

KAYABA Group Report 2023

April 1, 2022 – March 31, 2023

Contact

KYB Corporation

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KYB Corporation (hereinafter "KAYABA") has been issuing its Group Report since FY2019. It provides information on our management policies, business strategies, and CSR activities to our shareholders, investors, and all our stakeholders. It serves as an introduction to KAYABA for stakeholders of all kinds. We hope the report will help you understand and get excited about KAYABA's future prospects and our mission: to pave the road to an affluent future on the foundation of the history that we have built. And we'd be grateful if that inspires you to support us over the long term. Going forward, we'll be taking our stakeholders opinions on board in our efforts to make this report better and easier to understand.

If you want to learn more about who we are and what we do, please check our corporate website, where you'll find press releases and a range of other reports including technology and environmental reports.

To our stakeholders

Based on "Our Promise," which is aimed at accomplishing our Corporate Spirit, we put together the KAYABA Group Corporate Guiding Principles: a set of specific rules that are to be observed in everyday work and company life. Our basic stance toward our efforts to create a better society is indicated by these Principles. They apply to all people who work at the KAYABA Group, who are required to act in accordance with the Principles.

Our commitment

To our customers

We will provide our customers with safe, quality goods and services through our outstanding technology and skill to gain their satisfaction and trust.

to establish the mutual trust and fair deals.

To society and environment

We will contribute ourselves to the society, as good corporate citizens, giving the first priority to the safety and environment and balancing with the local communities.

Every one of us

We will comply with the laws, respecting mutual personality and individual person's sense of value, and try to make the workplaces full of the creativity and inclusion.



Basic principles for actions

Corporate Website

<https://www.kyb.co.jp/english/index.html>



SNS (Japanese only)



@kybcorporation



@KAYABA_KYB



@kayabacorporation



@kyb_official

Investor Relations

For reports on our IR activities such as management strategy, financial affairs, and performance.



Products

For reports on our products which support safety and comfort in a wide range of industries.



Sponsorship (Japanese only)

For reports on motorsports, including information on support and sponsorship for various races.



Reporting Period

FY2022 (April 1, 2022 to March 31, 2023)

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, Gifu East Plant, and Mie Plant) unless otherwise annotated.

Date of Issue

November 2023

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

The design expresses the shape of our company as we move into the future by fusing KAYABA's core technology with electrification. It symbolizes how we are evolving with the times while carrying the spirit of our founder and his enduring drive to "explore technology" inside our corporate DNA.

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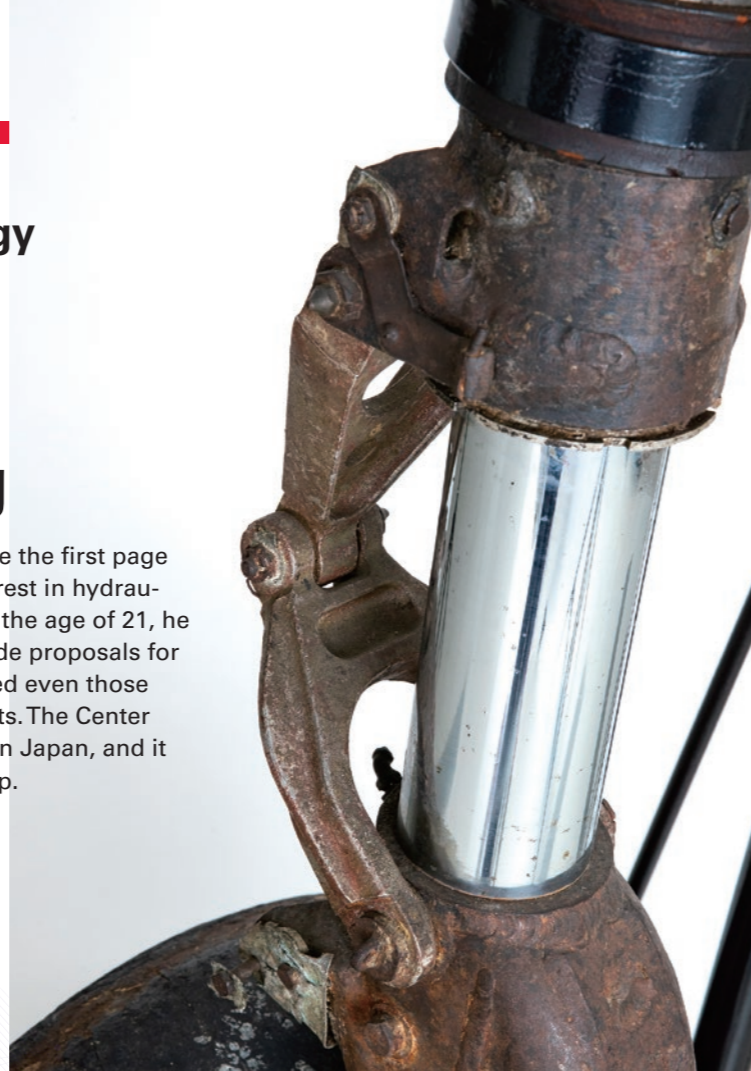
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The Origin of KAYABA

A Pioneer in Hydraulic Technology

104 Years Since Our Founding

At the dawn of the 1900s, our founder Shiro Kayaba wrote the first page in the history of our company when he took an early interest in hydraulics, a then-new technology created in Europe. In 1919, at the age of 21, he founded the Kayaba Research Center. It invented and made proposals for many high-performance hydraulic products that surpassed even those produced in Germany and England, racking up 100 patents. The Center laid a foundation as the pioneer of hydraulic technology in Japan, and it led to the development of the modern-day KAYABA Group.



Invention of the Hydraulic Damper for Aircraft
In 1935, Shiro Kayaba founded Kayaba Manufacturing Co., Ltd., where he invented the predecessor to the automotive shock absorber, the hydraulic damper (oleo strut) for aircraft. This invention set the course for KAYABA's current hydraulic technology, which can accurately control machinery that exerts several tons of force and absorb vibration to the optimum levels.



An Ongoing Determination

Shiro Kayaba left behind these messages: "The development of new technology is the foundation for corporate growth," "Get deeply involved, and continue your research without giving up." Our founder dedicated his entire life to inventing and researching. And we carry on his spirit of determination today and into the future. We encourage it through the Shiro Kayaba Award, which recognizes those who contribute to technical standards and performance, and the Technology Presentation and Exhibition, which seeks to evolve technology further.

We believe that workplaces charged with positive energy can bring happiness to people all over the world and deliver *monozukuri* (manufacturing skill) that contributes to a better society.

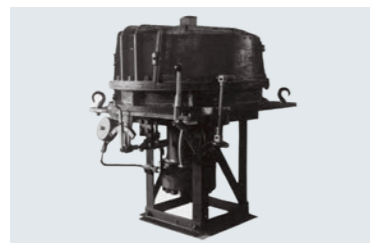


Our Company Emblem Represents Our Founder's Values

Designed by our founder, this symbol was inspired by the mystery that is the birth of our universe, and represents the Company's foundational spirit and ideal management style. The large circle in the middle represents a revolving heavenly body, and the three small circles are new satellites being born. They stand for the three values of vitality, love and creativity. We started using it as our company emblem again in 2022, the year in which we returned to the basics.

Episode

Our First Hydraulic Product (1919)



Lateral Cable Hydraulic Control Device

The takeoff and landing of fighter planes presented a difficult issue—one that could cost human lives. This groundbreaking design was aimed at solving that problem using entirely remote-controlled hydraulic equipment. At first, however, the product faced resistance. Shiro Kayaba repeatedly made a passionate defense of the product, stating "This is exactly the ideal device. It's a unique way and it's simply the best way." In 1926, it became the first braking system to be installed on an aircraft carrier.

First SA (1946)



SA for Jeeps

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.

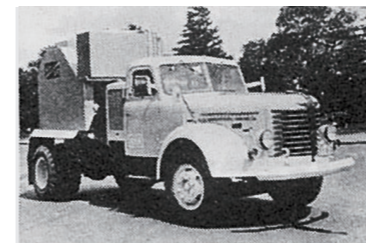
SA Applications (1951)



Oil Damper for Railways

In 1951, The Company began development of oil dampers for railway 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.

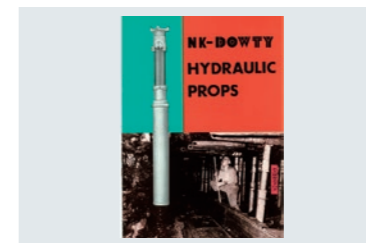
First special-purpose vehicle product (1953)



High-Low Type Concrete Mixers

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.

Origin of the Hydraulic Cylinder (1958)



Hydraulic support pillar for mining

In 1958, the technology for hydraulic support pillars for mining entered Japan from England. By 1964, the product had taken the industry by storm due to a technological improvement to the packing structure, with 4,000 units produced that year.

The sealing and pipe welding structure technologies in hydraulic support pillars were applied to construction machinery and industrial equipment, leading to the development of devices. KAYABA overcame various difficulties to create our own proprietary sealing technology.

Foundation as an Integrated Hydraulics Manufacturer (1962)



Cylinder for Hydraulic Excavators

In 1959, we set to work building our foundation as an integrated hydraulics manufacturer, starting with full-scale engagement in hydraulic equipment for general machinery. KAYABA's construction machinery products didn't leak oil from the rods and were competitively priced, putting them in the spotlight for both construction machinery and industrial equipment industries.

Since November of 1962, we received customer orders in rapid succession, and we set up a mass production system for cylinders at Gifu Plant.

Offering Added Value to Society with Three Mainstay Businesses

We carry on the spirit of our founder's restless pursuit of creativity to this day. Our many products based on our technological prowess support modern life from behind the scenes. Our Automotive Components (AC) Operations supports the vehicles that transport people every day, while Hydraulic Components (HC) Operations helps with the infrastructure our lifestyles need. Along with our Special-Purpose Vehicles Division, these three mainstay businesses will continue contributing to society through offering the products that are essential to people's daily lives.

