KOITO MANUFACTURING CO., LTD.

https://www.koito.co.jp/english/

KOITO INTEGRATED REPORT 2025

Lighting for Your Safety

KOITO

INTEGRATED REPORT 2025

Move forward with KOITO.

Lighting for Your Safety

Keeping people and automotive safe

For 110 years since its establishment,
KOITO has been contributing to social development by creating new values sought by customers in all fields of transportation equipment and systems,
including automobiles, railways, aviation, marine vessels and others, all guided by the theme of “Light.”

KOITO VISION

Lighting the Way for Our Sustainable Future

Enforcement of Corporate Foundation
Strengthening and reforming “manufacturing and human-development,” enhancement of BCP framework and corporate governance

Sustainable Growth

Launch attractive products promptly

[Lighting Equipment Business]
Develop world leading advanced technologies, increase new orders

[New Mobility Business]
Create new business which contributes to a safety for a next-generation mobility society

Coexistence with the Earth and Society

Be an essential company for all

[Global Environment]
Reduction of environmental impact substance throughout product life cycle

[People, Corporate culture]
Respect for each value, creation of culture and system that enable continuous challenges

Corporate Principles

We will contribute to social development through lighting.

We will step forward to realize our employees’ dreams.

We will support a sustainable society as one of its members.

Corporate Policy

Innovative ideas and decisive action

Corporate Message

Lighting for Your Safety
Keeping people and automotive safe

The KOITO Group Corporate Behavior Charter

1. Sustainable growth and resolution of social issues
2. Trusted corporate activities
3. Compliance with social conventions/ Global management
4. Fair information disclosure and constructive dialogue
5. Respect for human rights
6. Work practice and enhancement of workplace environments
7. Engagement in environmental issues
8. Contribution to society
9. Rejection of relations with anti-social forces/ Comprehensive risk management engagement
10. Role of top management and thorough implementation of this Charter

To Our Stakeholders,

The history of KOITO began in April 1915, when our founder, Genrokuro Koito, developed a Fresnel lens for railway signal lamps and established the "Koito Genrokuro Shoten" in Kyobashi, Tokyo.

Since then, we have expanded into the automotive lighting equipment business and grown in alignment with the evolution of the automobile industry.

On April 1, 2025, we proudly marked our 110th anniversary—a significant milestone in our journey. We extend our deepest gratitude to all stakeholders who have supported us throughout these many years.

Since its inception, the KOITO Group has pursued steady growth under the corporate message, "Lighting for Your Safety," by developing and delivering technologies and products that respond to the advancement of mobility and the changing needs of our customers.

Today, the environment surrounding our business is undergoing rapid and profound transformation, driven by next-generation mobility trends such as electrification and autonomous driving, as well as heightened geopolitical risks and climate change. Amid these changes, our persistent commitment remains: to contribute to a safe and secure transportation society through products and services centered on "Light."

Guided by our vision established in November 2022, "KOITO VISION – Lighting the Way for Our Sustainable Future," we are working toward achieving our management targets for FY2030 and the objectives set forth in our 1st Medium-Term Management Plan (FY2024-FY2026).

Moving forward, the KOITO Group will continue to pursue sustainable growth as a global supplier while strengthening initiatives that address social challenges. We sincerely ask for your continued understanding and support.

Chairman and CEO
Masahiro Otake

President and COO
Michiaki Kato

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Editorial Policy

KOITO has been issuing an "Integrated Report" to help our stakeholders, including shareholders and investors, deepen their understanding of the KOITO Group's efforts to enhance its corporate value over the medium- to long- term and to realize a sustainable society since 2021. "Integrated Report 2025" is edited according to the "International Integrated Reporting Framework" by the International Financial Reporting Standards Foundation and other various guidelines. In this report, in addition to our business performance for FY2024, we have enhanced the disclosures on the progress of our 1st Medium-Term Management Plan and more detailed regional strategy.

In order to secure fair and effective disclosure, KOITO issues integrated report both in Japanese and English. We hope this report serves to deepen your understanding of the KOITO Group.

Reporting Period

FY2024 (April 1, 2024 to March 31, 2025)

Scope of Report

The KOITO Group
This report includes a section of non-consolidated reports of KOITO MANUFACTURING.

Notes on Future Projections

This report contains future statements including the KOITO Group's future plans, strategies and performance. These future statements are assumptions and beliefs based on the current available data. We therefore wish to caution readers that the actual results may differ materially from our expectations.

Reference Guidelines

"ISO 26000 (Guidance on social responsibility)" -
International Organization for Standardization (ISO)

"International Integrated Reporting Framework" -
International Financial Reporting Standards Foundation (IFRS)

"Guidance for Collaborative Value Creation 2.0" -
Ministry of Economy, Trade and Industry

"SASB Standards" -
Sustainability Accounting Standards Board (SASB)

"GRI Standards" -
Global Sustainability Standards Board (GSSB)

"Final Report: Recommendations of the Task Force on Climate-related Financial Disclosures" -
Task Force on Climate-Related Financial Disclosures (TCFD)

Environment
Social
Governance
Guidance for Collaborative Value Creation

Value Creation Story

Staying true to our basic stance to adopt the perspective of customer and users, the KOITO Group is contributing to the realization of a safe and comfortable society by providing high-value-added products and services. We aim to foster mutually beneficial relationships with all stakeholders, including shareholders, customers, employees, and business partners.

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Message from Top Management

In an era of transformation, we are committed to shaping society and the future through the KOITO VISION.

President and COO Michiaki Kato

Review of FY2024 and Forecast for FY2025

Global automobile production in FY2024 declined year on year, reflecting a challenging business environment that persisted throughout the period. This downturn was driven by sluggish sales of Japanese vehicles amid accelerating EV adoption in China, certification issues faced by domestic automobile manufacturers in Japan, and tighter loan screening coupled with rising interest rates in ASEAN countries such as Thailand and Indonesia.

Against this backdrop, KOITO's consolidated net sales fell short of the previous year, primarily due to the sharper-than-expected decline in Japanese vehicle sales in China. Profitability was also affected by temporary factors, including production and shipment suspensions at certain customers and quality-related costs, as well as increased investments in future growth areas such as LiDAR technology—highlighted by the acquisition of U.S.-based Cepton Technologies, Inc. As a result, both operating profit and ordinary profit decreased year-on-year. However, strategic initiatives such as the sale of cross-shareholdings and special income from compensation enabled us to secure an increase in net profit attributable to owners of the parent.

Global automobile production volume in FY2025 is expected to remain under uncertain conditions. Contributing factors include the slowdown in China's economy, U.S. tariff policies, and delays in new vehicle launches resulting from the reassessment of EV policies across various countries.

Although we have secured new orders in Japan and North America, we expect a decline in revenue compared to the previous fiscal year. This projection reflects continued sluggish sales of Japanese vehicles in China and the impact of discontinued production of certain ordered models in Europe.

With respect to profitability, while we continue to vigorously promote rationalization initiatives—including the restructuring of our China operations, the global reconfiguration of production systems aligned with demand, productivity improvements, and fixed-cost controls—profits are projected to decline year on year. This projection reflects increased investments to accommodate new orders as well as higher R&D expenditures aimed at future growth, impacting operating profit, ordinary profit, and net profit attributable to owners of the parent.

Despite these uncertainties, KOITO remains committed to responding with agility and resilience. In particular, regarding U.S. tariff policies, we will pursue appropriate price adjustments to offset rising import costs. Over the medium- to long-term, we aim to further strengthen business robustness and profitability through comprehensive supply chain optimization.

Shareholder Returns

KOITO is committed to further enhancing corporate value through business investments aimed at sustainable growth, while also ensuring attractive returns to our shareholders. Our basic policy for dividends is to maintain stable and continuous payments, targeting a consolidated payout ratio of 40% or higher, and striving to sustain and improve dividend levels over time. In addition, we flexibly implement share repurchases to improve capital efficiency, taking into account factors such as stock price levels and financial conditions.

Despite a challenging environment in FY2024, which resulted in lower revenue year-on-year, we prioritized stable and continuous dividends and increased the annual dividend by ¥3 per share from the previous year, paying ¥56 per share (consolidated payout ratio: 35.8%).

For FY2025, although we anticipate a difficult business environment with lower revenue and profit year-on-year, we plan to maintain the same annual dividend of ¥56 per share as in FY2024, reflecting our commitment to stable shareholder returns.

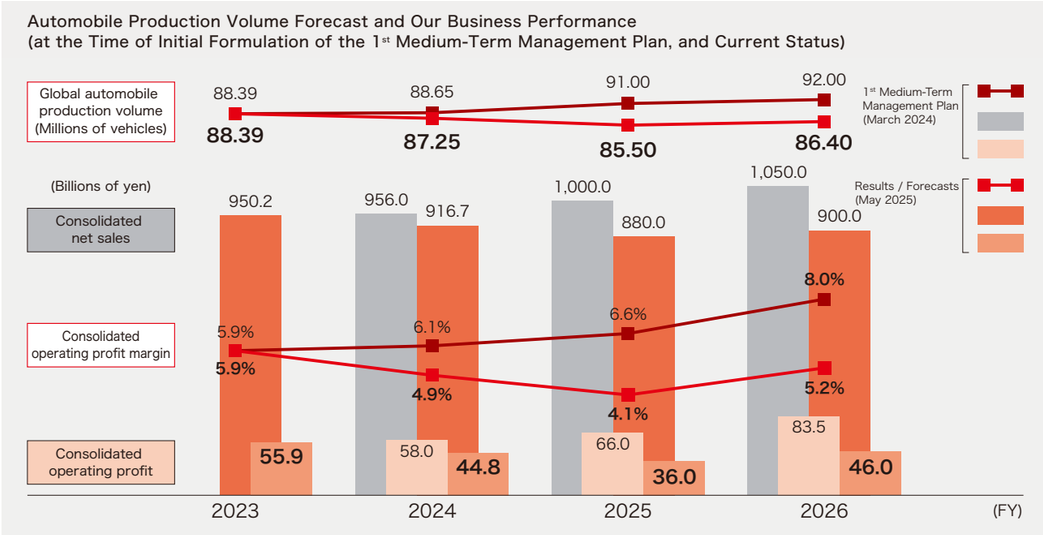
Review of the First Year of the 1st Medium-Term Management Plan and Initiatives to Improve Capital Efficiency

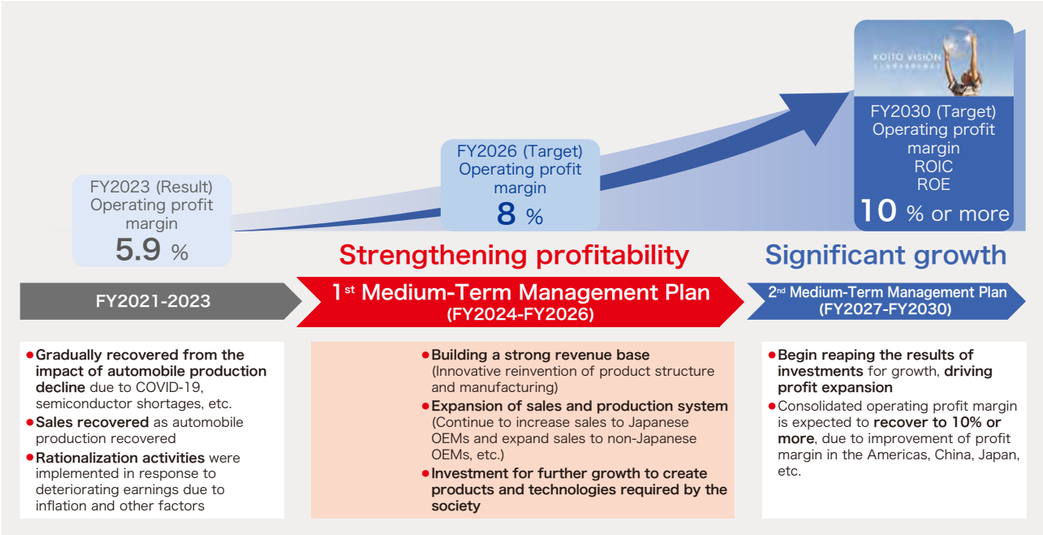
KOITO launched its 1st Medium-Term Management Plan ("Plan") in FY2024, focusing on strengthening profitability through growth investments such as production line automation and promoting operational efficiency, laying the foundation for future expansion.

However, since announcing the Plan in March 2024, our business environment has changed rapidly due to factors such as sluggish sales of Japanese vehicles in China, the expansion of exports by Chinese manufacturers, certification issues among domestic automobile manufacturers and U.S. tariff policies.

In response, we actively promoted rationalization measures across the Group, including productivity improvements and fixed-cost reductions. Nevertheless, our operating profit margin for FY2024 was 4.9%, down from 5.9% in the previous year.

To improve capital efficiency, it is essential to establish a production system aligned with actual demand. In particular, given the uncertain recovery of Japanese automobile manufacturers—our key customers—in China, we decided to restructure our three-company framework in China (GUANGZHOU KOITO, Hubei KOITO





and FUZHOU KOITO). Specifically, we closed FUZHOU KOITO and transferred the production of signal lamps from Hubei KOITO to GUANGZHOU KOITO and KOITO KYUSHU, thereby achieving significant downsizing and optimizing production capacity to improve profitability at an early stage.

Meanwhile, in Japan and North America, we are proceeding as planned with automation investments to enhance productivity, driving innovation in manufacturing and improving our cost structure.

Although significant growth in global automobile production volume is unlikely, these initiatives will strengthen our global business foundation and build a more resilient corporate structure capable of generating solid profits.

Toward Sustainable Management

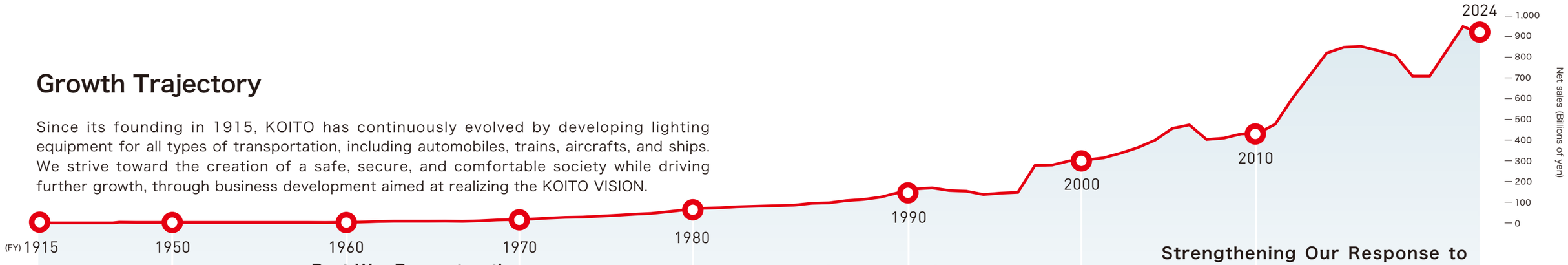
Even amid an uncertain business environment, KOITO remains committed to its corporate message, "Lighting for Your Safety," pursuing advanced technologies and upholding our DNA of "always adopt the perspective of customers to supply products and services that meet their expectation." Our goal is sustainable growth.

To achieve this, we prioritize "manufacturing and human-development," the foundation of our business, and believe it is essential to maximize the potential of every employee. In addition to revising our personnel systems, we are implementing various human capital initiatives, including training programs, career development support, and promoting diversity, to strengthen organizational capabilities and remain an attractive employer.

KOITO will continue to enhance corporate value by driving technological innovation to address climate change and mobility transformation, while reinforcing human capital development. We sincerely ask for the continued understanding and support of our shareholders, investors, and all stakeholders.

Growth Trajectory

Since its founding in 1915, KOITO has continuously evolved by developing lighting equipment for all types of transportation, including automobiles, trains, aircrafts, and ships. We strive toward the creation of a safe, secure, and comfortable society while driving further growth, through business development aimed at realizing the KOITO VISION.



Founding Period

1915
Koito Genrokuro Shoten founded

Founder Genrokuro Koito established Koito Genrokuro Shoten in Kyobashi-ku, Tokyo (current Kyobashi, Chuo-ku, Tokyo) to sell Fresnel lenses for railway signal lamps—the first of its kind to be produced in Japan, starting in 1912.

1927
Development of Japan's first Golden Glow front light for railroads

As the development of the railway network progressed, KOITO developed a Golden Glow headlamp for safer night-time railway operations. The use of uranium glass in the reflector prevented glare and allowed for the emission of high-transmission light, capable of illuminating even through rain, fog, and dust.

1936
Entered the automotive lighting equipment business

KOITO began producing headlamps for four-wheeled vehicles based on its experience supplying headlamps to military motorcycles with sidecars ("Kurogane") in 1932 and three-wheeled trucks in 1933. Began supplying headlamps for the AA passenger cars to the automotive department of Toyoda Automatic Loom Works, Ltd. (current Toyota Motor Corporation) in 1936. This was the start of KOITO's participation in the automotive lighting equipment business, which has allowed it to contribute to the creation of a safe and comfortable automotive society.

Post-War Reconstruction and Expansion Period

1950
Development of semi-sealed beam headlamps

Seeing the brightness of U.S.-made all-glass sealed beam headlamps, KOITO developed and succeeded in commercializing semi-sealed beam headlamps in August 1950. The semi-sealed beam headlamps were adopted in various domestic automobiles until the development of all-glass SB headlamps.

1957
Start of production and sales of all-glass sealed beam (SB) headlamps

Since 1951, KOITO has been developing all-glass SB headlamps with higher luminous flux than SSB headlamps. KOITO succeeded in its commercialization in 1957 after a series of trial manufacturing and improvement processes. KOITO then started supplying the products to various automotive manufacturers, including Toyota Motor Company (current Toyota Motor Corporation), starting October 1957.

1978
Start of production and sales of halogen headlamps

Halogen light bulbs were standardized in Europe in 1971 and in the U.S. in 1978, as their high luminous flux and excellent antiglare performance could help reduce traffic accidents. KOITO began producing halogen headlamps in July 1978 by incorporating halogen light sources (originally imported products) into SB and SSB headlamps.

1979
Start of production and sales of uniquely shaped headlamps

KOITO began developing uniquely shaped headlamps (a type of SSB headlamp), which were shaped to fit individual vehicle designs. Installation of these lamps in the Nissan Skyline and the Toyota Crown began in June 1979.

Toward Becoming the "Global No.1 Supplier"

1983
Establishment of North American Lighting, Inc. (Illinois, U.S.A.)

1985
Start of production and sales of all-resin aerodynamic-type headlamps

1986
Establishment of THAI KOITO COMPANY LIMITED (Thailand)

1988
Capital participation in Ta Yih Industrial Co., Ltd. (Taiwan)

1993
Opening of North American Lighting, Inc. Technical Center (Michigan, U.S.A.)

1997
Establishment of INDIA JAPAN PRIVATE LIMITED (India)

2001
Establishment of Koito Czech s.r.o. (Czech Republic)

2005
Establishment of GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD (China)

2007
Start of production and sales of the world's first LED headlamps

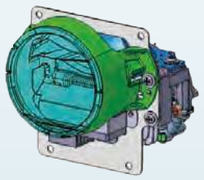
KOITO developed LED headlamps that utilize white LEDs as a low beam light source. This allowed for improved visibility with higher luminous flux, longer life, and lower power consumption compared to GDHL and halogen headlamps. In May 2007, they were installed in the "Lexus LS 600h", as the world's first LED headlamp on the market.

2010
Establishment of PT. INDONESIA KOITO (Indonesia)

2012
Establishment of North American Lighting Mexico, S.A. de C.V. (Mexico)

2014
Start of production and sales of the world's first LED Compact™-Bi-function™

KOITO began producing and selling the world's first LED Compact™-Bi-function™, capable of switching from high beam to low beam and vice versa with a single LED. It also had lower power consumption and weight compared to conventional lamp units. In November 2014, it was installed in the Toyota Prius Alpha, which contributed to the worldwide spread of LED headlamps, and their being adopted by various vehicles.



Strengthening Our Response to Next-Generation Mobility

2017
Establishment of R&D Lab in Silicon Valley (California, U.S.A.)

2020
Establishment of KOITO Development Center in Toyota City, Aichi (Japan)

2022
Establishment of GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD. Technical Center (China)

2025
Start of production and sales of Japan's first headlamp equipped with signal road projection technology

KOITO began production and sales of Japan's first headlamps equipped with signal road projection technology, which projects a chevron (V-shaped sign) onto the road surface in sync with the turn signal lamp, alerting pedestrians and nearby drivers to the presence and movement of the vehicle. The technology was first installed in the Toyota Corolla Cross in May 2025.

Value Creation Process

The KOITO Group promotes the realization of a sustainable society and the sustainable growth of its corporate value by leveraging a business model that contributes to addressing various social issues throughout a value chain centered on its automotive lighting business.

Lighting for Your Safety

Keeping people and automotive safe

KOITO VISION
- Lighting the Way for Our Sustainable Future -

Materiality

Business Issues

- Intensified competition in the automobile industry
- Progress in technological innovation
- Growing social demands for decarbonization and ESG, etc.

Social Issues

Environment

- Prevention of global warming
- Reduction of environmental impact substances and waste
- Conservation of water resources

Safety / Peace of mind

- Reduction of traffic accidents
- Technological development contributing to a sustainable society
- Enhancement of product quality

Corporate foundation

- Compliance
- Corporate governance
- Information security
- Human resource development
- Healthy and safe working environment
- Workstyle reform
- Respect for human rights
- Disaster prevention

6 Managerial Resources (Input)

Financial Capital

Total assets	889.9 billion yen
Net assets	679.8 billion yen

Manufacturing Capital

Capital expenditures	46.0 billion yen

Intellectual Capital

R&D expenses	41.1 billion yen
R&D personnel	2,969

Human Capital

Number of employees	23,332
Ratio of overseas employees	68%

Social and Relationship Capital

Overseas sales ratio	61.6%

Enhancement of dialogue with employees through periodic engagement surveys, etc.

Natural Capital (KOITO MANUFACTURING)

Resin materials	37,616 tons
Total electricity	104,785,000 kWh
Renewable energy	104,582,000 kWh
Utility gas	1,602,000 m³
LPG	2,177 tons
Water	754,000 tons

KOITO

A Leading Company in Automotive Lighting Equipment

1st Medium-Term Management Plan (FY2024 - FY2026)
Strengthening profitability

2nd Medium-Term Management Plan (FY2027 – FY2030)
Significant growth

Values Provided to Society (Output)

Environment

- Reduction of CO_2 emissions of automobiles, aircraft and railway cars
- LED headlamp's contribution on CO_2 reduction: 646.3 thousand tons
- Reduction of environmentally harmful substances

Safety / Peace of mind

- Improving night vision and reducing traffic accidents by providing LED headlamps and ADB (Adaptive Driving Beam)
- Development and provision of sensors that contribute to the realization of safe ADAS and autonomous driving
- Promoting development of energy-saving and lightweight products

Corporate foundation

- Strengthening ESG activities
- Promotion of workstyle reform
- Contribution to local communities

Creation of Corporate Value (FY2024)

Net sales	916.7 billion yen	Net income*	46.2 billion yen
Operating profit	44.8 billion yen	ROE	7.1%
Operating profit margin	4.9%		

* Profit attributable to owners of parent

Corporate foundation to support our value creation

Corporate Principles ⇨ P.3
The KOITO Group Corporate Behavior Charter ⇨ P.3
Corporate Governance ⇨ P.66

Value Chain

The KOITO Group is strengthening its initiatives in each process within the value chain (R&D, procurement, production and quality management, and marketing) and delivering high value-added products and services to society, thereby enhancing corporate value while contributing to the resolution of social issues.

	R&D	Procurement	Production and Quality Management	Marketing
Outline	The KOITO Group makes full use of optics, electronics and other cutting-edge technologies in the pursuit of safety and reliability, and conducts research and development of innovative and environmentally-friendly system products. The KOITO Group's R&D activities are broadly categorized into basic research and product development. **Basic research**: The KOITO Group conducts research to commercialize a new generation of products, anticipating market needs through the further evolution of our core technologies such as optics, electronics, machinery, and structures, in processes centered around our technical center in Japan. **Product development**: The KOITO Group not only proposes new technologies to automobile manufacturers and other customers, but also develops products that conform to development plans and required specifications.	The KOITO Group procures parts by selecting the materials and component suppliers that are necessary for production. This selection of suppliers is determined based on component specifications, monthly quantities, unit prices, the estimated price of molds, and other factors. We also audit and approve supplier plants when engaging in new procurement. We formulate and manage procurement plans for materials and components according to the KOITO Group's production plans.	The KOITO Group manufactures the products it develops and designs using materials and products purchased from subsidiaries and suppliers. We audit plants when starting the manufacture of new products or when changing manufacturing processes at subsidiaries. Our delivery plans are formulated based on order estimates from automobile manufacturers, other customers, and subsidiaries (unofficial monthly, yearly, mid-term and other plans); confirmed orders; and production plans that take the applicable inventory and other plans into account. KOITO engage in quality management operations to assure quality throughout the entire Group, and formulates quality inspection criteria and quality control methods. All those involved in manufacturing engage in quality control activities based on these criteria and quality control methods.	The KOITO Group understands global customer needs, engages in cooperation with the relevant departments, and conducts its proposal and marketing activities through various presentations. We make proposals of next-generation products that contribute to safety, reliability, and reduction of environmental impact based on good customer relationships founded on trust, with the goal of expanding our sales channels and profits.
Our Strength	●Global R&D network in five major regions of the world (Japan, Americas, China, Europe, and Asia) ●Clear understanding of needs through partnerships with customers, suppliers, external agencies, and other such organizations, and the reflection of these needs in our products ●Provision of safe and reliable products such as ADB (Adaptive Driving Beam) headlamps to provide better visibility at night ●Helping to prevent global warming through energy efficiency and smaller, more light-weight products, including promoting the transition to LEDs ●Rapid response to technical challenges based on our wealth of knowledge and experience ●Educational system to train and strengthen diverse human resources in technical fields	●Global procurement system that allows local sourcing from suitable procurement sites ●Expansion of local procurement to mitigate the impact of foreign exchange fluctuations ●Maintaining and strengthening of good relationships with suppliers ●Realization of high-level QCDD (Quality, Cost, Delivery and Development) through ongoing improvement activities with the cooperation of suppliers ●Establishment of a BCP system that allows us to quickly grasp the level of damage and problems faced by suppliers when disasters strike, and cooperate with suppliers to take the necessary action ●Promotion of CSR/ESG activities throughout the entire supply chain to help realize a sustainable society, such as preventing global warming	●Appropriate production system established by KPS (KOITO Production System) ●Global production and quality assurance system in all five major regions of the world ●Designation of the KOITO Shizuoka District as the "mother" plant and support for launching overseas production sites/products and measures to address various problems ●Drills and training to pass down and improve the technical abilities and skills of employees throughout the entire Group ●Strengthening and continuation of improvement activities for production sites	●Global information gathering and sales system in all five major regions of the world ●Top global share capabilities ●Clear understanding of changing and diverse customer needs as well as specific sales capabilities ●Maintaining and strengthening of positive and strong relationships based on close communication with customers ●Product proposals of light source and lighting technology developed in the automotive lighting equipment business, for adoption in aviation, railway and infrastructure-related products
Issues to Be Addressed Through Initiatives – Business Issues	●Promotion of research and development themes that allow us to adapt to rapidly-changing technical and market needs, as well as the intensifying competitive landscape with regards to CASE (connectivity, autonomous driving, sharing and electric vehicles), MaaS (mobility as a service), and more ●Development of monitoring sensors such as LiDAR and all-weather cameras that contribute to safety and security under Advanced Driver Assistance Systems (ADAS) and autonomous driving ●More efficient product development through the use of various simulations and promotion of digital transformation (DX) ●Training and securing of engineers to pass down and evolve technologies	●Stable procurement through securing a flexible supply and strengthening the effectiveness of Business Continuity Plans (BCP) in the supply chain ●Optimization of supplier portfolios (Thorough cooperation across industries, elements of competition and responses to geopolitical risks)	●Optimizing supply capacity in line with fluctuations in automotive production ●Strengthening of competitiveness through the improvement of global QCDD ●Strengthening of quality management capable of managing more advanced and complex products ●Enhancing productivity and realizing smart factories through visualization and automation driven by DX, alongside AI and IoT ●Strengthening of BCP at production sites, such as more resistant buildings and equipment, and better complimentary supply capabilities	●Strengthening of marketing systems that reflect customer and market needs ●Higher customer satisfaction ●Education and training to foster and strengthen compliance awareness
Issues to Be Addressed Through Initiatives – Social Issues	Promotion of advanced technical development that will help realize a safe and reliable automotive society, and help achieve carbon neutrality	●Enhancement of CSR/ESG activities throughout the entire supply chain ●Strengthening supply chain activities to achieve carbon neutrality	Shift to production equipment and processes that help achieve carbon neutrality, reduce environmental impact substances, and allows for the more effective use of resources	Proposals of attractive products that help realize a safe, reliable automotive society, and resolve social issues

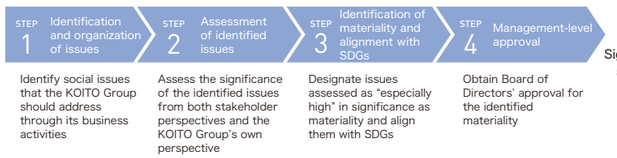
Materiality

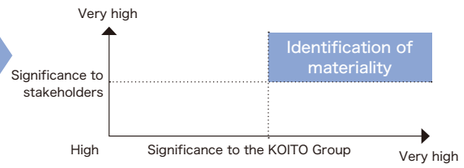
In 2021, the KOITO Group identified material issues (materialities) to focus on and SDGs to which we should contribute, selected from among a broad range of social issues. These priorities were approved by the Board of Directors, and we are actively promoting initiatives aligned with them.

In determining our materiality, we referred to the guidelines of the Global Reporting Initiative (GRI), an international sustainability framework, and assessed potential issues from both external stakeholder perspectives and their significance to the KOITO Group. Through this evaluation process, we were able to identify and define our priority issues.

We believe that our business activities are highly compatible with and relevant to the Sustainable Development Goals (SDGs), and that we are well positioned to contribute to addressing social challenges through our operations.

Identification Process for Materiality





Our Materialities and Initiatives

KOITO has set KPIs (Key Performance Indicators) and targets for FY2030 for each materiality. We are promoting activities that contribute to solve social issues by incorporating them into specific activity plans.

	Materialities	Relevant SDGs	Declaration of KOITO Initiatives
Environment	●Prevention of global warming ⇨P.38 P.50 ●Reduction of environmental impact substances and waste ⇨P.52 ●Conservation of water resources ⇨P.53	1, 3, 6, 11, 12, 13, 14, 15	●We will promote the reduction of CO_2 emissions and environmental impact substances, and engage in resource recycling guided by the theme, "Eco-friendly Manufacturing for People and the Earth." ●We will contribute to the reduction of CO_2 emissions by further improving light emission efficiency and reducing the weight of our mainstay products.
Safety/ Peace of mind	●Reduction of traffic accidents ⇨P.58 ●Technological development that contributes to the realization of a sustainable society ⇨P.34 ●Enhancement of product quality ⇨P.59	3, 8, 9, 11, 17	●We will strive to achieve sustainable growth and resolve social issues by developing and providing socially beneficial and safe products and services. ●We will promote product development, including that of sensors (LiDARs and cameras), with an eye toward the autonomous driving society of the future. ●We will gain customer satisfaction and trust by developing and providing safe, high-quality products and services.
Corporate foundation	●Compliance ⇨P.77 ●Corporate governance ⇨P.66 ●Information security ⇨P.80 ●Human resource development ⇨P.40 P.62 ●Healthy and safe working environment ⇨P.64 ●Workstyle reform ⇨P.40 P.62 ●Respect for human rights ⇨P.65 ●Disaster prevention ⇨P.79	16 1, 4, 8, 12, 13	●We will enhance corporate governance and strengthen compliance to establish a sound management system. ●We will strive to protect information assets by preparing for information security risks. ●We will strive to provide a healthy and safe workplace environment in which all employees can make the best use of their capabilities and fulfill their potential. ●We will promote initiatives that respect the human rights of all persons. ●We will strengthen our disaster prevention system throughout the supply chain.

