



*Our Precision, Your Advantage*

# KAYABA Group Report **2022**

April 1, 2021 – March 31, 2022



## Corporate Statement

# Our Precision, Your Advantage

Becoming a corporate group that delivers total satisfaction to our stakeholders.

Through the provision of products with reliable quality in manufacturing, Kayaba strives to contribute to the advancement of customers, shareholders, business partners, and society. And with a strong awareness of our corporate social responsibility, we plan to raise our corporate value in order to continue being an exemplar that is trusted by people around the world.

We believe it is our purpose to build a core of value creation. By returning to the spirit of originality that we have inherited from our founder, we will continue building a history of focusing on a prosperous future for all.

## VISION

What the Kayaba brand offers the world

### ***Monozukuri* (manufacturing skill) that brings happiness**

Kayaba's aim is to support the development of society through the joy of *monozukuri*, and make people happier as a result.

## MISSION

The mission of the Kayaba brand

### ***Monozukuri* that goes the extra mile**

Kayaba will remain an enterprise that delivers value to clients and markets by making use of the reliable technical expertise we have built up over the years.

Through our efforts, we provide *monozukuri* that goes the extra mile to offer our clients new values and greater satisfaction than they have ever known.

## VALUE

Value the Kayaba brand creates

### **Technology for comfortable living**

Value we can feel: Comfortable living, the joy of *monozukuri*

Value we can use: Reliable quality

#### **The value Kayaba promises to its end users:**

A higher level of comfortable living through our creative technology and dedication to product development.

#### **The value Kayaba promises to its clients:**

Reliable quality that comes from thinking of end users as our clients.

#### **The value Kayaba promises to its employees:**

"The joy of *monozukuri*" that comes from knowing they are changing the world.

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**Editorial Policy**

The Kayaba Group has issued this integrated report since FY2019 to communicate its management policies, business strategies and CSR activities to shareholders, investors and all other stakeholders. We hope to create new opportunities for dialogue by covering business performance, management strategies and other financial information, as well as the environment, society, governance (ESG) and other non-financial information in order to inform readers about our efforts to increase corporate value over the medium to long term. For a better reading experience, we will continue to improve the report based on stakeholder feedback. We welcome your suggestions.

**Reporting Period**

FY2021 (April 1, 2021 to March 31, 2022)  
 Note: Includes some activities and information from outside the above reporting period.

**Scope**

The report covers KYB Corporation and subsidiaries and affiliates in Japan and around the world.  
 Note: Environmental data is for KYB Corporation (Sagami Plant, Kumagaya Plant, Gifu North Plant, Gifu South Plant and Gifu East Plant, and Mie Plant) unless otherwise annotated.

**Date of Issue**

November 2022

**Forward-Looking Statements**

This report includes plans and forecasts as of the issue date, and estimates based on our business plans and management policies. Forward-looking statements are based on information available at the time of report preparation, and actual results may differ depending on changes in relevant conditions.



**Cover Design**

We created the design based on the combined flow of all the kinds of technology that underpin Kayaba's core technologies of vibration and power control. It expresses the spirit in which the Company was established—one of being inspired by the mysteries of the universe—and our intention to bring our founder's imaginative power and drive to "investigate technology" into the future.

## The Origin of Kayaba

# The Spirit of Originality—

## Kayaba's origin in manufacturing skill, and the key to creating the future

The history of hydraulics traces back to Europe at the start of the 1900s. The shift from mechanical systems made from combinations of wires and gears towards hydraulics was progressing, and it entered the stage as a groundbreaking new technology. At that time, Japan was seen as being about 20 years behind large countries that were more advanced in technology, such as Germany and Britain. Shiro Kayaba (our founder) became aware of hydraulics from a description in lecture notes for the University of Tokyo's Arms Manufacture Faculty, and the technology immediately captured his interest.

"Everything in use is still developing, a legacy from the past. The world continuously seeks that which is new. The unique ability of humankind to progress lies in its constant search for perfection." Shiro Kayaba left these words behind, and they are the key to our future. Kayaba is returning to our origin as a company rooted in the craftsmanship of manufacturing in order to contribute to the creation of a prosperous future through ingenuity and constant improvements and the lasting development of society. And from there, we will keep moving forward.