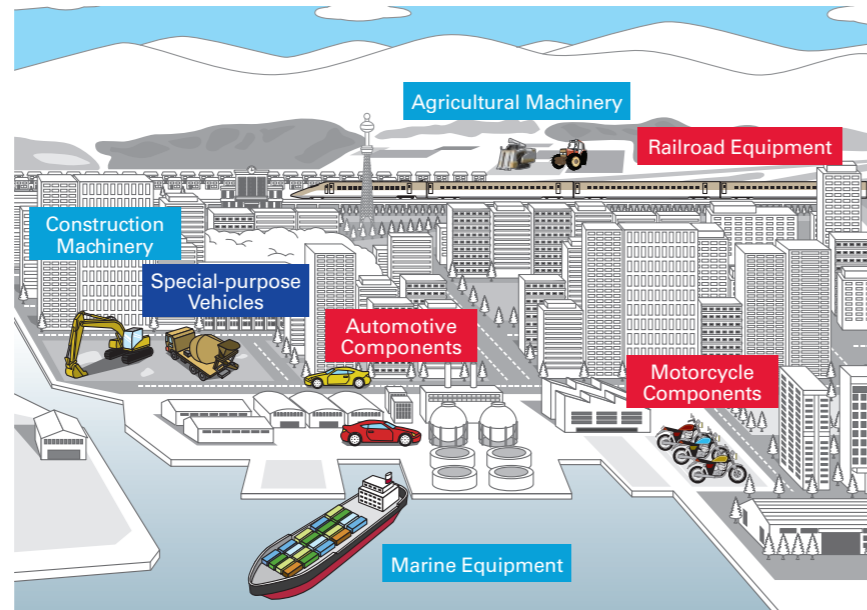
AC Operations p. 47



HC Operations p. 51

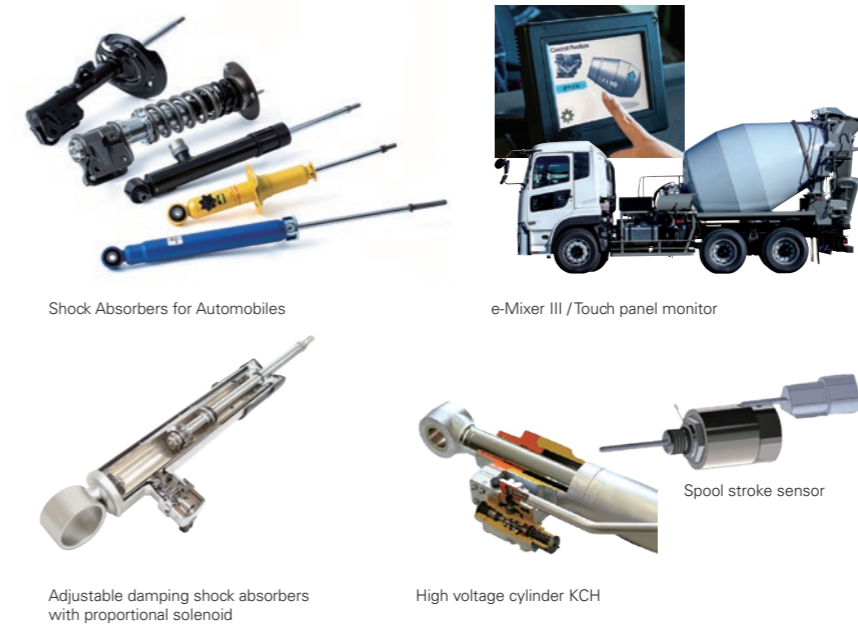


Special-Purpose Vehicles Div. p. 55



Our Inherited DNA

As experts in hydraulics, we use various kinds of digital technology to generate new ideas and businesses as well as improve quality and productivity, and continue creating products that can contribute to the society of the future.






Bringing High Added Value to Products

Japan's first automotive shock absorber. The high voltage cylinder KCH, which has become the global standard in the hydraulic excavator industry. Beating the competition to the first CAE analytical technology (support for design development through computer use). The development of our environmentally friendly cement mixer. Time and again, KAYABA has offered industry-first, high added value products.

In the near future, KAYABA will incorporate digital transformation (DX) technology that will change the way we use our over 100 years of records and know-how, evolve through the use of big data, and accelerate our provision of high added value products.

The Year at KAYABA

2022

April	Common company name changed to "KAYABA" in Japan Started rally project Purchasing Policy Briefing (held online)	
May	Shiro Kayaba Awards Briefing held for smart road monitoring system technology Financial Results Briefing	
June	Annual Shareholders' Meeting	
September	Production Technology Block Presentation	
October	Compliance Enhancement Month National Trade Skill Test & Certification Hydraulic & Electronic Technology Block Presentation	

November	Quality Month Companywide Small Group Activity Presentation (Production Division-Related) Automobile Technology Block Presentation	
December	The Companywide Technology Presentation Development Product Testing Meeting	

2023

January	First announcement of mobile home (Tokyo Auto Salon)	
February	TCFD approval KAYABA Rally Team makes its debut Companywide Small Group Activity Presentation (Offices, Sales, Administration Departments)	
March	Certified as FY2022 Health and Productivity Management Organization 2023	



原点を未来の力に。
未来を今日の力に。

In FY2023, we will accelerate toward achieving the targets of our new medium-term management plan.

Firmly rooted in our origin, we will carry the corporate DNA instilled by our founder into the future.

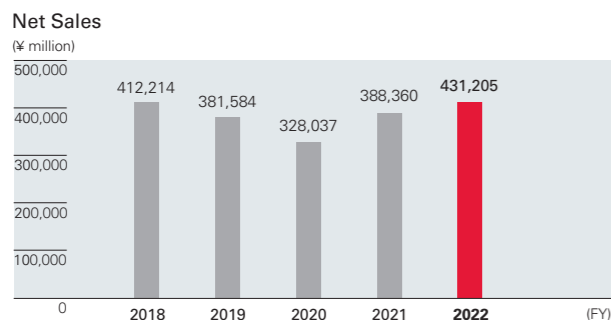
Representative Director,
Chief Executive Officer (CEO)

Masao Ono

A Look Back on the 2020 Mid-Term Plan
Placing first priority on recovering trust, strengthening response to severe changes to the business environment

The three years since 2020 saw the spread of COVID-19 infections, a global semiconductor shortage, steep increases in the prices of energy and materials, and sudden fluctuations to the exchange rate. The future prospects for the manufacturing industry remain difficult to predict.

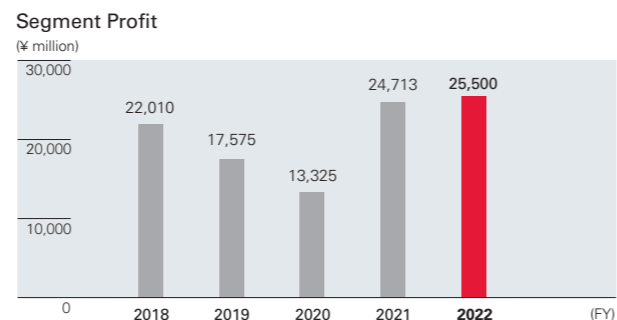
In the 2020 medium-term management plan (the 2020 mid-term plan), we placed first priority on our efforts aimed at recovering trust, under the slogan of "Regain Trust, Restore Pride." As a result, the orders we received from customers returned to the level of before the nonconforming acts, serving as proof of the trust we have won back. We built new relationships of trust



with all of our stakeholders, and our hardworking employees have taken back the pride they feel in their company. I'd like to use this opportunity to once again thank everyone involved in these efforts.

FY2022 was the final year of the 2020 mid-term plan, so we all worked together to make our very best efforts. We focused our energy on issues such as shifting from emphasizing sales to emphasizing profits, revolutionary *monozukuri* that will support the future, plant and office reorganizations, and the reduction as well as discontinuation of unprofitable business and products. As a result, net sales and segment profits both exceeded our targets, achieving record highs.

The fact that we were able to increase profits amidst a harsh management environment is proof that we have effectively strengthened KAYABA's ability to respond to external changes.



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

The Growth Strategy for the 2023 Mid-Term Plan
Putting our Corporate Spirit into practice under the slogan of "Mastering quality management," building a base for reform

KAYABA's founder, Shiro Kayaba, set forth the spirit of "creativity, love and vitality" as our basic principle. This has been passed down into our current Corporate Spirit of "offering products make people's lives safe and comfortable, and contributing to society." I believe the mission we have been entrusted with is to carry the corporate DNA instilled by our founder into the future. Under the new medium-term management plan, we will once again return to our origin point, take measures to put our Corporate Spirit into practice, and take on the challenge of creating new value.

In the 2023 medium-term management plan (the 2023 mid-term plan), under the slogan of "Take quality management to new heights," we will build a strong foundation aimed at reform as we improve the quality of human resources, information, products and services, and our work. Human resources are the foundation of *monozukuri*. In the 2020 medium term, while reinforcing the trust that we have built with all our stakeholders so that it is unshakeable, we will encourage the energy and spirit of challenge in our employees that drives them to contribute to the development of society and respond to new social issues, thereby feeling satisfaction and joy in their work. I believe that will lead to further building the KAYABA brand, and to bringing our Corporate Spirit to life.

KAYABA's Mission
Pursue creativity, contribute to society on a permanent basis

Companies are being required to make stronger efforts than ever before to meet their social responsibilities for environmental measures, such as developing environmentally friendly products and responding to carbon

neutrality. KAYABA is working toward the target of "Reducing CO₂ emissions volume by 50% compared to the 2018 level," showing our love of nature and constant awareness of contributing to the achievement of a sustainable future. Also, major environmental changes continue to occur, including the emergence of new EV manufacturers, the acceleration of CASE, the withdrawal of companies from the Russian market.

I believe that the mission of the KAYABA Group is to quickly notice the signs and predict changes in the times, put our creative technical ability to good use by resolving issues faced by our customers and by society, and to continue contributing to the development of society on a permanent basis.

Our Promise to Stakeholders
Monozukuri that brings happiness

In order to be a company that is indispensable to our society, quality and trust are essential. This goes beyond simply the quality of products. It is important to sustain quality in all aspects, such as by dealing with customers and inquiries sincerely, making proposals based on trustworthy technology, and providing reliable *monozukuri*. We aim to be company that our workers and their families can be truly proud of, that will make our customers and business partners glad to be part of our *monozukuri* journey, and that is loved by regional communities.

FY2023 is a year in which we will accelerate into the new medium term. Grounded in our origin of providing *monozukuri* that brings happiness, we are determined to incessantly push our evolution forward, coming together as a group to deliver *monozukuri* that satisfies all our stakeholders.

We humbly ask for your continued support as we move ahead with our endeavors.

