

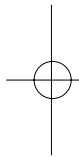


A BRIGHT FUTURE IN GLOBAL MARKETS

2002 ANNUAL REPORT YEAR ENDED MARCH 31, 2002

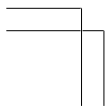
SL Corporation v. Adaptive Headlamp Technologies, Inc.

SL Corp. Exhibit 1046
Case IPR2016-00193



2002 ANNUAL REPORT CONTENTS

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KOITO MANUFACTURING CO., LTD. has led the way in optics since 1915, when it developed the fresnel lens for Japan's first railway signals. Today, the Company's integrated optical and electronic technologies—as applied in its lighting equipment for automobiles, aircraft parts, and other products—continue a tradition of global innovation for safety.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements concerning KOITO MANUFACTURING CO., LTD. and consolidated subsidiaries' future plans, strategies and performance. These forward-looking statements are not historical facts, rather they represent assumptions and beliefs based on economic, financial and competitive data currently available. Furthermore, they are subject to a number of risks and uncertainties that, without limitation, relate to economic conditions, worldwide competition in the automotive industry, customer demand, foreign currency exchange rates, tax rules, regulations and other factors. Koito therefore wishes to caution readers that actual results may differ materially from our expectations.

Koito has published annual reports in Japanese from fiscal 2000 onward to ensure fair disclosure, in addition to an English annual report. A certified public accountant reviews the financial sections of Koito's Japanese annual reports to ensure consistency in presentation between the Japanese and English versions. We hope the information presented in this annual report serves to deepen your understanding of Koito.

The Koito Group has set its sights on becoming No. 1 in the global automotive lighting equipment market with a worldwide market share of 25%. To achieve this goal, we are enhancing our global manufacturing network in Japan, the U.S., Asia and Europe. This expansion is responsive to the needs of automakers, who are working to expand production overseas and looking to optimize procurement channels worldwide. The establishment of our Technical Center in China marked the completion of our quadrangular global network.



Junsuke Kato, President

	Millions of yen (except per share amounts)	
	2001	2002
Net sales	297,280	301,141
Operating income	10,991	9,779
Net income	3,072	2,784
Total assets	306,084	295,097
Total shareholders' equity	102,532	101,738
Net income per share	¥19.11	¥17.38

The Year in Review

In fiscal 2002, ended March 31, 2002, the global economy was weighed down by fears of a worldwide recession, as the U.S. economy slowed and impacted Asian economies suffered the reverberations. The events of September 11 dealt a further blow to global economic confidence. Japan's economy saw capital expenditures dragged down by the IT downturn and corporate earnings deteriorate due to falling production and sales levels. Furthermore, a protracted upward trend in the jobless rate and mounting uncertainty in the labor markets dampened consumer sentiment. In all, prospects of an economic recovery remained faint.

In the automotive industry, world automobile production in calendar 2001 was down 3.9% at 55.8 million units according to the International Organization of Motor Vehicle Manufacturers (OICA) due to a decline in North America. In Japan, sluggish consumer spending held down domestic automobile sales, and exports also

declined, particularly to Europe and Asia. In fiscal 2002, domestic automobile production was 9.8 million units, down 2.4% from last year's level.

In this challenging climate, the Koito Group posted net sales of ¥301.1 billion, an increase of 1.3% year on year. The increase was attributable to efforts to expand sales of new products, such as discharge headlamps, in our mainstay automotive lighting equipment business.

However, operating income fell 11.0% to ¥9.8 billion, on account of development costs incurred to stay on top of frequent model changes, and start-up costs for new products. This result came despite various cost-cutting and rationalization measures to combat escalating price competition in our industry. Net income dropped 9.4% to ¥2.8 billion, partly due to unrealized losses on investment securities resulting from falling stock prices on Japanese stock exchanges.

TO OUR SHAREHOLDERS

Management Policy

The global automotive industry is likely to experience medium- to long-term growth in overall demand and production volumes, despite slim prospects for sharp increases in demand from Japan, the U.S. and Western European countries. Higher demand is forecast in the EU as a whole, especially in Eastern Europe, and Southeast Asia as economic development progresses in those regions. Fast-growing China is also poised for expansion, although its accession to the WTO will likely be followed by a transitional period before growth can fully take hold.

Under its corporate banner of “Entrusting Safety to Light,” the Koito Group is committed to creating new value for customers by delivering needed technologies and fostering relationships of trust, as a first-rate manufacturer of automotive lighting equipment as well as electrical equipment for railway, traffic and aircraft. We will advance the following strategies to build an even stronger Koito Group.

(1) Capture a 25% share of the global automotive lighting equipment market

Automobile manufacturers are trying to fashion optimal global production, procurement and supply networks. We have responded to their needs with the establishment of the global product development and manufacturing framework I mentioned earlier. Using this network to capture new orders, we aim to eventually stake claim to 25% of the global market for automotive lighting equipment.

(2) Develop and expand new businesses and products

At Koito, delivering products with value rooted in cutting-edge technology that anticipates customer and market trends is a key priority. In automotive lighting equipment, we have promoted the adoption of discharge headlamps worldwide. Furthermore, Koito is at the vanguard

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