (operating income or loss) includes ¥4,180 million in intersegment eliminations and ¥△2,713 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 is adjusted to operating income in the quarterly consolidated financial statements.

(Significant Subsequent Events)

(Stock split)

KOITO MANUFACTURING CO., LTD. (“the Company”) conducted stock split effective October 1, 2022, which has resolved at its Board of Directors held on August 29, 2022.

### **1. Purpose of the Stock Split**

The Company aims to create investment-friendly environment and to expand its investor base by reducing the Company’s investment unit price.

### **2. Outline of the Stock Split**

#### **(1) Method of the stock split**

Each share of common stock owned by shareholders listed or recorded in the closing register of shareholders on the record date of September 30, 2022 was split into two shares.

#### **(2) Number of shares increased by the stock split**

|   |                    |
|---|--------------------|
| Total number of shares issued before the stock split    | 160,789,436 shares |
| Number of shares to be increased by the stock split     | 160,789,436 shares |
| Total number of shares issued after the stock split     | 321,578,872 shares |
| Total number of shares authorized after the stock split | 640,000,000 shares |

#### **(3) Schedule of the stock split**

|                              |                    |
|------------------------------|--------------------|
| Public notice of record date | September 14, 2022 |
| Record date                  | September 30, 2022 |
| Effective date               | October 1, 2022    |

#### **(4) Impact on Per Share Information**

Impact on per share information stated on each part where applicable.