

# Consolidated Earnings Report for the Third Quarter of Fiscal 2024 [Japanese GAAP]

January 30, 2024

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/english/">https://www.koito.co.jp/english/</a>
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Filing of Quarterly Securities Report:	February 9, 2024
Scheduled Payment of Dividends:	—
Supplementary explanatory materials prepared:	Yes
Explanatory meeting:	Yes

(¥ millions are rounded down)

## 1. Consolidated Results for the Third Quarter of Fiscal 2024 (April 1, 2023 to December 31, 2023)

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

Third Quarter	Net sales		Operating income		Recurring profit		Profit attributable to owners of parent	
Fiscal 2024	714,961	12.5%	48,541	51.0%	53,149	61.5%	36,711	69.4%
Fiscal 2023	635,488	15.0%	32,157	△16.1%	32,914	△23.9%	21,665	△21.1%

Note: Comprehensive income: December 31, 2023: ¥64,217 million (96.8%) ,  
December 31, 2022: ¥32,629 million (△17.8%)

Third Quarter	Net income per share (¥)	Net income per share (diluted) (¥)
Fiscal 2024	117.08	117.06
Fiscal 2023	67.39	67.37

Note: A 2-for-1 stock split of common stock was conducted, effective as of 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 2023.

(2) Consolidated Financial Position (¥ millions)

	Total assets	Net assets	Equity ratio (%)	Net assets per share (¥)
December 31, 2023	912,083	685,417	70.2	2,079.78
March 31, 2023	905,909	670,506	69.4	1,955.44

Reference: Equity: December 31, 2023: ¥ 640,103 million, March 31, 2023: ¥ 628,659 million

## 2. Dividends

	Dividend per share (¥)				
	First Quarter	Second Quarter	Third Quarter	Year End	Full Year
Fiscal 2023	—	24.00	—	16.00	—
Fiscal 2024	—	25.00	—		
Fiscal 2024 (forecast)				25.00	50.00

Notes (1) Revisions to recent dividend forecasts: None

(2) A 2-for-1 stock split of common stock was conducted, effective as of October 1, 2022. The dividends per share of the second quarter of fiscal 2023 is the actual amount before the stock split.

## 3. Forecast of Consolidated Results for Fiscal 2024 (April 1, 2023 to March 31, 2024)

(¥ 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	945,000	9.3%	66,000	40.9%	72,000	48.4%	48,500	63.5%	157.58

Note: Revisions to recent consolidated business forecasts: None

**\*Notes**

- (1) Changes to important subsidiaries during the third 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: None
  - ② Other changes: None
  - ③ Changes in accounting estimates: None
  - ④ Restatements: None

**(4) Number of shares issued (common stock)**

① Number of shares issued (including treasury stock):

Fiscal 2024, 3Q	307,833,172	Fiscal 2023	321,578,872
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② Number of treasury stock:

Fiscal 2024, 3Q	58,653	Fiscal 2023	86,519
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③ Average number of stock during the third quarter:

Fiscal 2024, 3Q	313,568,343	Fiscal 2023, 3Q	321,488,078
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Note: A 2-for-1 stock split of common stock was conducted, on effective October 1, 2022. “Number of shares issued (including treasury stock)”, “Number of treasury stock” and “Average number of stock during the third quarter” are calculated assuming that the stock split was conducted at the beginning of the fiscal 2023.

\*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 2024, the year ending March 2024 is calculated as 1.0 US\$ = ¥138.8 and 1.0 CNY = ¥19.2.

(Supplementary materials for financial results)

KOITO is scheduled to have an earnings release conference for securities analysts and institutional investors on February 2, 2024. Supplementary materials will be available on our website.

《 For Reference Only 》

**Forecast of Non-consolidated Result for Fiscal 2024 (April 1, 2023 to March 31, 2024)**

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

	Net sales		Operating income		Recurring profit		Net income		Net income per share (¥)
Full year	348,000	16.8%	24,500	98.2%	44,000	32.6%	31,000	20.8%	100.72

Note: Revisions to recent non-consolidated business forecasts: None

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

### (1) Explanation Regarding Consolidated Operating Results

During the third quarter of the consolidated fiscal year under review, the economic condition in Japan showed a gradual recovery. Overseas, there had been monetary tightening to control inflation in various countries, and concerns about the slowdown of the Chinese economy, and increasing geographical risks such as the situation in Ukraine and the military conflict in the Middle East. As a result, the global economy conditions remained uncertain.

In the automobile industry, the impact of production cutbacks due to the shortage of semiconductors diminished, and automobile production increased in each region compared year on year.