For details, see "KYB History" on the website

→ <https://www.kyb.co.jp/english/company/history.html>

### 1919~

#### It started from our founder's creative approach

In 1919, Shiro Kayaba founded Kayaba Research Center at the young age of 21. He invented and proposed a great deal of high-performance hydraulic products that surpassed those from Germany and Britain, reaching up to 100 patents that would support the continuation of the ensuing company. The DNA of this extraordinary inventor who contributed to the development of hydraulic technology in Japan was the start of everything that led up to the present day.



### 1945~

#### Entering new fields with creative technologies



#### [The origin of Automotive Components (AC) Operations]

Directly following WWII in the latter half of 1946, the Company started research and development on a new product called a shock absorber (SA) in collaboration with automobile manufacturers. The Company would receive an order for 4,000 SA for use in the jeeps of the U.S. forces. Following that, the growing popularity of automobiles would cause the share of the product to expand.



#### [The origin of Hydraulic Components (HC) Operations]

In 1951, The Company began development of oil dampeners for railways cars in collaboration with Japanese National Railways (now the Japan Railways Group). We have established a strong customer base with a variety of partners including automobile manufacturers, motorcycle makers and construction machinery companies.



#### [The origin of Special-Purpose Vehicles Division]

In 1953, the Company began assembling and mounting the high-low type concrete mixers imported by Fuji Bussan Co., Ltd. from CTM in the United States onto trucks. This was the start of the shift to domestic production of concrete mixer trucks. In 1959, production began on the ground-breaking "tilting mixer truck," which has a drum portion that could rotate, thereby using gravitational pull to agitate fresh concrete.



### High value-added products

In the 1960s, hydraulic excavator technology was introduced to Japan, and its history is essentially one with the history of the evolution of Kayaba's hydraulic products. In 1984, we started production of the "Hydraulic Cylinder KCH," overcoming simple but challenging issues such as stopping leaks, rust, and brakeage. It would go on to become a flagship product. Starting in the mid-1980s, Kayaba stayed ahead of our competitors by turning our focus to computer assisted engineering (CAE). The data accumulated then continues to be used as big data now with the introduction of digital transformation (DX) technology.



### Improvement of management structure and productivity gains

In the 1990s, Japan's bubble economy collapsed and the times changed drastically. Kayaba stated that it was aiming for a slim and resilient management structure, and focused its efforts on transforming its business structure and strengthening its financial position.

Harnessing the power of the Group, we developed new products and created new businesses, in addition to enhancing productivity throughout our operations by promoting total productive maintenance (TPM; an approach that engages all employees in production maintenance and production management) and total quality control (TQC).



### Driving toward further growth

During Japan's prolonged economic downturn, we actively expanded overseas, with the goal of becoming "No. 1 Globally." Further, we implemented a total cost-cutting program Company-wide, and continued to strengthen our operations in an effort to reduce lead time by half. In 2006, we gathered engineers from overseas for training to increase their understanding of *monozukuri* (Japanese manufacturing expertise), safety, and quality, thereby enhancing human resource development.

We established the Digital Transformation Improvement Department in 2019, and it is utilizing various digital technologies to support the creation of new ideas and businesses, as well as to improve quality and productivity, while building Kayaba's IT systems in line with global standards.

1980~

1990~

2000~

2020~

### Further evolution through core and digital technologies



#### [The Evolution of AC Operations]

We are moving ahead with the development of products that will contribute to a decrease in the consumption of electric power and fuel in an electric vehicle society, such as fully active suspension systems and next-generation hybrid suspension systems that employ electronic controls and electrification technology.

p. 18, 24



#### [The Evolution of HC Operations]

We are working on product development that can contribute to a sustainable society, such as adding electronic control functions that respond to the needs for remote/automatic operation, increased high efficiency, and improved operability. In addition, we are expanding load sensing system devices and optimizing breakdown prediction and predictive maintenance.