The KOITO Group Corporate Behavior Charter

The KOITO Group has established the "KOITO Group Corporate Behavior Charter" as a fundamental guideline to further advance and invigorate its business activities from the perspective of SDGs and ESG (Environment, Social, and Governance).

The KOITO Group's basic management policy is to generate customer needs and contribute to the progress of society, while also fostering mutually beneficial relationships with all stakeholders, including shareholders, customers, employees, and business partners, all under the theme of "Light."

In accordance with this policy, we have established the following ten principles. We will comply with domestic and overseas laws and regulations, international rules, and their underlying spirit, and conduct corporate activities in accordance with corporate ethics.

We will also strive to resolve social issues through our business activities and fulfill our social responsibilities, with the goal of facilitating the sustainable growth of society.

1.	Sustainable growth and resolution of social issues	⇨P.34 P.58
2.	Trusted corporate activities	⇨P.59
3.	Compliance with social conventions / Global management	⇨P.77
4.	Fair information disclosure and constructive dialogue	⇨P.20
5.	Respect for human rights	⇨P.65
6.	Work practice and enhancement of workplace environments	⇨P.40 P.62
7.	Engagement in environmental issues	⇨P.38 P.46
8.	Contribution to society	⇨P.65
9.	Rejection of relations with anti-social forces / Comprehensive risk management engagement	⇨P.77
10.	Role of top management and thorough implementation of this Charter	⇨P.66

KPI	FY2023 Results	FY2024 Results	FY2030 Targets
Consolidated CO_2 emissions	326.7thousand tons	284.3thousand tons	271.5 thousand tons (50% reduction from FY2015)
VOC emissions	173tons	142tons	Less than 299 tons (Less than the amount in FY2018) (continuous target by FY2025)
Waste generated per unit (tons per 100 million yen)	0.90	0.84	Less than 1.28 (7% reduction from FY2018) (continuous target by FY2025)
Water usage per unit (tons per million yen)	3.14	3.14	Less than 3.51 (7% reduction from FY2018) (continuous target by FY2025)
LED adoption ratio in headlamps*	82%	82%	100%
ADB adoption ratio in headlamps*	9%	10%	20%
Number of recalls	0cases	1cases	0cases
Awareness rate of the KOITO Group Corporate Behavior Charter	98%	97%	100%
Number of serious violations of laws and ordinances	0cases	0cases	0cases
Number of serious information security incidents	0cases	0cases	0cases
Training time per employee	14.0hours	13.6hours	More than 15 hours
Lost time injury frequency rate	0.09	0.38	0
Ratio of women in senior management	2.5%	3.0%	10.0%

* Consolidated

Stakeholder Engagement

The KOITO Group's basic management policy is to generate customer needs based on the theme of "Light" and facilitate the advancement and development of society, while also working toward coexistence and coprosperity with all stakeholders, including customers, shareholders, employees, and suppliers. We also aim to become a trusted company through appropriate collaboration with all stakeholders.

For further details regarding the Multi-Stakeholder Policy, please refer to our website.
URL：https://www.koito.co.jp/sustainability/social/stakeholder/
* Available in Japanese only.

Shareholders

We strive to build long-term relationships of trust with our shareholders and investors by providing accurate information in a fair manner and engaging in constructive dialogue, in order to achieve sustainable growth and improve corporate value over the medium- to long-term.

In FY2024, we held the 124th Ordinary General Meeting of Shareholders, as well as financial results briefings for securities analysts and institutional investors, factory tours, technical IR events, and more. We also held a total of approximately 250 individual meetings with institutional investors and reported the meeting details, as well as the opinions and requests we received, to the Board of Directors and the Executive Committee, etc. These were utilized in the formulation of the medium-term management plan and the disclosure of financial strategies, etc., which led to improved management initiatives.

To strengthen relationships with individual investors, we actively participate in seminars and exhibit at IR fairs, organized by securities firms.

In addition, by responding to key external indices and evaluations, including those from ESG rating agencies in Japan and overseas, we seek to ensure properly assessing our initiatives, further enhance our ESG activities, and improve corporate value through proactive information disclosure.

Customers

We work to gain customer satisfaction and trust by developing and providing attractive products that meet customer needs as quickly as possible, and by improving and enhancing our QCDD (Quality, Cost, Delivery and Development) levels, all under our "customer first" mindset. We also place great importance on communication with customers, actively incorporating their feedback to improve our products and services.

Employees

We aim to create a lively workplace where everyone can participate in tackling various issues, by promoting the sharing of knowledge, experiences, awareness, and problem-awareness held by each individual through a variety of means, under the theme of "communication and collaboration," while maintaining and improving high productivity and motivation, and ensuring that each employee is able to perform to the best of their abilities.

In order to build a strong relationship of mutual trust between labor and management, we generally hold labor management meetings every month to discuss various issues, including an overview of the employee's business performance and various working conditions. We disseminate information through our internal newsletters and intranet. We conduct regular engagement surveys to identify issues related to workplace environment and work styles and implement measures to address them.

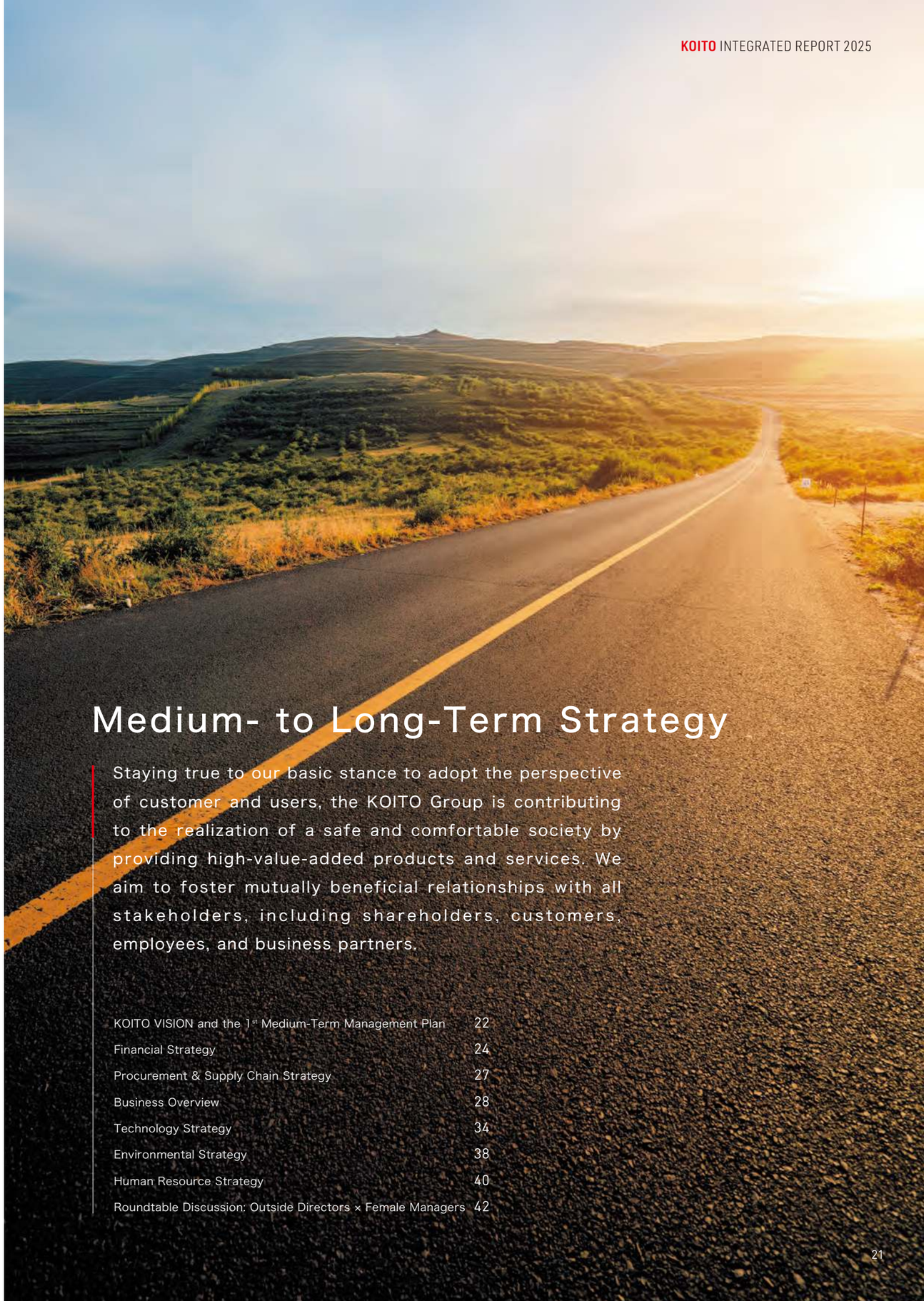
Suppliers

We believe that it is important to aim for sustainable growth and social responsibility throughout the entire supply chain in order to realize the KOITO VISION and implement "Eco-friendly Manufacturing for People and the Earth." For this reason, we are working with our suppliers to meet the demands and expectations of society and provide high-quality services to our customers, thereby achieving coexistence and co-prosperity. We hold annual procurement policy briefings and regular information exchange meetings with our suppliers to strengthen our partnerships. We are also working toward compliance with the Declaration of Partnership Building, which we formulated and announced in March 2022.

For further details regarding the Declaration of Partnership Building, please refer to our website.
URL：https://www.koito.co.jp/sustainability/social/stakeholder/
* Available in Japanese only.

Local Community

We aim to contribute to the realization of a prosperous society by being aware of our responsibilities as a good corporate citizen and actively engaging in social contribution activities, in order to embody one of our management principles, "Fostering mutually beneficial relationships with all stakeholders as a member of the society." Furthermore, by participating in local events, we strive to build strong relationships and maintain communication with local communities, while contributing to regional revitalization.



Medium- to Long-Term Strategy

Staying true to our basic stance to adopt the perspective of customer and users, the KOITO Group is contributing to the realization of a safe and comfortable society by providing high-value-added products and services. We aim to foster mutually beneficial relationships with all stakeholders, including shareholders, customers, employees, and business partners.

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KOITO VISION and the 1st Medium-Term Management Plan

As the first step toward achieving the "KOITO VISION – Lighting the Way for Our Sustainable Future" and the management targets for FY2030, KOITO has formulated the "1st Medium-Term Management Plan," which is based on the basic policy of strengthening profitability and building a foundation for significant growth as a leading company in automotive lighting equipment and is actively implementing business activities under this plan.

FY2024 (Results)

Net sales	916.7 billion yen
Operating profit margin	5%
ROIC	5%
ROE	7%

- **Gradually recovered from the impact of automobile production decline** due to COVID-19, semiconductor shortages, etc.
- **Sales recovered** as automobile production recovered
- **Rationalization activities** were implemented in response to deteriorating earnings due to inflation and other factors

Strategy 1
- **Building a strong revenue base**

Strategy 2
- **Expansion of sales and productions systems**

Strategy 3
- **Investment for further growth to create products and technologies required by the society**

FY2026 Targets

Net sales	1 trillion yen or more (An average annual growth rate of 5% or more)
Operating profit margin	8%
ROIC	9% or more
ROE	9% or more

FY2030 KOITO VISION

Operating profit margin	
ROIC, ROE	
	10% or more

- **Begin reaping the results of investments** for growth, **driving profit expansion**
- Consolidated operating profit margin is expected to **recover to 10% or more**, due to improvement of profit margin in Japan, the Americas and China

FY2021-FY2023 → 1st Medium-Term Management Plan (FY2024-FY2026) Strengthening profitability → 2nd Medium-Term Management Plan (FY2027-FY2030) Significant growth

Three pillars of KOITO VISION

Under the corporate message "Lighting for Your Safety," KOITO is working to enhance its corporate value and contribute to society by developing business activities with the aim of realizing a safe, secure and comfortable society, with "enforcement of corporate foundation," "sustainable growth" and "coexistence with the earth and society" as central themes.

KOITO VISION

Lighting the Way for Our Sustainable Future

Enforcement of Corporate Foundation

Strengthening and reforming "manufacturing and human-development," enhancement of BCP framework and corporate governance

Sustainable Growth

Launch attractive products promptly

- Lighting Equipment Business: Develop world leading advanced technologies, increase new orders
- New Mobility Business: Create new business which contributes to a safety for a next-generation mobility society

Coexistence with the Earth and Society

Be an essential company for all

- Global Environment: Reduction of environmental impact substance throughout product life cycle
- People, Corporate culture: Respect for each value, creation of culture and system that enable continuous challenges

Three main strategies of the 1st Medium-Term Management Plan

Strategy1	Building a strong revenue base	KOITO will promote rationalization initiatives tailored to each location, focusing on efforts such as reviewing product design and structure, leveraging digital technologies for innovative manufacturing reforms—such as automating production lines—and further enhancing the competitiveness of component parts.
Strategy2	Expansion of sales and production system	KOITO aims to sustain sales growth to Japanese automobile manufacturers that outpaces the overall automobile market while doubling sales to non-Japanese manufacturers. In line with this sales expansion, KOITO will enhance its global production system across key locations, including Mexico, Brazil, India, and Japan.
Strategy3	Investment for further growth to create products and technologies required by the society	KOITO will continue to make proactive growth investments centered on the mobility business, with "Light" as its basic theme. KOITO will make investment decisions based on appropriate standards and processes, set exit conditions for each investment, and conduct regular monitoring.

Financial Strategy

We are committed to building a resilient corporate structure that drives sustainable profit growth in a rapidly changing business environment.

Senior Managing Director,
Finance & Accounting Headquarters

Takahito Otake

Key Issues in the 1st Medium-Term Management Plan and Current Business Environment

Under the 1st Medium-Term Management Plan ("Plan"), we have identified "diversification of customer portfolio" and "transformation of cost structure" as key priorities to achieve sustainable profit growth despite significant changes in the business environment. Specifically, we aim to increase orders not only from Japanese automobile manufacturers but also from those overseas and to drive sales growth through increased promotion of high-performance products such as ADB. At the same time, we are focusing on building a flexible production system that can adapt to production volumes, improving profitability through streamlining and rationalization, and making proactive investments in automation to achieve a dramatic increase in productivity.

Under these circumstances, the first year of the Plan, FY2024, was marked by a challenging business environment, including a decline in global automobile production compared to the previous year, resulting in lower revenue and profit on a consolidated basis. In particular, the Chinese market continues to face prolonged sluggish sales by Japanese automobile manufactures, making short-term recovery unlikely. Therefore, fundamental profit improvement in our China operations is an urgent priority. We are working on restructuring the production system and optimizing capacity, including liquidation of FUZHOU KOITO and transferring headlamp production from Hubei Koito to GUANGZHOU KOITO.

Meanwhile, in the Americas, new orders from U.S. automobile manufacturers are steadily increasing, and diversification of our portfolio is gradually progressing. In addition, the rationalization measures promoted at domestic and overseas locations are delivering tangible results, and we are evolving into a lean and resilient corporate structure that is less susceptible to external fluctuations.

From an ESG perspective, we are investing in upgrades to energy-saving equipment to achieve carbon neutrality. These initiatives are beginning to deliver not only reductions in CO_2 emissions but also cost improvements through lower electricity expenses, creating a virtuous cycle where environmental investments contribute to greater management efficiency.

Going forward, we will continue to respond appropriately to changes in the external environment and establish a solid profit base to achieve sustainable growth and enhance corporate value.

Enhancing Return Certainty through Strategic and Disciplined Growth Investments

With respect to capital allocation, our policy is to improve capital efficiency by balancing growth strategies that contribute to sustainable corporate value enhancement with growth investments, shareholder returns, and a sound financial structure.

《Basic Policy》

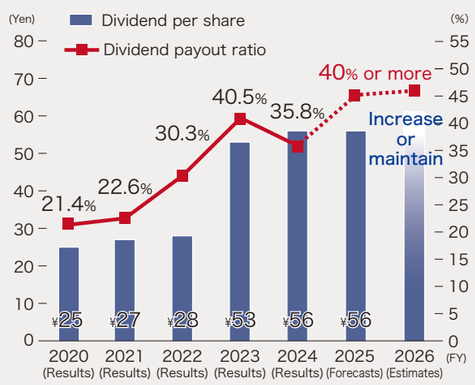
1. Implement growth investments while ensuring financial soundness
2. Provide shareholder returns through share buybacks aimed at optimizing capital structure and stable increases in dividend levels

In FY2024, despite a decline in profit compared to the previous year, we generated operating cash flow of ¥88.3 billion, demonstrating our stable cash-generating capability and underpinning the strength of our financial base.

For shareholder returns, we maintain a basic policy of stable and continuous dividends with a consolidated payout ratio of 40% or more as a benchmark, while flexibly executing share buybacks to enhance shareholder returns and improve capital efficiency, taking into account stock price and cash levels.

In FY2024, we increased the annual dividend by ¥3 per share to ¥56, resulting in a payout ratio of 35.8%. Going forward, we aim to maintain or increase dividends with a target payout ratio of 40%. We also executed ¥50 billion in share buybacks in FY2024 and have decided to repurchase up to the same amount in FY2025, progressing according to the Plan to achieve both optimal capital structure and enhanced shareholder value.

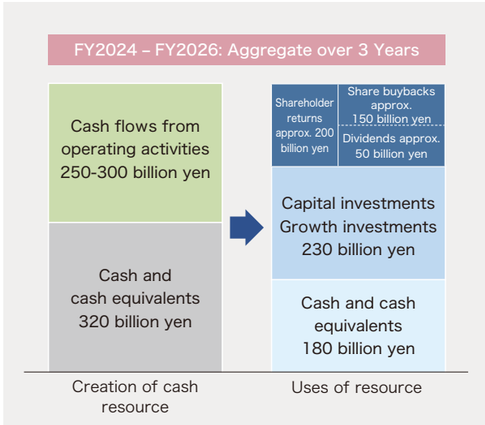
Dividend Policy



Notes: A 2-for-1 stock split of common stock was conducted, effective October 1, 2022.
Per share information is calculated under the assumption that the stock split was conducted at the beginning of the earliest period shown.

Regarding investments, we made capital expenditures of approximately ¥46 billion in FY2024 (compared to ¥42.5 billion in FY2023). We regard the period through FY2026 under the Plan as a phase to lay the foundation for growth in regions where additional demand is anticipated. Specifically, we are investing in capacity expansion in India, Mexico, and Brazil to accommodate growing orders from overseas automobile manufacturers, in addition to Japanese ones.

For the ¥50 billion growth investment framework we have established, we will promote strategic investments based on quantitative criteria—such as a target investment return of at least 8% ROIC—alongside qualitative criteria that take into account growth potential, including market size and technological capabilities. For ongoing investment projects and new businesses, we will continue to monitor changes in the business environment and make appropriate reviews to maintain and strengthen a stable management foundation.



Toward Management That Reflects Capital Costs and Stock Price

To ensure that management strives to enhance corporate value in alignment with shareholders, we revised the executive compensation system effective June 2025 to link it to TSR (Total Shareholder Return) and ESG indices, thereby strengthening governance.

Our stock price remains below PBR 1.0 (as of June 30, 2025), which we believe is partly due to concerns over short-term performance amid uncertainties in the automotive industry, including the impact of U.S. tariffs. We will continue to steadily implement initiatives to improve profitability and capital efficiency, while actively engaging in IR activities to explain our specific measures, strategies, and vision to shareholders and investors, ensuring understanding of our medium- to long-term growth potential. Furthermore, we will actively convey the various opinions obtained through dialogue with stakeholders to the Board of Directors, striving to improve management efficiency and transparency. We sincerely appreciate your continued support.

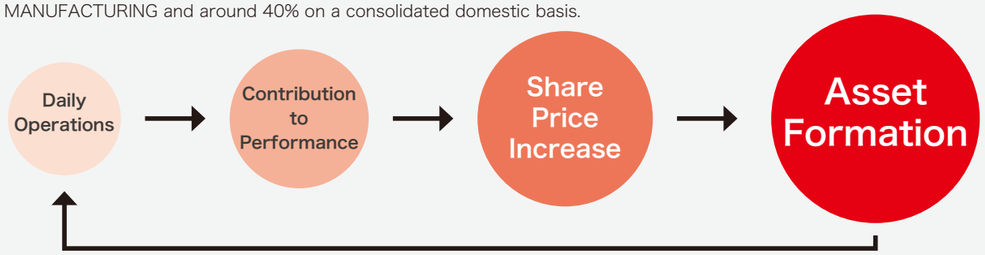
Strengthening Management from a Shareholder Perspective

KOITO is committed to establish a framework in which management and employees unite to enhance corporate value, aiming to achieve the goals of the 1st Medium-Term Management Plan and realize KOITO VISION. Furthermore, KOITO strives to achieve sustainable corporate growth by aligning shareholders, management, and employees toward the same direction.

Enhancing Employees' Awareness of Participation in Management through the Employee Stock Ownership Plan

In October 2024, KOITO decided to revise its Employee Stock Ownership Plan (ESOP), enhancing the scheme by increasing incentive payments and expanding eligibility from KOITO MANUFACTURING alone to include domestic affiliates. Through participation in the ESOP, employees become shareholders of the Company, which not only fosters a stronger sense of involvement in management but also encourages deeper engagement in business activities, further strengthening initiatives for improvement and efficiency in daily operations. Moreover, KOITO is building a robust corporate structure that enables the entire Group to work together toward achieving the Medium-Term Management Plan and realizing KOITO VISION, with the ultimate goal of enhancing corporate value over the medium- to long-term.

As of the end of January 2025, the ESOP participation rate stands at approximately 50% for KOITO MANUFACTURING and around 40% on a consolidated domestic basis.

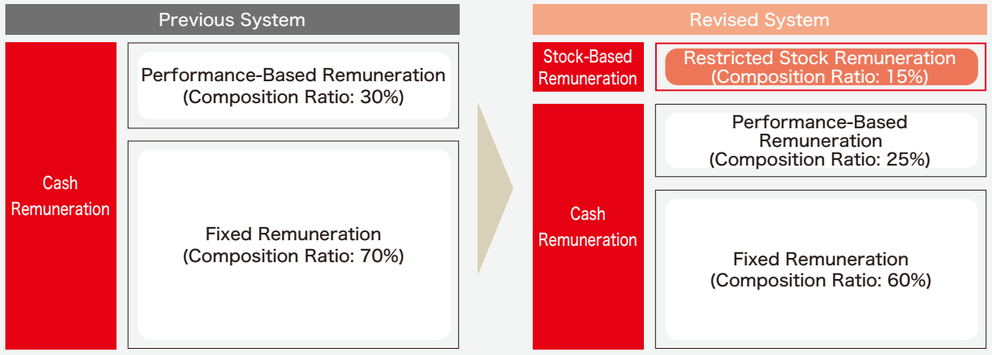


Revision of Executive Compensation System

Starting in June 2025, KOITO revised its renumeration system of directors and introduced a stock-based compensation scheme linked to shareholder return metrics (TSR: Total Shareholder Return) and ESG indicators. Through this initiative, the management team now shares both risks and returns with shareholders, fostering an aligned approach toward increasing share price and enhancing corporate value.

- Introduce stock-based remuneration linked to TSR to share both the benefits and risks of stock price fluctuations with shareholders, thereby further enhancing directors' motivation to contribute to stock price appreciation and corporate value improvement.
- Utilize ESG indicators (such as reduction of CO_2 emissions, ratio of female managers, and employee engagement) and link the achievement level of these indicators to stock-based remuneration, thereby promoting initiatives toward sustainable growth.

Image of Remuneration System of Directors (When Target Achievement Rate is 100%)



Procurement & Supply Chain Strategy

Building a Flexible and Resilient Supply Chain to Achieve Global No. 1 Manufacturing Excellence

Executive Vice President,
Procurement Headquarters

Hideharu Konagaya

During the COVID-19 pandemic, many automobile manufacturers faced repeated production stoppages due to supply constraints on components, including semiconductors. However, KOITO successfully avoided any production stoppages attributable to us by implementing risk mitigation measures, such as real-time inventory visibility and pre-setting alternative parts. We believe this achievement is one of the reasons our group continues to earn the trust and support of our customers.

Looking ahead, we will further strengthen our systems to enable early risk identification and swift initial response, while aiming to build a stable and resilient supply chain by rigorously managing global demand and inventory.

To address the growing risks of natural disasters and sudden supply disruptions, we have established a framework to minimize supply chain fragmentation. We have completed disaster risk assessments for all domestic suppliers using hazard maps and built a system for regular information updates. By introducing SCR Keeper, we can immediately monitor disaster impacts. For predictable disasters such as typhoons or heavy snowfall, we take proactive measures like advancing deliveries and securing inventory to prevent supply interruptions. Additionally, we are developing a system for active reporting from suppliers during disasters, enabling rapid information sharing and response.

In building relationships with suppliers, we emphasize mutual understanding and trust through regular site visits and addressing day-to-day concerns. By collaborating from the design stage, we aim to improve product development efficiency and quality. Furthermore, we work jointly with suppliers on continuous improvements such as process optimization and cost reduction, striving to maintain high standards in QCDD (Quality, Cost, Delivery, and Development).

We promote CSR and ESG initiatives across the entire supply chain to fulfill our social responsibilities, including reduction of environmental impact, respect for human rights, and improvement of labor conditions. We require suppliers to adhere to environmentally conscious manufacturing processes and ethical labor practices, while ensuring and enhancing sustainability through regular self-assessments and on-site inspections.

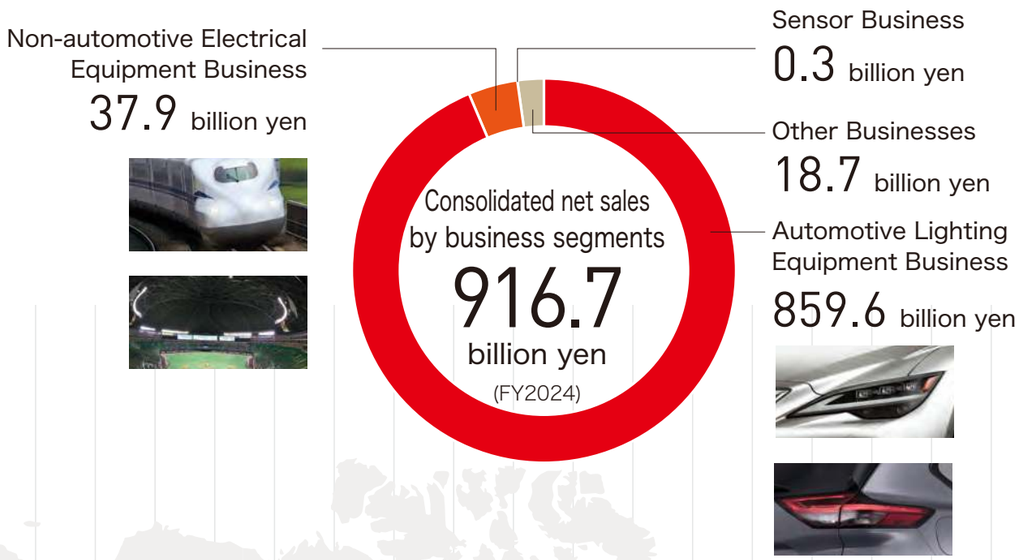
In addition, we announced the "Declaration of Partnership Building" to foster fair and sustainable relationships with business partners. In response to economic changes such as rising labor and energy costs, we actively engage with suppliers to jointly develop and implement countermeasures across the entire supply chain, including their subcontractors, aiming for sustainable growth and enhanced competitiveness.

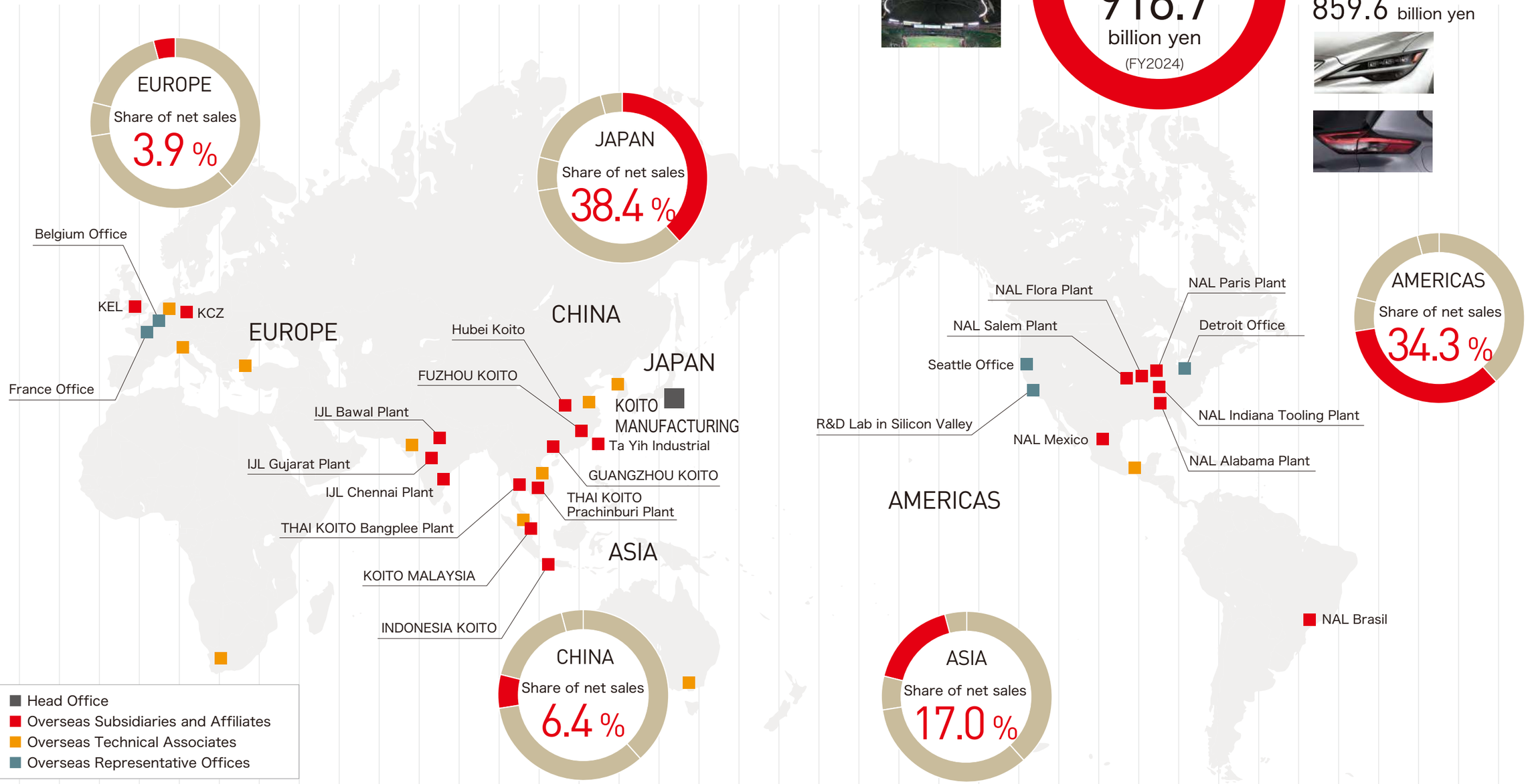
Going forward, we will continue to pursue both supply chain sophistication and responsible corporate practices, contributing to the resolution of social issues and the enhancement of long-term corporate value.