Under these circumstances, net sales for the third quarter decreased in China (decreased 15.5% year-on-year, due to sales of Japanese vehicles were sluggish and their market share declined. However, sales remained firm in Japan (increased 20.5% year-on-year), North America (increased 15.3% year-on-year), Europe (increased 19.8% year-on-year), and Asia (increased 6.7% year-on-year), due to increased automobile production in each region, etc. Consolidated net sales increased 12.5% year-on-year to 714.9 billion yen.

In terms of profit, operating income increased 51.0% year-on-year to 48.5 billion yen, recurring profit increased 61.5% to 53.1 billion yen, and net income attributable to owners of the parent increased 69.4% to 36.7 billion yen, due to the recovery of production volume and the promotion of improvement and rationalization activities at each group company.

### (2) Explanation Regarding Consolidated Financial Position

#### -1. Analysis of assets, liabilities and net assets

Total assets at the end of the third quarter, despite there was a decrease in cash and time deposits due to the repurchase of the Company's treasury stocks, increased by ¥6.1 billion from the end of the previous fiscal year to ¥912.0 billion due to an increase in investment securities.

Total liabilities decreased by ¥8.7 billion from the end of the previous fiscal year to ¥226.6 billion due to an increase of short term loans.

Total net assets increased by ¥14.9 billion from the end of the previous fiscal year to ¥685.4 billion due to an increase in translation adjustments for the weaken Yen.

#### -2. Analysis of cash flows

Cash flows from the operating activities provided ¥93.6 billion, mainly reflecting the net income before income taxes of ¥53.2 billion and depreciation of ¥32.0 billion, which secured net cash of ¥81.2 billion (the third quarter of the previous fiscal year: ¥44.5 billion) after payment of taxes.

Cash flows from investing activities resulted in payments of ¥60.5 billion (the third quarter of the previous fiscal year: payments of ¥44.3 billion) as a result of proceeds from time deposits of ¥89.6 billion, payments into time deposits of ¥98.1 billion, and acquisitions of property and equipment of ¥28.6 billion.

Cash flows from financing activities resulted in payments of ¥61.2 billion (the third quarter of the previous fiscal year: payment of ¥19.2 billion), the result of mainly reflecting repurchase of the Company's treasury stock of ¥35.0 and the dividend paid of ¥13.7 billion.

As a result, the balance of cash and cash equivalents at the end of the period decreased by ¥39.9 billion from the end of the previous fiscal year to ¥105.8 billion.

### (3) Explanation Regarding Forecast of Consolidated Results for Fiscal 2024 and Other Future Projections

Regarding the automobile production in the fiscal year ending March 31, 2024, the global automobile production volume is expected to increase compared to the previous fiscal year, as production volume remained steady in all regions by the end of the third quarter. However, there are concerns, in the fourth quarter, about the impact of the suspension of production and shipments due to irregularities at its customer car manufacturer and the impact of the Noto Peninsula earthquake in 2024, as well as continued sluggish sales of Japanese vehicles in China.

Regarding the forecast of consolidated results, we expect consolidated net sales to reach a record high for the second consecutive fiscal year due to production recovery and winning new orders in each region including Japan.

On the earnings front, we are expected to increase in each of profits compared to the previous fiscal year due to the effect of increased sales in Japan, North America and other regions, as well as further promotion of streamlining activities such as group-wide productivity improvement.

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

(¥ millions)

	Fiscal 2023	Third Quarter of Fiscal 2024
	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
<b>Current assets:</b>		
Cash and time deposits	315,039	287,240
Trade notes and accounts receivable	5,060	4,838
Electronically recorded monetary claims-operating	9,391	10,530
Accounts receivable	131,104	119,935
Contract Assets	3,136	1,059
Inventories	95,669	95,089
Other current assets	34,912	38,029
Allowance for doubtful accounts	△271	△219
<b>Total current assets</b>	<b>594,042</b>	<b>556,504</b>
<b>Non-current assets:</b>		
<b>Property, plant and equipment:</b>		
Buildings and structures (net)	56,363	57,499
Machinery and transportation equipment (net)	78,745	83,758
Fixtures, equipment and tools (net)	18,462	19,299
Land	18,572	18,893
Construction in progress	16,804	15,381
Other property, plant and equipment	5,372	5,967
<b>Total property, plant and equipment</b>	<b>194,320</b>	<b>200,799</b>
<b>Intangible fixed assets</b>	<b>2,692</b>	<b>2,414</b>
<b>Investments and other assets:</b>		
Investment securities	95,510	133,115
Claims provable in bankruptcy, claims provable in rehabilitation and other	270	434
Deferred income tax assets	13,288	13,345
Net defined assets for retirement benefits	2,849	2,849
Other investments	3,325	3,177
Allowance for doubtful accounts	△390	△558
<b>Total investments and other assets</b>	<b>114,853</b>	<b>152,363</b>
<b>Total non-current assets</b>	<b>311,866</b>	<b>355,578</b>
<b>Total assets</b>	<b>905,909</b>	<b>912,083</b>