p. 20, 25



#### [The Evolution of HC Operations]

We have started accepting orders for e-mixer III, which in addition to providing the conventional environmental performance, has a touch panel monitor installed which improves convenience by indicating the state of the drum and the operation condition history while also having a maintenance information notification function. These features increase our customers' safety and security.

p. 21

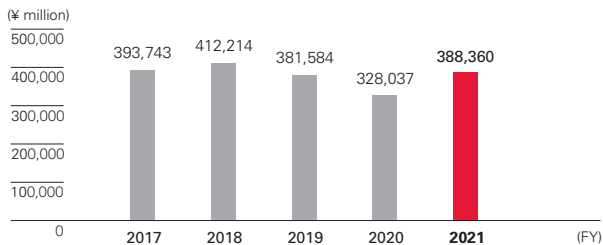
Heritage of originality

Into the futureality

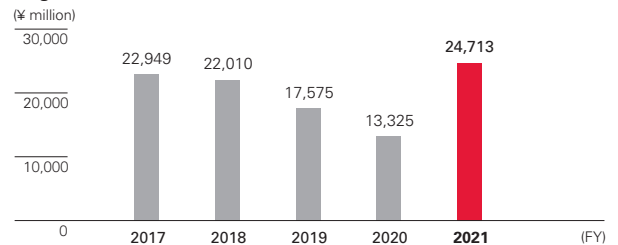
# Kayaba Performance Highlights

## Financial

### Net Sales

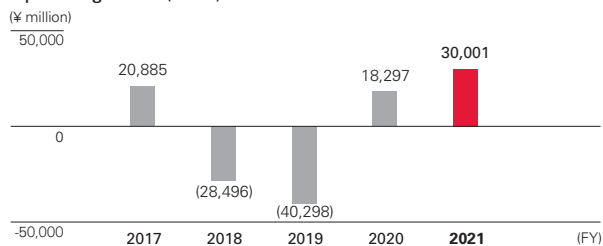


### Segment Profit

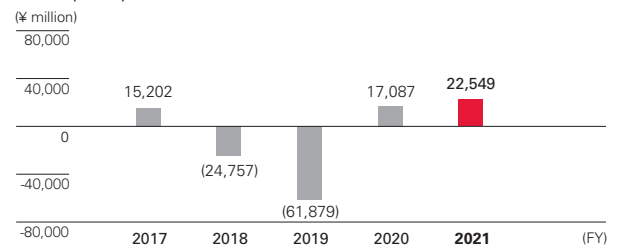


Note: Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from net sales.

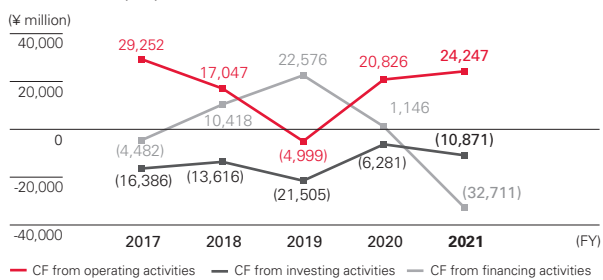
### Operating Profit (Loss)



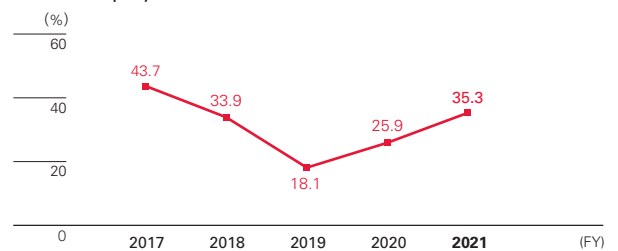
### Profit (Loss) Attributable to Owners of the Parent