Business Overview

The KOITO Group consists of a total of 30 companies, including 16 domestic companies and 14 overseas companies in 11 countries. We provide products and services to customers all over the world, through our global network led by five major regions of the world (Japan, Americas, China, Europe and Asia).

We deploy a development and production system that accurately captures the needs of each country from a global perspective and will continue to pursue better operations to keep our QCDD (Quality, Cost, Delivery and Development) to the highest level based on the stance of "customer-first."





Domestic Strategy

Executive Vice President, Sales Headquarters

Jun Toyota

We aim to achieve both business growth and contribution to a safer as well as more secure mobility society through high value-added products.

In Japan, while KOITO maintains a strong market position with approximately 60% share in headlamps, domestic automobile production volume has remained below 9 million units annually since the COVID-19 pandemic, and significant recovery is unlikely in the medium- to long-term due to factors such as population decline.

To sustain growth under this market environment, we are focusing on expanding sales of high value-added products. In particular, the wider adoption of ADB not only generates revenue growth but also enhances nighttime driving safety and helps reduce traffic accidents. Although the global adoption rate of ADB was around 10% in FY2024, we will continue to actively promote its expansion to achieve both business growth and greater safety as well as security in mobility.

Demand for lighting equipment that also contributes to vehicle design is becoming increasingly diverse and widespread, encompassing not only elongated and larger headlamps and rear lamps, but also grille and emblem illumination. Through product development that combines design appeal and functionality, we aim to further expand sales.

Global Strategy

Senior Managing Director, International Operations Headquarters

Eisuke Shibata

We aim to strengthen competitiveness by building production systems that adapt to changing market environment.

In overseas markets, KOITO is focusing on expanding sales to local automobile manufacturers in each region, in addition to Japanese automobile manufacturers operating overseas, while building optimal production systems to respond to market trends.

In China, where Japanese automobile manufacturers' market share has been declining significantly, KOITO will implement a fundamental restructuring of its production system starting April 2025, including the closure of FUZKHOU KOITO and a review of production allocation between GUANGZHOU KOITO and Hubei Koito, to strongly drive profitability improvement.

Meanwhile, in the Americas and India, KOITO is expanding production capacity to meet growing demand and new orders from both Japanese and local automobile manufacturers.

Furthermore, KOITO will continue to promote the adoption of high value-added products such as ADB in overseas markets, while flexibly responding to regional market changes to strengthen its competitiveness in the global market.

JAPAN

In FY2024, automobile production volume declined due to the continued impact of automobile manufacturers' compliance issues as well as production and shipment stoppages caused by supplier-related disasters, resulting in lower sales compared to the previous fiscal year. Although progress was made in cost improvement and rationalization, operating profit decreased year on year due to temporary costs such as quality-related expenses.

Initiatives and outlook for the Medium-Term Management Plan

Optimizing production systems
(Efficiency improvement)

Operating profit margin

FY2024 (Non-consolidated)		FY2026 (Non-consolidated)
2.2%	→	6%

Net Sales

AMERICAS

In FY2024, while demand increased in South America, automobile production volume in the Americas overall declined year on year due to the impact of quality issues at automobile manufacturers in North America. However, regional sales grew compared to the previous fiscal year, supported by new orders and favorable currency translation.

Although the outlook for the Americas remains uncertain amid rising concerns over U.S. tariff policies and shifts in EV strategies, we aim to achieve sustainable growth by actively proposing new technologies and expanding our share with U.S. automobile manufacturers.

Initiatives and outlook for the Medium-Term Management Plan

Optimizing and expanding production systems
(Capacity increase and efficiency improvement)

Operating profit margin

FY2024		FY2026
1.7%	→	5%

Net Sales

CHINA

Although EV adoption drove steady sales for local automobile manufacturers and overall automobile production increased, sales of Japanese automobile manufacturers—our major customers—continued to stagnate.

As a result, our China business recorded lower sales and profits in FY2024 compared to the previous fiscal year, reflecting the prolonged weakness in Japanese vehicle sales. In response, we are implementing a fundamental review of our production system in China and promoting rationalization measures such as downsizing and labor-saving initiatives to optimize production capacity and improve profitability.

Initiatives and outlook for the Medium-Term Management Plan

Strengthening profitability through China-specific strategies, alongside downsizing

Operating profit margin and loss

FY2024		FY2026
△1.1 billion	→	5%

Net Sales

ASIA

In FY2024, while demand increased in India driven by economic growth, sales in Thailand and Indonesia remained sluggish due to rising interest rates, resulting in a decline in overall automobile production volume across Asia.

Despite the impact of reduced production, Asia segment sales increased year on year, supported by favorable currency translation.

Looking ahead, we will strengthen production and sales systems tailored to each market—particularly in India, where economic growth continues—to drive the growth of our Asia business.

Initiatives and outlook for the Medium-Term Management Plan

Maintaining high-profit structure (India plant expansion)

Operating profit margin

FY2024		FY2026
10.9%	→	10%

Net Sales

EUROPE

Sales declined due to reduced automobile production volume, driven by sluggish consumer spending and the discontinuation of certain models.

In Europe, we will continue to review our cost structure and promote rationalization measures to maintain and enhance competitiveness while improving profitability.

Initiatives and outlook for the Medium-Term Management Plan

Targeting profitability from FY2027 onward

Operating profit and loss

FY2024		FY2026
△0.7 billion	→	△0.5 billion

Net Sales

R&D Network in Five Major Regions of the World

The KOITO Group's R&D is centered at the KOITO MANUFACTURING Technical Center in Japan and is conducted across five major regions of the world.

Furthermore, we have established an R&D lab in Silicon Valley, U.S., to research and gather insights on Advanced Driver Assistance Systems (ADAS) and autonomous driving technologies. As of March 2025, the KOITO Group employs 2,969 R&D staff worldwide.

Technology Strategy

We are committed to developing technologies that deliver safety and security to everyone participating in traffic.

Amid the significant transformations in the automotive industry, including the shift toward electrification and autonomous driving, KOITO is committed to fostering a mobility society where everyone can live safely, securely, and comfortably. We achieve this by delivering innovative products centered around the theme of "Light," including advanced lighting solutions, sensors for Advanced Driver Assistance Systems (ADAS), and autonomous driving technologies that benefit drivers and everyone participating in traffic.

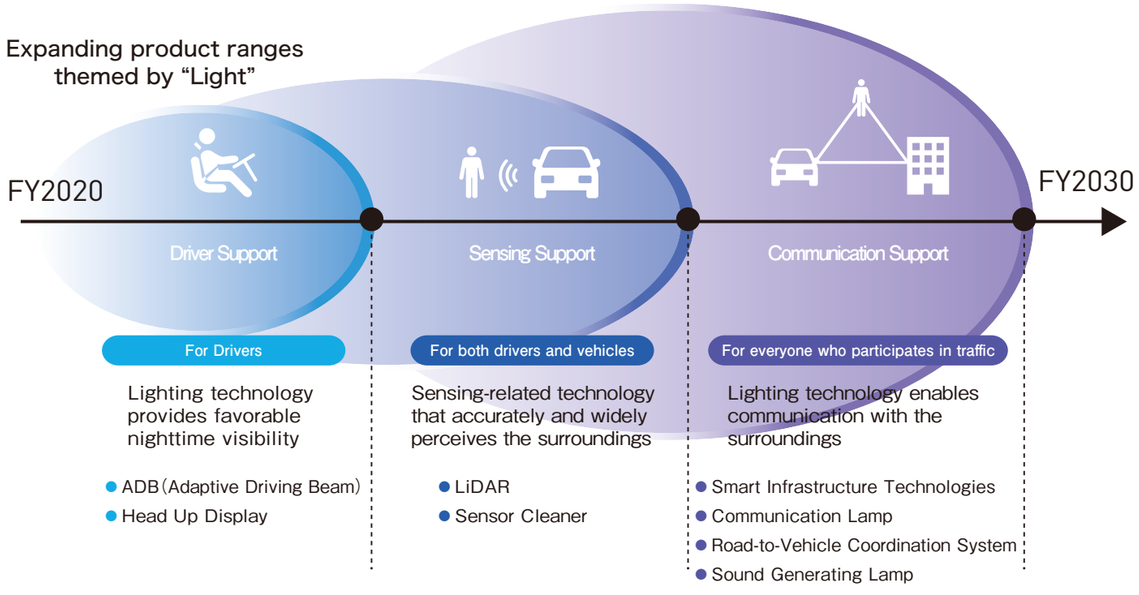
We are thus engaged in developing high-performance lamps such as ADB (Adaptive Driving Beam), which enhances nighttime visibility, as well as LiDAR, a critical sensing technology for autonomous driving, and communication lamps. By leveraging these cutting-edge technologies, we aim to deliver high-value-added products that incorporate innovative lighting solutions.

As for LiDAR, it has been decided that the short-range LiDAR for in-vehicle use, jointly developed with our U.S. subsidiary, Cepton Technologies, Inc., which we acquired in January 2025, will be installed in Honda's electric autonomous lawn mower "ProZision Autonomous," scheduled for release in the U.S. in 2026. By providing sensors that support the surround-monitoring needs of a wide range of mobility applications—not only automobiles but also industrial, construction, and agricultural machinery—we will contribute to the realization of a safer, more secure, and more comfortable society.

We will continue to pursue the possibilities of "Light" and aim to develop technologies that contribute to solving the issues of mobility societies, while also working toward further growth as a leading company in the lighting industry.

Senior Managing Director,
Engineering Headquarters

Takayuki Katsuda

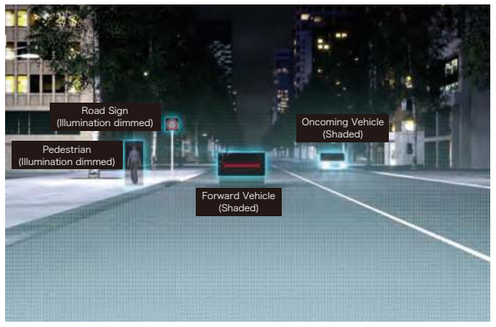


Driver Support: High-Definition ADB

ADB (Adaptive Driving Beam) is an advanced headlamp system that utilizes an onboard camera to detect vehicles ahead and adjust the high beam accordingly, dimming only specific sections to avoid dazzling oncoming or preceding vehicles. This innovative system enhances nighttime visibility for drivers, facilitates early pedestrian detection, and contributes to accident prevention.

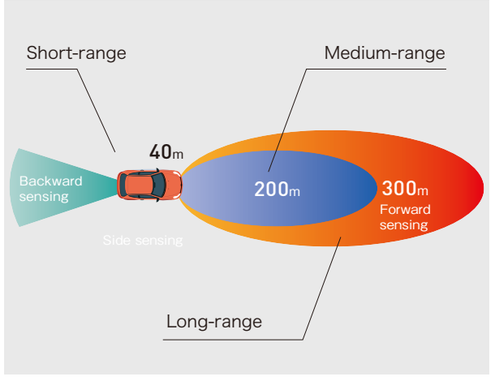
Currently, KOITO is developing a High-Definition ADB system that uses 16,000 LEDs to achieve precise light control. This technology dynamically adjusts various lighting patterns to suit surrounding vehicles, pedestrians, and road environments.

The High-Definition ADB minimizes the dimmed area around the vehicles ahead while reducing glare and reflective dazzle for pedestrians and traffic signs, by carefully adjusting light intensity. This ensures an optimal field of vision not only for drivers but also for pedestrians and onboard cameras.



Sensing Support: LiDAR

Sensors that can detect the position and distance of distant vehicles and pedestrians instead of the driver's eyes are essential for the development of ADAS and autonomous driving vehicles. Among these, LiDAR is considered an essential sensor, as it is capable of emitting infrared laser beams and using their reflections to precisely determine the distance and shape of obstacles.



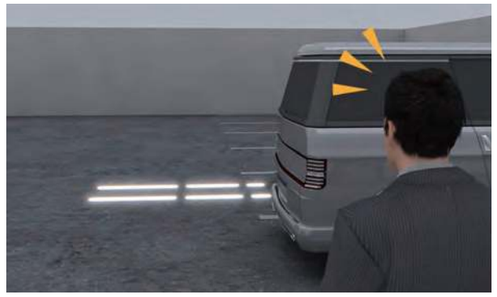
KOITO is leveraging its expertise in lamp technologies to collaborate with LiDAR manufacturers such as Cepton Technologies, Inc. in the U.S., to develop a comprehensive lineup of LiDAR sensors for short-, medium-, and long-range detection. This enables us to meet diverse needs and support 360-degree monitoring of not only automobiles but also industrial, construction, and agricultural vehicles, thereby contributing to enhanced safety across a variety of mobility applications.

Communication Support: Signal Road Projection

Seamless communication between humans and vehicles will be vital for their safe and comfortable coexistence in a mobility society with widespread use of autonomous driving.

KOITO facilitates this interaction through the power of "Light," swiftly conveying essential information such as vehicle status, driver intentions, and messages to users and pedestrians. This approach ensures smooth and safe traffic flow for everyone involved in traffic.

The Toyota Corolla Cross, released in May 2025, became the first vehicle in Japan to feature our headlamps equipped with Signal Road Projection.



Intellectual Property

The KOITO Group regards its intellectual property as the source of its international competitiveness and develops business strategies by integrating its R&D and intellectual property strategies. KOITO will continue to encourage activities to create intellectual property and work to protect and utilize intellectual property rights in an appropriate manner. In the meantime, we will also respect the intellectual property rights of others and strive to prevent infringement of these rights.

Intellectual Property Management System

The KOITO Group has established an intellectual property management system centered on KOITO MANUFACTURING and is formulating and implementing an intellectual property strategy that is integrated with its business strategy. KOITO MANUFACTURING holds approximately 3,400 patents and utility models (as of the end of March 2025), mainly in Japan, the U.S., Europe, and China, for numerous products related to automotive headlamps (including ADBs) and sign lights, which contribute to maintaining and improving the business superiority and competitiveness of the entire Group.

The Group is also working as a whole to build intellectual property assets and avoid infringement risks by acquiring intellectual property rights on a global basis, concluding licensing agreements, and strengthening measures against infringement.

Measures to Prevent Violation of Intellectual Property

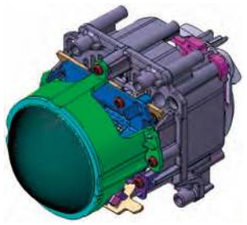
Given the importance the company places on intellectual property, the KOITO Group provides training on intellectual property rights through the job-rank based education system to increase the awareness of intellectual property rights for every employee.

KOITO has also introduced a patent research system available to all researchers and designers to avoid violating the intellectual property rights of others and preventing future conflicts.

External Evaluations of Owned Patents

KOITO actively applies for awards sponsored by external organizations such as the Ministry of Economy, Trade and Industry. Through the receipt of numerous awards, we are enhancing the recognition of our advanced technologies and increasing employee motivation in the product development department.

In FY2022, the "ADB headlamps with low beam integrated LED on/off system" won the "Excellence Award" (Product and Technology Development Category) at the 9th Monodzukuri Nippon Grand Awards (sponsored by the Ministry of Economy, Trade and Industry, etc.).



Unit awarded the "Monodzukuri Nippon Grand Award"

TOPICS

■ KOITO MANUFACTURING Begins Domestic Production of Headlamps Equipped with Signal Road Projection – A First of Its Kind in Japan

KOITO has developed headlamps equipped with Signal Road Projection, which have been installed for the first time in Japan on Toyota Motor Corporation's "Corolla Cross."

Signal Road Projection projects a V-shaped pattern on the road surface in sync with the activation of the turn signal lamp. This visual cue alerts pedestrians and nearby drivers to the vehicle's intended direction of travel, thereby enhancing safety. Our Signal Road Projection features a simple structure consisting of a single LED and two lenses. Despite its compact size, which allows flexible installation within the headlamp unit, it delivers uniform and clearly visible projected signs.

Under the "KOITO VISION – Lighting the Way for Our Sustainable Future," we will continue to pursue cutting-edge technologies and strive for the prompt market introduction of innovative products that contribute to safety and security. Through these efforts, we aim to help realize a safe, secure, and comfortable mobility society for all road users.

Japan's First Headlamp Equipped with Signal Road Projection

Operation Image

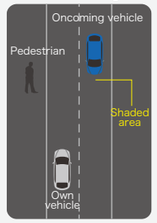
Use Case: Poor Visibility Intersections

Notes: 1. For mass-produced vehicles. As of May 2025, based on our research.
2. Design registration pending.
3. Within luminous intensity regulatory limits.

Initiatives for Sustainable Growth: Sales Expansion of ADB

ADB (Adaptive Driving Beam) is an advanced headlamp system that improves nighttime driving safety by maintaining excellent forward visibility for the driver at a level similar to high beams, while preventing glare for oncoming or preceding vehicles. We aim to address societal challenges, such as reducing traffic accidents, by equipping a wide range of vehicles—from luxury cars to compact cars, mini vehicles, and trucks—with ADB systems.

Illumination image



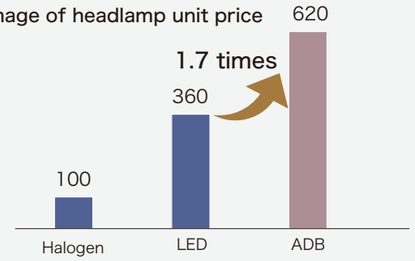
Driver's View

With ADB

Without ADB

Furthermore, ADB is also a high-value product, with its unit price approximately 1.7 times that of standard LED headlamps. This makes it a promising contributor to the Group's profitability as its adoption expands. We are actively engaging in development and market expansion initiatives, with the goal to increase the ADB installation rate from around 10% in FY2024 to 20% by FY2030.

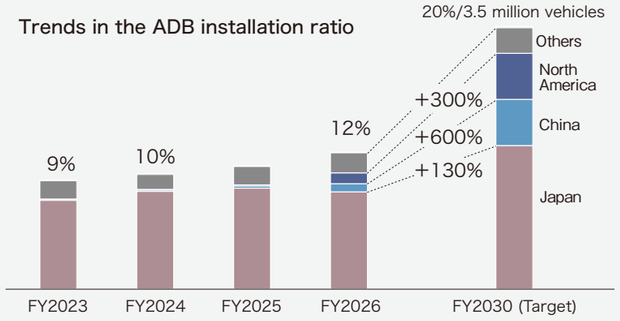
Image of headlamp unit price



Trends in Sales Expansion of ADB

- The ADB installation ratio in FY2024 was 10%, and sales will expand mainly in Japan until FY2026.
- Subsequently, expansion is expected, particularly in North America and China.

Trends in the ADB installation ratio

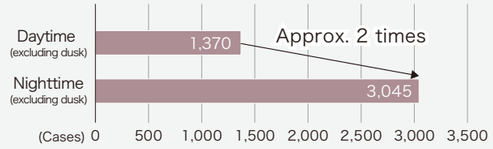


High Beams Help Reduce Accident Mortality

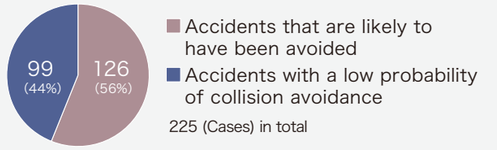
In Japan, more than 2,500 people lose their lives in traffic accidents annually. Among these, fatalities occurring at night—including dusk—are the most frequent, and "vehicle-to-pedestrian" accidents are twice as common as those during daytime. This suggests that reduced driver visibility is a contributing factor to pedestrian-related traffic accidents. Furthermore, analysis of "vehicle-to-pedestrian" fatal accidents indicates that a significant number could likely have been avoided if high beams had been properly utilized.

High beams, which enable drivers to detect pedestrians from a greater distance, are highly effective in preventing traffic accidents in dark driving environments.

Number of "vehicle-to-pedestrian" death accidents by time period (2015-2019 cumulative)



Probability of collision avoidance by high beam



* Prepared based on the National Police Agency's "Prevention of Nighttime Pedestrians Accidents through the Advanced Use of High Beam" https://www.npa.go.jp/bureau/traffic/anzen/highbeam.html
* Available in Japanese only.

Environmental Strategy

KOITO VISION places "Coexistence with the Earth and Society" at its very core, driving accelerated actions to achieve a sustainable future.

KOITO is actively engaged in initiatives aimed at achieving "Coexistence with the Earth and Society," including reducing CO_2 emissions, minimizing environmentally hazardous substances, and promoting resource circulation. In pursuit of carbon neutrality by FY2050, we have been advancing the use of renewable energy—following the introduction of CO_2-free electricity in 2023, we commenced full-scale operation of solar power generation systems in 2024. Furthermore, we are accelerating reduction activities by improving energy efficiency through the introduction of energy-saving equipment and optimization of operations.

As part of our CO_2 reduction targets for FY2030, we aim to achieve a 50% reduction in Scope 1 and 2 emissions compared to FY2015, and a 30% reduction in Scope 3 emissions compared to FY2018, strengthening our efforts on a global scale. In addition, we are committed to reducing environmental impact throughout the entire product lifecycle—from development, design, and production to disposal—while promoting initiatives toward realizing a Circular Economy (CE). Regarding climate-related information disclosure, we are enhancing transparency by collecting and analyzing data in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Going forward, KOITO will continue to globally promote "Eco-friendly Manufacturing for People and the Earth" and contribute to a sustainable future.

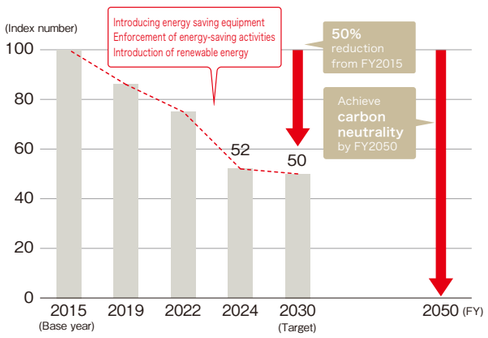
Executive Vice President,
Production Headquarters

Masami Uchiyama

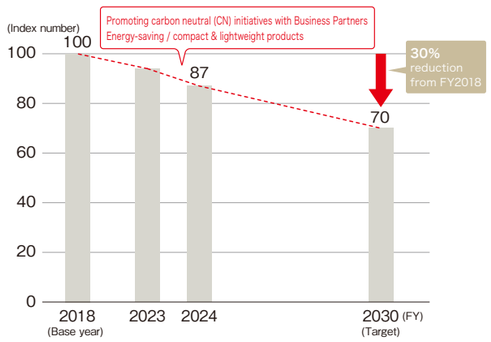
Reduction of Greenhouse Gas Emissions

KOITO promotes the introduction of plant buildings and energy-saving manufacturing facilities that emit less CO_2, with the goal of achieving carbon neutrality (Scope 1 and 2) in FY2050 and helping to realize a decarbonized society. We are also working company-wide to reduce CO_2 emissions throughout the product life cycle (Scope 3), promoting energy conservation, and the introduction of smaller and more lightweight products from the development and design phase.

Scope 1+2 Reduction Targets and Results



Scope 3 Reduction Targets and Results (Category 1, 11)



* Since the KOITO Group emits minimal amounts of greenhouse gases other than CO_2, the graph above shows only its CO_2 emissions.

Reduction of CO_2 Emissions in a Way That Considers Product Life Cycle

The KOITO Group has been reducing the environmental impact of its production processes using energy-saving facilities with combined processes, the transportation of products with high loading efficiency, and the use of energy-conserving, lightweight LED headlamps.

We will continue to reduce environmentally hazardous substances and waste throughout the product life cycle, secure water resources, and promote environmentally friendly business activities to coexist in harmony with the Earth.

Development	・Development of highly efficient and energy-conserving light sources ・Reduction of number and weight of parts ・Development and application of plant-based plastics
Procurement	・Procurement of materials and parts with low environmental impact ・More efficient logistics in procurement
Product transportation	・Adoption of highly efficient trucks with large loading capacities ・Improvement in packaging ・Considering the use of EVs and FCVs for transport vehicles
Production	・Integration of production lines ・Energy conservation in production equipment ・Utilization of natural light in production plants ・Considering the introduction of renewable energy
Customer use of products	・Reducing CO_2 emissions from vehicles through energy-conserving, lightweight lamps

Reduction of Headlamp Power Consumption

KOITO has begun introducing LEDs as a light source for headlamps ahead of its competitors, with the goal of improving the fuel efficiency of vehicles, thus reducing CO_2 emissions, and responding to the growing shift to EVs. The latest LED headlamps, consume about 80% less electricity than the conventional halogen headlamps and 70% less electricity than discharge headlamps, contribute to reduce vehicles' battery load.

The adoption of LED headlamps has expanded to a variety of vehicles, including large-size and compact vehicles, mini vehicles, and motorcycles, due to their advanced capabilities. In FY2024, the global LED adoption ratio for KOITO Group headlamps was approximately 82%, with this number expected to grow further.

We are also working to improve the performance of white LEDs, reduce the number of parts, and use resins efficiently, in order to commercialize lamps that are capable of conserving even more power and are even more lightweight.

Reduction of headlamp's power consumption

* Total amount of low beam and high beam

■ Our LED Headlamps' Contribution to CO_2 Reduction

The KOITO Group is helping to improve vehicle fuel efficiency and reduce CO_2 emissions by providing eco-friendly products.

Here at KOITO, we have evaluated the global environmental contribution of our LED headlamps by comparing the CO_2 emissions of vehicles equipped with LED headlamps to those using conventional halogen headlamps.

This contribution is growing every year due to the evolution of light sources and the spread of LED headlamps.

・We have calculated our contribution by referring to the calculation methodologies on the EU's "Technical Guidelines for the preparation of applications for the approval of innovative technologies pursuant to Regulation (EC) No 443/2009 and Regulation (EU) No 510/2011" and JAPIA's "Second Version of Regulation 2 of the Guidelines for Calculating LCI (Data Chart for Calculating Environmental Impact at the Stage of Use)."

[Calculation formula]
Energy-saving effect* (W/units)/1,000 × Consumption of effective power (ℓ/kWh)/Efficiency of alternator × CO_2 emission factor (t- CO_2/ℓ) × Operating hours (hours/year) × Usage factor × Number of vehicles equipped with KOITO Group LED headlamps

* Differences in power consumption between LED headlamps and halogen headlamps

LED Headlamp's Contribution to CO_2 Reduction

Human Resource Strategy

We enhance corporate value through sustainable employee engagement

KOITO is committed to enhancing corporate value and contributing to society under the corporate message, "Lighting for Your Safety." To achieve our vision, we are focused on leveraging human resources effectively.

In alignment with the Sustainable Development Goals (SDGs) of "Leave no one behind" and ensuring "Well-being for all," we actively promote a culture and systems that respect diverse values, regardless of individuals' nationality, gender, or other individual characteristics, enabling employees to thrive and continuously embrace challenges. We recognize the importance of "diversity promotion" and "work-style reform" in particular as priority initiatives and aim to secure and promote the active participation of diverse human resources and create a comfortable working environment.

Effective April 2025, we began raising the mandatory retirement age in stages from 60 to 65 and revised our reemployment program to allow employees to work until age 70.

To further this commitment, we conduct an engagement survey (employee satisfaction survey) targeting all employees and will incorporate the results into the planning of future initiatives.

Senior Managing Director
In charge of Personnel Department

Katsuyuki Kusakawa

The Human Resources Required for KOITO's Sustainable Growth

KOITO is seeking human resources that will actively take on the challenges of various changes and is working to create a workplace where each and every employee can feel their own growth and work energetically, and to review and revise various HR systems to improve job satisfaction.

We are also working to share issues and initiatives through career interviews with superiors and to revitalize communication and collaboration between employees in order to create an organizational culture in which the entire group can work together to achieve results through inter-departmental dialogue, collaboration, and cooperation.

At the same time, we recognize that a variety of perspectives and values are essential for sustainable growth, and we are working to ensure diversity among our core personnel by setting targets for the promotion of women, foreign personnel, and mid-career hires to management positions.

Goal for Ensuring Diversity Among Core Personnel

(%)

Indicator		FY2023 Results	FY2024 Results	FY2025 Targets
Diversity	Percentage of women in senior management	2.5	3.0	3.0
	Percentage of foreign nationals in senior management	0.3	0.3	1.0
	Percentage of mid-career hires in senior management	9.5	10.4	10.0
Work style reform	Women's childcare leave utilization rate	100	100	100
	Men's utilization rate of childcare leave and leave for childcare purposes	100	100	100

Strategies for Securing Human Resources

Recruitment

Our new graduate recruitment activities involve round-table discussion sessions centered on dialogue between students and young employees; one-day work experience programs throughout the year to promote understanding of corporate activities and the type of human resources KOITO seeks; direct communication of employee personality and the appeal of our corporate culture; and the fostering of goodwill and sympathy toward KOITO. We also work to enhance our corporate image by strengthening public relations activities for both new graduates and career recruits.

Training and Education

We recognize that human resource development is important for achieving sustainable growth. Our human resource development is focused around establishing an education system that includes job rank-based education, specialized education, and global education, based on the idea that "Manufacturing is human development" and that "Employees are the driving force behind corporate growth," and under the key concept of "Communication and collaboration."

The job rank-based education involves management training based on qualifications and position, while specialized education involves 393 courses both inside and outside the company, including highly challenging courses on topics such as data science and sensors. A total of 9,613 people have already taken part (FY2024 results).

In our global education, we place a strong emphasis on cross-cultural training, e-learning, and language education, including local language education. We also dispatch young engineers and researchers to the Silicon Valley R&D Lab, where they engage in exploring venture companies in the United States, as part of our human resource development initiatives.

We also provide a wide range of career support, including career development education for female employees, diversity management training for managers, and career interviews tailored to individual life plans.

		FY2022	FY2023	FY2024
Number of days of annual paid leave taken per employees		16.3	16.9	17.0
	Acquisition rate (%)	81.5	84.5	85.0
Average monthly overtime hours (Hours)		10.9	12.3	9.4

Employee Retention

We are working to create an environment where each and every employee can maximize their abilities, and are working to improve work-life balance, with a focus on reducing long working hours and promoting the use of annual paid leave. Specifically, as part of our efforts to promote flexible and diverse working styles, we have introduced a new system for taking annual paid leave in hourly units, in addition to our existing system for working from home, starting April 2024.

As part of our efforts to improve engagement, we have been conducting an engagement survey targeting all employees since FY2023, and are analyzing the issues that were uncovered through the lens of satisfaction with business strategy and the workplace environment, job satisfaction, career advancement opportunities, etc., and are working on considering new measures.

With regard to childcare and nursing care systems, we have established systems that go far beyond the legal requirements, such as shorter working hours that employees can adopt until their child finishes elementary school. Due to our active promotion of male participation in childcare, we have also achieved a 100% fulfillment rate for childcare leave and leave for childcare purposes in FY2024 by both male and female employees. In order to continue this in the future, we will deepen our understanding of childcare throughout the workplace and aim to create an organization and environment where people can play an active role in the company regardless of gender. As a result, we were able to receive "Kurumin certification" in FY2024.

Human Resource Strategies that Help Improve Corporate Value

KOITO works toward sustainable growth by maximizing added value through initiatives like productivity improvements. We raise wages, enhance work-life balance, and provide training and education that enable employees to recognize and experience their own growth, based on the results and earnings we achieve.

With regard to wage increases, we strive to appropriately evaluate the achievements and performance of our employees, adjusting wage levels in alignment with economic conditions, price trends, and our business circumstances. We are also committed to fostering an organizational culture and environment in which employees can play active roles regardless of gender, in order to enhance work-life balance.

Through these efforts, we are working to create systems and workplaces where employees can feel a sense of fulfillment and satisfaction in their work, and will continue to provide sustainable returns to our employees, while also working to achieve sustainable growth and contribute to further improvements in corporate value.