(¥ millions)

	Fiscal 2023 As of March 31, 2023	Third Quarter of Fiscal 2024 As of December 31, 2023
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Trade notes and accounts payable	107,216	109,215
Electronically recorded monetary obligations-operating	3,712	3,171
Short-term loans	22,647	11,432
Accrued expenses	24,693	23,962
Income taxes payable	7,225	4,592
Contract liabilities	2,017	2,137
Allowance for employees' bonuses	6,386	3,489
Reserve for product warranties	3,560	3,187
Other current liabilities	9,457	14,097
<b>Total current liabilities</b>	<b>186,918</b>	<b>175,285</b>
<b>Non-current liabilities:</b>		
Deferred income tax liabilities	17,567	21,780
Allowance for directors' and corporate auditors' retirement benefits	321	302
Reserve for product warranties	4,105	3,446
Net defined liability for retirement benefits	20,987	20,102
Other non-current liabilities	5,500	5,748
<b>Total non-current liabilities</b>	<b>48,483</b>	<b>51,380</b>
<b>Total liabilities</b>	<b>235,402</b>	<b>226,666</b>
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
Common stock	14,270	14,270
Additional paid-in capital	13,420	13,188
Retained earnings	530,939	520,213
Treasury common stock, at cost	△45	△148
<b>Total shareholders' equity</b>	<b>558,585</b>	<b>547,523</b>
<b>Accumulated other comprehensive income:</b>		
Valuation adjustment on marketable securities	24,942	33,185
Translation adjustments	43,019	57,541
Adjustments in defined benefit plans	2,111	1,851
<b>Total accumulated other comprehensive income</b>	<b>70,073</b>	<b>92,579</b>
<b>Subscription rights to shares</b>	<b>171</b>	<b>106</b>
<b>Non-controlling interests</b>	<b>41,675</b>	<b>45,207</b>
<b>Total net assets</b>	<b>670,506</b>	<b>685,417</b>
<b>Total liabilities and net assets</b>	<b>905,909</b>	<b>912,083</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**

(Third quarter, for the nine months ended December 31)

(¥ millions)

	Third Quarter of Fiscal 2023 April 1, 2022 to December 31, 2022	Third Quarter of Fiscal 2024 April 1, 2023 to December 31, 2023
<b>Net sales</b>	635,488	714,961
Cost of sales	567,537	628,806
<b>Gross profit</b>	67,950	86,154
Selling, general and administrative expenses	35,793	37,612
<b>Operating income</b>	32,157	48,541
Non-operating income:		
Interest income and dividends	1,259	2,525
Dividends	1,191	1,491
Foreign exchange gains	—	1,337
Other non-operating income	2,189	1,460
Total non-operating income	4,640	6,815
Non-operating expenses		
Interest expenses	779	458
Shares of loss of entities accounted for using equity method	544	365
Foreign exchange losses	1,298	—
Loss on investment partnership management	157	247
Other non-operating expenses	1,104	1,136
Total non-operating expenses	3,883	2,207
<b>Recurring profit</b>	32,914	53,149
Extraordinary gains:		
Gain on sales of property and equipment	11,994	139
Gain on sales of investment securities	—	1,286
Others	187	16
Total extraordinary gains	12,181	1,442
Extraordinary losses:		
Loss on sales and disposal of property and equipment	685	577
Loss on valuation of investment securities	7,130	331
Impairment loss	609	446
Loss on disasters	321	—
Total extraordinary losses	8,746	1,355
<b>Income before income taxes</b>	36,349	53,236
Total income taxes	11,437	13,885
Profit	24,912	39,351
(Break down)		
Profit attributable to owners of parent	21,665	36,711
Profit attributable to non-controlling interests	3,246	2,639

(¥ millions)

	Third Quarter of Fiscal 2023 April 1, 2022 to December 31, 2022	Third Quarter of Fiscal 2024 April 1, 2023 to December 31, 2023
Other comprehensive income		
Valuation difference on available-for-sale securities	△1,089	8,241
Translation adjustments	9,043	16,875
Adjustments in defined benefit plans	△276	△259
Share of other comprehensive income of entities accounted for using equity method	41	8
Total other comprehensive income	7,717	24,866
Comprehensive income	32,629	64,217
(Break down)		
Comprehensive income attributable to owners of parent	28,315	59,217
Comprehensive income attributable to non-controlling interests	4,314	5,000

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

(¥ millions)