2020 mid-term plan: Three years management plan from FY2020 to FY2022
2023 mid-term plan: Three years management plan from FY2023 to FY2025

Corporate Spirit

By providing technologies and products that make people's lives safe and comfortable, the KAYABA Group contributes to society

1. We shall follow all rules and face all issues with honesty.
2. We shall build a corporate culture full of vitality, and hold high goals.
3. We shall value kindness and sincerity, cherish nature and care for the environment.
4. We shall constantly pursue creativity to contribute to the prosperity of customers, shareholders, suppliers and society.

Management Vision

1. **Human Resource Development:**
To develop human resources who have a thorough understanding of our policies and strategies and can accomplish our goals with passion.
2. **Technology and Product Development:**
To offer products that gain the admiration, provide comfort and satisfy all of our customers throughout the world.
3. **Monozukuri (Japanese Manufacturing Expertise):**
To operate plants filled with the creative inspiration of committed *monozukuri*, and joy of creating products that satisfy our customers.
4. **Management:** To be always self-aware of our corporate social responsibilities and to pursue efficient management.

Mastering Quality Management

In the 2023 medium-term management plan (2023 mid-term plan), we will take quality management to new heights while raising quality throughout the entire Group by carrying out the five basic policies, thereby increasing corporate value.

We will strive to win the trust and satisfaction of all our stakeholders.

2020 mid-term plan: Three years management plan from FY2020 to FY2022
2023 mid-term plan: Three years management plan from FY2023 to FY2025



Representative Director, and President Chief Operating Officer (COO)

M. Kame

Member of the Board of Directors, Senior Managing Executive Officer, and Chief Financial Officer (CFO)

T. Saito

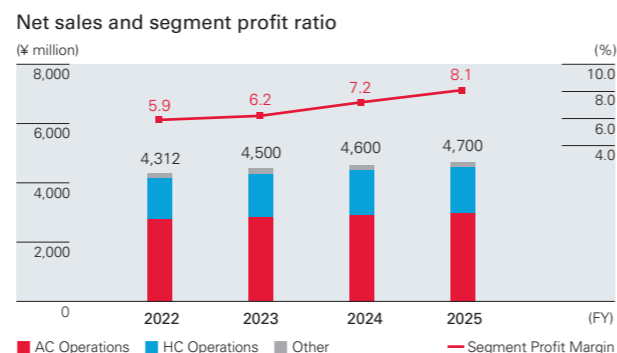
Financial Targets

Our targets for 2025, the final year of the 2023 mid-term plan, are as follows.

We did not establish a numerical target for ROE in the previous mid-term plan. However, we have set one for the 2023 mid-term plan for the purpose of improving capital efficiency. Also, we will aim for a dividend payout ratio of 30%.

	FY2022	FY2025 target
Net sales	¥431.2 billion	¥470.0 billion
Segment profit	¥25.5 billion	¥38.0 billion
Segment profit ratio	5.9%	8.1%
Equity ratio	40.9%	45.0%
Payout ratio	19.4%	30.0%
ROE	16.2%	12.0%

In the 2023 mid-term plan, we will aim to achieve sales of ¥470 billion and a segment profit ratio of 8.1% by observing the following basic policies and attaining steady growth while thoroughly conducting quality management.



Basic Policies

First, let's look at our growth strategy. Keeping with the global trend toward electric drive force and electric controls already becoming mainstream, we are moving forward with a system that can propose hydraulic products that incorporate electronic control technology. We will continue to grow by developing the

electrification compatible products and systems for which we have been conducting R&D for many years, in particular by expanding to reach international customers and markets. We plan to become a company which provides a great deal of proposals on which manufacturers will come to rely.

Next, let's turn to innovative *monozukuri*. Robot manufacturing and the use of AI have been making progress, and now we will look to drastically reduce lead times and raise productivity through the installation of fully automated production lines. Also, we plan to increase the quality of workplace information through rendering information visible, and improve quality in the *monozukuri* process.

With manufacturers in China focusing on cost competitiveness, we will need to make greater efforts than ever before on cost reduction activities.

In our efforts for the environment, we are conducting joint development with Toyota on the possible practical application of an environmentally friendly hydraulic fluid. Regarding our other products and production technology, we are engaged in product planning and the development of *monozukuri* aimed at the achievement of carbon neutrality, and will contribute to the creation of a sustainable society.

The Five Basic Policies

▶ Growth strategy	Development and launch of electrification products New customers / new market entry, create new business
▶ Innovative <i>monozukuri</i>	Innovative manufacturing initiative (Ship'30* p.21): Automated production, transfer, and inspection Visualization of production site information through the utilization of AI/IoT
▶ Constant cost reduction	Determining the optimal global production areas in response to changes
▶ Environmental Initiatives	Activities related to SDGs and sustainability
▶ Improving capital efficiency, strengthening financial structure	Initiatives for improving PBR (ROE improvement) and strengthening shareholder returns

Note: Ship'30=Self handling innovation plant 2030
Creating an innovative self-handled plant by 2030

Growth Strategy by Area

Our global growth strategy first involves entering the shock absorber market in India. Currently, we are producing products by contracting with our partner manufacturers in the country, but we are now planning to enter the market directly. Also, there is high demand in India for products for agricultural machinery, so we will begin to conduct sales promotions to uncover business opportunities for HC Operations.

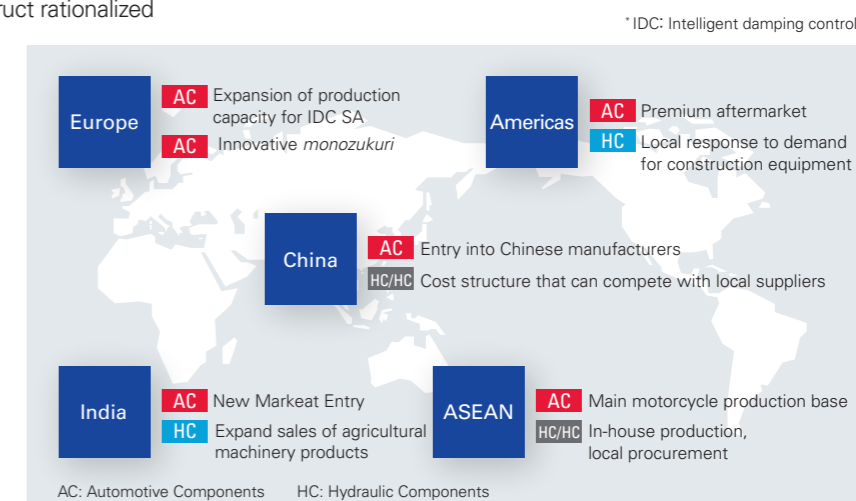
In Europe, the manufacture of our electronically controlled suspension IDC* is concentrated in Spain, and we are responding to the forecast increase in demand. Also, we are developing innovative manufacturing lines for sale on the market, and preparing to construct rationalized production systems.

In China, we will solidify our business foundation by introducing AC Operations to rapidly emerging Chinese auto manufacturers. Also, the joint venture electronic power steering company we founded in FY2017 had been operating at a loss due to quality issues, but it is now achieving profitability. While actively attracting inquiries for IDC, we will build a system that has the capacity to manufacture 2.5 million units by the end of 2025. Also, we will maintain our competitiveness by setting prices that can compete with those

of local suppliers—an issue that all businesses face.

Regarding other regions in Asia, we plan to develop India and Vietnam into motorcycle manufacturing bases, which will secure cost competitiveness. And facing an issue that is common among businesses in the ASEAN region, we absolutely must insource products and achieve local procurement.

In the United States, AC Operations is launching initiatives to build KAYABA as a premium brand. HC Operations will move forward with responding to increasing demand for construction machinery.



Global Governance System

We will work to strengthen our governance system together with plant and office general managers in the United States, Europe, and China, as well as regional headquarter executives at head offices. Recognizing

that it serves as the foundation from which we will proceed with our growth strategy, we will place more focus on the essential task of strengthening governance than ever before.

Continuing to Contribute to Society through Vibration Control and Power Control

Amidst the major tides of the times, KAYABA will base its corporate activities on ESG management and create new value that contributes to society through vibration control and power control. And we will continue to be a company that contributes to a sustainable society through activities that embody our Corporate Spirit and management vision.

This fiscal year, we plan to construct a value creation process in addition to establishing our materiality.



EV shift

- Construction and agricultural machinery: full electrification
- Prohibition of sales of new gasoline-powered vehicles
- SDG target year
- The 2030 problem (human resource shortage from decreasing birthrate and aging population)
- Circular economy (recycling economy)
- Construction and agricultural machinery: electric hydraulic use

Accelerating electrification

- Decline of gasoline-powered vehicles
- GX League Phase 2 (introduction of emissions transactions)
- Construction and agricultural machinery: remote control, automation, unmanned operation

CASE, MaaS

- A once-in-a-century revolution
- Construction and agricultural machinery: low fuel consumption, low noise, improved operability
- Climate change
- Diversity, Equity, and Inclusion (DE&I)
- ESG, SDGs

Decarbonized society

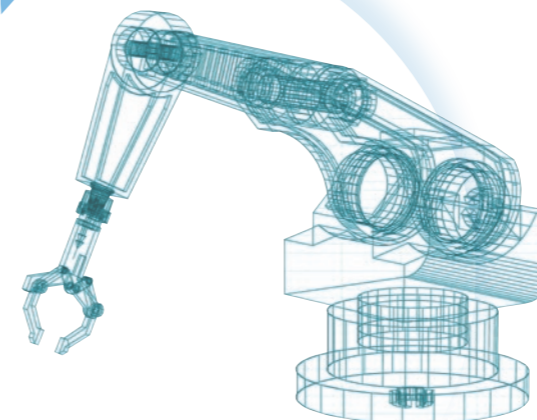
- Net zero CO2 emissions

2050

2030

2025

2023



2023 Medium-Term Management Plan p. 9

Mastering Quality Management

The Five Basic Policies

- ▶ Growth strategy
- ▶ Innovative *monozukuri*
- ▶ Constant cost reduction
- ▶ Environmental Initiatives
- ▶ Improving capital efficiency, strengthening financial structure