Please refer to the "ESG Data" section of our website for human resources data.
https://www.koito.co.jp/english/sustainability/esg/data-society/

Roundtable Discussion: Outside Directors × Female Managers

From “Promoting Women’s Participation” to “Creating Workplaces Where Everyone Can Thrive”

—— Insights from the Frontlines of Diversity and Inclusion

Manager, Product Development Department No. 2
Yukiko Kitazawa

General Manager, Compliance Department
Yumi Sato

Outside Director
Risa Tanaka

Outside Director
Chika Igarashi

Associate Professional Engineer, Fujikawa Tooling Department Production Headquarter
Noriko Fukawa

Since 2014, KOITO has been advancing initiatives under two pillars: “Support for Career Development” and “Support for Continued Employment,” aiming to create a workplace where all employees can work comfortably. These efforts have steadily borne fruit. By April 2025, the number of female managers had increased from 3 to 24, and the number of employees in the assistant manager class had grown from 10 to 61, significantly expanding opportunities for female employees.

As values surrounding careers and work styles evolve regardless of gender, female managers at KOITO and female Outside Directors shared their experiences and perspectives, reflecting on the past and future of talent development.

Encouragement from Others Sparked Career Advancement

Sato: I originally joined KOITO in a practical position, but the turning point for switching to a general administrative position came when my supervisor encouraged me after observing female managers thriving in the U.S. At the time, I didn’t think much about it, but looking back, I realize how fortunate I was to be in such an environment.

Fukawa: I have been part of the Production Headquarters since joining KOITO. On the frontlines of manufacturing, I saw many women actively contributing. That inspired me to pursue a managerial role, hoping to create pathways for women in the field to succeed.

Kitazawa: I joined KOITO at the same time as Ms. Fukawa and now work in the Product Development Department, focusing on lamp design. When I first joined, there were few female engineers, and it was hard to envision a career path. Even under such circumstances, I continued to build up my experience, and opportunities to speak at external technology events gradually increased. When a young female colleague told me, “I want to be like you, Ms. Kitazawa,” I was truly delighted. It was an encouraging moment that made me sincerely think, “Let’s work hard together.”

Igarashi (Outside Director): The “Corporate Foundation” pillar of KOITO VISION conveys a message of promoting diversity regardless of gender and focusing on both manufacturing and human- development. It is essential that this philosophy takes root not only in management principles and systems but also in the workplace.

On-the-Ground Practices and a Changing Landscape: From “Women’s Advancement” to Respect for Diversity

Tanaka (Outside Director): Within the organization, I often hear comments like, “That person is amazing, but I could never be a manager.” Such thinking prevents continuity. Seeing you all act with authenticity while considering the next generation is truly the source of the company’s strength. You are excellent role models, and embedding this culture into initiatives for women’s advancement will enhance corporate value and human capital.

Fukawa: About 15 years ago, when I took the assistant manager exam, I was told, “Because you’re a woman.” But now, such remarks have disappeared, and I feel that growth is recognized based on individual merit rather than gender.

Kitazawa: I also used to hear, “You’re being evaluated because you’re a woman,” which motivated me to prove myself through results. Recently, I’ve gained more influence and can engage in discussions as an equal. Sometimes I receive tough feedback, but I see that as a sign of growth.

Igarashi: When women’s advancement was first emphasized, there were occasional “allergic reactions.” However, today, as illustrated by the episodes shared by Ms. Fukawa and Ms. Kitazawa, we have a culture where people can genuinely feel “growth as a human being,” and an environment where younger generations can naturally say, “I want to be like that.” Psychological safety and fair evaluation—both positive and negative—are becoming embedded. As we advance in our careers, the scenery changes, the people and places change, and we grow by changing ourselves. If the workplace offers an environment where mutual feedback is easily accessible and a climate where open dialogue is encouraged, it becomes easier to envision authentic career growth. We want to create such a virtuous cycle.

Tanaka: In the past, women’s advancement was associated with “promotion” and “responsibility,” often implying sacrifices. Many companies are now questioning whether that is truly everyone’s ideal. Today, enabling diverse talent to thrive is a key management challenge. As KOITO VISION states, diversity sparks new ideas and insights, ultimately driving innovation. For this, individuals must excel in their roles, while the organization supports them through systems and an enabling environment.

Igarashi: DE&I—Diversity, Equity, and Inclusion—encompasses not only gender and age but also differences in values and ways of thinking. Among younger generations, there is a growing sentiment that “it is not always necessary to aim for a managerial position; I want to live true to myself.” In addition, issues related to family—such as childcare and nursing care—were once addressed under the framework of “supporting women’s participation,” but today, the recognition that these responsibilities should be shared by everyone, regardless of gender, is spreading. Creating a workplace environment where diversity is respected and everyone can continue working in a way that feels authentic to them enhances employee motivation and willingness to contribute to the organization, thereby maximizing human capital. Ultimately, this will lead to innovation and, in turn, to the enhancement of KOITO’s corporate value.

Fukawa: I have a male colleague in his 50’s who is facing nursing care responsibilities. Ensuring a work environment that accommodates everyone, regardless of gender, is essential.

Kitazawa: “Flexible work styles” will be a key concept for the future. I’ve shifted to early-morning work so I can spend evenings with my children.

Tanaka: Flexible work arrangements also improve productivity. When they work well, the entire organization becomes more dynamic. Forums like today's dialogue, where diverse perspectives and experiences are shared, are invaluable. Communities where peers in similar roles can exchange ideas provide great encouragement.

Fukawa: I frequently exchange information with peers who have taken on managerial roles. Having relationships where we can challenge and support each other—saying things like, "Let's keep striving as engineers" or "Try reporting it this way"—is truly reassuring.

Kitazawa: I also find encouragement in seeing my peers' efforts. Balancing childcare and work is demanding, but watching others persevere under similar circumstances makes me think, "I can still keep going." Just having someone who understands gives me the strength to move forward.

Further Enhancing Corporate Value

Igarashi: The KPI of achieving 10% female managers by 2030 is important, but it is not the "goal." What truly matters is creating an "inclusive workplace" where no one is left behind. A workplace where diverse individuals work together, naturally bring out each other's strengths through communication, and grow together. Fostering such an environment is far more critical. We need to look beyond women's advancement and envision what comes next.

Tanaka: It is crucial to generate elements that enhance corporate value. The necessary environment has been steadily taking shape, and the potential is significant. KOITO is often perceived as a prestigious company with a long-standing tradition. At the same time, it is a company distinguished by a warm corporate culture that values people and by its wealth of management resources. Sometimes these resources go unnoticed in daily work. Broadening perspectives and proactively seeking what can be done will lead to further value creation.

Fukawa: Today's discussion reminded me of the importance of expanding my horizons beyond my own department. It gave me the energy to take the next step.

Kitazawa: I struggled early in my career, but I've realized that KOITO is supported not only by exceptional talent but also by those who take detours or face challenges. Sharing these experiences based on our own experience is meaningful. If we can create an environment where employees from diverse backgrounds can take on challenges and thrive at their own pace, KOITO will grow even further.

Sato: I'm not the type to demonstrate strong leadership, but there is no fixed "model" for managers. With support from those around you, many things become possible. That's why I hope people will take the courage to seize career opportunities. Building an environment where employees can discuss work and family concerns is also important, and I want to play a role in that.

Tanaka: It is often said that "there is no absolute right answer in managerial work," and I truly believe that to be the case. Roles differ by department, and there is no fixed model of "how things should be." Today, rather than searching for the perfect answer, it is about thinking "how can we make things better?" Growth comes from continuous ingenuity and trial and error on the ground and demonstrating that process is equally important. Strategies can be replicated, but corporate culture and traditions are unique to each company. Taking pride in that uniqueness and striving to improve it is, I believe, our role today.

Igarashi: Hearing voices from the field was an invaluable experience. Expanding opportunities for such dialogues would be beneficial. KOITO VISION provides a starting point for considering our roles and positions. In a world of diverse values, fostering a culture that respects all choices is essential. Let's continue "planting seeds" by sharing small insights and experiences with younger generations in everyday conversations.

Foundation for Supporting Growth

The KOITO Group is committed to contributing to a sustainable society and earning the trust of all stakeholders through its business activities. We also recognize the importance of corporate ethics and strive to enhance governance, including ensuring the soundness of management.

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Environmental Activities

The KOITO Group declares in the "KOITO Group Corporate Behavior Charter," our basic policy for our corporate activities, that "guided by the theme of 'Eco-friendly Manufacturing for People and the Earth,' we will proactively engage in global environment conservation through our business activities."

Based on this policy, KOITO has established the "Environmental Policy" which sets out the framework for our environmental activities and the implementation of this policy in the environmental management of all fields, from development to design, production, procurement, logistics, and more.

Our domestic and overseas subsidiaries have also established an "Environmental Policy" and built environmental management systems, meaning the promotion of environmental conservation activities extends throughout the KOITO Group.

Environmental Policy

KOITO MANUFACTURING CO., LTD. pursues "Eco-friendly Manufacturing for People and the Earth" in all of our automotive lighting-centered business activities, through the promotion of environmental conservation activities:

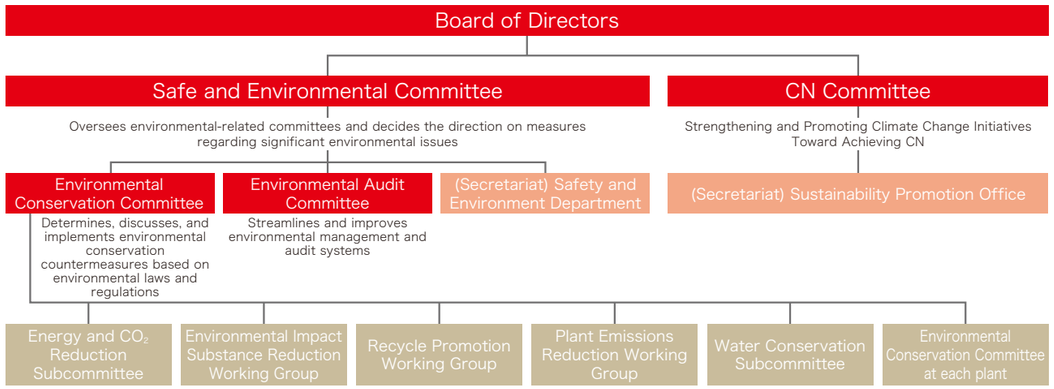
1. To clarify our targets and measures for environmental conservation and work continuously to improve the KOITO Group's environmental performance;
2. To formulate and promote environmental improvement plans by considering environmental issues in advance and complying with environmental laws and regulations;
3. To work to develop and establish new environmentally-friendly technologies and products throughout the product life cycle;
4. To minimize the environmental impact and use of resources and energy in the manufacturing process, promote environmental protection activities, and prevent environmental problems from occurring;
5. To actively promote human resources development to achieve our environmental targets.

Environmental Management

Management Structure for Environmental Activities

KOITO holds the "CN Committee," chaired by the Representative Director, on a regular basis to deliberate and decide on matters related to climate change.

KOITO also holds the monthly "Safe and Environmental Committee," chaired by the Representative Director to supervise the environmental activities of the entire Group, and to discuss and make decisions on important environmental issues and environmental conservation measures to be implemented under various environmental laws and regulations. Subcommittees and working groups, such as the "Energy and CO_2 Reduction Subcommittee," "Environmental Impact Substance Reduction Working Group," and "Recycle Promotion Working Group," which were established to address specific environmental issues, are also working to implement specific activities. These activities are reported to the Safe and Environmental Committee, which follows up on their progress and discusses various courses of action.



Vision for Our Environmental Initiatives

KOITO has established "carbon neutrality (CN)," "reduction of environmentally hazardous substances," and "resource recycling" as the three most important issues for environmental conservation. We have also incorporated the idea of eliminating the waste that we have cultivated over the years into all of our environmental activities, with the goal of further minimizing our environmental impact. These activities are also being expanded across the KOITO Group.

Minimizing environmental impact through "waste-free" manufacturing

	CN	Environmental impact resources	Resource recycling	Environmental management
Environmentally friendly products	·Development of technology for reducing power consumption, making products smaller and more lightweight	·Reduction of environmentally hazardous substances	·Promotion of designs that facilitate recycling and disposal	[Compliance with environmental laws and regulations] ·Early identification of legal trends and response ·Monitoring of plant environmental regulation values [Environmental risk management] ·Monitoring and responding to regulatory developments ·Monitoring of plant environmental regulation values [Building a society in harmony with nature] ·Promotion of biodiversity and natural environment conservation activities
Environmentally friendly production and distribution	·Reduction of CO_2 emissions ·Utilization of renewable energy (CO_2-free electricity, etc.)	·Reduction of VOC emissions ·Reduction of chemical substances subject to the PRTR Act	·Promotion of effective utilization of resources ·Reduction of plastic and waste emissions ·Improvement of water environment	

Environmental Communication	Fostering environmentally conscious human resources	Maintaining and improving the KOITO Group's environmental management system
●Interactive communication	●Promoting understanding of "waste and environmental impact"	●Continuous improvement through the PDCA cycle

Environmental Targets and Performance

The KOITO Group sets annual short-term targets and carries out activities based on its quantitative medium-term initiatives plans (FY2021 to FY2025) for various indicators in order to implement "Eco-friendly Manufacturing for People and the Earth" and promote environmental conservation activities in an effective manner. The progress and degree of achievement of these activities is managed and evaluated by the Safe and Environmental Committee and other bodies.

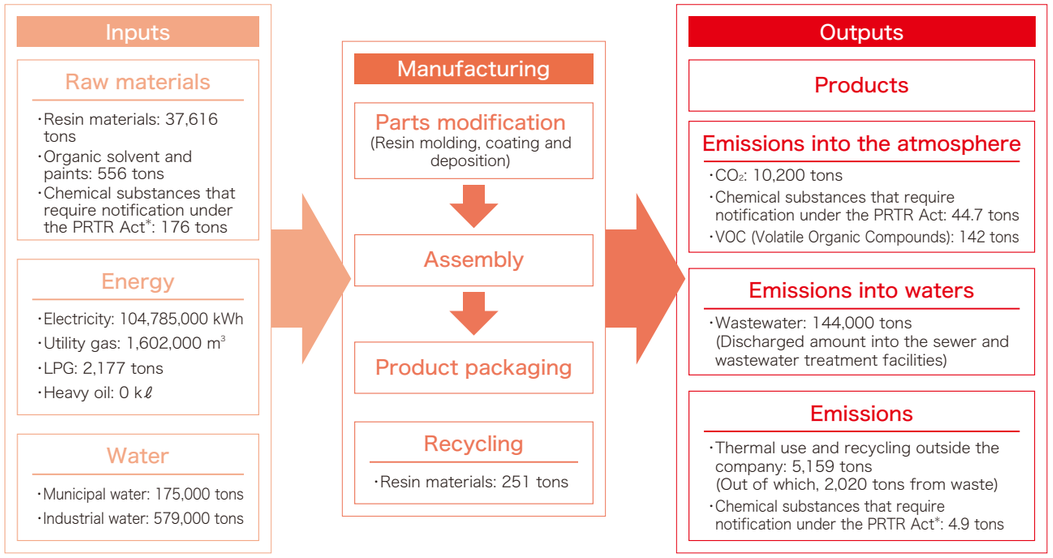
Environmental objectives		Priority initiatives and results in FY2024			Main initiatives from FY2024 onwards
		Priority items	Targets	FY2024 Results	
Measures to alleviate climate change	Contribution to low-carbon society	Reduction of CO_2 from production processes	Amount of CO_2 emissions: 30% reduction from FY2015	48% reduction from FY2015	1. Reduction of energy use and CO_2 emissions in production processes ·Amount of CO_2 emissions in FY2030: 50% reduction from FY2015 ·Achieve carbon neutrality by FY2050 2. Reduction of energy use and CO_2 emissions in logistics ·Energy usage per unit: 1% reduction per year 3. Reduction of environmental impact substances in the product life cycle
		Reduction of CO_2 from logistics	Energy usage per unit: 1% reduction per year	0.2% reduction from FY2023	
Resource and water circulation	Development of recycling-oriented society	Reduction of the amount of waste	Waste generated per unit: 6% reduction from FY2018 ＊Setting targets for plastic industrial waste as part of the response to the Plastic Resource Circulation Promotion Act. ·Basic unit: 6% reduction compared to FY2018 ·Recycling rate: Maintain at 85% or more	39% reduction from FY2018 42% reduction from FY2018 Over 90%	1. Development of recycling-oriented society ·Reduction of waste and effective utilization of resources in production processes Waste generated per unit in FY2025: 7% reduction from FY2018 ＊Limiting of plastic industrial waste emissions and recycling Original value in FY2025: 7% reduction from FY2018 Recycling rate in FY2025: Maintained 85% or more 2. Minimization of water impact ·Reduction of water consumption Water usage per unit in FY2025: 7% reduction from FY2018 ·Improvement of wastewater quality management
		Reduction of water consumption	Water usage per unit: 6% reduction from FY2018	17% reduction from FY2018	
Management and reduction of chemical substances	Reduction of environmental impact substances	Reduction of VOC emissions	VOC emissions: Less than the amount in FY2018 (299 tons) Target for FY2024: 186 tons or less	142 tons (53% reduction from FY2018)	1. Reduction of environmental impact substances in production activities ·Amount of VOC emissions: Maintained amount below FY2018 2. Thorough management of environmental impact substances in products
Enhancement of environmental management	Reinforcement of global environmental activities	Promotion of reinforcement of consolidated environment activities	Strengthening of environmental risk management Thorough environment compliance	Identification of potential environmental risks and strengthening of preventive measures (Identification of and response to near-miss incidents)	1. Strengthening of worldwide environmental management ·Promotion of the reinforcement of consolidated management ·Strengthening and promoting initiatives for CN ·Promotion of environmental activities with business partners (suppliers) ·Proactive disclosure of environmental information and enrichment of communication ·Reinforcement of environmental education 2. Development of society in harmony with nature ·Promotion of biodiversity and nature conservation activities
		Strengthening and promotion of initiatives for CN	Sharing and promotion of information for CN	Dissemination of information on initiatives for CN to affiliated companies and suppliers	
		Promotion of environmental efforts in collaboration with suppliers	Promotion of aggressive environmental activities and improvement of environmental performance	Confirmation of management status and promotion of improvement through information sharing and on-site inspections	
		Disclosure of environmental information and enhancement of communication	Global disclosure of environmental information Promotion of mutual understanding with local communities	Disclosure of consolidated information and hosting round-table session with local communities	
		Strengthening of environmental education	Promotion of compliance, employee education, and awareness-raising activities	Reevaluation of education structure for managers, supervisors, and newly hired employees, and implementing training for contractors (construction workers, etc.) working on the premises	
	Development of a society in harmony with nature	Promotion of biodiversity and nature conservation activities	Promotion of activities at individual offices and regions, and biodiversity conservation activities	Cooperation with local organizations and participation in activities with them Strengthening of activities to prevent global warming and effectively use resources	

Material Balance

The energy and resource inputs, along with outputs such as greenhouse gas (GHG) emissions and environmental impact substances like VOCs (Volatile Organic Compounds), associated with KOITO's business activities are outlined below.

KOITO monitors the material balance of its operations to evaluate efforts aimed at reducing environmental impact, and uses the data to inform future measures.

Results (FY2024)



* PRTR Act: Act on the Assessment of Releases of Specified Chemical Substances in the Environment and the Promotion of Management Improvement

Environmental Education

KOITO has established an education system and periodically provides environmental education to promote "training for human resources to achieve our environmental targets," as stated in the Environmental Policy, and help every employee gain a deep understanding of the environment.

In addition to education for specific job ranks, such as new employees, managers and supervisors, KOITO provides special education for internal auditors and promotes employee acquisition of official licenses and qualifications. KOITO has also designated June and July of every year to be "KOITO Environmental Months," during which employees participate in local clean-up activities and implement intensive environmental inspections to enhance the awareness of every employee.

KOITO also provides education on preventing contamination and spillage to workers, such as contractors, who work on company premises, to enhance their awareness and help prevent environmental accidents.

Safety and environmental education for the work conducted within the premises (2025)

Education for internal environmental auditors (2019)

Establishment of Environmental Management System

The KOITO Group is building an environmental management system for the Group as a whole. To that end, we are aggressively acquiring ISO 14001 and other environmental certificates, primarily at our manufacturing sites. As of the end of May 2025, a total of 25 companies out of 25 eligible for certification have acquired environmental certificates: 12 in Japan, including KOITO MANUFACTURING, and 13 overseas (Certification acquition rate: 100%). The KOITO Group also recommends the acquisition of certificates, such as ISO 14001 and Eco-Action 21, to our major suppliers, in order to strengthen environmental management and conservation throughout the entire supply chain.

KOITO's ISO 14001 certification in production sites

Site	The initial registration dates	The latest renewal date
Shizuoka Plant	January 2000	January 2021
Koito Parts Center		
Haibara Plant	July 2000	
Sagara Plant		
Fujikawa Tooling Plant	January 2003	

Environmental certification acquired in the KOITO Group

Domestic subsidiaries	
ISO 14001	KOITO KYUSHU
	Aoitec Co., Ltd.
	Shizuokadenso Co., Ltd.
	Nissei Industries Co., Ltd.
	Fujieda Auto Lighting Co., Ltd.
	Shizuoka Wire Harness Co., Ltd.
	KOITO ELECTRIC INDUSTRIES, Ltd.
	Haibara Machine and Tools Co., Ltd.
Eco-Action 21	Shizuoka Kanagata Co., Ltd.
	Takeda Suntech Co., Ltd.
Green Management Certificate	Koito Transport Co., Ltd.

Overseas subsidiaries	
ISO 14001	North American Lighting, Inc. (U.S.A.)
	North American Lighting Mexico, S.A. de C.V. (Mexico)
	NAL do Brasil Indústria e Comércio de Componentes de Iluminação Ltda. (Brazil)
	Koito Europe Limited (U.K.)
	Koito Czech s.r.o. (Czech Republic)
	GUANGZHOU KOITO AUTOMOTIVE LAMP CO., Ltd. (China)
	Hubei Koito Automotive Lamp Co., Ltd. (China)
	FUZHOU KOITO AUTOMOTIVE LAMP CO., Ltd. (China)
	THAI KOITO COMPANY LIMITED(Thailand)
	PT. INDONESIA KOITO (Indonesia)
	Ta Yih Industrial Co., Ltd. (Taiwan)
	INDIA JAPAN LIGHTING PRIVATE LIMITED (India)
	KOITO MALAYSIA SDN. BHD. (Malaysia)

Environmental Audits

KOITO conducts annual external environmental audits and internal environmental audits to check the operational status of the environmental management system. Proposals for improvements are prepared and implemented to respond to deficiencies identified through these audits, in order to maintain and operate a proper management system.

External Environmental Audits

A registered external accreditation firm checks whether the environmental management system has been properly established and is being properly operated based on ISO 14001.

Internal Environmental Audits

An audit team is organized, composed of internal auditors outside of the department being audited, with audits conducted based on ISO 14001, to ensure the independence of internal environmental audits. The internal auditors also conduct audits within their departments for continuous improvement and to enhance environmental awareness.

Efforts throughout Supply Chain

KOITO is committed to promoting measures to reduce environmental load, based on the comprehensive perspective of the product life cycle, to coexist with the global environment and local communities and to engage in environmental activities through all business activities, including green procurement of raw materials, parts and equipment.

KOITO is also working to strengthen supply chain management in its efforts to help realize a sustainable society. We hold annual procurement policy briefing sessions and monthly information liaison meetings for suppliers to encourage them to acquire environmental certifications, such as ISO 14001 and Eco-Action 21, and request compliance with environmental laws and regulations on environmentally hazardous substances.

We also promote the monitoring of CO_2 emissions and the advancing of reduction plans in order to move toward carbon neutrality.

Procurement policy briefing session (2019)

Reduction of Greenhouse Gas Emissions

KOITO is reducing CO_2 emissions by improving work methods and updating facilities, for instance by updating to higher-efficiency transformers and GHP (Gas Heat Pump) air conditioners. installing energy-efficient facilities, implementing automatic power shutdown systems that kick in when facilities are not in use, and optimizing production lines, in order to improve energy and production efficiency in production processes.

We are promoting several activities with the goal of reducing CO_2 emissions by 50% from FY2015 to FY2030, and achieving carbon neutrality by FY2050.

Our plants have been streamlined through the integration of production lines and improvement work that resulted in improved productivity and energy efficiency. In addition, with the introduction of renewable energy starting in January 2023, KOITO's CO_2 emissions in FY2024 amounted to 284.3 thousand tons, a 48% decrease from FY2015.

Amount of CO_2 emissions*

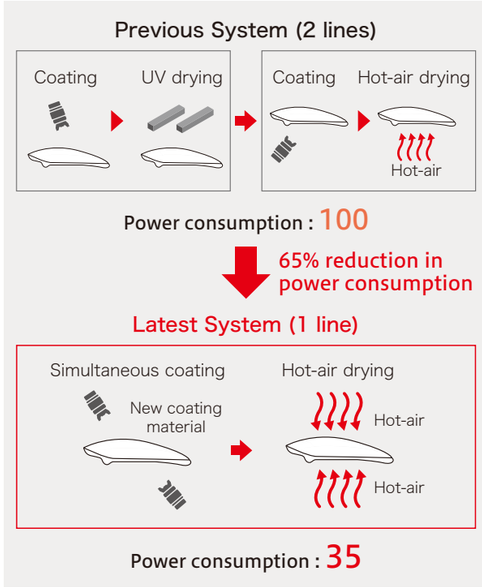
* The amount of CO_2 emissions are calculated by using CO_2 emission factor of each electric power company for electricity, and using the factors based on the Act on Rationalizing Energy Use and the Act on Promotion of Global Warming Countermeasures for city gas, LPG, and heavy oil.

Efforts in the Production Process

Reduction of CO_2 Emissions Through the Integration of Surface Treatment Lines

The lenses of headlamps are treated through two processes: hard coating and anti-fogging coating. Previously, the hard coating and anti-fogging coating were done on separate processing lines. KOITO is currently working gradually to integrate the conventional two lines into a single line, developing equipment and materials that would allow for the processes to be done on the same line.

The goal following integration is to reduce power consumption by 65% compared with conventional lines.



Introduction of renewable energy

In order to accelerate its initiatives toward achieving carbon neutrality, KOITO introduced "Shizuoka Green Electricity," a form of CO_2-free electricity generated from renewable energy, to all four of its plants in Shizuoka Prefecture from 2023.

We have also increased the use of clean energy by installing solar panels on plant buildings, etc. In FY2024, 99.8% of our electricity consumption came from renewable energy sources.

We are planning to introduce renewable energy in all companies in the Group and at our suppliers, and are working as a Group to reduce CO_2 emissions.

"Shizuoka Green Electricity" is a power service provided by Chubu Electric Power Miraiz Company, Incorporated, as a form of CO_2-free electricity generated from hydroelectric power in the prefecture's various river systems.

地球にやさしく、未来をあかるく。

静　岡 Greenでんき

Efforts in Logistics

KOITO's logistics are carried out mainly by freight trucks. One of our domestic subsidiaries, Koito Transport, is primarily responsible for carrying out our logistics operations.

Koito Transport acquired the Green Business Certificate in February 2004. They are working with KOITO to operate environmentally friendly transport business by reducing environmental impact, with a focus on reducing the energy consumption of freight trucks, CO_2 emissions, and waste emitted through the logistics process.

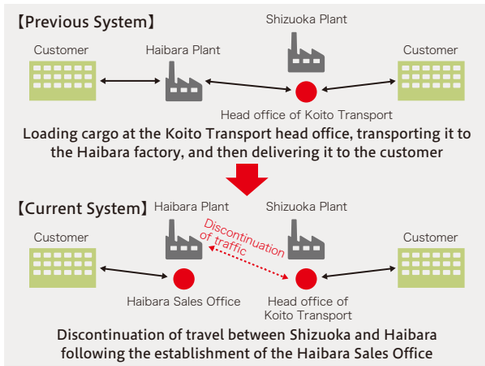
In FY2024, the amount of CO_2 emissions from KOITO's entire logistics operation was 12,700 tons and the energy usage per unit* was 1.47 kℓ per 100 million yen.

Amount of CO_2 emissions and energy usage per unit in logistics

* Energy usage per unit: Amount of energy (kℓ in crude oil equivalent) consumed in logistics per unit in sales (100 million yen).

Reduction of Driving Distances Through the Review of Transportation Hubs and Routes Aligned with Production Bases

Establishing the "Haibara Sales Office" as a new transportation base and securing efficient transportation routes has allowed us to reduce the annual distance traveled by 250,000 km, which has led to a reduction in CO_2 emissions as well as a reduction in the physical burden on drivers.

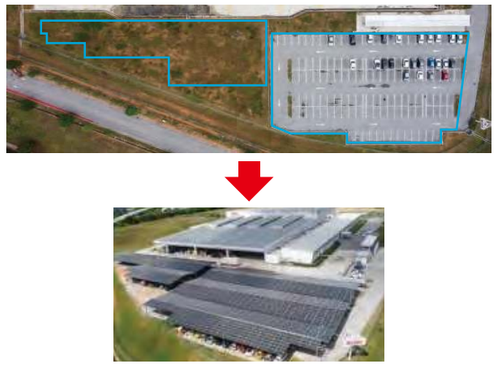


Environmental Activities in Overseas Subsidiaries

Reducing CO_2 Emissions Through the Introduction of Renewable Energy (Solar Panel Generation) (KOITO MALAYSIA / Malaysia)

KOITO MALAYSIA installed solar panels on the roofs of the buildings and parking lot of the plant.

Use of the electricity generated through these efforts has reduced annual CO_2 emissions by 20%.



Reduction of CO_2 Emissions Through the Optimization of Equipment Startup Timing at the Beginning of the Workweek (NAL Mexico / Mexico)

NAL Mexico has achieved an approximately 2% annual reduction in CO_2 emissions by optimizing the startup timing of facilities such as boilers and compressors at the start of the workweek, when the plant becomes operational. This was accomplished by shifting from simultaneous operation to initiating the equipment at each facility at the optimal timings.

Previous System: Startup Image

Simultaneous startup → Production begins

Facility	Sunday			Monday		
	Morning	Noon	Night	Morning	Noon	Night
Boiler		ON	ON	ON	ON	ON
Compressor		ON	ON	ON	ON	ON
Cooling Tower 1		ON	ON	ON	ON	ON
Cooling Tower 2		ON	ON	ON	ON	ON

After Improvement: Startup Image

Startup as needed → Production begins

Facility	Sunday			Monday		
	Morning	Noon	Night	Morning	Noon	Night
Boiler				ON	ON	ON
Compressor		ON		ON	ON	ON
Cooling Tower 1			ON	ON	ON	ON
Cooling Tower 2			ON	ON	ON	ON

Reduction of Environmental Impact Substances

KOITO commits in its Environmental Policy to strive to "develop and establish new environmentally friendly technologies and products throughout the product life cycle" and "minimize the environmental impact and use of resources and energy in the manufacturing process," and promote relevant activities, in order to reduce environmental impact substances and waste.

KOITO has set quantitative reduction targets for VOC emissions as part of its midterm priority activities. Activities are being implemented to reduce emissions while checking progress.

We will continue to actively engage in reducing environmental impact substances by promoting "Eco-friendly Manufacturing for People and the Earth."

Efforts in Production Processes

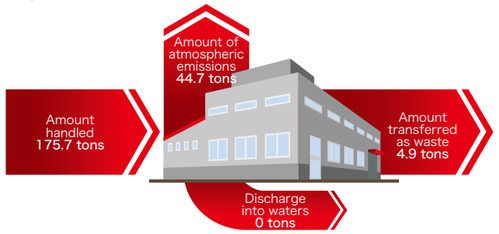
Some raw materials, such as paints and chemicals, as well as secondary materials used in the production processes, contain chemical substances that have negative environmental impact. KOITO is reducing these environmental impact substances by strengthening its management of the amounts used and emitted, improving consumption efficiency, and using alternative substances.