	Third Quarter of Fiscal 2023 April 1, 2022 to December 31, 2022	Third Quarter of Fiscal 2024 April 1, 2023 to December 31, 2023
<b>Cash flows from operating activities</b>		
Income before income taxes	36,349	53,236
Depreciation	30,010	32,071
Impairment loss	609	446
Equity in earnings of affiliated companies	544	365
Provision for allowance for doubtful accounts	218	105
Net defined asset and liability for retirement benefits	△847	△1,267
Provision for reserve for bonuses	△1,795	△2,992
Reserve for product warranties	1,136	△1,156
Interest and dividends received	△2,451	△4,016
Compensation income from damage	△187	△37
Interest payments	779	458
Gain on sales of marketable and investment securities	—	△1,266
Loss on valuation of marketable and investment securities	7,287	578
Gain or loss on sale of property and equipment	△11,308	437
Loss on disasters	321	—
Increase in trade notes and accounts receivable	6,665	16,375
Decrease in inventories	△3,089	3,464
Increase or decrease in other current assets	5,140	△838
Decrease in trade notes and accounts payable	△6,880	△625
Decrease in accrued expenses and other current liabilities	△3,226	△1,733
Others	△3,532	81
Sub total	55,743	93,688
Interest and dividends received	2,448	3,945
Interest paid	△779	△458
Lost related to the Act on Prohibition to Private	△68	—
Received from damages	187	37
Income taxes paid	△12,990	△16,003
<b>Net cash provided by operating activities</b>	<b>44,541</b>	<b>81,208</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	△116,527	△98,104
Proceeds from time deposits	107,041	89,634
Payments for purchase of marketable and investment securities	△13,205	△27,657
Gain on sales of marketable and investment securities	—	2,672
Acquisition of property and equipment	△27,617	△28,657
Proceeds from sale and disposal of property and equipment	12,313	△115
Payments for new loans	△5,801	△4
Proceeds from loan repayments	4	4
Others	△603	1,632
<b>Net cash used in investing activities</b>	<b>△44,395</b>	<b>△60,595</b>

(¥ millions)

	Third Quarter of Fiscal 2023 April 1, 2022 to December 31, 2022	Third Quarter of Fiscal 2024 April 1, 2023 to December 31, 2023
<b>Cash flows from financing activities</b>		
Increase in short-term loans	△9,043	△12,098
Repayment of long-term debt	△635	—
Payments for repurchase of treasury stock	△1	△35,000
Proceeds from exercise of share options	0	0
Dividends paid by parent company	△8,418	△12,291
Dividends paid to non-controlling interests	△1,198	△1,421
Others	—	△409
<b>Net cash used in financing activities</b>	<b>△19,297</b>	<b>△61,221</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>353</b>	<b>694</b>
<b>Increase in cash and cash equivalents</b>	<b>△18,797</b>	<b>△39,913</b>
<b>Cash and cash equivalents at beginning of quarter</b>	<b>169,581</b>	<b>145,798</b>
<b>Cash and cash equivalents at end of quarter</b>	<b>150,783</b>	<b>105,884</b>

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

(Going Concern Assumption)

None

(Note Regarding Significant Changes in Shareholders' Equity)

On April 26, 2023, the Company's Board of Directors had resolved 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. And the acquisition of own shares based on the resolution of the Board of Directors meeting had been completed on September, 2023. As a result, the number of treasury common stock is increased approximately 13 million shares (¥34.9 billion) on the second quarter of fiscal 2024.

Ans at the meeting of its Board of Directors held on October 31, 2023, the Company resolved to cancel the Company's treasury shares in accordance with Article 178 of the Companies Act, and cancelled approx. 13 million shares of its treasury shares as of November 15, 2023. As a result, additional paid-in capital decreased ¥0.2 billion, retained earnings decreased ¥34.5 billion, and treasury stock decreased ¥34.8 billion at the third quarter of fiscal 2024.

(Segment Information)

【Segment Information】

I. Third Quarter of fiscal 2023 (April 1, 2022 to December 31, 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	227,034	185,091	75,366	108,004	30,791	9,201	635,488	—	635,488
Inter-segment sales and transfers	18,312	51	1,608	2,889	47	—	22,909	(22,909)	—
Total	245,346	185,142	76,974	110,893	30,839	9,201	658,397	(22,909)	635,488
Segment operating income or loss (△)	14,889	△10	4,226	10,489	△121	633	30,106	2,050	32,157

Notes 1. The ¥2,050 million adjustment in segment (operating income) includes ¥6,187 million in intersegment eliminations and ¥△4,136 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. Third Quarter of fiscal 2024 (April 1, 2023 to December 31, 2023)  
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	273,565	213,473	63,664	115,233	36,882	12,143	714,961	—	714,961
Inter-segment sales and transfers	17,937	2	3,104	2,395	9	—	23,448	(23,448)	—
Total	291,502	213,476	66,768	117,628	36,891	12,143	738,410	(23,448)	714,961
Segment operating income	29,681	2,506	118	11,489	1,369	1,267	46,434	2,107	48,541

Notes 1. The ¥2,107 million adjustment in segment (operating income) includes ¥6,726 million in intersegment eliminations and ¥△4,618 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.