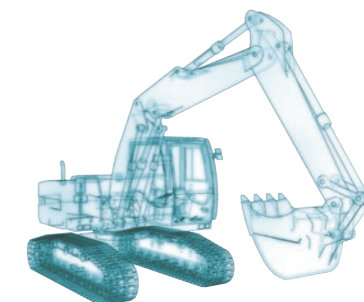
- Achieving carbon neutrality

KAYABA's Initiatives for the Future



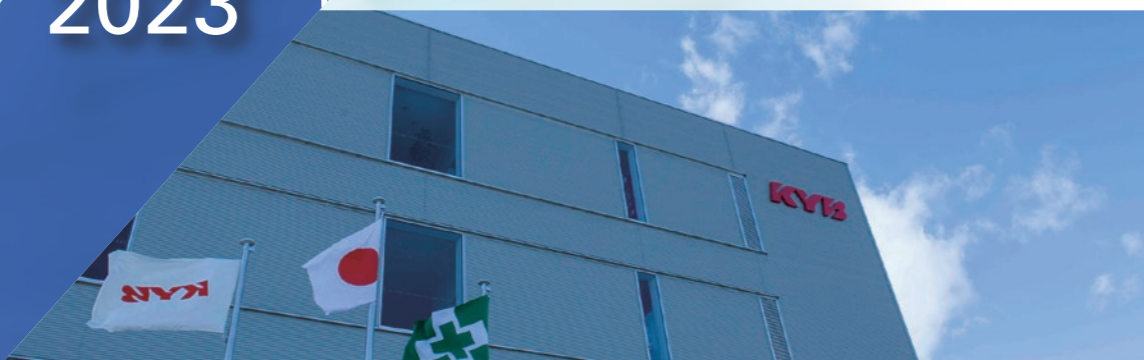
- Contribute to a sustainable society
- Complete Ship'30 p. 11
- Apply cutting-edge technology such as AI/IoT
- DX through collaborative innovation with existing technology and new technology p. 22
- Reduce GHG emissions volume by 50% (compared to 2018) p. 36~40
- Switch to autonomous driving, electrification, energy conservation p. 49, 53, 54
- Creation of new markets / new products p. 50, 54

*GHG (Greenhouse Gas)



- Diversify human resources p. 14
- Conduct initiatives aimed at a manufacturing revolution p. 21
- Overview of KAYABA's Environmental initiatives p. 35
- Responding to environmental regulations p. 39
- Focus on core business p. 45
- Establish materiality
- Rebuild value creation story

Anticipated changes in society



Into the Future KAYABA's Value Creation Initiatives

The KAYABA Group has inherited a corporate DNA formed of its founder's spirit of determination and *monozukuri*, and creates value that endures throughout the ages. We will build a solid management base so that we can further refine the technical ability that is indispensable to the world and generate high quality products by allowing our diverse human resources to demonstrate their capabilities without restraint.

DNA that Survives into the Future



Human Resources Strategy

- Human Resource Development
- Health Management
- Safety and Health



Manufacturing Strategy

- Technology / Manufacturing
- Quality
- Intellectual Property Activities



Management Strategy

- ESG Management
- Corporate Governance
- Internal Control/Compliance
- Risk Management
- Environmental Initiatives
- Supply Chain Management

Human Resources Strategy

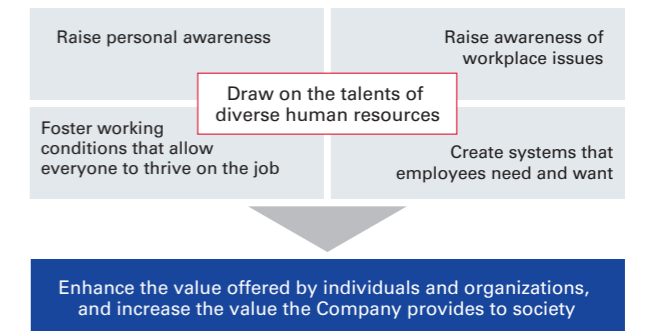
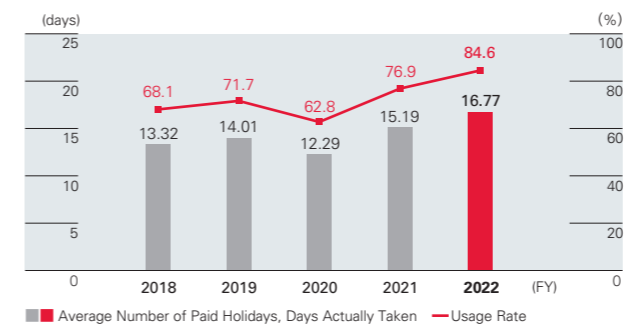
Human Resource Development

Respect for Human Resources and Diversity

We want the diverse human resources who work at the KAYABA Group to demonstrate their capabilities to the maximum extent. Therefore, we are building a corporate culture of openness through a range of initiatives. These include allowing remote work that takes work-life

balance into consideration, ending long working hours such as by promoting annual leaves, developing a foundation to support women's activity, strengthening awareness campaigns, and employing disabled people.

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



Improving the Quality of Human Resources

At the KAYABA Group, training human resources so they can contribute to the achievement of our Corporate Spirit (norms, vitality, love, creativity) is part of the basics. To provide them with the necessary attributes, we have a human resources training program which consists of eight qualities and two skills. We clarify the required attributes and achievement standards for each position, review the requirements for an executive promotion based on the attributes, and conduct on-the-job training that incorporates elements that improve the attributes.

Also, we have newly created and are conducting training that is specifically designed for persons scheduled to serve as general managers of overseas plants and offices in roles necessary for global management. The content has been upgraded to improve the quality of how situations are handled locally. The training incorporates information the general managers need to know on the local situation and how to handle problems, and involves classroom learning and practical management education.

Qualities Required to Make the Corporate Spirit a Reality (Ideal Human Resources)



Training Managers of Overseas Bases

Purpose
Strengthen management at plants and offices, minimize management risks

- Systematic training that combines business knowledge, classroom learning, and on-the-job training
- Practical education related to management (on topics such as management strategy and risk management)
- Practical education related to manufacturing quality (workplace improvement methods, abnormality detection methods)

Initiatives for Diversity in Human Resources

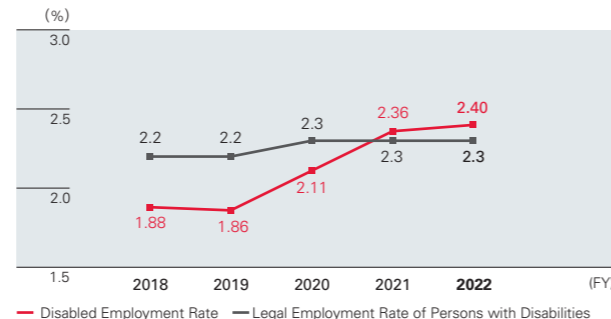
Among our specific policies for ensuring the diversity of our human resources, we are currently at the stage of building a foundation to encourage the active participation of women. In particular, we are seeking to increase women managers by increasing the number of female employees in positions where they can become management candidates, providing a robust training program, conducting activities aimed at obtaining Kurumin and Eruboshi public certifications in 2023, raising awareness of women employees regarding aiming to become managers, and conducting environmental management. Also, we plan to formulate career paths for women that change their mindsets, and create training programs for bosses to change the mindsets of those working with women.

Also, we are promoting the employment of people with disabilities as we strive to create a symbiotic society in which everyone can participate through their jobs, regardless of whether or not they have a disability. We are moving ahead with initiatives such as improving the employment environment through the Work Support Center, complying with laws such as Handicapped Persons' Employment Promotion Act, and retaining employees with disabilities.

Numerical Targets

Item	FY2022	FY2025
Number of female managers	18 employees	27 employees
Ratio of paid vacations taken	63%	More than 80%

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.

Health Management

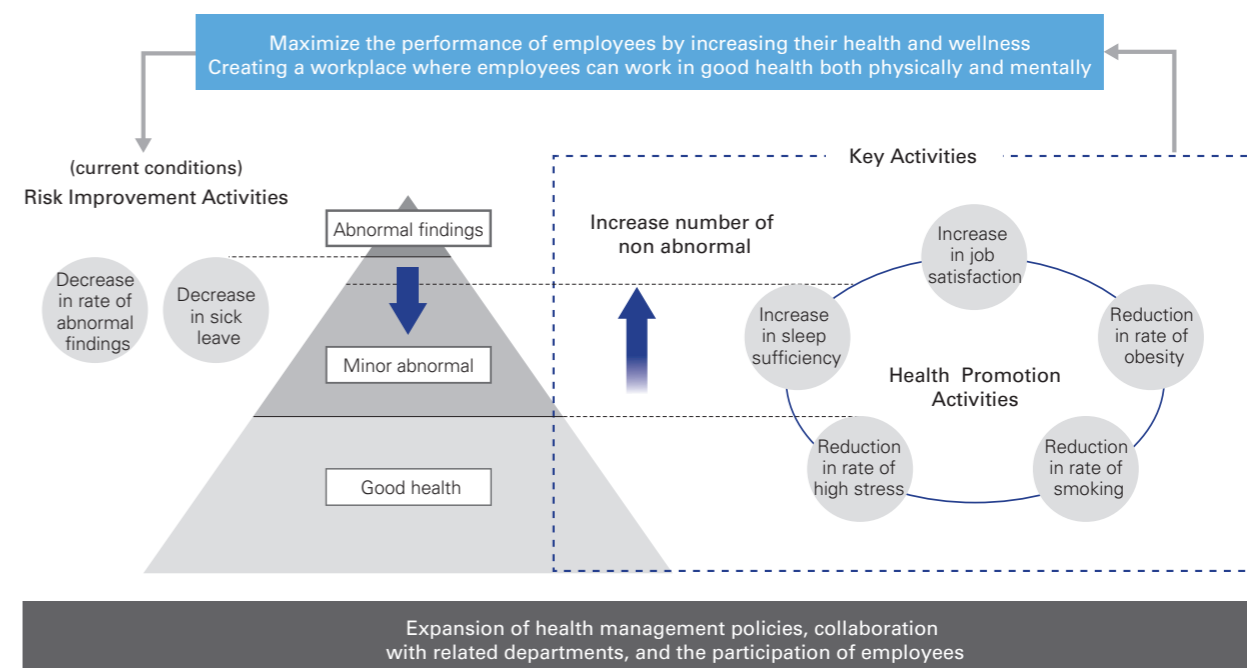
Promoting Health Management

The KAYABA Health Declaration sets forth our belief that the health of employees and their families is an important management resource and a source of the company's vitality, and that we shall work to create an environment in which each employee can work happily with sound mind and body in order for the Company to achieve sustained growth.