Management of Chemical Substances Regulated under the PRTR Act in 2024

KOITO keeps track of the amount of PRTR Act-regulated chemical substances handled or transferred in its production processes during FY2024, while managing them appropriately and working to reduce their usage and replace them with alternatives.

In FY2024, KOITO handled 7 substances subject to the PRTR Act (Class 1 designated chemical substances), including toluene and styrene. The amount of the substances handled was 175.7 tons, and the amount of atmospheric emissions and waste transfers was 49.6 tons.

Amount of released and transferred substances regulated under the PRTR Act in FY2024



Reduction of VOC (Volatile Organic Compounds)

KOITO is working to maintain VOC emissions below 299 tons, the amount in the base year of FY2018, and to further reduce emissions per unit*1, as its target for FY2025.

In FY2024, we were able to reduce VOC emissions by 53% compared to FY2018. We have also achieved a 35% reduction in emissions per unit compared to FY2018.

KOITO has also not used the three major hazardous air pollutants*2, since we eliminated their use in March 2003.

*1 VOC emissions per unit: The amount of VOC emissions (kg) per production in monetary amount (million yen)
*2 Hazardous air pollutants: Dichloromethane, trichloroethylene and tetrachloroethylene

Amount of VOC emissions and VOC emissions per unit

Resource Conservation and Recycling

KOITO is actively working to effectively use raw materials, energy and other resources, and to reduce water consumption and waste, throughout our product life cycle.

The KOITO Group will continue to actively promote "Eco-friendly Manufacturing for People and the Earth," and strive to help realize recycle-oriented society.

Effective Use of Water Resources

KOITO has identified "conservation of water resources" as one of our materialities, having recognized the importance of water resources in our production activities, and the potential negative effects that future economic growth, population growth, and climate change could have on these water resources. As such, we are working toward the effective use of water resources and the protection of water quality.

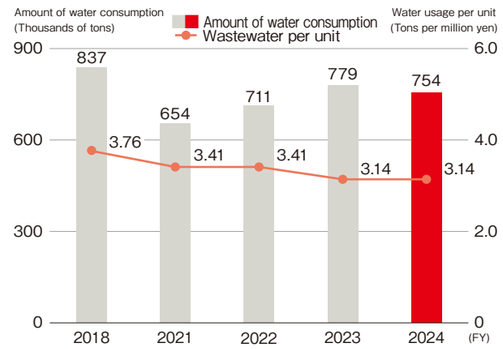
Our target for water consumption per unit of production* is a 7% reduction from the amount in FY2018 (3.50 tons per million yen) by FY2025, and we are promoting activities aimed at further reductions.

We have worked to enhance the awareness of employees toward water conservation and improve the efficiency of water consumption in our production processes. As a result, our water usage per unit in FY2024 was 16.5% lower and the amount of water consumption 10.0% lower than in FY2018.

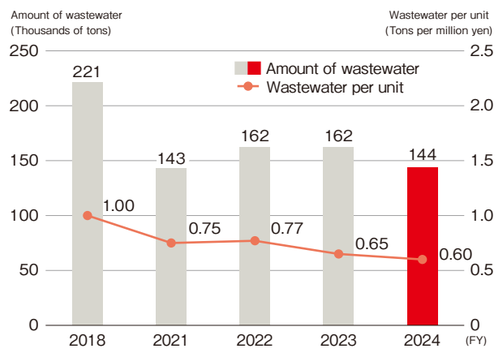
KOITO is also conducting water quality monitoring on the wastewater discharged from production sites to prevent water pollution in rivers or other bodies of water into which production sites wastewater is discharged.

* Water usage per unit: The amount of water consumption (tons) per production output (million yen)

Amount of water consumption and water usage per unit



Amount of wastewater and wastewater per unit



Efforts to Reduce Wastes and Recycling

KOITO is engaged in the reduction and efficient recycling of materials (including waste, valuable materials and recycled materials) discharged from all plants. KOITO has promoted waste reduction by setting the waste generated per unit as an index for recycling, mainly of resins, and for efficient use of resources in production.

Efforts to Reduce Amount of Waste from Production Sites and the Waste Generated per Unit

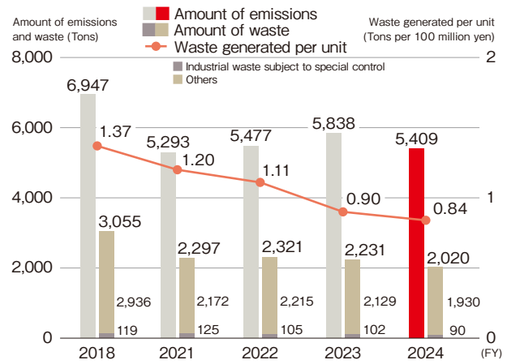
KOITO generated 5,409 tons of waste from plants in FY2024, of which 2,020 tons were processed as waste*1.

We are promoting activities with the goal of reducing waste per unit*2 by a further 7% from the value in the base year of FY2018 (1.28 tons per 100 million yen) by FY2025.

The waste generated per unit (amount of waste per production output) was 0.84 tons per 100 million yen, which was 39% lower than in FY2018 due to our continuous efforts to reduce the loss of defective resins.

*1 Waste: Generated material that requires processing costs, with this processing outsourced to disposal businesses contractors
*2 Waste generated per unit: Amount of waste (tons) per production output (100 million yen)

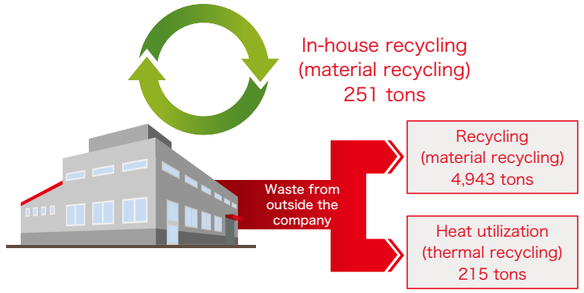
Amount of emissions and waste generated (per unit) from production sites



Promotion of Recycling

KOITO is working to improve its recycling rate (reduction of heat-utilizing waste, etc.). In FY2024, the amount recycled was 5,194 tons, meaning we were able to maintain a recycling rate of over 90%.

Amount of waste discharged at plants (FY2024)



Compliance with Environmental Laws and Regulations

KOITO conducts thorough risk management—specifying the sources of environmental risks, detecting abnormalities in the early stages through regular measurements, and establishing emergency response measures to minimize environmental risks by complying with environmental laws and regulations, for instance those meant to prevent air pollution, water contamination, and soil contamination.

Through these risk management activities, we ensure that emissions, water quality, noise, soil and groundwater contamination are within the ranges permitted under laws, regulations and standards. In FY2024, neither violations of environmental laws and regulations nor fines were reported at the KOITO Group.

The KOITO Group is committed to compliance with environmental laws and regulations and continue to work on environmental risk management.

Environmental risk management to comply with environmental laws and regulations

Risk management		Procedures	
Risk avoidance and removal	Prevention of environmental pollution	Identification of sources	・Identification of facilities and equipment which may cause environmental pollution in case of malfunction
		Source management	・Scheduled inspections and repair of designated facilities or equipment ・Elimination of environmental near-miss incidents and prevention of recurrence
	Early detection of abnormalities	Establishing self-management standards	・Establishing self-management standards that are stricter than legal regulations
		Daily inspections (Monitoring and measurement)	・Management within self-management standards (Implementing preventive measures before standards exceed legal regulations)
Prevention of risk expansion	Emergency response	Establishing emergency response procedures	・Establishing abnormality handling procedures ・Establishing procedures to notify nearby residents and public agencies
		Implementation of training to handle abnormalities	・Implementation of periodic training

Environmental Accounting

KOITO is enhancing the efficiency of its environmental conservation efforts by quantitatively assessing and evaluating the costs invested and the outcomes achieved through "environmental accounting."

Theme	Category		Unit	FY2023 Results		FY2024 Results	
				Amount invested	Cost	Amount invested	Cost
Environmental conservation costs	Cost in business area	Pollution prevention costs	Millions of yen	60	48	61	49
		Global environmental conservation costs	Millions of yen	1,631	10	2,267	10
		Resource recycling costs	Millions of yen	—	120	—	115
		Subtotal	Millions of yen	1,692	178	2,329	176
	Upstream/ downstream costs		Millions of yen	380	1	394	1
	Administrative activity costs		Millions of yen	—	1	—	3
	R&D costs		Millions of yen	—	478	—	543
	Social activity costs		Millions of yen	—	—	—	—
	Environmental Damage Costs		Millions of yen	—	—	—	—
	Subtotal		Millions of yen	2,072	658	2,723	724
	Total		Millions of yen	2,730		3,447	

* "-" indicates items less than 1 million yen or items that are not applicable.
* Depreciation of capital expenditures is not included in the cost amount.

Theme	Category		Unit	FY2023 Results	FY2024 Results
Environmental conservation effects	Global warming prevention	Reduction in CO_2 emissions	t	8,907	4,863
	Environmentally hazardous substances	Reduction in handling of PRTR substances	t	—	74
		Reduction in VOC emissions	t	0	31
	Water resources	Reduction in use of municipal water	t	—	14,119
Economic benefits associated with environmental protection measures	Energy	Energy cost savings	Millions of yen	529	185
	Resource recycling	Reduction in waste disposal costs	Millions of yen	11	1
	Water resources	Cost savings from reduced water consumption	Millions of yen	—	3
	Total		Millions of yen	538	189

* Calculations are based on our standards, referring to the Ministry of the Environment's guidelines, etc.
"Environmental conservation effects" and "Economic benefits associated with environmental protection measures" are calculated as the direct effects generated by environmental conservation–related investments and cost.
The environmental conservation cost and related effects of domestic affiliates engaged primarily in manufacturing are recorded only when the cost required for environmental conservation can be clearly identified.

Disclosure in Accordance with the TCFD Recommendations

The Financial Stability Board established the TCFD in December 2015 in response to a request from the G20, amidst the intensifying effects of climate change around the world. In June 2017, the TCFD issued the TCFD recommendations, which require companies and others to disclose information on the risks and opportunities that climate change may have on their companies based on four themes: governance, strategy, risk management, as well as metrics and targets.

KOITO signed in support of the TCFD in December 2021, and is actively promoting activities to reduce CO_2 emissions and disclose related information in order to realize carbon neutrality in FY2050.

We will continue to analyze the impact of climate change on our business and implement measures to address it in order to ensure sustainable growth.

Governance

The KOITO Group considers climate change to be one of its critical management issues and has designated the "mitigation of global warming" as one of its key materialities (priority issues). Through its business operations, the KOITO Group is committed to reducing CO_2 emissions.

These climate change-related issues are comprehensively addressed by the CN Committee, which is chaired by the Executive Vice President and attended by the Chairman, President, and relevant board members as well as corporate officers, and is under the supervision of the Board of Directors. Through this committee, we ensure company-wide engagement in climate actions.

Climate Change Response System Diagram

Strategy

Progression of climate change may affect the KOITO Group's business activities in various ways, including an increase in typhoons/floods. While there are risks in the process of mitigating climate change, such as increased response costs, the KOITO Group believes that it could also be a business opportunity to develop/expand sales of our low emission products.

In light of the above considerations, the KOITO Group has identified, based on the TCFD recommendations, climate change-related risks and opportunities that can currently be reflected in our financial statements. Additional items will be incorporated into its financial statements once the scope of its climate change scenarios is revised or expanded, and calculations of impact amount become feasible in response to evolving factors.

In analyzing the scenarios, the KOITO Group referred to the "RCP8.5" (the 4°C scenario) of the Intergovernmental Panel on Climate Change (IPCC) and the "NZE" (the 1.5°C scenario) of the International Energy Agency (IEA).

Climate change-related risks/opportunity

Items	Items impacting the KOITO Group
Risks	Increasing costs for CO_2 emissions (e.g. carbon tax/investments for carbon neutrality/renewable energy introduction costs, etc.)
	Increase in raw material costs (e.g. price shift of CO_2 reduction costs from suppliers, etc.)
Opportunity	Development/sales expansion of low emission products (e.g. Increase in net sales resulting from progress exceeding the initial plan for LED headlamp adoption, etc.)

Risk Management

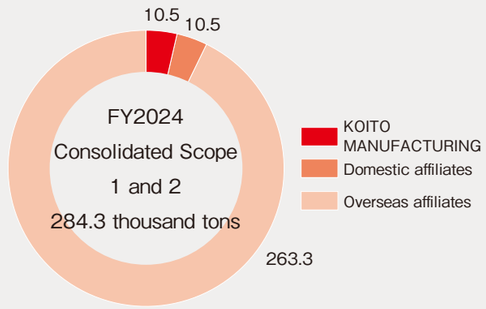
The KOITO Group primarily identifies, evaluates and manages climate change-related risks through the Sustainability Promotion Office, which serves as the secretariat for the CN Committee. It monitors the progress of activities across various organizations and reports to the CN Committee and the Board of Directors as necessary.

Metrics and Targets

To address one of our material issues, "Preventing Global Warming," we are promoting CO_2 reduction initiatives across the entire supply chain—from raw material procurement to product use and disposal. Within these efforts, we are advancing CO_2 reduction activities related to Scope 1 and 2 on a global scale to achieve carbon neutrality by 2050, aiming to fully meet reduction targets in each country. Toward this goal, our consolidated interim target for FY2030 is a 50% reduction compared to FY2015. For Scope 3 emissions, we have set a consolidated interim target for FY2030: a 30% reduction compared to FY2018 (Categories 1 and 11). To achieve this, we are strengthening collaboration with business partners and implementing various initiatives, such as improving energy efficiency and reducing product weight, to lower CO_2 emissions.

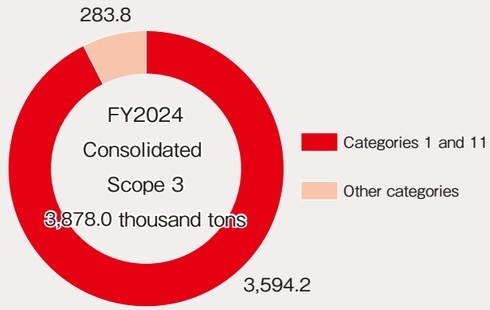
Monitoring Metrics	FY2030 Targets	FY2024 Results
CO_2 emissions from our business activities (Scope 1 and 2)	50% reduction compared to FY2015	284.3 thousand tons (47.6% reduction compared to FY2015)
CO_2 emissions from our external supply chain (Scope 3)	30% reduction compared to FY2018 (Categories 1 and 11)	3,594.2 thousand tons (12.6% reduction compared to FY2018)

Consolidated Scope 1and 2 Emissions



Consolidated Scope 1 and 2 Reduction Targets

Consolidated Scope 3 Emissions



Consolidated Scope 3 Reduction Targets (Categories 1 and 11)

Social Activities

Efforts to Improve Safety and Security

KOITO's basic management policy is to create customer needs and contribute to the progress of society, guided by the theme of "Light." We have identified the "reduction of traffic accidents" and "technological developments that contribute to a sustainable society" as two of our materialities, and develop products that contribute to the realization of a safe and secure automotive society under our corporate message, "Lighting for Your Safety."

To further improve the performance of LED headlamps and ADBs, we are also promoting R&D activities for Advanced Driving Assistance System (ADAS), next-generation lamps, and various sensors (LiDAR, cameras, etc.) that are compatible with autonomous driving.

The KOITO Group will continue to contribute to the improvement of safety and security in automotive society through the development and supply of safe and high-quality products and services that leverage our technologies.

Development of Technologies and Products Contributing to Safety and Security

LED Headlamps

KOITO has been developing high-output and high-performance light sources to create headlamps that provide brighter light for greater distances for safe nighttime driving.

LED headlamps are KOITO's main products. They help drivers gain a clear view at night as they are bright, turn on instantly, and offer a daylight-level view. KOITO is also developing laser headlamps to further improve distance visibility.

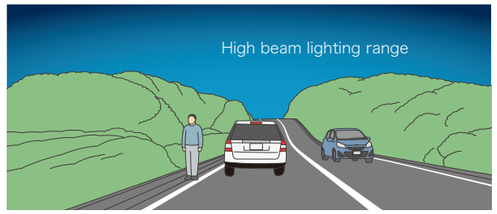
Evolution of Light Sources

ADB (Adaptive Driving Beam)

KOITO has developed a headlamp system called the ADB (Adaptive Driving Beam) that automatically controls the light distribution pattern of the high beam, and ensures wide front visibility for drivers by enabling driving with high beams at all times, while simultaneously protecting preceding or oncoming vehicles from glare.

KOITO is also conducting R&D activities on ADB to further improve the safety of nighttime driving by providing finer light distribution.

Image of ADB photometry



Quality and Product Safety

The KOITO Group declares in the "KOITO Group Corporate Behavior Charter" that "we will gain customers' satisfaction and trust through developing and providing safe and high-quality products and services," and identified "enhancement of product quality" as one of its materialities. We strive to create products with a customer-first attitude to maintain and further improve the quality of all products and services we provide to our customers.

The KOITO Group is utilizing its Quality Management System (QMS) to maintain and supervise the quality level in all of our departments, from development to production.

We will continue engaging in quality assurance activities to meet the circumstances of various countries or regions and will continue helping to realize a sustainable society through the maintenance and improvement of product quality.

Quality Management Structure

KOITO has established a quality management system based on ISO 9001 and IATF 16949, which are international standards meant to ensure seamless operations.

Internal Quality Audits chaired by the Quality Assurance Manager are conducted at least once a year to make decisions on the quality management aspects and to monitor the quality management status of the entire KOITO Group.

The progress of these activities is reported to the Board of Directors and the Managing Committee by the Director or Corporate Officer who is in charge of the Quality Assurance Department, in order to strengthen the management system through monitoring by the management. KOITO is also building a system to uncover the causes of any defects found, and implement prevention measures in case any defects are found, through quality tests and evaluations.

Efforts in Quality Improvement

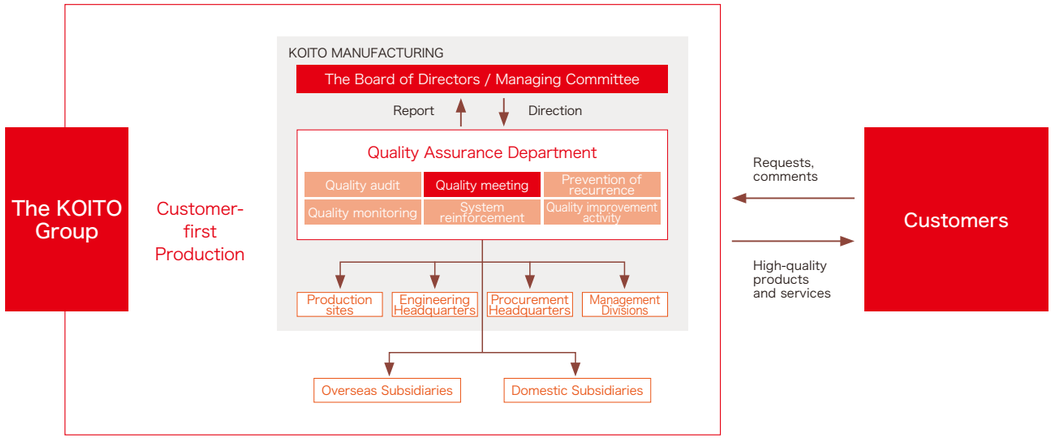
Quality education is a mandatory part of the training for each level of employee, including new employees and managers, and is provided to all employees.

The "Process Management Basics and Change Point Management Course" and the "SQC (Statistical Quality Control) Basics Course" became mandatory in FY2023, in addition to the "QC-style Way of Viewing and Thinking Course." Through these and other efforts, we strive to improve employee knowledge related to quality control.

We are also holding periodic QC circle activities and improvement presentation sessions (FQC Meeting, Staff QC Meeting and others) to improve quality management activities.

In addition, we select key suppliers and provide guidance on quality improvement/enhancement in order to strengthen quality control throughout the supply chain, and are working toward zero defects by sharing information on defects and implementing countermeasures across all suppliers.

Quality Management System



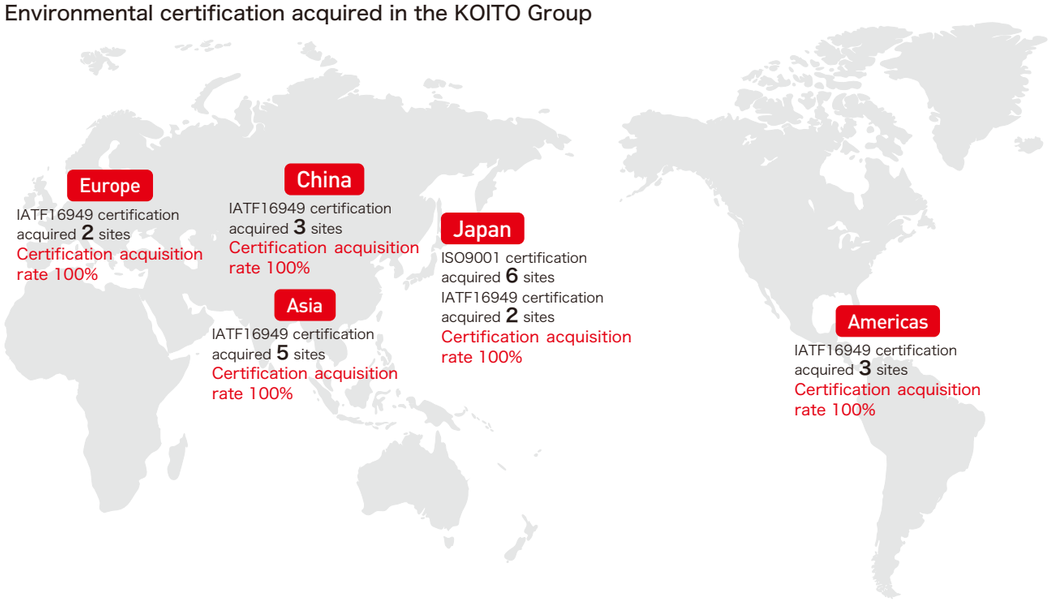
Acquisition of Quality Management System Certificates

We are working to obtain ISO 9001 or IATF 16949 certification for all production sites, including overseas affiliates.

All of the subsidiaries and departments of KOITO will continue to carry out thorough PDCA cycles and ensure product safety and quality through the enhancement of the quality management system.

We also check to see whether our suppliers have acquired or renewed ISO and other certifications, and are working to strengthen quality control throughout the supply chain.

Environmental certification acquired in the KOITO Group



Supply Chain Management

Here at KOITO, we believe that it is important to fulfill our social responsibility throughout the entire supply chain to practice"Eco-friendly Manufacturing for People and the Earth" through all of our business activities. We have thus established a Procurement Policy to respond to social demands and expectations, and deliver high-quality service to our customers in cooperation with suppliers.

KOITO also presents its expectations on the cost, quality and the elimination of industrial accidents to each supplier to achieve these goals together.

In doing so, we are working to realize a sustainable society throughout the entire supply chain while cherishing the close relationships we have with our suppliers.

For further details regarding the Procurement Policy, please refer to our website.
URL: https://www.koito.co.jp/english/sustainability/social/supplychain/

Initiatives to Strengthen Cooperation with Business Partners and Promote Co-Existence and Co-Prosperity

In March 2022, KOITO formulated and announced its "Declaration of Partnership Building" to strengthen collaboration with our business partners, promote mutual prosperity, and contribute to the sustainable growth of the society throughout the supply chain.

In the declaration, the following individual items are clearly indicated as KOITO initiatives.

- We will strengthen collaboration with other companies to accelerate open innovation, in order to respond to the transformation of automobiles and mobility.
- We will promote information sharing and digitization using IT to improve operational efficiency with related business partners.

パートナーシップ構築宣言

For further details regarding the Declaration of Partnership Building, please refer to our website.
URL: https://www.koito.co.jp/sustainability/docs/3f002b44fe4d77d20296979960713afa6b6eab7d.pdf
* Available in Japanese only.

Strengthening of CSR in the Supply Chain

KOITO holds an annual "Procurement Policy Briefing Session" and monthly "Supplier Information Liaison Meeting," amongst various other opportunities to help our suppliers understand our CSR initiatives, and provide consultation on the topic as necessary. At the Procurement Policy Briefing Session, we share policies on sales, technology, production, quality and other matters, and also ask our suppliers to thoroughly comply with laws and regulations. We have also established a system for suppliers so that they can inform us and promote compliance in the event of their violating the law.

In addition, we encourage our suppliers to actively acquire environmental certification, and check the status of their certification every year. During fire and disaster prevention inspections of our suppliers, KOITO also confirms the management system and the amount of organic solvents used by suppliers. In the event that there is a problem with the suppliers' management system or another aspect of their system, we request that they submit an improvement plan and provide support for their measures.

We ask suppliers who conduct business with the KOITO Group to implement environmental and social measures to help realize a sustainable supply chain.

We also confirm the implementation status of some of our suppliers' overall CSR activities, including in the areas of quality, human rights, environment, and compliance.

■ KOITO CSR activities
1. Measures based on the "Guideline for the Right Transaction of Automobile Industry"
2. Continuous investigation on the inclusion of environmental impact substances
3. Continuous annual investigation on conflict minerals
4. Thorough compliance with laws and regulations concerning human rights and labor
5. Thorough implementation of compliance issues in general (Concluding contracts to eliminate anti-social forces, etc.)

■ Environmental requests
- Acquisition of external environmental certifications such as ISO 14001 and Eco-Action 21
- Strengthening of initiatives toward carbon neutrality
- Banning the use of certain materials under the RoHS Directive
- Ensuring transparency on substances under the REACH Regulation
- Ensuring the traceability of nanomaterials contained in products
- Formulation of environmental policies covering the automobile industry's key challenges

■ Social requests
- Abolishing of child labor, forced labor, and discrimination
- Promotion of occupational safety and health
- Securing of decent wages and working hours
- Prevention of other inhuman behaviors
- Engaging in the responsible procurement of minerals

Measures on Conflict Minerals

It has become an international concern that some minerals mined in the Democratic Republic of the Congo and nearby nations have been the source of financing for armed forces engaging in human rights violations. The U.S. has defined four types of minerals (tin, tantalum, tungsten and gold) produced in these regions as "conflict minerals" in the Dodd-Frank Wall Street Reform and Consumer Protection Act and mandated annual investigations into and disclosure of information on the use of these minerals.

KOITO avoids the use of conflict minerals, along with its suppliers, by conducting annual investigations on conflict minerals so as not to assist human rights violations and environmental destruction. and to fulfill its social responsibility throughout the supply chain. When starting business with a new supplier, we carefully examine the results of relevant conflict minerals investigations and consider the feasibility of conducting the transactions.

Human Resource Management

KOITO is working to realize the SDG goals of "Leave no one behind" and "Well-being for all" by respecting diverse values regardless of an individual's nationality or gender, and by promoting the creation of a corporate culture and systems that encourage employees to continue taking on new challenges with enthusiasm.

KOITO considers "Promoting diversity" and "Enhancing work-life balance" as two of our most important efforts, and is working to secure and promote the active participation of diverse human resources, and create a comfortable working environment.

Diversity Promotion

KOITO recognizes that a variety of perspectives and values can be a strength in ensuring sustainable growth. In order to promote the active participation of diverse human resources, we have set KPIs and targets for the recruitment of women, foreigners, and mid-career hires as core personnel, and are working to promote diversity.

We are also striving to create a working environment that is comfortable for a diverse range of people, regardless of gender, age, nationality, race, religion, or disability, and are implementing a wide range of career support measures, and reviewing our performance evaluation and compensation systems to place greater emphasis on ability and results.

Goal for Ensuring Diversity

	FY2024 Results	FY2025 Targets	FY2030 Targets
Percentage of women in senior management	3.0%	3.0%	10.0%
Percentage of foreign nationals in senior management	0.3%	1.0%	2.0%
Percentage of mid-career hires in senior management	10.4%	10.0%	15.0%

■ **Promoting the active participation of women**
- Ensuring fairness in promotion and recruitment
- Increasing the number of women in management positions and the number of new graduates and mid-career hires
- Implementing career development education for female employees and training for managers with female subordinates, etc.

■ **Promoting the active participation of foreign nationals**
- Hiring foreign nationals to strengthen research and development
- Strengthening recruitment activities for foreign students in collaboration with universities, etc.

■ **Promoting the active participation of senior employees**
- Re-employing all applicants who wish to continue working after the age of 60, etc.

■ **Improving the treatment/compensation of non-regular employees**
- Appointing all part-time employees as regular employees (2019) etc.

■ **Promoting the active participation of people with disabilities**
- Creating workplaces where people with disabilities can play an active role, expanding employment opportunities etc.

COLUMN

■ **Raising the Mandatory Retirement Age to 65**

Starting in April 2025, KOITO will gradually raise the mandatory retirement age from the current 60 to 65, while simultaneously revising its reemployment system to allow employees to work until the age of 70. We have introduced KOITO's unique senior qualification framework, under which all remain full-time employees after the age of 60 and transition to one of three categories: "Senior Professional," "Senior Advisor," or "Senior Expert." Senior Professionals retain their managerial positions, while Senior Advisors and Senior Experts leverage their advanced expertise to mentor younger employees, thereby strengthening KOITO's overall competitiveness.

As the number of senior employees continues to grow, KOITO is committed to creating an environment where they can fully utilize their extensive experience, skills, and knowledge, actively contribute to passing on technical expertise, and guide future talent. By fostering a workplace where senior employees remain highly motivated and engaged, we aim to ensure the sustainable growth of the KOITO Group.

Overview of the Retirement Age System at Age 65

	New System	Previous System
Retirement age	Gradually raise the retirement age by one year each fiscal year starting from FY2025 until the retirement age reaches 65 years old.	60 years old
Reemployment age	65 to 70 years old	60 to 65 years old
Optional retirement system	Employees can choose their retirement timing between age 60 and the official retirement age.	
Treatment improvement	Compensation will be determined based on job responsibility and ability until the official retirement age. (Promotion remains possible after age 60 based on ability and performance.)	
Work style improvement	In addition to full-time work, short-time work options are available.	

Enhancing Work-Life Balance

KOITO is working to enhance work-life balance, with a focus on reducing long working hours and promoting the use of annual leave, with the aim of creating an environment in which each and every employee can perform to the best of their abilities. In addition to a telecommuting system, we are also promoting flexible and diverse working styles, such as the introduction of a system of annual leave that can be taken in hourly units, which was implemented in April 2024.

We have also established childcare systems that are much more generous than the legal requirements—for instance, allowing employees to take childcare leave until their child is three years old (the legal requirement is up to two years old) and to work shorter hours until their child graduates from elementary school (the legal requirement is up to three years old). A unique element of our childcare system is that the first six days of childcare leave is paid (normally, childcare leave is unpaid and only public benefits are provided), and the promotion of activities to deepen understanding of childcare throughout the workplace, which is meant to promote active participation in childcare by men. As a result, in FY2024, the rate of childcare leave taken by both men and women remained consistent at 100%, following FY2023.

We will continue to work to create an organization and environment where employees can play an active role regardless of their gender.