### Cash Flows (CF)

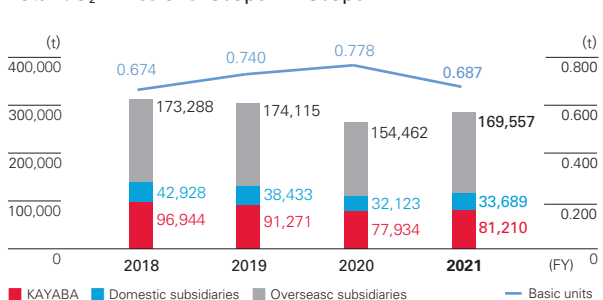


### Ratio of Equity Attributable to Owners of the Parent



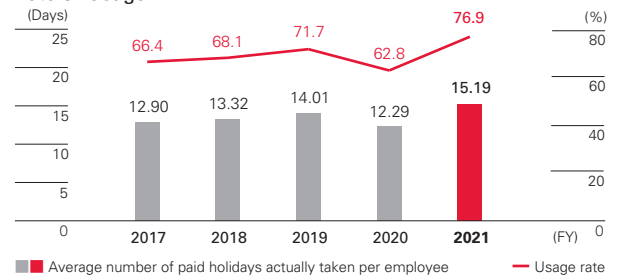
## Non-financial

### Total CO<sub>2</sub> Emissions: Scope 1 + Scope 2

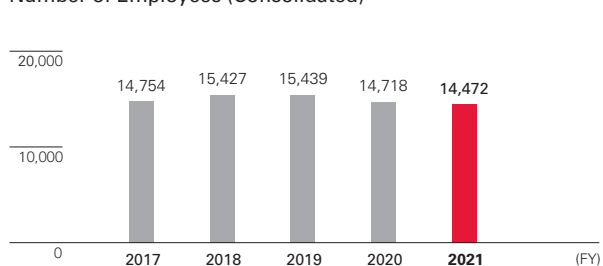


Note: The scope is the six plants of Kayaba, five domestic subsidiaries, and 17 overseas subsidiaries

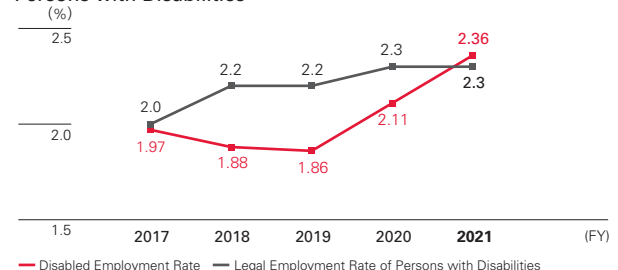
### Average Number of Paid Holidays, Days Actually Taken and Rate of Usage



### Number of Employees (Consolidated)



### Disabled Employment Rate / Legal Employment Rate of Persons with Disabilities



Note: The scope of the paid vacation and disabled employee rates is for KYB Corporation.

## Kayaba: Driving Toward the Future

2022年4月、「KYB株式会社」は通称社名を「カヤバ株式会社」といたします。

私たちは創業から息づくものづくりの原点に立ち返り、未来に向かって動き始めます。

培ってきた技術をさらに磨き上げ、お客様の期待に応えること。そして持続可能なこれからの社会に貢献するために、新しい可能性に向かって踏み出すこと。

私たちのDNAである独創の精神で社会に新しい価値を届けていきます。

カヤバ  
 原点を未来の力に。  
 未来を今日の力に。

**KYB**  
 Our Precision, Your Advantage

Published March 16, 2022, in the Nihon Keizai Shimbun (Nationwide edition)

### Returning to our origin in the craftsmanship of manufacturing to launch forward into the future

In October 2018, we announced nonconforming acts of rewriting performance inspection results data for some of our seismic isolation/mitigation oil dampers.

We saw the valuable trust that we'd built disappear in just an instant. That was four years ago. Since then, we've focused all our strength on building a corporate culture of total compliance and open, transparent communication.

We have adopted a common name for the Company to clarify our spirit and origin, which have been rooted in the craftsmanship of manufacturing since our establishment, and for all employees to turn toward the future together. For those reasons, we proudly restore the name "Kayaba."

Each employee will return to our origin, extensively share their ideas with each other while strengthening their understanding, and strive toward a sustainable future with the spirit of Kayaba's manufacturing craftsmanship.