We believe that creating an environment in which diverse human resources can work to their best ability is essential to increasing the value of a corporation. Taking work-life balance into consideration, we will continue to allow remote working, encourage taking annual leave, and restrict long working hours.

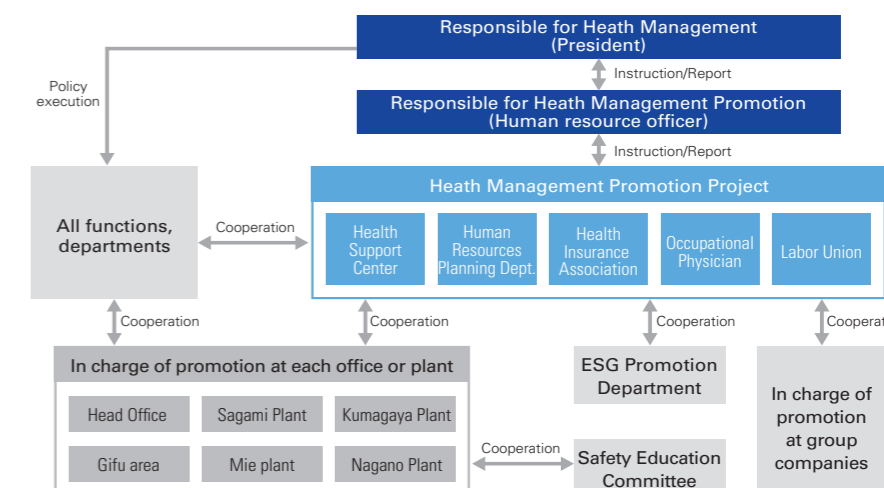
Also, we seek to reduce lost employee worktime due to sickness by promoting policies related to important health management matters, such as lifestyle disease prevention, secondhand smoking prevention, and mental health measures. In recognition of these efforts, we have been certified a Health and Productivity Management Organization (large corporation division) in 2023, marking our fourth consecutive year to receive this honor. We are striving to continue receiving this certification, as well as certification as a White 500 company in 2024.

We believe that continuing these policies will raise employee job satisfaction and raise performance.



Organizational Structure for Promoting Health Management

With the top management positions tasked with overseeing health management, the entity conducts the sharing of information on health management issues and ensures the effectiveness and continuance of initiatives. This is done in collaboration with the health management promotion project in charge of promotion at each office or plant, the safety education committee, and our group companies.



COLUMN

Human Resources + the Future

The WorldSkills competition



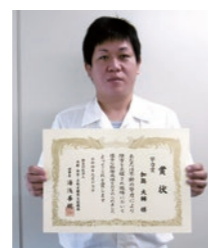
Instructing younger employees after two years of competing

The WorldSkills competition is an event in which young people up to age 23 meet and compete to find out who has the best technical skills in Japan.

Every year, KAYABA assigns one company technician to the Human Resources Development Center after new employee training, and they take on the competition in their second and third years in the company. They then spend a year training their junior employees, after which they are assigned to a position in which they can make use of their technical skills.

We will continue encouraging and training young employees to take on the WorldSkills competition for the purpose of increasing their technical skills and competency.

Outstanding diligent person with disabilities



An employee of a domestic group company was selected as an outstanding diligent person with a disabilities, and was awarded the Chairperson's Award from the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers.

We will continue our efforts to create an inclusive environment in which people with or without disabilities can feel value in their work.

Health Management Policy	
Physical health	
Lifestyle disease countermeasures (Collaboration with health insurance measures)	<ul style="list-style-type: none"> Making a comfortable working environment: Promote use of the walking course, hold a walking event, support the continuation of the exercise habit after the event (Such as for health promotion in the workplace) Keep a 100% rate of employees taking regular health checkups Increase the ratio of employees taking specific medical examinations (such as for nutrition education)
Stages of preventing second-hand smoke	<ul style="list-style-type: none"> Environmental measures: Smoking completely prohibited on the premises (starting in April 2022) Support for quitting smoking Education on second-hand smoking prevention (Hold an exhibition on the prevention of second-hand smoking)
Mental health	
Measures to support mental health	<ul style="list-style-type: none"> Hold mental health education: Promote education by level for the purpose of building positive mental attitudes Harassment-free campaigns with the cooperation of each function and business division <p>→ In order to create a workplace where people can do their work with a sense of worth and purpose, it is most important that there is no harassment. Based on that thinking, we added "harassment-free" to the Key Initiatives of the Corporate Policies. This policy is being carried out in each department and function.</p>



Nutrition education Health promotion in the workplace Vege-check (a device for checking vegetable intake)

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Human Resources + the Future

Certified Health and Productivity Management Organization 2023 in FY2022

The KYB Health Insurance Association will continue to work to create an environment in which all employees can work energetically and in good physical and mental health.

In FY2022, eight business sites obtained "Health and Productivity Management Organization 2023," a certification conferred by the Ministry of Economy, Trade and Industry; the Ministry of Health, Labour and Welfare; and the Nippon Kenko Kaigi (Japan Health Council). Furthermore, 11 business sites have obtained certification as "Health Promotion Workplaces" recognized by the Gifu Federation of Health Insurance Associations.



Initiatives for Health Management

At KAYABA, we place a strong emphasis on proactive measures for lifestyle disease countermeasures and preventing second-hand smoke for physical health, as well as prioritizing mental health measures to support mental health.

As one of the measures for lifestyle disease countermeasures, we organize walking event where teams of three members from the same workplace compete based on their total steps. We also provide support the continuation of the exercise habit. Additionally, in efforts to prevent second-hand smoke, the entire group has been invigorated through achievements such as being recognized as a "Niigata Health-promoting Management Advancing Company."




Niigata Health-promoting Management Advancing Company Awards Ceremony

Creating Harassment-Free Workplaces

We are actively making efforts to create harassment-free workplaces to avoid situations in which employees find it difficult to speak out.

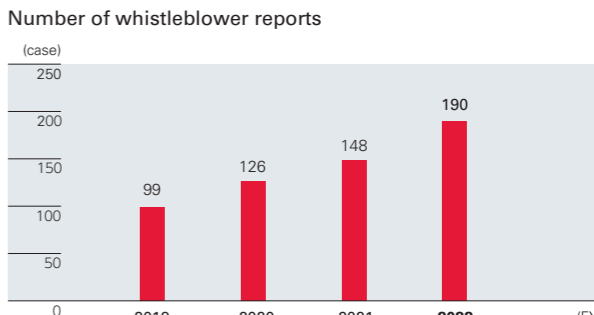
We conduct awareness-raising activities such as providing education to instill mutual respect and publishing articles in the in-house newsletter. Also, we use the results of our annual stress check employee opinion survey for statistical confirmation. We promptly check up on the facts regarding matters reported to our harassment consultation hotline and internal reporting hotline, and strictly deal with confirmed cases. While the number of reports to our internal reporting system grows each year, this is proof that employee's knowledge of the system and willingness to use it are also growing. And for our overseas plants and offices, we conducted investigations into their systems related to harassment from July to September of 2022. Based on the results of the investigations, we are preparing regulations and educational materials related to preventing acts of harassment at our overseas plants and offices. Going forward, we will periodically conduct such investigations to understand the situation across the entire group and provide support.

Through our ongoing efforts to create a comfortable work environment, we will strive to eliminate the risk of human rights violations in the KAYABA Group.



From an article of in-house newsletter

Number of whistleblower reports



Fiscal Year	Number of reports (case)
2019	99
2020	126
2021	148
2022	190


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Peace of Mind + the Future


With our Hopes for Mutual Respect

There are people who require assistance and consideration, yet that fact is not immediately visible: people with artificial limbs and joints, internal disorders and chronic illnesses, or women in early stages of pregnancy. The help symbol was created to make those around them aware, and to make it easier for the person to receive assistance.

We endorse the distribution of the symbol and stickers for the use of priority seating on public transport, and have put up notifications on the Oedo Line, a Tokyo Metropolitan subway line used by commuters going to the Head Office. The notification features pictures of a KAYABA sit-ski component product as well as Takeshi Suzuki, a para-Alpine skier and employee of the Company. It also expresses our thoughts toward providing support for those who require assistance and consideration. We provide in-house human resource training that covers taking mutually respectful actions for those wearing the help symbol, such as offering one's seat or approaching someone who appears to be facing difficulties.



KAYABA is an official sponsor of the Alpine Skiing National Team of the JAPAN Para-Ski Federation



Advertisement for the Oedo Line

Overview Strategy Value Creation Business Strategy Data

Health and Safety

Health and Safety Activities

Under our Health and Safety Policy, we have established and operate a Health and Safety Committee at all workplaces. The Committees discuss countermeasures against health issues or work-related injuries as well as prevention, and provide the related information to employees. Also, they provide the information necessary to obtain the cooperation of many independent

contractors for onsite construction work and various kinds of inspections. In FY2022, the Committee revised the manual that brings together information on measures and matters that should be confirmed beforehand as well as from the start of construction work until its completion. In these ways, we will continue striving to reduce work-related injuries.

Occupational Safety and Health Management System

We are systematically rolling out efforts to construct a safety and health management system. We are driving forward our efforts to strengthen its foundation by introducing safety and health management OSHMS and ISO 45001 protocols.

The introduction of the occupational safety and health management system started in FY2004 at Gifu North Plant, and as of FY2022, all plants have obtained certification. We will continue working to create a safer workplace environment where our employees are healthy and can work with peace of mind.

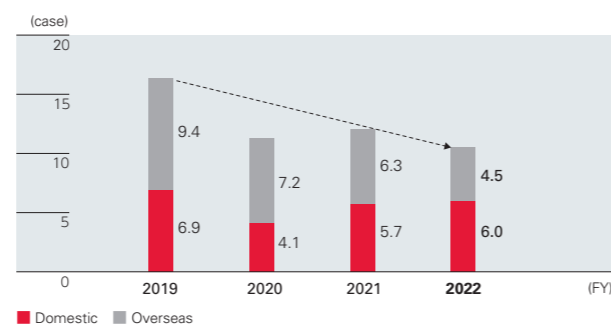
Creating a Safe, Secure Working Environment

With the slogan "Safety is the top priority," the KAYABA Group works as one to achieve zero occupational accidents. Also, our Corporate Guiding Principles state that we will always think about safety first and engage, with all employees participating, in activities aimed at prevention of industrial accidents and occupational diseases and the creation of an accident-and-risk-free work environment.