■ **Limiting long working hours**
- Establishment of the Annual Paid Leave Promotion Committee to manage progress and follow up on the annual paid leave target (15 days or more per year)
- Reporting of monthly overtime hours by department at executive meetings and reduction of overtime hours through improved work efficiency
- Introduction of a flexible work system that allows employees to choose their own arrival and departure times

	FY2022 Results	FY2023 Results	FY2024 Results
Number of paid leave per employees	16.3 days	16.9 days	17.0 days
Acquisition rate	81.5%	84.5%	85.0%
Monthly average overtime hours	10.9 hours	12.3 hours	9.4 hours

■ **Support for balancing work and childcare**
- Provision of paid public holidays to employees whose spouses have given birth, and promotion of leave acquisition
- Introduction of parental leave system that allows leave until the end of the fiscal year in which the child turns three years old (legal requirement is up to two years old)
- Introduction of childcare leave system that allows employees raising children to take leave for childcare purposes up to the child's elementary school graduation
- Introduction of a shortened work hours system that allows employees raising children to work part-time up to the child's elementary school graduation
- Introduction of hourly paid leave system, allowing employees to take annual leave in hourly increments up to five days per year

		FY2022 Results	FY2023 Results	FY2024 Results
Number of employees taking childcare leave	Male	63	79	105
	Acquisition rate	53.4%	100%	100%
	Female	56	19	20
	Acquisition rate	100%	100%	100%

■ **Support for balancing work and childcare**
- Introduction of a caregiving leave system that allows employees who need to provide long-term for a family member to take leave for up to one year
- Introduction of a part-time work system that allows employees who need to provide long-term care for a family member to work part-time
- Implementation of seminars regarding balancing work and long-term care for those who desire it
- Introduction of an hourly paid leave system, allowing employees to take annual leave in hourly increments up to five days a year

Enhancement of Our Member Benefits

KOITO is working to enhance our member benefits and improve the workplace environment to increase employee motivation.

KOITO offers dormitories, company housing, and cafeteria facilities for employees, as benefits. We have also introduced an employee stock purchase plan (ESPP) to support employee property formation and their sharing in the company's medium- to long-term growth.

The improvement of the workplace environment includes the installation of security cameras at entrance gates and dormitories to enhance security, installation of automatic fire extinguishers as a fire safety measure, and replacing lights with LED lamps at production site work areas to reduce employee workload.

Health and Hygiene

KOITO is implementing various activities to provide a healthy and safe workplace environment, based on five occupational health management elements (work environment management, work management, health management, hygiene education, and hygiene management system).

■ **Activities on health**
- Implementing periodic medical checkups and providing results to employees
- Influenza vaccination for applicants
- Implementing special health checkups to confirm there are no occupational illnesses
- Implementing life-saving seminars (including AED seminars and others)

■ **Efforts to maintain and promote mental health**

We provide "self-care" training for new employees and applicants, and "line-care" training for managers and assistant managers to help prevent mental health issues in our employees.

We conduct annual stress checks for all employees to encourage self-care and provide support through individual counseling. We are also working to improve our support system by establishing an external consulting desk where employees can receive consultation on any mental health issues over the phone.

■ **Activities on hygiene**
- Implementing training for hazardous chemical substances
- Preventing accidents and health impairment through special education for those handling organic solvents and powders
- Implementing health lectures during National Occupational Health Week
- Preventing collective infections at dining halls (sanitary inspections, etc.)

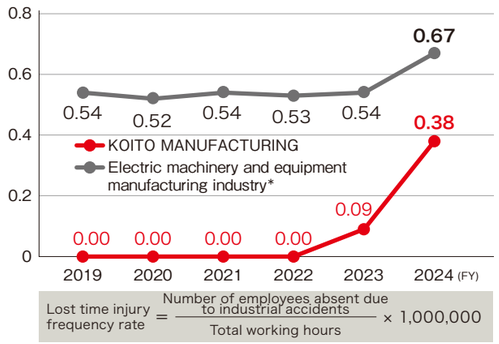
Occupational Safety and Health

KOITO adopts "Safety comes first" as the basic approach to safety and health and aims to create a safe, secure, and comfortable work environment with the participation of all employees. Five Safety Rules are also set as the standard actions to follow in all activities that are to be practiced by the entire Group.

The Safe and Environmental Committee, chaired by the Representative Director, meets monthly to discuss policies on employee safety and health measures, including measures to prevent the recurrence of problems or accidents, as well as other important issues. The matters discussed at the Safe and Environmental Committee are presented to every employee through the Safe and Health Committee and the Safe and Environmental Committee at each production site, or the worksite safety meetings conducted at their worksites.

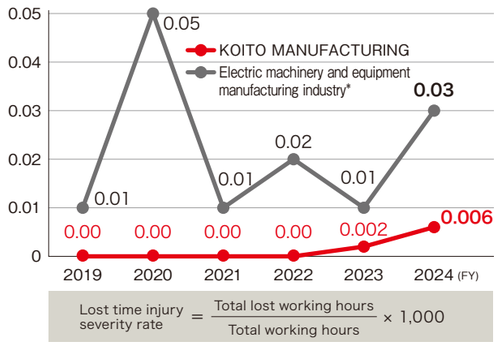
KOITO repeatedly provides education and accident drills to all personnel working on company premises, in order to train our human resources to follow safety rules and increase their safety awareness. We are also conducting risk assessment and risk detection activities to enhance employee intuition when it comes to discovering potential risks at the worksites. Directors and managers also conduct on-site inspections, identify unsafe conditions, and take preventive measures with the goal of zero labor disaster and traffic accidents.

Lost time injury frequency rate (LTIFR)



* Source: The Ministry of Health, Labour and Welfare Website

Lost time injury severity rate (LTISR)



* Source: The Ministry of Health, Labour and Welfare Website

Initiatives between Management and Employees

A strong relationship based on mutual trust between management and employees is essential for building a workplace environment where each individual employee can perform to the best of their capabilities, and maintain and improve their productivity and motivation.

The "KOITO Labor Union," composed of KOITO employees and comprising 3,696 members as of the end of March 2025, is affiliated with its parent organization, JAM Shizuoka. (Union membership rate for FY2024: 99.0%). KOITO generally holds monthly labor management meetings with the KOITO Labor Union to discuss various issues such as business performance and labor conditions.

In addition, the labor union regularly conducts a union employee awareness survey on employee workplaces, operations, and careers, targeting all union members. The labor union uses the findings to improve union activities and its recommendations to KOITO.

Respect for Human Rights

One of our management philosophies is "stepping forward to realize our employees' dreams," and we declare in the KOITO Group Corporate Behavior Charter that "we will respect the human rights of all persons." To reinforce and articulate our commitment to respecting human rights across the entire Group, we established the "KOITO Group Human Rights Policy" and resolved it at the Board of Directors' meeting held on May 29, 2024.

We provide employee education on respecting human rights as a part of our compliance education. Training to address specific issues, such as harassment training, is offered when necessary to raise every employee's awareness on respecting human rights.

By fostering communication not only with employees but also with business partners and local communities, and by respecting the human rights of all stakeholders, we strive to remain a company trusted by the international community. Furthermore, as a responsible member of society, we will continue to pursue business activities that contribute to the coexistence and mutual prosperity of society.

Please refer to our website for the full text of our Human Rights Policy.
URL: https://www.koito.co.jp/english/sustainability/social/humanrights/

Social Contribution Activities

To realize one of our management philosophies, "fostering mutually beneficial relationships with all stakeholders as a member of the society," we declare in the KOITO Group Corporate Behavior Charter that "we will be conscious of our responsibility as a good corporate citizen, and actively engage in social contribution activities, and we will contribute to the realization of a prosperous society." We promote various activities based on this statement.

Domestic Environmental Conservation Activities

As part of its efforts toward environmental conservation and biodiversity, KOITO is conducting activities such as weeding at Miho-no-Matsubara—the constituent property of the global cultural heritage site of Mt. Fuji—and cleaning the surrounding coasts.

Weeding at Miho-no-Matsubara (2019)

Overseas Environmental Conservation Activities

INDIA JAPAN LIGHTING PRIVATE LIMITED (IJL) is working to protect the environment and preserve biodiversity through the implementation of ongoing greening activities at its plants.

Exchanges with local schools (2019)

Participation in Regional Activities at Production Sites

KOITO's production sites periodically holds roundtable sessions with residents of local communities and open the sites to local community associations during summer festivals.

We also host factory tours for the residents and accept children's visits so that they can better understand our corporate activities.

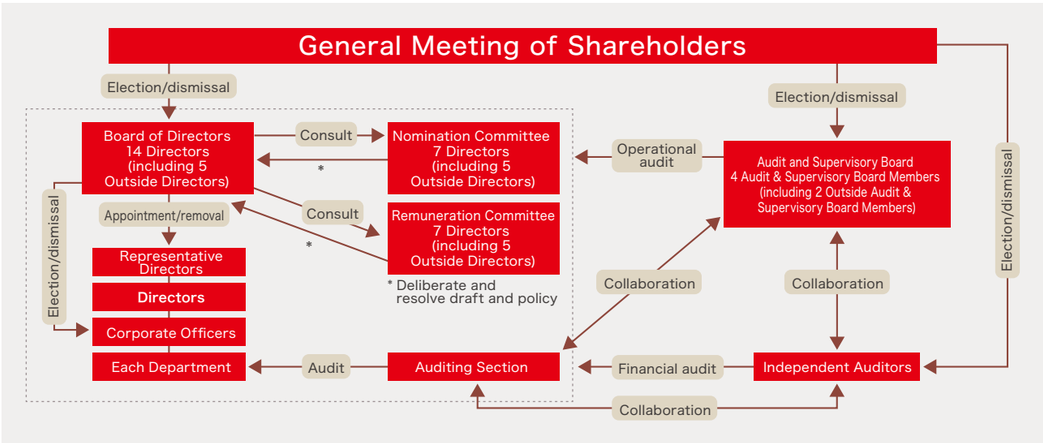
Summer Festival (2019)

Governance

KOITO recognizes the importance of ethical standards and the establishment of a sound management structure to retain the trust of all of our stakeholders. We have thus identified the enhancement of "corporate governance" as one of our materialities and are promoting several activities to this end.

Corporate Governance

Amid an increasingly uncertain and rapidly evolving business environment, KOITO is committed to enhancing the quality of discussions at the Board of Directors and accelerating decision-making on judgments and policies.



	Board of Directors	Audit and Supervisory Board
Frequency	Generally once per month	Eight times per year (FY2024 Results)
Function	The Board of Directors discusses, reports, and makes decisions on matters stipulated in the Board of Directors Regulations, including those matters stipulated by laws, regulations, and the Articles of Incorporation, and supervises the execution of director business operations.	The Audit and Supervisory Board members participate in the Board of Directors and other important meetings and committees, review significant authorization documents, and audit the performance of directors. They also monitor the structure and operation of the internal control system.
Structure	●All Audit and Supervisory Board members attend meetings of the Board of Directors to monitor the directors' business operations. ●The Managing Committee (chaired by the President), a body to aid the Board of Directors, is comprised of full-time directors and corporate officers. The committee generally meets, three times per month in order to determine business operations, report on progress, and follow up on business operations. ●The governance structure is being strengthened; new proposal agendas are required to be approved by the Managing Committee and then by the Board of Directors.	●In addition to the Board of Directors, the standing Audit and Supervisory Board members attend the Managing Committee and other important meetings, constantly monitor the directors' business operations, and express opinions as needed. ●Improves its auditing functions through close collaboration between Audit and Supervisory Board members, the Internal Audit Department, and independent auditors. by holding periodic meetings and letting them exchange information and opinions as needed.

	Nomination Committee	Remuneration Committee
Frequency	Twice per year (FY2024 Results)	Twice per year (FY2024 Results)
Function	In response to consultations from the Board of Directors, the Nomination Committee deliberates on draft proposals for the appointment and dismissal of directors to be submitted to the General Meeting of Shareholders, as well as draft proposals for the selection, dismissal, and allocation of duties of representative directors and executive directors to be submitted to the Board of Directors. Based on these deliberations, the Nomination Committee determines the drafts, policies, and other relevant matters.	In response to consultations from the Board of Directors, the Remuneration Committee deliberates on matters related to the remuneration of directors and decides on an original plan and policy. The Remuneration Committee deliberates on the policy for determining the remuneration of individual directors based on this original plan and policy.

Progress in Strengthening Corporate Governance Structure

(Persons)

		2012 June	2013 June	2015 June	2017 June	2019 June	2021 June	2022 June	2023 June	2024 June	2025 June
Enhancing transparency and objectivity of the Board of Directors	Total Number of Directors	11	13	14	14	14	14	9	9	10	14
	Internal Directors	11	12	13	12	12	12	6	6	6	9
	Outside Directors	0	1	1	2	2	2	3	3	4	5
Ensuring diversity among Directors	Male Directors	11	13	14	14	14	14	8	8	8	12
	Female Directors	0	0	0	0	0	0	1	1	2	2

Initiatives to strengthen governance framework

- Introduction of corporate officer system
- Amendment of Articles of Incorporation to reduce the number of directors from 25 or fewer to 15 or fewer
- Establishment of voluntary nomination and remuneration committees
- Change of directors' term from 2 years to 1 year (Building a management structure capable of responding swiftly to changes in the business environment)
- Appointment of an independent outside director as the chair of the nomination and remuneration committees
- Appointment of female directors
- Appointment of outside directors

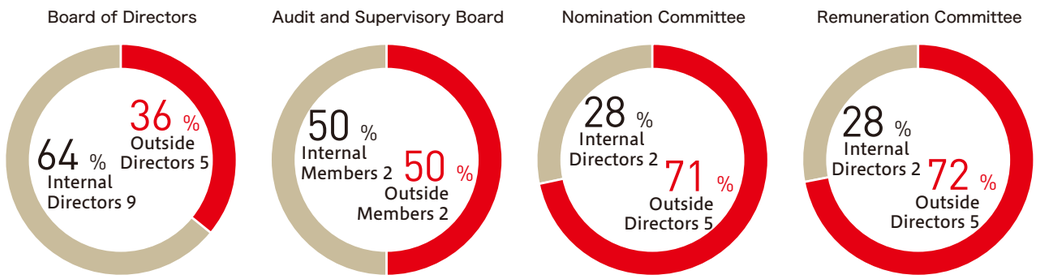
Outside Directors and Outside Audit & Supervisory Board Members

KOITO appoints outside directors who meet the requirements stipulated by the Companies Act and satisfy the independence criteria under the Tokyo Stock Exchange's Independent Officer System.

For outside officers, KOITO selects candidates with extensive knowledge and experience in corporate management or specialized expertise in areas such as law or finance, and their appointments are resolved at the General Meeting of Shareholders.

Ratio of Outside Officers

Among the directors, five are appointed as independent outside directors to ensure objectivity and transparency in management and to build a management structure capable of responding swiftly to changes in the business environment.



Executive Management (As of June 27, 2025)

Chairman and CEO

Masahiro Otake

April 1977 Joined KOITO
June 1987 Director
June 1993 Managing Director
June 1999 Senior Managing Director
June 2005 Executive Vice President
June 2007 President
June 2015 Chairman (present position)

President and COO

Michiaki Kato

April 1982 Joined KOITO
October 2004 General Manager of Euro-American Operations
June 2005 Director
June 2011 Managing Director
June 2012 Managing Corporate Officer
June 2013 Director and Managing Corporate Officer
June 2017 Senior Managing Director
June 2021 President (present position)

Executive Vice President

Masami Uchiyama

April 1983 Joined KOITO
June 2005 General Manager of Personnel Department
June 2007 Director
June 2011 Managing Director
June 2012 Director and Managing Corporate Officer
June 2017 Senior Managing Director
June 2021 Executive Vice President (present position)
Production Headquarters
Shizuoka Plant
Aircraft Equipment Division
In charge of
General Affairs Department, Shizuoka (present position)

Executive Vice President

Hideharu Konagaya

April 1987 Joined KOITO
April 2006 General Manager of Accounting Department
June 2009 Director
June 2012 Corporate Officer
June 2013 Managing Corporate Officer
June 2015 Director and Managing Corporate Officer
June 2017 Senior Managing Director
June 2023 Executive Vice President (present position)
Procurement Headquarters
In charge of
General Affairs Department
Internal Audit Department
(present position)

Executive Vice President

Jun Toyota

April 1983 Joined KOITO
January 2005 Director, Koito Europe NV (KENV)
June 2005 Director
June 2012 Corporate Officer
June 2013 Managing Corporate Officer
June 2015 President, North American Lighting, Inc. (NAL)
June 2017 Director and Managing Corporate Officer
June 2021 Senior Managing Director
June 2022 Senior Managing Corporate Officer
June 2023 Senior Managing Director
June 2025 Executive Vice President (present position)
Sales Headquarters (present position)

Senior Managing Director

Katsuyuki Kusakawa

April 1980 Joined Toyota Motor Co., Ltd. (currently Toyota Motor Corporation)
January 2009 Seconded to Toyota Motor Sales, U.S.A., Inc.
March 2011 Standing Adviser
June 2011 Managing Director
June 2012 Director and Managing Corporate Officer
June 2019 Senior Managing Director (present position)
In charge of
Quality Assurance Department
Compliance Department
Personnel Department
Cost Administration Department
(present position)

Senior Managing Director

Takayuki Katsuda

April 1985 Joined Toyota Motor Corporation
January 2010 Chief Engineer, Lexus Center at Toyota Motor Corporation
April 2016 Standing Advisor
June 2016 Managing Corporate Officer
June 2019 Director and Managing Corporate Officer
June 2022 Managing Corporate Officer
June 2023 Senior Managing Corporate Officer
June 2025 Senior Managing Director (present position)
Engineering Headquarters
In charge of
Mobility Strategy Department
Shizuoka 1st Design Department
Research & Development Department
(present position)

Senior Managing Director

Eisuke Shibata

April 1999 Joined KOITO
April 2016 Deputy Manager of American Department – North American Region
April 2019 General Manager of American Department – North American Region
June 2019 Corporate Officer
June 2021 Managing Corporate Officer
June 2023 Senior Managing Corporate Officer
June 2025 Senior Managing Director (present position)
International Operations Headquarters
Sales Headquarters (present position)

Senior Managing Director

Takahito Otake

April 2005 Joined Daiwa Securities SMBC Co. Ltd.
October 2008 Seconded to Daiwa Capital Markets Singapore Ltd.
April 2015 Deputy General Manager, Global Equity Sales Division No.1, Daiwa Securities Co. Ltd.
January 2019 Standing Advisor
June 2019 Corporate Officer
June 2021 Managing Corporate Officer
June 2023 Senior Managing Corporate Officer
June 2025 Senior Managing Director (present position)
Finance & Accounting Headquarters
In charge of
Public Relations Department (present position)

Outside Director **Independent**

Haruya Uehara

April 1969 Joined The Mitsubishi Trust and Banking Corporation (currently Mitsubishi UFJ Trust and Banking Corporation)
June 1996 Director
June 1998 Managing Director
June 2001 Senior Managing Director
June 2002 Director, Deputy President
April 2004 President
October 2005 President, Mitsubishi UFJ Trust and Banking Corporation
June 2008 Chairman
April 2012 Senior Adviser
June 2013 Outside Director, KOITO (present position)
July 2018 Senior Advisor, Mitsubishi UFJ Trust and Banking Corporation (present position)

Outside Director **Independent**

Kingo Sakurai

March 1972 Registered as a certified public accountant
June 1983 Independent Auditor, KOITO
June 2009 Resigned Independent Auditor
July 2009 Adviser (part time), KOITO
June 2017 Outside Director (present position)

Outside Director **Independent** **Female**

Chika Igarashi

April 1997 Registered as an attorney
Joined a law firm in Tokyo
July 2006 Joined Asahi Law Office (currently Nishimura & Asahi (Gaikokuho Kyodo Jigyo)) (present position)
June 2007 Registered as an attorney at law in New York State
June 2022 Outside Director, KOITO (present position)

Outside Director **Independent** **Female**

Risa Tanaka

April 1993 Joined Sendenkaigi Co., Ltd.
November 2008 Director, Vice President, and Head of Editorial Office
June 2014 Director (Outside), Japan Post Co., Ltd.
April 2016 President, The Graduate School of Project Design, Advanced Academic Agency (present position)
March 2020 External Director, Broadleaf Co., Ltd.
April 2021 Executive Director (part-time) and Executive Vice President, Mie University (present position)
June 2021 Outside Director, IMURAYA GROUP CO., LTD. (present position)
June 2024 Outside Director, KOITO (present position)
Outside Director, SOHGO SECURITY SERVICES CO., LTD. (present position)
Outside Director, The Akita Bank, Ltd. (present position)

Outside Director **Independent**

Yoshimasa Kawata

April 1992 Assistant, School of Engineering, The University of Osaka
April 1997 Assistant Professor, Faculty of Engineering, Shizuoka University
April 2005 Professor, Faculty of Engineering
April 2013 Professor, Graduate School of Engineering
Professor, Research Institute of Electronics
April 2015 Professor, College of Engineering
Deputy Dean, Faculty of Engineering
April 2017 Dean, Faculty of Engineering
Dean, College of Engineering
April 2021 Trustee/Vice-President
April 2025 Vice-President, Research Institute of Electronics (present position)
June 2025 Outside Director, KOITO (present position)

Standing Audit and Supervisory Board Member

Mitsuo Kikuchi

April 1968 Joined KOITO
April 1995 General Manager, Production Control Department
June 1999 Director
June 2005 Managing Director
June 2006 Senior Managing Director
June 2009 Executive Vice President
June 2013 Standing Audit and Supervisory Board Member (present position)

Standing Audit and Supervisory Board Member

Koichi Sakakibara

April 1975 Joined KOITO
June 1999 General Manager of Product Development Department
June 2001 Director
June 2007 Managing Director
June 2009 Senior Managing Director
June 2013 Executive Vice President
June 2021 Standing Audit and Supervisory Board Member (present position)

Outside Audit and Supervisory Board Member **Independent**

Hiroshi Kimeda

April 1993 Public Prosecutor, Tokyo District Public Prosecutors Office
April 1997 Public Prosecutor, Special Investigation Department, Tokyo District Public Prosecutors Office
August 1998 Visiting scholar, Notre Dame Law School in U.S.A.
June 1999 Public Prosecutor, Criminal Affairs Bureau, Ministry of Justice
June 2001 Assistant Division Chief, Planning and Legal Division, Financial Services Agency
August 2002 Registered as an attorney
Joined Nishimura & Partners (currently Nishimura & Asahi (Gaikokuho Kyodo Jigyo)) (present position)
January 2019 Outside Audit and Supervisory Board Member, KOITO (present position)

Outside Audit and Supervisory Board Member **Independent**

Hidemi Yamaguchi

April 1972 Joined Tokyo Regional Taxation Bureau
July 2002 Deputy District Director, Sumiyoshi Tax Office
July 2007 Director, Planning Division, Management and Co-ordination Department, Tokyo Regional Taxation Bureau
July 2008 District Director, Kitazawa Tax Office
July 2013 Assistant Regional Commissioner, Second Large Enterprise Examination Department, Tokyo Regional Taxation Bureau
August 2014 Registered as a certified tax accountant
July 2016 Adviser (part time), KOITO
June 2023 Outside Audit and Supervisory Board Member, KOITO (present position)

Managing Corporate Officers

Kakuya Yamamoto
Koichi Toyoda
Manabu Kobayashi
Kohei Yamasaki
Masayuki Otake
Kazuhiro Aoshima
Koji Shimakura
Toshiyuki Tanaka
Kenichi Yoshioka
Toru Miyajima

Corporate Officers

Hideki Ochiai
Takeshi Masuda
Masataka Choji
Hideaki Nakazawa
Kishore Ahuja
Shin Muto
Hideki Oshima
Toru Takahashi
Hiroaki Koito

Election Policy for Directors and Audit and Supervisory Board Members

KOITO's policy is to elect directors and director candidates who are capable of responding to the expectations of shareholders as a director, and who have enough experience and advanced knowledge of business administration to fulfill the duties and responsibilities of a director.

The Nomination Committee deliberates and resolves a draft of director candidates based on this policy, after which the director candidates are determined by the Board of Directors. As a consultative body of the Board of Directors, the Nomination Committee consists of five independent outside directors and two internal directors, in order to ensure objectivity and transparency of the nominations of the director candidates.

Each director has a thorough knowledge of their respective field of business management. KOITO regards the knowledge, experience, and capabilities of its directors, including the outside directors, as diverse and well-balanced.

For the election of Audit and Supervisory Board members, KOITO seeks candidates with strong ethical standards and integrity, capable of conducting audits of directors' duties with accuracy, fairness, and efficiency.

				Name	Attendance in FY2024		Meetings Attended (◎: Chairperson / Committee Chair, ○: Member)				Specialties and Experience (Skill Matrix)							Reason for appointment
					Board of Directors	Audit and Supervisory Board	Board of Directors	Audit and Supervisory Board	Nomination Committee	Remuneration Committee	Corporate Management	Sales, Purchasing	Engineering, R&D	Production, Quality Management, Safe & Environment	Overseas Segment	Finance & Accounting	Legal, Risk Management	
Executive Management	Chairman and CEO		Male	Masahiro Otake	12/12 (100%)	—	○		○	○	○	○			○	○	○	Mr. Masahiro Otake has acquired extensive experience and a high level of insight through previously serving as President. He has also been involved with KOITO's management as a Director and has contributed significantly to the improvement of KOITO's performance and corporate value.
Executive Management	President and COO		Male	Michiaki Kato	12/12 (100%)	—	◎		○	○	○	○	○		○		○	Mr. Michiaki Kato has acquired extensive experience and a high level of insight through serving as President and in other positions. He has also been involved with KOITO's management as a Director and has contributed significantly to the improvement of KOITO's performance and corporate value.
Executive Management	Executive Vice President		Male	Masami Uchiyama	11/12 (92%)	—	○				○	○		○	○		○	Since joining KOITO, Mr. Masami Uchiyama has acquired extensive experience and a high level of insight through serving as Head of Production Headquarters and in other positions. He has also been involved with KOITO's management as a Director and has contributed significantly to the improvement of KOITO's performance and corporate value.
Executive Management	Executive Vice President		Male	Hideharu Konagaya	12/12 (100%)	—	○				○	○			○	○	○	Since joining KOITO, Mr. Hideharu Konagaya has acquired extensive experience and a high level of insight through serving as Head of Finance & Accounting Headquarters, Procurement Headquarters and in other positions. He has also been involved with KOITO's management as a Director and has contributed significantly to the improvement of KOITO's performance and corporate value.
Executive Management	Executive Vice President		Male	Jun Toyota	11/12 (92%)	—	○				○	○			○		○	Since joining KOITO, Mr. Jun Toyota has acquired extensive experience and a high level of insight through serving as Head of International Operations Headquarters, Sales Headquarters and in other positions. He has also been involved with KOITO's management as a Director and has contributed significantly to the improvement of KOITO's performance and corporate value.
Executive Management	Senior Managing Director		Male	Katsuyuki Kusakawa	12/12 (100%)	—	○				○		○		○		○	Since joining KOITO, Mr. Katsuyuki Kusakawa has acquired extensive experience and a high level of insight through serving as Deputy Head of Engineering Headquarters and in other positions. He has also been involved with KOITO's management as a Director and has contributed significantly to the improvement of KOITO's performance and corporate value.
Executive Management	Senior Managing Director		Male	Takayuki Katsuda	—	—	○				○	○	○	○			○	Since joining KOITO, Mr. Takayuki Katsuda has acquired extensive experience and a high level of insight through serving as Head of Engineering Headquarters and in other positions. He has contributed significantly to the improvement of KOITO's performance and corporate value.
Executive Management	Senior Managing Director		Male	Eisuke Shibata	—	—	○				○	○			○		○	Since joining KOITO, Mr. Eisuke Shibata has acquired extensive experience and a high level of insight through serving as Head of International Operations Headquarters and in other positions. He has contributed significantly to the improvement of KOITO's performance and corporate value.
Executive Management	Senior Managing Director		Male	Takahito Otake	—	—	○				○	○			○	○	○	Since joining KOITO, Mr. Takahito Otake has acquired extensive experience and a high level of insight through serving as Head of Finance & Accounting Headquarters and in other positions. He has contributed significantly to the improvement of KOITO's performance and corporate value.
Executive Management	Outside Director	Outside Independent	Male	Haruya Uehara	12/12 (100%)	—	○		◎	◎	○				○	○	○	Mr. Haruya Uehara serves as Senior Advisor to Mitsubishi UFJ Trust and Banking Corporation and is expected to leverage his knowledge and experience in KOITO's management so that he may fulfill a supervisory function from this perspective.
Executive Management	Outside Director	Outside Independent	Male	Kingo Sakurai	12/12 (100%)	—	○		○	○						○	○	Mr. Kingo Sakurai, a certified public accountant with extensive expertise in finance and accounting, is expected to leverage his knowledge and experience in KOITO's management so that he may fulfill a supervisory function from this perspective.
Executive Management	Outside Director	Outside Independent	Female	Chika Igarashi	12/12 (100%)	—	○		○	○					○		○	Ms. Chika Igarashi is an attorney who has been engaged in corporate legal affairs both in Japan and overseas for many years. She possesses advanced legal expertise in corporate law and a strong international perspective, so that her knowledge and experience may be reflected in KOITO's management, and she may fulfill a supervisory function from this perspective.
Executive Management	Outside Director	Outside Independent	Female	Risa Tanaka	10/10 (100%)	—	○		○	○	○	○					○	Ms. Risa Tanaka previously served as Director, Vice President, and Head of the Editorial Office of Sendenkaigi Co., Ltd., a publisher of public relations, advertising, and marketing magazines. Her current positions include President of the Graduate School of Project Design at the Advanced Academic Agency, Executive Director and Executive Vice President of Mie University, and a member of various councils at government ministries, including the Ministry of Land, Infrastructure, Transport and Tourism and the Ministry of Internal Affairs and Communications. KOITO appointed her as an Outside Director so that her knowledge and experience may be reflected in KOITO's management, and she may fulfill a supervisory function from this perspective.
Executive Management	Outside Director	Outside Independent	Male	Yoshimasa Kawata	—	—	○		○	○			○				○	Mr. Yoshimasa Kawata has served as Trustee/Vice-President of National University Corporation, and has held Faculty of Engineering, Graduate School, and Research Institute/College professorships at the National University for many years. As such, he has extensive knowledge in technical and human resource development. KOITO appointed him as an Outside Director so that his knowledge and experience may be reflected in KOITO's management, and hi may fulfill a supervisory function from this perspective.
Audit and Supervisory Board Members	Standing Audit and Supervisory Board Member		Male	Mitsuo Kikuchi	12/12 (100%)	8/8 (100%)	○	◎										Since joining KOITO, Mr. Mitsuo Kikuchi has acquired extensive experience and a high level of insight through serving as Head of Sales Headquarters, Deputy Head of Production Headquarters and in other positions. He has also been involved with KOITO's management as a Director so that his knowledge and experience may be reflected to strengthen KOITO's auditing activities.
Audit and Supervisory Board Members	Standing Audit and Supervisory Board Member		Male	Koichi Sakakibara	12/12 (100%)	8/8 (100%)	○	○										Since joining KOITO, Mr. Koichi Sakakibara has acquired extensive experience and a high level of insight through serving as Head of Production Headquarters and in other positions. He has also been involved with KOITO's management as a Director so that his knowledge and experience may be reflected to strengthen KOITO's auditing activities.
Audit and Supervisory Board Members	Outside Audit and Supervisory Board Member	Outside Independent	Male	Hiroshi Kimeda	12/12 (100%)	8/8 (100%)	○	○										Mr. Hiroshi Kimeda is an attorney, so that his knowledge and experience may be reflected to strengthen KOITO's auditing activities.
Audit and Supervisory Board Members	Outside Audit and Supervisory Board Member	Outside Independent	Male	Hidemi Yamaguchi	12/12 (100%)	8/8 (100%)	○	○										Mr. Hidemi Yamaguchi is a certified tax accountant, so that his knowledge and experience may be reflected to strengthen KOITO's auditing activities.

Note: Above chart does not represent all the skills of each Director.