In 2018, we established the Global Safety Promotion Committee, which promote its activities under the direct control of the President. The Environment & Safety Committee, which is chaired by the Director in charge of CSR and safety, discusses policies related to safety in the KAYABA Group. In these ways, the

KAYABA Group is striving to create a safe, secure working environment.

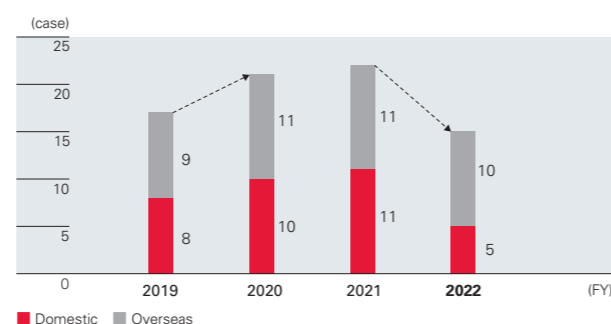
Number of work-related injuries (per month)



Plant Fire Prevention Activity

This activity is positioned as important because while it not only stops the negative impacts of fires on all stakeholders, it more crucially can protect the safety of our employees. We strive to prevent fires not only by inspecting and maintaining the legally required fire protection equipment, but through continuous inspections and evaluations. And we examine manufacturing facilities with particularly high fire risks by using an inspection check sheet. Also, we plan for suitable operation and maintenance by conducting regular fire prevention patrols. In order to raise employees' awareness toward fire prevention, the first working day of each month is designated as "Fire Prevention Day," on which all employees get involved in fire prevention activities.

Annual number of fires (cumulative total)



Monozukuri Strategy

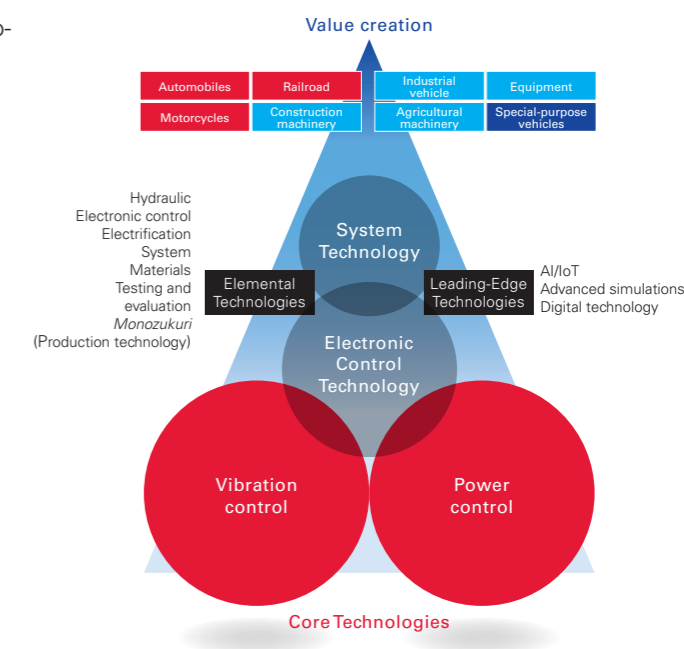
Technology / Manufacturing

KAYABA's Monozukuri

Our company has been advancing vibration control and power control technology for over 100 years. Building on that foundation, we are combining AI/IoT, the promotion of DX, and advanced simulations with all of our component technologies to develop next-generation hydraulic devices and systems products that feature both high performance and safety through the use of electronic controls.

Technology, global manufacturing, and sales will continue working together on new product development that will lead to value creation and the development of advanced technology aimed at resolving social issues in ways such as conserving energy and reducing environmental load.

Conceptual Diagram of KAYABA's Technology

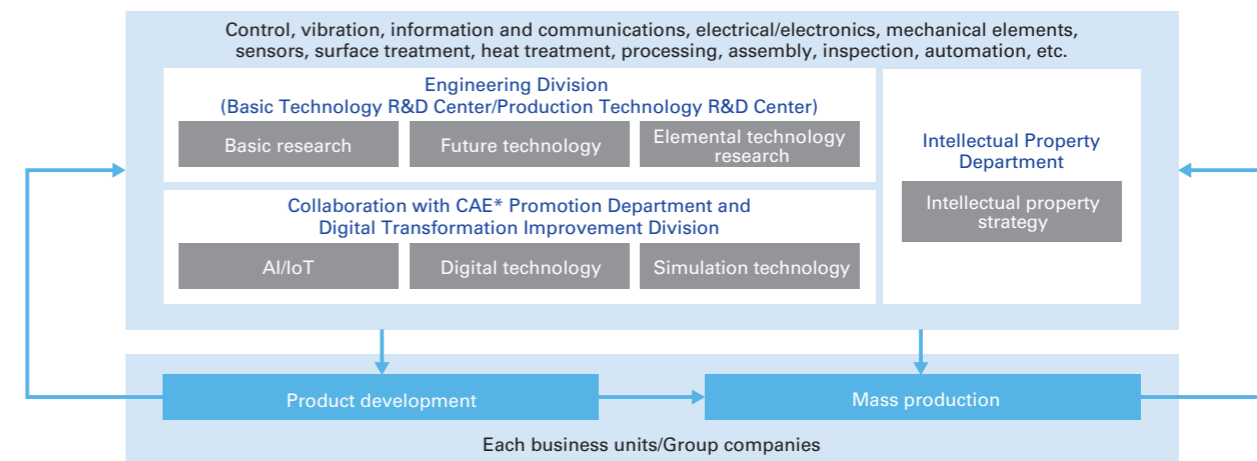


Technology Development System

The Basic Technology R&D Center and Production Technology R&D Center are at the core of our AI, digital technology, and intellectual property strategies. They conduct basic research, future technology research, and component technology research. And, we are

constructing a system to accumulate and increase the level of technology throughout the Group with our process which circulates these research results back to the product development and mass production at business units and group companies.

KAYABA's technology development process



*CAE: Computer-Aided Engineering. The use of computer simulations to resolve issues faced by technical departments.

In research and development, we are examining and analyzing long-term environmental changes and the accompanying changes in social and customer needs, and developing a roadmap for our long-range strategy to achieve the ideal future technologies. Looking at basic research, for example, we are developing electronic control devices and devices compatible with electrification as well as systems that combine those

technologies, based on the roadmap for electrification and autonomous driving. We are also making active efforts aimed at optimization and to improving productivity, such as using AI to conduct data analysis.

The Engineering Departments of each Business Unit are working on improving the performance and lowering the costs of existing products, and on developing and launching mass production for new products.

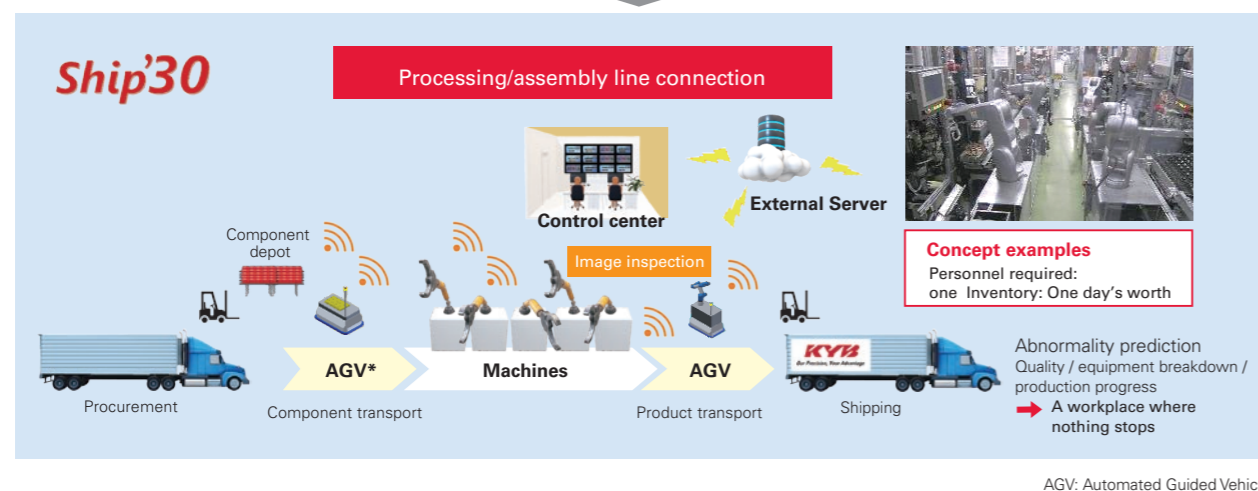
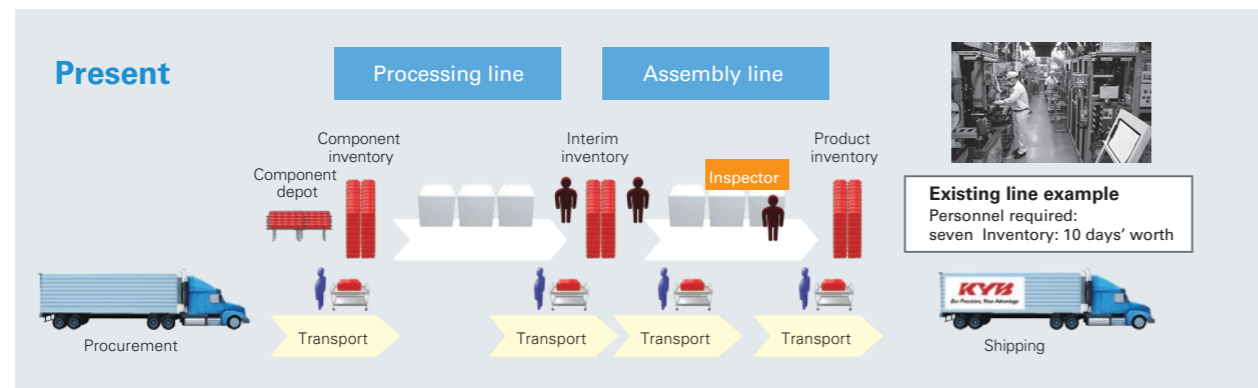
Innovative Monozukuri: A manufacturing site with an unbroken workflow

KAYABA is working on our Ship'30 project, which is aimed at achieving the next generation of *monozukuri*. We are striving to create an unmanned plant that runs on digital technology. Our concept is to achieve continuous integrated production from machining to assembly in an unbroken workflow of items within the plant. Through this revolutionary production process, we aim to achieve the minimization of transport, inventory, and work operations.

constructing a system for next-generation TPM (Total Product Maintenance) that can handle the control of such equipment. Also, we believe that this revolution requires improving the quality of people who can master the latest, most advanced equipment, and we must lay a foundation starting with basic machine training for each and every employee.

Our activities in 2023 and onward involve investigations into a KAYABA Production System with a core of digital technology, clarifying our 2030 vision for each Business Unit and plant after its evolution, developing technology to address issues, and building production lines.

We are also reforming equipment control by automating the work of people through using inspections AI and collaborative robots. Simultaneously, we are



AGV: Automated Guided Vehicle

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TPM Overseas

At overseas plants, the activity promotion team is taking the lead in providing basic TPM education and practical work operations for the purpose of reducing losses due to mechanical breakdowns and improving productivity.

The grid shows photos of TPM activities at the following locations:

- KYBSE (Spain)
- KAMS (Spain)
- KMCZ (Czech Republic)
- KIMZ (China)
- KWT (China)
- KMT (Taiwan)
- KST (Thailand)
- KYBT (Thailand)
- KMV (Vietnam)
- KHMI (Indonesia)
- KMSI (India)
- KAC (U.S.A.)
- KMEX (Mexico)
- KMB (Brazil)

Our DX Initiatives

KAYABA's DX initiatives are targeting revolutionary ways of working that use digital technology; the creation of new ideas and businesses in the fields of technology, quality, and *monozukuri*; and improvements in quality and productivity.

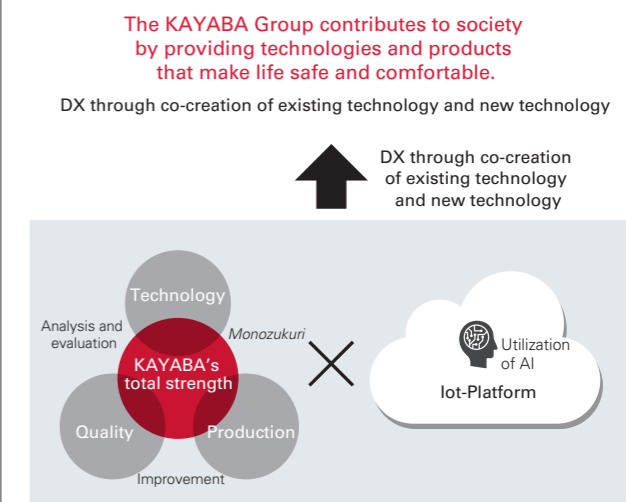
In 2019, in order to transform the way a range of jobs were being done at KAYABA, we constructed the KYB-IoT Platform, which became the foundation on which we perform data collection, analysis, and visualization.

In manufacturing, we predict failures in the production equipment at plants and improve productivity by operating our Equipment Predictive Maintenance System and Equipment Data Collection and Analysis System. These have become central to the Ship'30 next-generation revolutionary new plant initiative, and will support the future production system of KAYABA.

In technology, we are planning a transformation that will bring about innovation through fusing KAYABA's core competence of hydraulics with digital technology.

In human resources, we seek "digital human assets that have both the technical skills to use digital technology and business transformation skills." We have an in-house education curriculum in place that covers topics from the basics of IT and DX to practical use of AI. We have also started training management human resources who will use digital technology to bring about a business transformation.

In FY2023, we established the Digital Transformation Improvement Div., a new organizational body that brings together our in-house digital engineers. The KAYABA Group will work together to move forward with digitalization in all business domains, train and assign our human resources so they can support the strengths of our management strategy and business strategy as well as become achievement drivers, and contribute to management.



Quality

Initiatives for Quality Management

At the KAYABA Group, “quality management” refers to striving to improve quality in all our business processes in order to deliver products and services that clients can rely on and that bring them satisfaction.

Quality education for all employees sets the foundation, and since the previous fiscal year we have been conducting quality awareness reforms so as to stay conscious of *monozukuri* from the customer’s point of view in all business processes. We recognize that it is critical to make daily improvements by incorporating a quality management mindset into each individual’s work.

We take a “Bad News 1st”* stance that calls for the immediate report of quality defects and concerns, and feedback is given to the reporter after we take

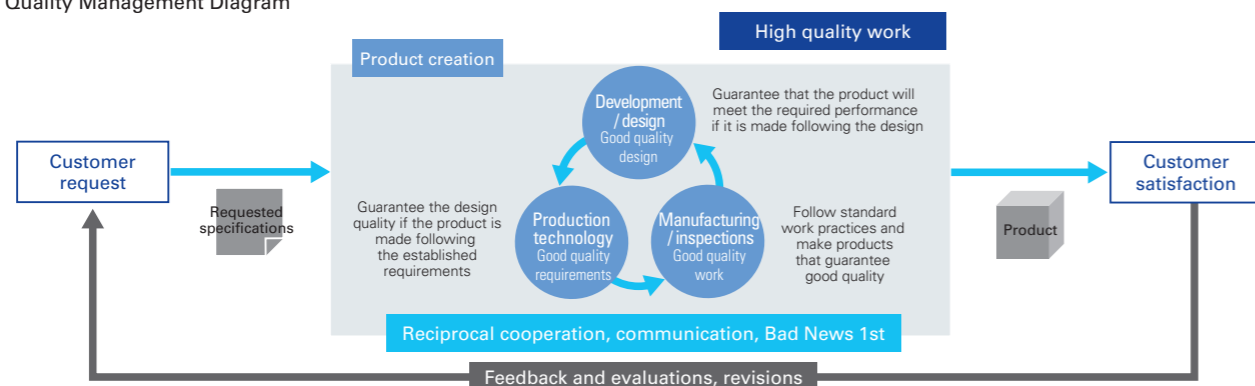
The KAYABA Group shall:

1. Address quality improvement with honesty driven by the belief that quality is the basis for business.
2. Deliver safe and secure products in compliance with promises to customers as well as with laws and regulations.

measures and improvements, creating a cyclical process. And to improve daily communication, we are aiming to create an open workplace in which our employees know they can ask for consultations at any time and for any reason.

*Bad News 1st: Quickly report when any abnormality occurs

Quality Management Diagram



Quality Assurance System

From the viewpoint of detecting defects and their causes before they occur, the Quality Div. carries out internal audits to which all plants are subject in order to check the quality assurance system. We work to improve quality daily by detecting and making improvements to issues in the quality system.

We are working to achieve high productivity across the

product’s entire lifecycle. We do this with what we call the “three-stage evaluation” for the development of products, technology, and production methods. It covers everything from the product planning stage to fixing defects after shipping mass-produced products and managing modifications. The system works with several kinds of production set-ups, ensuring product quality.

Step	Details	Goal of the Three Steps
Prior and model development	Development quality DR*0 evaluation meeting	Implementation of commercialization (Description and evaluation of development quality)
Order development	Quality of production start DR1 evaluation meeting	Implementation of mass production (Description and evaluation of development quality)
Mass-production development and production preparations	Mass-production quality Quality Safety Audit DR2 evaluation meeting	Implementation of achieving quality requirements (Demonstration and evaluation of start quality)
Mass production Initial flow management	Bad News 1st Execute (until the reporter receives feedback) When abnormalities arise: Stop, Call, Wait	

Quality Safety Audit Check the workplace, products, and data to confirm that there are no quality problems and that production and shipping are safe, including the manufacturing process.

* DR: Development & Research

Intellectual Property Activities

Intellectual Property Strategy

At the KAYABA Group, research and development divisions and intellectual property divisions cooperate to actively create intellectual property, in ways such as regularly holding the Intellectual Property Strategy Meeting. We conduct intellectual property activities aimed at the growth of business and improvement of corporate value by appropriately safeguarding and applying in-house products and technologies.

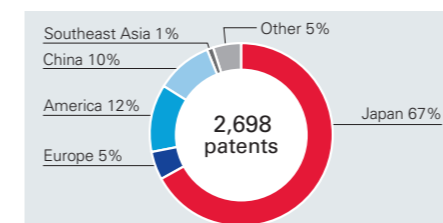
The results of research and development themes are checked thoroughly so that any possible inventions will not be overlooked. As a result of actively filing for patents and acquiring rights, we hold the world’s highest number of patents related to protecting our mainstay products of shock absorbers and hydraulic cylinders. The strength of the KAYABA Group’s technical and intellectual property capabilities is recognized and has been highly evaluated, with the patents we have acquired winning awards for inventions.

In recent years, in addition to these defensive intellectual property activities, we have been undertaking new initiatives. In product development, we are creating inventions using a framework to give us a competitive advantage, and moving ahead with activities to build a portfolio based on our development strategy. Also, in order to contribute to solving social issues and generate new value for future growth, we are working on the IP landscape* from the planning stage and using intellectual property information for the purpose of increasing corporate value.

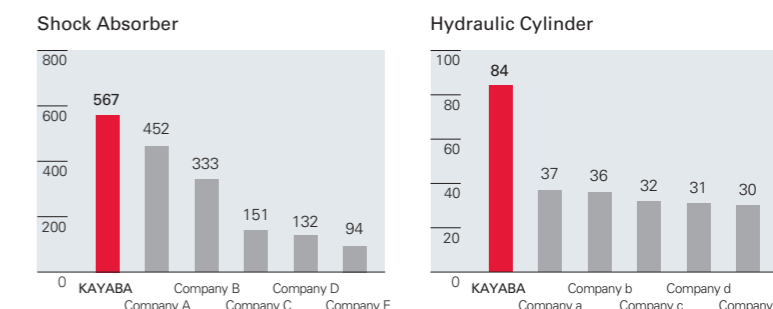
Further, we are working to protect and increase the value of our brand through actions that protect our corporate and product brands. We respond to imitation trademark applications, particularly in China, in ways such as making formal objections, and exercise our trademark rights against counterfeit products such as shock absorbers.

*IP landscaping: To create proposals for strategies that contribute to intellectual property management by analyzing intellectual property information.