Evaluation of the Effectiveness of the Board of Directors

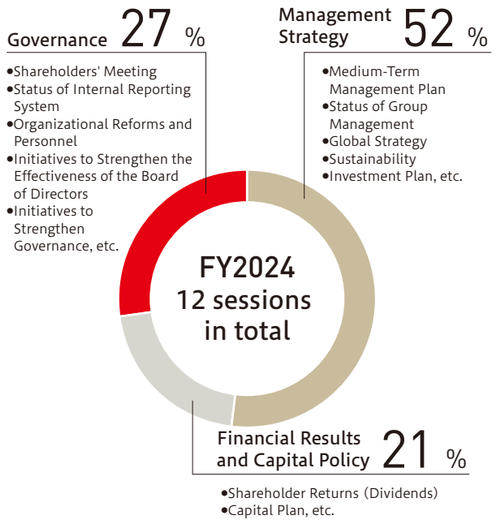
KOITO conducts annual surveys targeting all directors and Audit and Supervisory Board members to evaluate the effectiveness of the Board of Directors. The Board of Directors evaluates itself based on the survey findings.

The following is the outline of the results of this analysis and evaluation of the effectiveness of the Board of Directors in FY2024.

1. The Board of Directors generally meets monthly, and discusses important agenda items based on the Board of Directors Regulations in a prompt and appropriate manner.
2. The annual meeting schedule is announced to directors and Audit and Supervisory Board members, including its outside members, at the beginning of the year, making it easier for them to attend the meetings. The matters to be deliberated and reported at the meeting, and the content of the materials, are discussed in advance to facilitate discussion on management issues at the meeting.
3. In addition to the directors, who have experience in various business divisions such as management, sales, technical, production and more, the Board of Directors also receives advice and proposals from outside directors with extensive knowledge and experience of corporate management, or who have expertise in legal and financial matters. The Board of Directors ensures that there is sufficient time for such consultations and discusses management issues from a variety of perspectives.

Moving forward, KOITO will enhance information sharing to outside directors and officers by adding items such as recruitment plans and matters related to overall market trends and technological development status as items to be reported, thereby promoting the operation of the Board of Directors.

Number of Main Reports and Agenda Items at Our Board of Directors' Meetings in FY2024



Status of Audits

Audit & Supervisory Board

The Audit & Supervisory Board consists of two full-time auditors and two outside auditors, a total of four auditors. The policy for the year, the responsibilities of each auditor, and the annual audit plan are formulated at the first meeting of the Audit & Supervisory Board, held after the Annual General Meeting of Shareholders every year, with audits conducted based on this plan.

In addition to attending and expressing their opinions at meetings of the Board of Directors, each corporate auditor utilizes their knowledge and experience in their respective field of expertise to audit the execution of duties by directors and the appropriateness of their corporate decision-making.

Corporate auditors visit subsidiaries and business sites and interview each functional department, and also attend audits conducted by accounting auditors and the internal audit department as needed. They also exchange information with relevant parties, including outside directors, as appropriate, to maintain cooperation and enhance the effectiveness of audits. Full-time corporate auditors share the details and results of their daily audits with outside corporate auditors in a timely manner. Based on their respective areas of expertise and knowledge, as well as information provided by the full-time corporate auditors, the outside corporate auditors contribute to the formulation of the company's management strategies and the enhancement of governance by asking questions and expressing opinions mainly at meetings of the Board of Directors, Board of Corporate Auditors, and liaison meetings with the accounting auditors and outside directors. The company has also established a Corporate Auditors' Office to assist the corporate auditors with their duties, by providing full-time staff with a certain degree of executive independence.

Internal Audit Department

At KOITO, the Internal Audit Office—an independent organization—conducts audits of the operational status, effectiveness, and accuracy of business execution, and compliance with respect to the business activities of each internal department and subsidiary, based on the annual audit plan. Each department and subsidiary is encouraged to improve internal controls by implementing the necessary improvements. The Internal Audit Office also reports audit results to directors and corporate auditors, and exchanges information with corporate auditors and accounting auditors on the status of audits to ensure mutual cooperation.

Message from an Outside Director

Actively Communicating How KOITO's Products Contribute to Safety, Security, and Convenience

Outside Director **Haruya Uehara**
(Chair, Nomination Committee and Remuneration Committee)

Governance with High Transparency and Accountability Driving Share Price-Conscious Management

The composition of KOITO's Board of Directors and Audit & Supervisory Board members ensures gender balance and includes individuals with diverse expertise in areas such as law, accounting, taxation, technology, and corporate management, enabling comprehensive oversight of governance. Each proposal and report is subject to active discussion, resulting in governance that is both highly transparent and conducted with a sense of tension. At the same time, KOITO must make greater efforts to ensure that its initiatives are well understood by local communities, individual shareholders, and consumers, and this requires continuous attention. Although KOITO's business is primarily B-to-B, the ultimate end-users are individuals. It is therefore essential to communicate, through governance, how KOITO's products contribute directly to safety, security, and convenience.

The roles of the Nomination Committee and Remuneration Committee are rooted in objectivity and transparency. Their processes ensure that fair and appropriate individuals are appointed as officers and that remuneration is determined under equally fair conditions. In the Nomination Committee, decisions are made after sharing information on candidates' professional experience, specific achievements, and personal evaluations. The Remuneration Committee determines both the total amount of executive compensation and individual remuneration based on each officer's performance and contribution, ensuring a process that is highly transparent, objective, and convincing for the directors themselves. KOITO also benchmarks against industry peers and standards to avoid excessive or insufficient compensation. Starting this year, a portion of executive remuneration will be paid in shares. This measure reflects the tendency for corporate performance to be linked to share price and aims to align management responsibility with shareholder interests. Although this had been under consideration for some time, KOITO has now implemented it after careful review of market trends. This change will further encourage management to operate with a stronger awareness of share price performance.

Compliance with Social Norms as the Foundation of Corporate Integrity

Corporate value ultimately lies in anticipating social needs and continuously delivering high-quality products. Through these production activities, KOITO strives to enhance satisfaction among customers (users), investors (shareholders), and employees, creating a cycle that drives corporate value. Employees play the central role in this process, as the collective satisfaction of each individual employee elevates corporate value. This is not limited to financial compensation; it also includes a sense of purpose through work, teamwork, and trust among supervisors, colleagues, and subordinates. From this perspective, KOITO places compliance—adherence to social rules—at the foundation of its corporate structure, while focusing on human resource development, workplace safety and hygiene, and workstyle reforms. KOITO spares no investment in these areas. Although such initiatives are not quick fixes for enhancing corporate value, they will yield significant results over time through steady and continuous efforts. Improving corporate value cannot be achieved overnight, and KOITO aims to reaffirm this commitment across all levels of the organization—from management and supervisors to every employee.

Remuneration of Directors

The remuneration for directors consists of monetary remuneration, which includes fixed monthly remuneration and performance-linked remuneration, as well as stock-based remuneration linked to TSR (Total Shareholder Return) and ESG indicators. The proportion of each component is determined based on internal standards for executive remuneration, taking into account factors such as company performance, remuneration levels at peer companies, and employee salary levels, as well as each director's management capabilities, achievements, and contributions.

The total amount of cash remuneration for directors shall be no more than 1.5 billion yen per year, of which up to 100 million yen per year is allocated to outside directors. Separately, the total amount of monetary claims granted to eligible directors as remuneration for restricted stock is set at up to 500 million yen per year.

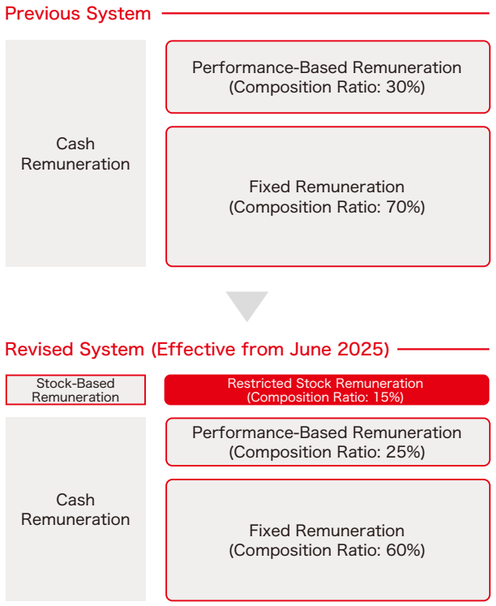
For fixed remuneration, a base amount is established according to the significance of each director's role and position. Upper and lower limits, role-based differentials, and seniority-based adjustments within each role are applied to calculate the final remuneration amount.

Performance-linked remuneration is primarily calculated based on ordinary income, which reflects the overall results of KOITO's business activities. Changes in this indicator compared to the previous fiscal year are also considered in the calculation.

To enable directors to share both the benefits and risks associated with stock price fluctuations with shareholders, and to further enhance their motivation to contribute to share price appreciation and the improvement of corporate value, KOITO has introduced a remuneration system under which restricted stock is allocated to eligible directors.

As for remuneration for Audit & Supervisory Board members, as approved at the 112th Ordinary General Meeting of Shareholders held on June 28, 2012, it shall be no more than 120 million yen per year.

Remuneration Structure for Directors (Excluding Outside Directors)



Overview of Restricted Stock Remuneration

- Introduce stock-based remuneration linked to TSR to share both the benefits and risks of stock price fluctuations with shareholders, thereby further enhancing directors' motivation to contribute to stock price appreciation and corporate value improvement.
- Utilize ESG indicators (such as reduction of CO_2 emissions, ratio of female managers, and employee engagement) and link the achievement level of these indicators to stock-based remuneration, thereby promoting initiatives toward sustainable growth.

Total Remuneration and Related Figures for Directors and Audit and Supervisory Board Members in FY2024 (Before Revision of the Executive Compensation System)

Category	The number of eligible members	Breakdown of remuneration		Total remuneration (Millions of yen)
		Fixed remuneration (Millions of yen)	Performance-linked remuneration (Millions of yen)	
Directors	10	521	224	746
Audit and Supervisory Board members	4	108	—	108
Total	14	629	224	854

Notes: 1. Aggregate remuneration for the outside directors and outside Audit and Supervisory Board members, a total of six individuals, was 78 million yen (fixed remuneration only).
2. In addition to the above, one outside Audit and Supervisory Board member received executive remuneration of zero million yen from Koito Insurance Services Co., Ltd., KOITO's subsidiary.
3. Ordinary profit is used as an indicator for performance-linked remuneration, as it reflects the overall results of KOITO's management activities, with remuneration calculated with consideration for the change in this indicator compared to the previous fiscal year.

Status of Cross-Shareholdings

Based on KOITO's management strategies and plans, we believe that strengthening business relations with other companies is essential to expanding our business and achieving sustainable growth. From this perspective, we consider various issues in a comprehensive manner and hold certain shares for purposes other than pure investment. We regularly scrutinize our shareholdings to verify whether they are commensurate with dividend yields and the cost of capital, while also keeping in mind reductions, in order to determine their appropriateness.

In FY2024, we sold 12 listed stocks and reduced our holdings in two stocks. We will continue to consider further reductions in cross-shareholdings going forward.

Basic Standards and Policy for Classification of Investment Shares

With respect to the classification of investment shares held for pure investment purposes and otherwise, KOITO designates shares held solely for the purpose of receiving profits from changes in the value of shares or dividends on shares as investment shares for pure investment purposes, and as other shares for investment shares held for purposes other than pure investment.

Basic Policy for Voting Rights

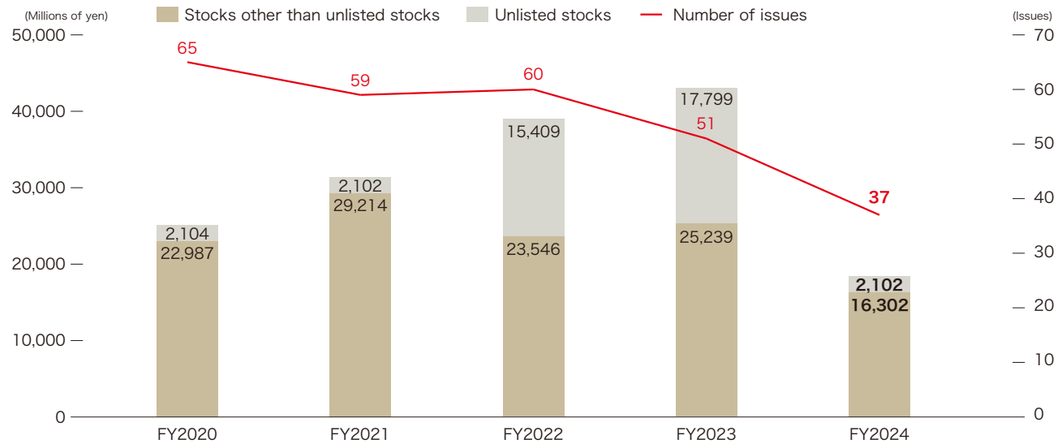
The exercise of voting rights is not based on a uniform standard, but rather on the perspective of whether it will lead to sustainable corporate growth and enhancement of corporate value over the medium- to long-term.

Changes in Cross-Shareholdings

(As of the end of each fiscal year)

		FY2020	FY2021	FY2022	FY2023	FY2024
Number of issues (Issues)	Unlisted stocks	16	16	17	17	16
	Stocks other than unlisted stocks	49	43	43	34	21
	Total	65	59	60	51	37
Book value on the Balance Sheet (Millions of yen)	Unlisted stocks	2,104	2,102	15,409	17,799	2,102
	Stocks other than unlisted stocks	22,987	29,214	23,546	25,239	16,302
	Total	25,091	31,316	38,955	43,038	18,404
Ratio of cross-shareholdings to consolidated net assets		4.4%	5.0%	5.8%	6.0%	2.7%

Note: Figures exclude issues whose number of shares changed due to organizational restructuring such as share consolidation, share split, share transfer, share exchange, or merger.



Basic Policy of Internal Control System

The Basic Policy of the Internal Control System is set as follows to improve and strengthen internal control.

1. System ensuring that Directors and employees execute their business duties in compliance with laws and regulations and the company's Articles of Incorporation

The Compliance Committee, the Compliance Department, the Internal Audit Department, whistle-blower internal reporting system, and other organizations and systems, as well as the Code of Corporate Ethics and other relevant regulations, will be developed and enhanced based on the KOITO Group Corporate Behavior Charter.

At the same time, KOITO's Directors, Corporate Officers, and employees will receive education familiarizing them with these organizations, systems, and regulations.

2. System for the preservation and administration of information on Directors executing their business duties

Regulations will be developed and enhanced to appropriately preserve and administer minutes of the General Meeting of Shareholders, the Board of Directors, the Managing Committee, and other information on the directors' execution of their business duties.

3. Regulations and other systems for managing the risk of loss

Risk Management Regulations and other regulations and systems for managing risk will be developed to avoid and eliminate material risks that could threaten the company's viability, and to minimize their impact when they arise. Meanwhile, KOITO's directors, corporate officers, and employees will also receive education and training on risk management.

4. System for ensuring the efficient execution of business duties by Directors

The Board of Directors and Managing Committee meetings will be held regularly. Meanwhile, the Board of Directors' Regulations, the Managing Committee's Regulations, and other regulations pertaining to the execution of business duties by the directors, as well as the corporate officer system and other organizations and systems, will be developed and enhanced to ensure the efficient execution of business duties by the directors.

Such business duties will be executed according to specific plans that each division develops every fiscal year based on the policy established by the president.

5. System for ensuring appropriate business execution by the corporate group comprising KOITO and its subsidiaries

KOITO and its Group companies will acknowledge the KOITO Group Corporate Behavior Charter and develop a system for ensuring and administering the appropriate execution of business duties as follows.

a. KOITO clarifies matters to be reported in the Subsidiary Company Management Regulations and other regulations and improves its reporting system. KOITO also requests regular business reports from the Group companies.
b. KOITO comprehensively and thoroughly manages the risks of the entire Group based on the Subsidiary Company Management Regulation and other regulations.
If the actions of the Group companies are insufficient, KOITO provides instruction and corrective action.
c. KOITO requests its Group companies to develop and improve regulations, organizations, and systems for regular meetings of the Board of Directors and the execution of duties by the directors.
Officers serve in multiple posts in important Group companies.
d. KOITO ensures that Group companies stay in compliance with laws and regulations based on the KOITO Group Corporate Behavior Charter and other regulations. KOITO's Management Department and Internal Audit Department also conduct audits and financial audits of Group companies.
KOITO also establishes the matters requiring approval in the Subsidiary Company Management Regulations and other regulations, with these business operations to be executed upon approval by KOITO.

6. Matters pertaining to the status of certain employees, independence from directors, and the effectiveness of instruction in the event the Audit and Supervisory Board members request such employees to assist in the execution of their duties

An Audit and Supervisory Board Members' Office will be established to help the Audit and Supervisory Board members execute their duties under the instructions and orders of the Audit and Supervisory Board members and the Audit and Supervisory Board.

Moreover, assignment of personnel to the Audit and Supervisory Board Members' Office shall be decided upon approval by the Audit and Supervisory Board to ensure independence from the directors.

7. System for directors and employees of KOITO and its subsidiaries to report to the Audit and Supervisory Board members, and for preventing unfair treatment of the directors and employees for reporting to the Audit and Supervisory Board members

Directors, corporate officers, and employees of KOITO and its Group companies shall report to the Audit and Supervisory Board members when they learn of matters of material impact on the company, serious violations of laws, regulations, and the Company's Articles of Incorporation, and other issues of compliance.

Moreover, each Audit and Supervisory Board member shall exercise their own discretion in reporting the findings from such reports to the Audit and Supervisory Board. Meanwhile, the company's organization and systems will be developed and enhanced to rigorously prevent the unfair treatment of directors, corporate officers, and employees who report to the Audit and Supervisory Board members.

8. Policy on expenses arising when the Audit and Supervisory Board members execute their duties and system for enabling the Audit and Supervisory Board members to conduct effective audits

The company will pay all necessary expenses involved in the execution of the Audit and Supervisory Board members' duties.

The Audit and Supervisory Board members will monitor and audit the execution of business duties at the company by means that include attending the Board of Directors, the Managing Committee, the Compliance Committees and other relevant conferences and committees, and examining important documents.

The Audit and Supervisory Board members will exchange opinions periodically or as needed with directors, corporate officers, financial auditors, and the Internal Audit Department, among others.

Compliance and Risk Management

Basic Approach

KOITO aims to continue being a company that is trusted by all stakeholders, and declares in the KOITO Group Corporate Behavior Charter that "we will comply with all applicable laws and regulations and will engage in fair, transparent, and free market competition, as well as proper trade, and responsible procurement," and "in our global corporate activities, we will also comply with international rules and local laws, respect local culture and customs, and maintain sound relationships with government and government agencies." KOITO has identified the strengthening of matters of "compliance" as one of its materialities. The entire KOITO Group is committed to engaging in compliance activities, in order to foster an organization and corporate atmosphere that places importance on compliance.

To appropriately identify increasingly diverse and complex risks, and to prevent their materialization while minimizing potential damage in the event of occurrence, KOITO is committed to enhancing and strengthening its comprehensive risk management framework.

Compliance Management Structure

To strengthen our compliance system, KOITO has established the "Compliance Committee," the "Compliance Department," the "Internal Audit Office," and the "Whistle-Blowing Desk (Corporate Ethics Consulting Desk)." The Compliance Committee meets regularly to confirm and follow up on the action plans and results of the Compliance Department and the Internal Audit Office, the operational status of the Corporate Ethics Consulting Desk, and responses to risks.

Personnel in charge of compliance are also appointed at the domestic and overseas subsidiaries to strengthen compliance and so the company can work closely with these companies and monitor their compliance status. In this way, KOITO promotes compliance-related initiatives across the entire Group.

Initiatives for Strengthening Compliance

Fostering Compliance Awareness

KOITO works to foster employee awareness of compliance by distributing a portable "Ethics Card" to all employees so that the "KOITO Group Corporate Behavior Charter" can serve as a behavioral standard for employees. We also conduct an annual "Corporate Ethics Survey" for all employees to gauge the level of awareness, understanding, and implementation of the "KOITO Group Corporate Behavior Charter." Results of the survey are reported to the Board of Directors and Compliance Committee.

In the FY2024 survey, 97% of the 4,433 employees surveyed reported that they were aware of and had read the KOITO Group Code of Conduct. Furthermore, all employees indicated that they act to earn customer satisfaction and trust, comply with relevant laws and internal rules, and respect human rights, thereby maintaining a high standard of ethical conduct across the organization.

Awareness of the KOITO Group Code of Conduct

Compliance Education

KOITO provides basic compliance education during annual job-rank based training sessions for all newly appointed managers and new employees. In addition, we conduct theme-specific training programs for employees whose duties require specialized knowledge, covering topics such as the Antimonopoly Act, the Subcontract Act, corporate ethics, and harassment prevention. These sessions are delivered in various formats, including e-learning and workplace discussion, and are facilitated by internal experts as well as external specialists invited in previous years, aiming to enhance directors' and employees' understanding of compliance. Furthermore, we emphasize compliance to our suppliers during purchasing policy briefings and hold annual compliance training sessions specifically for suppliers.

Course Name	Content
Job-rank based training	General compliance
Antimonopoly Act training	Workplace training sessions, E-learning
Subcontract Act training	Viewing training videos
Training regarding harassment	Harassment prevention training, Follow-up training, Workplace training sessions, E-learning
Insider trading prevention education	E-learning

Prevention of Harassment

In addition to training on the prevention of sexual harassment and power harassment, KOITO also provides training on the prevention of all forms of harassment, including maternity harassment and SOGI harassment, at the time of employee promotion, and also conducts training periodically for each job level. We also regularly conduct harassment surveys of all employees, and have subordinates evaluate the behavior of their superiors (managers such as department and section managers, as well as supervisors such as section and team leaders) in the workplace. Based on the evaluation results, superiors assess the circumstances, including any differences between their own perceptions and what is reported, and work to prevent harassment by formulating and posting "My Pledge to Eradicate Harassment."

Initiatives to Prevent Corruption

KOITO has long maintained the "Anti-Bribery Rules" and provided related training. In April 2025, these rules were revised and renamed as the "Anti-Corruption Rules" to prevent a broader range of corrupt practices, including not only bribery but also coercion and extortion, fraud, embezzlement and misappropriation, insider trading, money laundering, conflicts of interest, unlawful political contributions, and facilitation payments.

Previously, KOITO had expressed its commitment to preventing corruption in the "KOITO Group Code of Conduct." To further strengthen these efforts, we have newly established the "KOITO Group Anti-Corruption Policy," under which more concrete measures are being implemented.

There were no cases of fines, dismissals, or other disciplinary actions related to corruption in FY2024.

For further details regarding the KOITO Group Anti-Corruption Policy, please refer to our website.
URL：https://www.koito.co.jp/news/2025/03/28/004443.html
* Available in Japanese only.

Prevention of Anti-Competitive Practices

KOITO works to prevent anti-competitive practices, such as market division, price-fixing, abuse of dominant position and dumping, through the establishment of the "Antimonopoly Act Regulations" and the regular implementation of internal education.

When KOITO employees come into contact with competitors, we conduct ex-ante and ex-post reviews to ensure that they do not engage in conduct that may violate the Antimonopoly Act.

The Internal Audit Department conducts annual audit to departments concerned with the Antimonopoly Act and Subcontract Act, with the attendance of Audit and Supervisory Board members, and the findings are reported to the Compliance Committee. If any issues were found during the audit, the details of the improvement are also reported to the Committee.

The penalties imposed in the event of violations of laws are stipulated in our internal regulations.

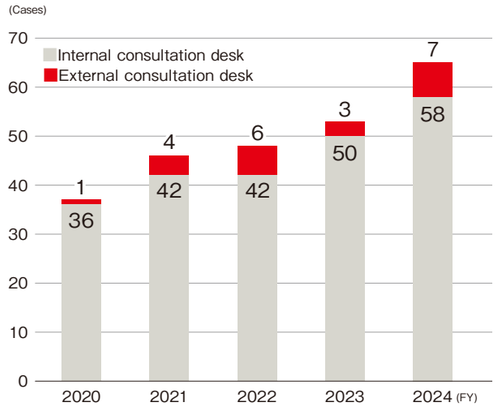
Nobody in the KOITO Group was fined or dismissed for anti-competitive practices in FY2024.

Whistle-Blowing System

KOITO has established the "Corporate Ethics Consulting Desks" internal and external to the company, which allows employees to report or consult on compliance and harassment issues. We investigate all cases reported or consulted, take the appropriate measures, and report them to the Board of Directors and the Compliance Committee.

When operating the "Corporate Ethics Consultation Desk," we take thorough care of human rights, such as protecting the privacy of whistle-blowers and consultants and preventing disadvantages, so that users can report and consult with peace of mind. The penalties for disadvantageous treatment of whistleblowers are clearly stipulated in our internal regulations.

Number of consultations received



Natural Disaster Risks

Based on our basic policy "to prioritize human lives and maintain business continuity," KOITO examines its disaster control, initial response, and restoration operations to discover problems, and reevaluates and strengthens its BCP activities based on lessons learned through natural disasters such as the Great East Japan Earthquake; Kumamoto Earthquake; heavy rains; typhoons; and the damage expected from the Nankai Trough Earthquake.

To control damage from natural disasters such as earthquakes, KOITO implements seismic reinforcement of production site buildings, anti-fall measures for facilities and equipment, installation of emergency earthquake notification systems, regular disaster drills including evacuation and firefighting, all-employee safety confirmation drills, and general inspections of the maintenance and management of evacuation routes.

KOITO also intends to minimize the damage caused by disasters by hosting lectures on checking hazard maps and evacuation.

To prevent fire, KOITO makes efforts to strengthen firefighting systems, ensuring quick extinguishing through rigorous management of hazardous materials and combustibles, such as organic solvents; increased installation and rearrangement of fire extinguishing equipment to prepare for fire; and implementation of initial firefighting training.

In addition, there are on-site inspections on safety, fire, and disaster prevention conducted at subsidiaries and suppliers. Subsidiaries in Japan also engage in mutually inspections and improvement activities each other's production sites under the "Subsidiaries Mutual Safety Inspections System" to improve the safety, fire, and disaster prevention level across the entire Group and the supply chain.

Firefighting training using fire hydrant

Nighttime entry training

Information Security

KOITO has identified "information security" as one of our materialities, and works to ensure the protection of personal information and confidential information based on the Information Security Policy, while implementing proper information security measures to realize safe and thorough management.

We have established a cybersecurity system that can detect the latest viruses and abnormal conditions at all sites, including domestic and overseas affiliates. We have also established CSIRTs (a specialized team that deals with information security issues) at each site to ensure an immediate response in the event of an emergency.

▶ Information Security Policy

KOITO MANUFACTURING CO., LTD. ("KOITO") recognizes that the appropriate management of information is a critical management issue, and has formulated an "Information Security Policy" to gain the trust of customers and society at all times. KOITO intends, from this point onwards, to comply with this Information Security Policy, maintaining and improving information security by protecting information assets from various threats and handling information appropriately.

1. **Establishment of Information Security Management System**

   KOITO has appointed a Chief Information Security Officer (CISO) and established an information security management system that enables prompt implementation of security information measures, to gain and maintain the trust of society. This management system shall be reviewed and improved regularly. With this CISO and management system, KOITO makes every possible effort to protect all information assets held and comply with laws, regulations, and other rules related to information security.

2. **Development of Internal Information Security-Related Rules**

   KOITO develops internal rules based on our Information Security Policy to have a clear policy for the handling not only of personal information, but also all other information assets, and makes all employees and business partners fully aware of KOITO's strict measures against information leaks, etc.

3. **Implementation of Appropriate Information Security Measures**

   KOITO implements organizational, physical, technological, and personal security management measures so that information assets of KOITO are not subjected to unauthorized access, destruction, leakage, or alteration. These measures shall be adjusted and adapted as technological and social changes arise.

4. **Implementation of Internal Information Security Audits**

   KOITO regularly conducts internal information security audits to verify that security measures are functioning effectively in the course of business operations, in accordance with relevant laws and internal regulations and rules.

5. **Enhancement of Information Security Literacy**

   KOITO provides thorough security education/training to employees etc. so that all those handling our information assets perform their duties with literacy in information security. KOITO also continues to provide its employees with education/training to respond to ever-changing circumstances.

Organization for Information Security Activities

The KOITO Group monitors computers and networks of the Group as a whole, including its domestic and overseas affiliates, and has established CSIRTs (Computer Security Incident Response Teams), capable of responding immediately to any cyber-attacks or abnormal conditions on a global basis.

KOITO's information security is managed by the Information System Department, along with the General Affairs Department and Compliance Department. Each department also periodically checks for information security risks and implements a PDCA cycle to continuously improve security.

Information Security Management System

In order to protect information assets from the risk of leaks, theft, alternation, etc., the KOITO Group operates information security management based on management standards for the confidentiality, integrity, and availability of information. Major functional divisions in particular are responsible for assuring information security and driving the improvement of security reliability. KOITO divisions responsible for design, development, sales, purchasing and quality management of automotive lighting equipment and others have also acquired ISO 27001, an international standard for information security.

The KOITO Group will continue to maintain and improve information security by improving our information security management system through continuous PDCA cycles and by expanding the scope of certifications within the Group.

Information Security Measures

To strengthen information security measures against cyberattacks, KOITO has established internal regulations based on its Information Security Policy and is implementing various cybersecurity measures, including the establishment of a group-wide monitoring system and an incident response system. We are seeking to build a strategic information management system that not only appropriately manages confidential and personal information, but also manages and utilizes intellectual property and other intangible assets.

KOITO also works to improve information security through periodic internal and external intrusion tests by external specialist agencies, to thoroughly inspect and confirm security vulnerabilities.

We evaluate the status of information security measures at domestic and overseas Group companies using information security check sheets and take measures as necessary.

We are also working to improve the security of the entire supply chain through check sheet evaluations and reviews of security standards for suppliers.

Fostering Awareness of Information Security

KOITO strives to foster awareness of information security within the company by holding annual information security training sessions for all employees, in order to prevent information security incidents.

Targeted email drills are also conducted once a year for all employees. The results are reported at Managing Committee and IT Meetings, with measures taken as necessary.

Moreover, KOITO periodically provides information on information security to all employees via email, introducing case studies of information security, precautions for remote workers, and alerts for possible targeted email attacks.

We also ask our suppliers to implement information security-related measures and conduct necessary assessments and improvements using checklists and other means.

Tax Policy

The KOITO Group recognizes the importance of paying appropriate taxes and promotes sound tax activities in accordance with the tax laws and policies of each country and region, while also working to build a proper tax governance system.

▶ Tax Policy

1. **Tax Compliance**

   KOITO MANUFACTURING CO., LTD. ("KOITO") and its subsidiaries ("the KOITO Group") comply with tax codes as well as relevant laws and regulations, file the proper tax returns, and pay taxes in each country and region where we conduct business.

   The KOITO Group does not engage in tax avoidance using tax havens or use tax planning that does not coincide with business conditions.

2. **Tax Governance System**

   The KOITO Group works to comply with the tax laws, systems and administrative operations in each country with the cooperation of its Group companies in an effort to minimize tax risks.

   The tax risks of the KOITO Group are managed under the discretion of the Chief Financial Officer according to reports from each Group company.

   In addition, the KOITO Group will seek the advice and guidance of external experts for any complex risks or grave matters of concern and will respond to such risks and matters after investigation, evaluation, and deliberation.

3. **Transfer Pricing**

   The KOITO Group will adhere to arm's length transaction principles with an understanding of the OECD Transfer Pricing Guidelines and domestic tax Base Erosion and Profit Shifting (BEPS), to set the price of transactions between Group companies.

   In addition, the KOITO Group will seek the advice and guidance of external experts as necessary to reduce the tax risks related to transfer pricing.

4. **Elimination of Dual Taxation**

   The KOITO Group applies tax treaties to eliminate dual taxation on the same economic profits from multiple countries and regions.

5. **Relationship with Tax Authorities**

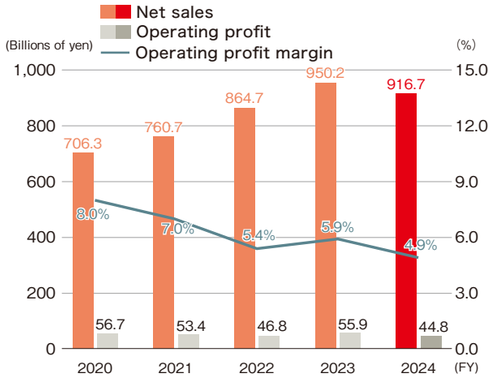
   The KOITO Group responds appropriately to any inquiries and requests for information from the tax authorities in each country and region where it does business, with good faith and in a timely manner, in an effort to build and maintain good trust with tax authorities.

   If any question arises between the KOITO Group and a tax authority about tax practices, our understanding of tax codes, or other tax-related matters, the KOITO Group will work with the relevant tax authority to resolve the matter in question.

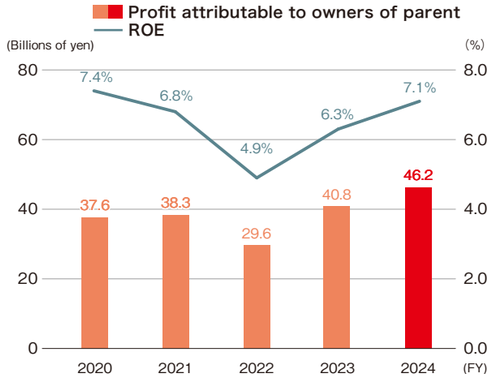
Financial and Non-Financial Highlights

Financial Highlights

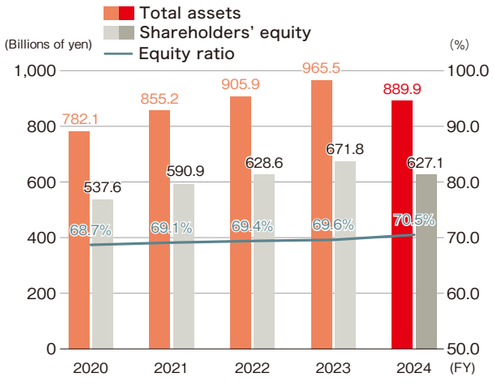
Net Sales/Operating profit/Operating profit margin



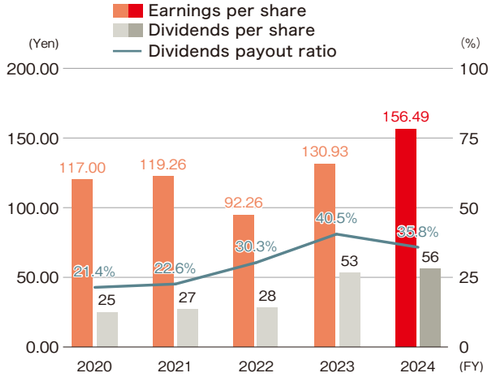
Profit attributable to owners of parent/ROE



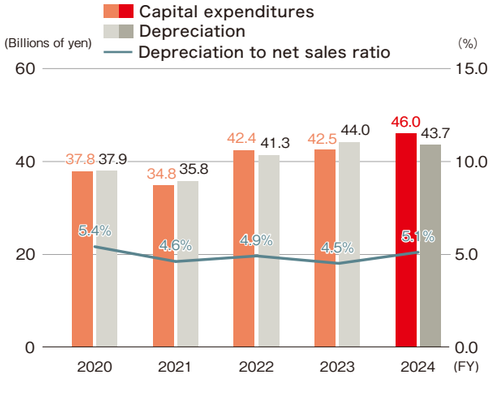
Total assets/Shareholders' equity/Equity ratio



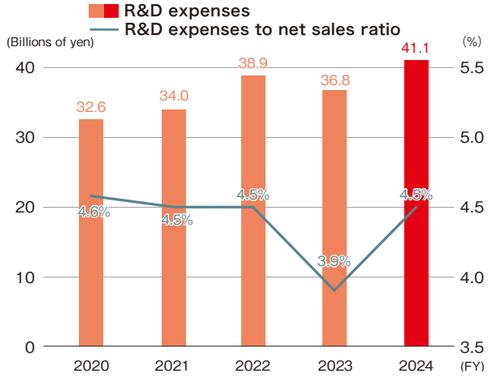
Earnings per share/Dividends per share/Dividends payout ratio



Capital expenditures/Depreciation/Depreciation to net sales ratio

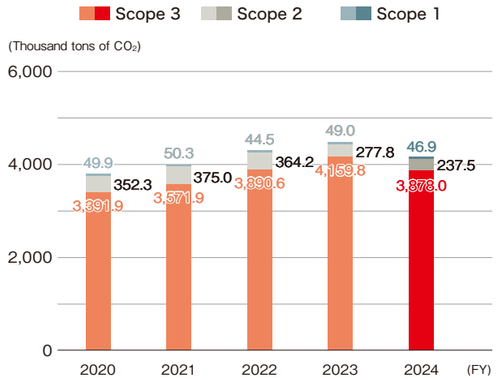


R&D expenses/R&D expenses to net sales ratio

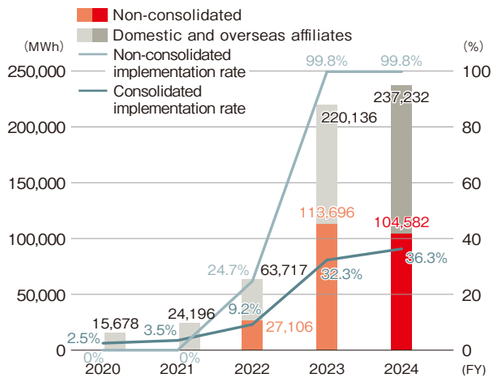


Non-Financial Highlights

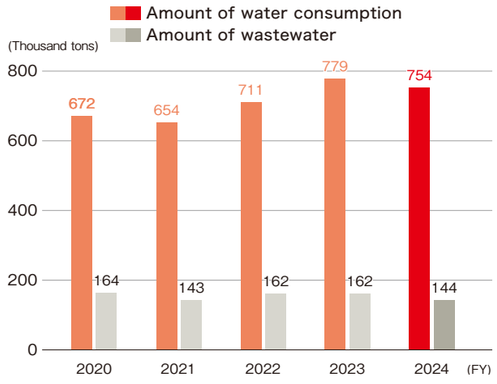
Greenhouse gas emissions



Renewable energy usage

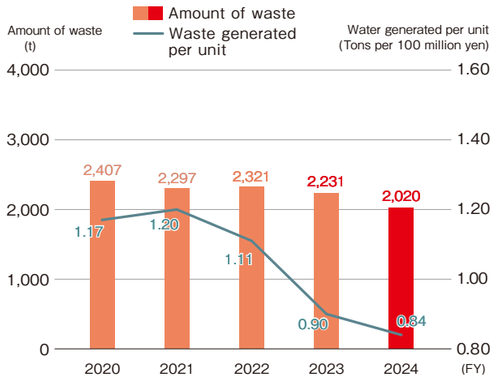


Amount of water consumption/Amount of wastewater



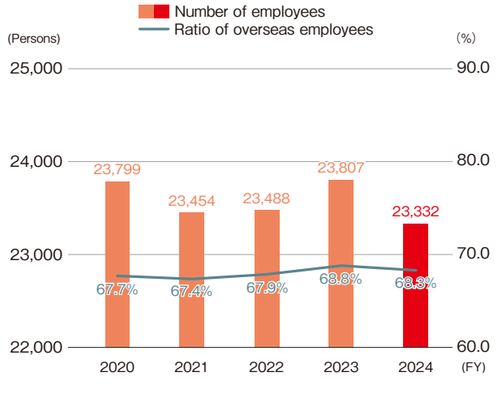
* Non-consolidated

Amount of waste/Waste generated per unit

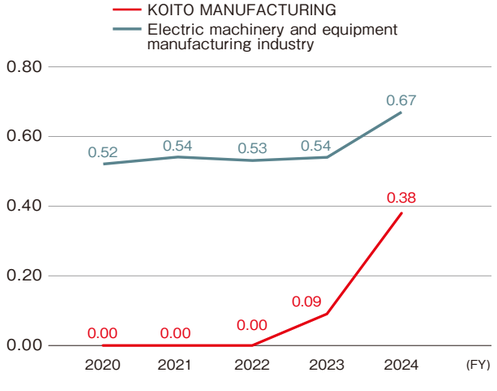


* Non-consolidated

Number of employees/Ratio of overseas employees



Lost time injury frequency rate (LTIFR)



Financial Summary of the Last 11 Years

KOITO MANUFACTURING and its consolidated subsidiaries

(Millions of yen)

		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	**FY2024**
Operating Results												
Net sales		706,470	813,477	841,456	848,868	826,257	800,928	706,376	760,719	864,719	950,295	**916,709**
Overseas sales ratio	(%)	60.3	63.0	61.5	57.0	53.4	52.1	51.7	58.9	62.9	61.9	**61.6**
Operating profit		64,155	82,218	92,523	103,785	101,534	82,411	56,707	53,434	46,847	55,995	**44,873**
Operating profit margin	(%)	9.1	10.1	11.0	12.2	12.3	10.3	8.0	7.0	5.4	5.9	**4.9**
Ordinary profit		66,880	84,296	95,336	107,945	105,494	85,264	61,107	60,613	48,532	63,265	**49,147**
Profit attributable to owners of parent		36,060	46,303	56,692	83,397	72,895	58,022	37,612	38,340	29,660	40,879	**46,240**
Cash Flows												
Cash flows from operating activities		73,289	73,828	98,388	94,793	96,666	84,972	74,962	65,707	59,762	96,370	**88,363**
Cash flows from investing activities		△ 55,526	△ 62,777	△ 72,486	△ 67,260	△ 25,906	△ 44,728	△ 1,093	△ 52,151	△ 71,539	△ 50,155	**△ 40,995**
Cash flows from financing activities		△ 14,376	△ 10,062	△ 16,624	△ 17,633	△ 13,063	△ 32,010	△ 18,324	△ 8,491	△ 13,281	△ 59,677	**△ 78,348**
Free cash flow		17,763	11,051	25,902	27,533	70,760	40,244	73,869	13,556	△ 11,777	46,215	**47,368**
Cash and cash equivalents at end of year		33,082	31,886	39,500	41,050	97,993	104,202	161,855	169,581	145,798	134,560	**101,265**
Financial Position (As of Fiscal Year-End)												
Total assets		575,268	588,683	658,341	672,055	738,175	729,715	782,163	855,237	905,909	965,595	**889,952**
Net assets		316,826	329,671	381,000	444,808	503,564	513,524	569,438	627,315	670,506	719,270	**679,865**
Property, plant and equipment		140,859	139,300	141,538	133,935	158,769	170,082	171,615	182,608	194,320	206,305	**209,643**
Interest-bearing liabilities		41,500	41,249	35,057	28,928	32,482	29,526	20,945	25,021	22,647	14,295	**5,728**
Per share data												
Net income	(Yen)	112.21	144.08	176.40	259.45	226.76	180.49	117.00	119.26	92.26	130.93	**156.49**
Dividends	(Yen)	20	18	27	48	46	36	25	27	28	53	**56**
Consolidated dividends payout ratio	(%)	17.8	12.5	15.3	18.5	20.3	19.9	21.4	22.6	30.3	40.5	**35.8**
Net assets	(Yen)	837.46	890.47	1,045.44	1,275.74	1,435.12	1,494.72	1,672.33	1,838.24	1,955.44	2,182.85	**2,210.09**
Other Financial Data												
Equity ratio	(%)	46.8	48.6	51.0	61.0	62.5	65.8	68.7	69.1	69.4	69.6	**70.5**
Return on equity (ROE)	(%)	14.8	16.7	18.2	22.4	16.7	12.3	7.4	6.8	4.9	6.3	**7.1**
Return on assets (ROA)	(%)	6.8	8.0	9.1	12.5	10.3	7.9	5.1	5.0	3.4	4.4	**5.1**
Price earnings ratio (PER)	(Times)	16.1	17.7	16.4	14.2	13.8	10.1	31.7	20.9	27.1	19.4	**11.7**
Price book-value ratio (PBR)	(Times)	2.2	2.9	2.8	2.9	2.2	1.2	2.2	1.4	1.3	1.2	**0.8**
Capital expenditures		48,470	41,322	40,284	33,759	54,053	56,737	37,887	34,842	42,446	42,527	**46,076**
Depreciation		25,919	31,719	31,721	32,287	32,060	36,066	37,962	35,811	41,324	44,000	**43,716**
R&D expenses		27,955	32,642	34,226	36,101	34,024	36,121	32,671	34,024	38,955	36,852	**41,130**
R&D expenses to net sales ratio	(%)	4.0	4.0	4.1	4.3	4.1	4.5	4.6	4.5	4.5	3.9	**4.5**
Average USD exchange rate (During the fiscal year)	(Yen)	110.6	120.2	108.7	110.7	111.1	109.0	105.9	113.0	136.0	145.3	**152.6**

Notes: 1. The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, revised on February 16, 2018) has been adopted from the beginning of the fiscal year ended March 31, 2019. Accordingly, the key performance indicators, etc., pertaining to the fiscal year ended March 31, 2018 are those after retrospective application of the relevant accounting standard.

2. Effective October 1, 2022, a 2-for-1 stock split of common stock was conducted. The dividends per share stated above are calculated assuming the stock split was conducted at the beginning of the fiscal year ended March 31, 2015.

3. Return on assets (ROA) is calculated as "profit attributable to owners of parent ÷ average total assets during the period."

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

Items	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Assets		
Current assets	582,498	**546,361**
Cash and time deposits	302,874	**270,845**
Trade notes	6,382	**1,103**
Electronically recorded monetary claims-operating	8,699	**8,909**
Accounts receivable	127,597	**132,507**
Contract assets	1,468	**2,385**
Marketable securities	–	**5,302**
Inventories	95,796	**95,100**
Other current assets	40,040	**30,280**
Allowance for doubtful accounts	△ 360	**△ 72**
Non-current assets	383,096	**343,590**
Property, plant and equipment	206,305	**209,643**
Buildings and structures (net)	59,416	**59,240**
Machinery and transportation equipment (net)	85,024	**81,038**
Fixtures, equipment and tools (net)	20,226	**19,343**
Land	19,078	**20,052**
Construction in progress	16,424	**23,399**
Other property, plant and equipment	6,136	**6,568**
Intangible fixed assets	2,482	**15,614**
Investments and other assets	174,308	**118,332**
Investment securities	147,537	**100,620**
Claims provable in bankruptcy, claims provable in rehabilitation and others	452	**444**
Deferred tax assets	19,563	**10,309**
Net defined assets for retirement benefits	3,677	**4,114**
Other investments	3,646	**3,390**
Allowance for doubtful accounts	△ 568	**△ 547**
Total assets	965,595	**889,952**
Liabilities		
Current liabilities	192,479	**173,359**
Trade notes and accounts payable	103,100	**100,990**
Electronically recorded monetary obligations-operating	3,036	**3,734**
Short-term loans	14,295	**5,728**
Accrued expenses	28,613	**29,924**
Income taxes payable	9,857	**2,878**
Contract liabilities	3,110	**3,731**
Provision for employees' bonuses	6,720	**6,372**
Provision for product warranties	3,246	**2,540**
Provision for loss on business liquidation	–	**842**
Other current liabilities	20,497	**16,616**
Non-current liabilities	53,845	**36,726**
Deferred tax liabilities	27,879	**14,183**
Provision for directors' and corporate auditors' retirement benefits	312	**363**
Provision for product warranties	3,436	**2,899**
Net defined liability for retirement benefits	16,253	**13,312**
Other non-current liabilities	5,963	**5,967**
Total liabilities	246,324	**210,086**

(Millions of yen)

Items	FY2023 (As of March 31, 2024)	FY2024 (As of March 31, 2025)
Net assets		
Shareholders' equity	551,691	**531,285**
Common stock	14,270	**14,270**
Additional paid-in capital	13,188	**13,235**
Retained earnings	524,380	**553,720**
Treasury stock	△ 148	**△ 49,941**
Accumulated other comprehensive income	120,133	**95,819**
Other valuation adjustment on available-for-sale securities	43,791	**28,113**
Foreign currency translation adjustments	71,499	**62,671**
Adjustments in defined benefit plans	4,843	**5,033**
Subscription rights to shares	106	**97**
Non-controlling interests	47,338	**52,663**
Total net assets	719,270	**679,865**
Total liabilities and net assets	965,595	**889,952**

Consolidated Statements of Income

(Millions of yen)

Items	FY2023	FY2024
Net sales	950,295	**916,709**
Cost of sales	843,620	**820,037**
Gross profit	106,674	**96,671**
Selling, general and administrative expenses	50,679	**51,798**
Operating profit	55,995	**44,873**
Non-operating profit	9,977	**8,761**
Interest income	3,514	**4,773**
Dividend income	1,659	**1,819**
Foreign exchange gains	2,473	**–**
Other non-operating profit	2,330	**2,168**
Non-operating expenses	2,708	**4,487**
Interest expenses	548	**336**
Shares of loss of entities accounted for using equity method	358	**7**
Foreign exchange losses	–	**996**
Loss on investment partnership management	360	**712**
Share acquisition-related expenses	454	**733**
Other non-operating expenses	987	**1,701**
Ordinary profit	63,265	**49,147**
Extraordinary gains	4,553	**18,784**
Extraordinary losses	8,329	**3,349**
Income before income taxes	59,489	**64,583**
Total income taxes	14,619	**13,717**
Profit	44,870	**50,865**
(Breakdown)		
Profit attributable to non-controlling interests	3,990	**4,625**
Profit attributable to owners of parent	40,879	**46,240**

* The amounts are rounded down to the nearest million yen.

Consolidated Financial Statements

Consolidated Statements of Changes in Shareholders' Equity

FY2023 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholder's equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	**14,270**	**13,420**	**530,939**	**△45**	**558,585**
Changes during fiscal year					
Dividends from retained earnings	—	—	△12,838	—	△12,838
Profit attributable to owners of parent	—	—	40,879	—	40,879
Purchases of treasury stock	—	—	—	△35,000	△35,000
Disposal of treasury stock	—	△8	—	73	64
Cancellation of treasury stock	—	△34,823	—	34,823	—
Transfer from retained earnings to additional paid-in capital	—	34,598	△34,598	—	—
Others	—	—	—	—	—
Changes in items other than shareholders' equity during fiscal year (net)	—	—	—	—	—
Total changes during fiscal year	**—**	**△232**	**△6,558**	**△103**	**△6,894**
Balance at fiscal year-end	**14,270**	**13,188**	**524,380**	**△148**	**551,691**

	Accumulated other comprehensive income						
	Valuation adjustment on available-for-sale securities	Foreign currency translation adjustments	Adjustments of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of year	**24,942**	**43,019**	**2,111**	**70,073**	**171**	**41,675**	**670,506**
Changes during fiscal year							
Dividends from retained earnings	—	—	—	—	—	—	△12,838
Profit attributable to owners of parent	—	—	—	—	—	—	40,879
Purchases of treasury stock	—	—	—	—	—	—	△35,000
Disposal of treasury stock	—	—	—	—	—	—	64
Cancellation of treasury stock	—	—	—	—	—	—	—
Transfer from retained earnings to additional paid-in capital	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	—
Changes in items other than shareholders' equity during fiscal year (net)	18,848	28,479	2,731	50,060	△64	5,663	55,658
Total changes during fiscal year	**18,848**	**28,479**	**2,731**	**50,060**	**△64**	**5,663**	**48,764**
Balance at fiscal year-end	**43,791**	**71,499**	**4,843**	**120,133**	**106**	**47,338**	**719,270**

FY2024 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholder's equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	**14,270**	**13,188**	**524,380**	**△148**	**551,691**
Changes during fiscal year					
Dividends from retained earnings	—	—	△16,894	—	△16,894
Profit attributable to owners of parent	—	—	46,240	—	46,240
Purchases of treasury stock	—	—	—	△50,000	△50,000
Disposal of treasury stock	—	△5	—	206	201
Cancellation of treasury stock	—	—	—	—	—
Transfer from retained earnings to additional paid-in capital	—	5	△5	—	—
Others	—	47	—	—	47
Changes in items other than shareholders' equity during fiscal year (net)	—	—	—	—	—
Total changes during fiscal year	**—**	**47**	**29,339**	**△49,793**	**△20,405**
Balance at fiscal year-end	**14,270**	**13,235**	**553,720**	**△49,941**	**531,285**

	Accumulated other comprehensive income						
	Valuation adjustment on available-for-sale securities	Foreign currency translation adjustments	Adjustments of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Non-controlling interests	Total net assets
Balance at beginning of year	**43,791**	**71,499**	**4,843**	**120,133**	**106**	**47,338**	**719,270**
Changes during fiscal year							
Dividends from retained earnings	—	—	—	—	—	—	△16,894
Profit attributable to owners of parent	—	—	—	—	—	—	46,240
Purchases of treasury stock	—	—	—	—	—	—	△50,000
Disposal of treasury stock	—	—	—	—	—	—	201
Cancellation of treasury stock	—	—	—	—	—	—	—
Transfer from retained earnings to additional paid-in capital	—	—	—	—	—	—	—
Others	—	—	—	—	—	—	47
Changes in items other than shareholders' equity during fiscal year (net)	△15,677	△8,827	190	△24,314	△9	5,324	△18,999
Total changes during fiscal year	**△15,677**	**△8,827**	**190**	**△24,314**	**△9**	**5,324**	**△39,404**
Balance at fiscal year-end	**28,113**	**62,671**	**5,033**	**95,819**	**97**	**52,663**	**679,865**

Consolidated Statements of Cash Flows

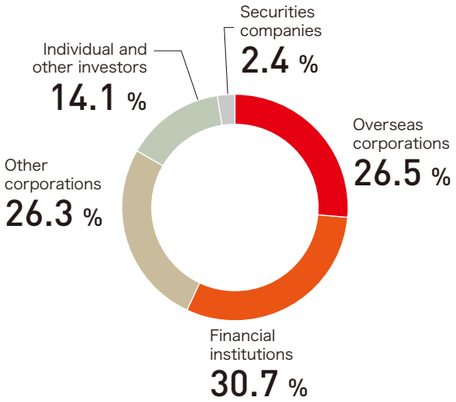
(Millions of yen)

	FY2023 (April 1, 2023 to March 31, 2024)	FY2024 (April 1, 2024 to March 31, 2025)
Income before income taxes	59,489	**64,583**
Depreciation	44,000	**43,716**
Increase or decrease in trade notes and accounts receivable	11,986	**△ 1,459**
Increase or decrease in inventories	5,678	**△ 812**
Increase or decrease in trade notes and accounts payable	△ 9,338	**△ 1,004**
Income taxes paid	△ 17,368	**△ 18,418**
Others	1,923	**1,757**
Cash flows from operating activities	**96,370**	**88,363**
Increase or decrease in time deposits	6,536	**1,084**
Acquisition of property, plant and equipment	△ 37,115	**△ 48,286**
Others	△ 19,576	**6,207**
Cash flows from investing activities	**△ 50,155**	**△ 40,995**
Increase or decrease in loans	△ 9,899	**△ 8,661**
Payments for repurchase of treasury stock	△ 35,000	**△ 50,000**
Dividends paid	△ 14,260	**△ 18,269**
Others	△ 516	**△ 1,416**
Cash flows from financing activities	**△ 59,677**	**△ 78,348**
Effect of exchange rate changes on cash and cash equivalents	2,224	**△ 2,314**
Increase or decrease in cash and cash equivalents	**△ 11,237**	**△ 33,295**
Cash and cash equivalents at beginning of year	145,798	**134,560**
Cash and cash equivalents at end of year	**134,560**	**101,265**

Stock Information (As of March 31, 2025)

Number of shares authorized	640,000,000 shares
Number of shares issued	307,833,172 shares
Number of shareholders	21,405
(Of which, number of unit shareholders	19,699)

Shareholding Distribution by Owner Category (Ratio of number of shares)

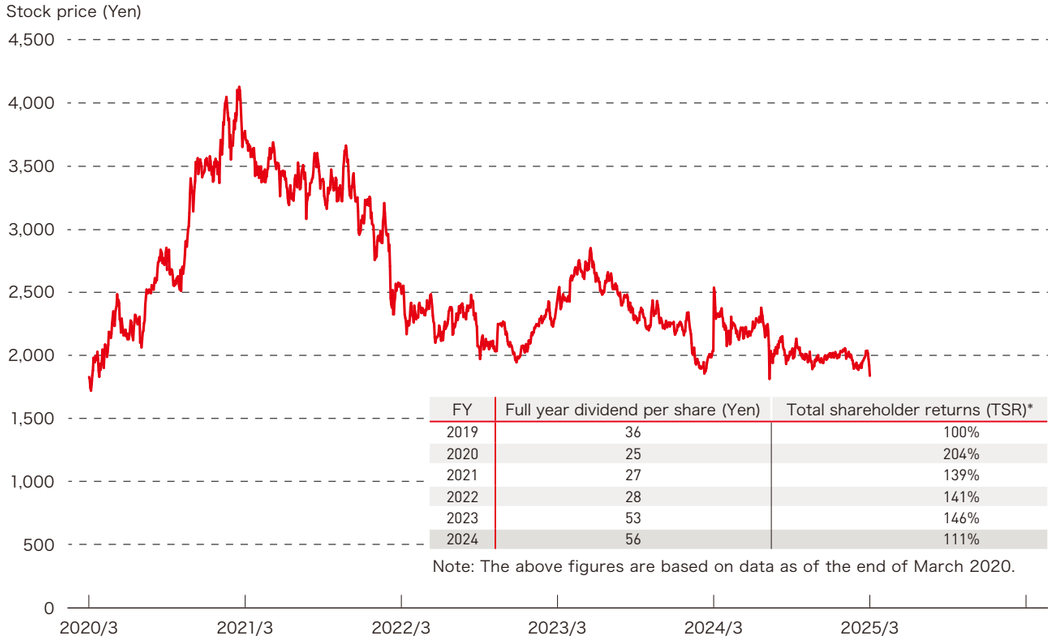


Major Shareholders

Shareholders	Number of shares held (thousands)
Toyota Motor Corporation	64,316
The Master Trust Bank of Japan, Ltd. (Trust account)	31,971
KOITO MANUFACTURING CO., LTD.	24,086
Custody Bank of Japan, Ltd. (Trsut account)	10,959
Nippon Life Insurance Company	9,688
The Dai-ichi Life Insurance Company, Limited	8,001
STATE STREET BANK AND TRUST COMPANY 505001	7,998
Sumitomo Mitsui Banking Corporation	5,442
MUFG Bank, Ltd.	5,154
Sumitomo Life Insurance Company	4,794

Note: The number of shares is rounded down to the nearest thousand.

Stock Price Transition/Total Shareholder Returns (TSR)



FY	Full year dividend per share (Yen)	Total shareholder returns (TSR)*
2019	36	100%
2020	25	204%
2021	27	139%
2022	28	141%
2023	53	146%
2024	56	111%

Note: The above figures are based on data as of the end of March 2020.

Notes: On October 1, 2022, we carried out a 2-for-1 stock split of common shares. The above figures reflect the impact of this stock split and show the changes in indicators after retroactive adjustments have been made.

Corporate Information (As of March 31, 2025)

Corporate Profile

Company Name	KOITO MANUFACTURING CO., LTD.
Founded	April 1, 1915
Incorporated	April 1, 1936
Capital	¥14,270 million
Number of employees	[consolidated] 23,332 [non-consolidated] 4,227
Head Office	Sumitomo Fudosan Osaki Twin Bldg. East, 5-1-18, Kitashinagawa, Shinagawa-ku, Tokyo 141-0001, Japan Phone: +81-3-3443-7111 Fax: +81-3-3447-1520

The KOITO Group's Subsidiaries and Affiliates

Company Name	Capital	Business Lines
KOITO KYUSHU LIMITED	3,000 million yen	Manufacturing and marketing of automotive lighting equipment
Koito Transport Co., Ltd.	40 million yen	Transportation services and logistics
Aoitec Co., Ltd.	100 million yen	Manufacturing and marketing of electronic components, electrical devices, telecommunications equipment and precision machinery
Shizuokadenso Co., Ltd.	76 million yen	Manufacturing and marketing of automotive lighting equipment
Nissei Industries Co., Ltd.	51 million yen	Manufacturing and marketing of miniature bulbs and electrical equipment
Fujieda Auto Lighting Co., Ltd.	100 million yen	Manufacturing and marketing of automotive lighting equipment
Shizuoka Wire Harness Co., Ltd.	100 million yen	Manufacturing and marketing of automotive lighting equipment
Haibara Machine and Tools Co., Ltd.	50 million yen	Manufacturing and marketing of resin metal molds
Shizuoka Kanagata Co., Ltd.	20 million yen	Manufacturing and marketing of resin metal molds
Koito Insurance Services Co., Ltd.	10 million yen	Insurance agent
Takeda Suntech Co., Ltd.	15 million yen	Manufacturing and marketing of resin metal molds
New Fuji Co., Ltd.	10 million yen	Service businesses
KOITO ELECTRIC INDUSTRIES, LTD.	90 million yen	Manufacturing and marketing of railroad car control equipment, road traffic signals and traffic control systems, and seats for railroad cars, etc.
Minatsu, Ltd.	40 million yen	Maintenance and upkeep of traffic signals and safety equipment
Okayama Industry Co., Ltd.	50 million yen	Manufacturing and marketing of railroad car seats
North American Lighting, Inc. (U.S.A.)	130,000 thousand USD	Manufacturing and marketing of automotive lighting equipment
North American Lighting Mexico. S.A. de C.V. (Mexico)	750 million MXN	Manufacturing and marketing of automotive lighting equipment
Cepton Technologies, Inc. (U.S.A.)	200,411 thousand USD	Developing LiDAR-related technologies
NAL do Brasil Indústria e Comércio de Componentes de Iluminação Ltda. (Brazil)	533,000 thousand Brazilian Real	Manufacturing and marketing of automotive lighting equipment
Koito Europe Limited (U.K.)	65,000 thousand Pound Sterling	Manufacturing and marketing of automotive lighting equipment
Koito Czech s.r.o. (Czech Republic)	1,000 million Czech Koruna	Manufacturing and marketing of automotive lighting equipment
GUANGZHOU KOITO AUTOMOTIVE LAMP CO., LTD. (China)	4,000 million yen	Manufacturing and marketing of automotive lighting equipment
Hubei Koito Automotive Lamp Co., Ltd. (China)	5,000 million yen	Manufacturing and marketing of automotive lighting equipment
FUZHOU KOITO AUTOMOTIVE LAMP CO., LTD. (China)	9,000 thousand USD	Manufacturing and marketing of automotive lighting equipment
THAI KOITO COMPANY LIMITED (Thailand)	365,200 thousand Thai Baht	Manufacturing and marketing of automotive lighting equipment
PT. INDONESIA KOITO (Indonesia)	60,000 thousand USD	Manufacturing and marketing of automotive lighting equipment
Ta Yih Industrial Co., Ltd. (Taiwan)	762,300 thousand Taiwan Dollar	Manufacturing and marketing of automotive lighting equipment
INDIA JAPAN LIGHTING PRIVATE LIMITED (India)	4,099 million Indian Rupee	Manufacturing and marketing of automotive lighting equipment
KOITO MALAYSIA SDN. BHD. (Malaysia)	200 million Ringgit	Manufacturing and marketing of automotive lighting equipment
BrightWay Vision Ltd. (Israel)	69 thousand USD	Developing and manufacturing of forward monitoring system for ADAS

Note: In May 2025, we approved the dissolution of FUZHOU KOITO AUTOMOTIVE LAMP CO., LTD. and have initiated liquidation.