Ratio of domestic and overseas patents retained (As of March 31, 2023)



Number of related patents retained (current as of May 18, 2023, based on our company’s information)



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Patented Inventions Useful for Society



Four award-winning KAYABA inventors

Patented Inventions Useful for Society
 To encourage and promote invention in all regions, we submit invention patents every year to the Chubu Regional Invention Awards, which is conducted for the purpose of contributing to the advancement of science, technology, and industry.
 FY2022, the inventor of the patent (patent number JP6637255) that protects the key technology for performance improvements and cost reductions for the KCFL1-5 lift cylinder for forklifts won the Gifu Prefecture Governor’s Award.

Trademark Registration with an Awareness of Branding

As part of Japan’s Ministry of Land, Infrastructure, Transport and Tourism’s Smart City Model Project, which is based on the science and technology policy “Society 5.0,” our development of a road maintenance management task support service is underway. Aware of the importance of branding for our Smart Road Monitoring, which is under development, we registered trademarks in November of 2022 for “Smart Road Monitoring,” “SUMADO” in Japan.



ESG Management



Basic Policy for ESG

At the KAYABA Group, we formulate policies based on ESG management. We conduct activities to solve environmental and social issues, and are working to contribute to the achievement of a sustainable society.

Our Corporate Spirit sets forth the following: "By

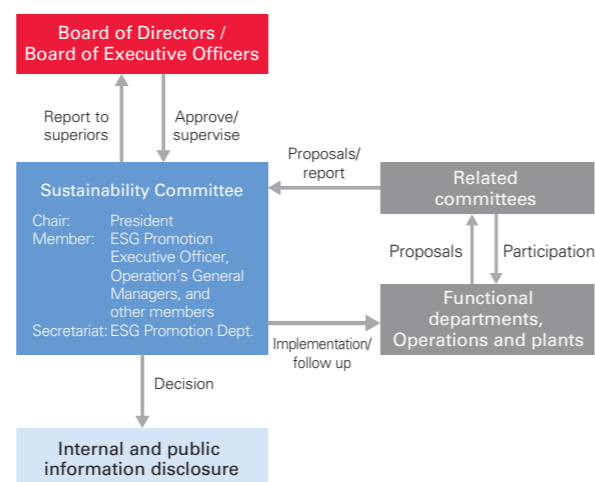
providing technologies and products that make people's lives safe and comfortable, the KAYABA Group contributes to society." To achieve that mission, we are returning to the spirit of originality that has been passed on since our establishment and moving forward to an affluent future.

- With ESG management as the basis for formulating policies, we will establish an overall picture (our values, business model, sustainability, growth potential, etc.) for our value creation cycle.
- We will also reexamine existing initiatives in terms of ESG initiatives and communicate them outside the Company in order to foster trust.

ESG Promotive Structure

It is imperative that we promote the strengthening of our initiatives for ESG related to creating a sustainable society. Therefore, in March 2022, we established the Sustainability Committee as an organization that coordinates for the entire company. It deliberates on the progress of management and measures of policies and targets related to sustainability, after which it provides opinions and reports to the Board of Directors.

Also, it cooperates with all kinds of working committees and functional divisions/departments in planning policies and initiatives, and strives to support and follow up on the activities of each division/department. Each supervising division/department deliberates with the expert committee and others on topics such as which matters they should engage in and activity planning regarding individual sustainability themes, and promotes those initiatives in cooperation with the related divisions/departments.



Efforts Towards Internal ESG Initiatives

We believe it is important for each employee to make independent efforts to promote ESG management.

Led by the ESG Promotion Office, which was established in July 2021, we publish a monthly related serial in the in-house company newsletter to raise awareness. In FY2022, it featured examples of specific initiatives within the KAYABA Group.

Also, we conduct training in SDGs, ESG, and corporate management when promoting an employee, providing education on the management and leadership practices required for ESG management.



Articles serialized in the monthly in-house company newsletter

Awareness building activities	<ul style="list-style-type: none"> • Corporate website • Providing information on the in-house intranet
Education for promoting understanding	<ul style="list-style-type: none"> • Training when being promoted

Corporate Governance

Corporate Governance Principles

To fulfil our corporate social responsibility of contributing to society, KAYABA is building a quick and efficient management system with our Board of Directors leading the way. Furthermore, we are pursuing a highly fair and transparent management supervisory function.

Based on our Corporate Spirit and the following basic policies, we will strengthening corporate governance and respond to the expectations of all our shareholders through the achievement of continuous growth and the improvement of corporate value.

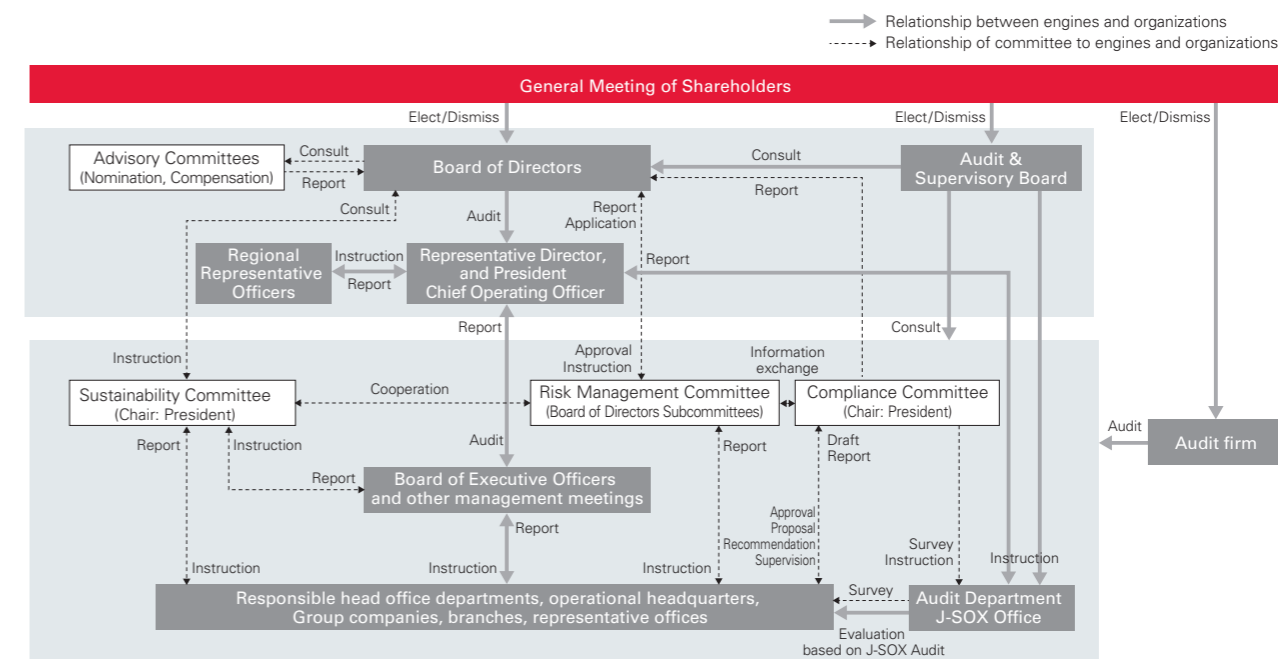
Basic Policies

1. We shall respect the rights of shareholders, and ensure the equal and fair treatment of all shareholders.
2. We shall take the benefits of stakeholders into consideration and endeavor to appropriately cooperate with those stakeholders.
3. We shall disclose not only information on compliance with the relevant laws and regulations, but also actively provide important and/or useful information to stakeholders for their well-informed decision making.
4. The Board of Directors shall be cognizant of its fiduciary responsibility and accountability to shareholders, and shall appropriately fulfill its roles and responsibilities in order to promote sustainable and stable corporate growth and increase corporate value, profitability, and capital efficiency.
5. We shall engage in constructive dialogue with shareholders, and make efforts to obtain shareholders' support regarding the Company's business policies and also reflect shareholders' opinions and concerns in the improvement of management.

Corporate Governance Structure

KAYABA is a company with an Audit & Supervisory Board as described under the organizational design stipulated by the Companies Act of Japan, and has a system of corporate governance in place that centers on the Board of Directors and Auditors / the Audit &

Supervisory Board. Also, we have adopted the Executive Officer System, seeking to increase the speed of decision making and optimize corporate management



Board of Directors
The Board of Directors comprises eight members, including four external directors. In principle, the Board of Directors meets once a month. The Board of Directors makes decisions based on laws, the Articles of

Incorporation and Company regulations, and deliberates on policies and other important matters involving management. The Board of Directors also oversees the management of business operations. In addition, four external directors are registered as independent officers.

Board of Executive Officers

The Board of Executive Officers, a body that reports directly to the Board of Directors, deliberates on important matters concerning management from a Company-wide perspective.

Other Management Committees

We have also established other management committees, including the Domestic Affiliated Companies Management Meeting, where functional and business divisions/departments report on the status of business execution, and the Operational Review with the President Meeting, where the president executive officer visits production sites to review and follow-up on matters related to policy development and important manufacturing issues. These meetings aim to strengthen Group management oversight.

Audit & Supervisory Board

The Audit & Supervisory Board comprises four full-time and one part-time Audit & Supervisory Board member. Two full-time Audit & Supervisory Board members and

one part-time Audit & Supervisory Board member are outside members. Through audits by outside Audit & Supervisory Board members, we expect to achieve effective management oversight and have concluded that an effective governance system is in place. In addition, three of the outside Audit & Supervisory Board members are registered as independent officers.

Regional Executive Officer

Overseas sales account for the greater part of our total sales, and the importance of overseas plants and offices is growing. We have established regional headquarters in the United States, China, and Europe, and supervisory duties are delegated to the Representative Directors for each region from the currently serving Directors. We work to strengthen governance by a system in which each regional headquarters and its affiliates report on performance and important issues to the Regional Representative Director every month, and the Regional Representative Director reports on the progress situation to the President once every three months.

The members of each of the aforementioned organizations are as follows. (As of June 23, 2023)

Title	Name	Board of Directors	Board of Executive Officers	Domestic Affiliated Companies Management Meeting	Audit & Supervisory Board
Representative Director, Chairman	Yasusuke Nakajima	◎	○	○	
Representative Director, Chief Executive Officer (CEO)	Masao Ono	○	○	○	
Representative Director, and President Chief Operating Officer (COO)	Masahiro Kawase	○	◎	◎	
Member of the Board of Directors, Senior Managing Executive Officer Chief Financial Officer (CFO)	Takashi Saito	○	○	○	
Member of the Board of Directors (External)	Shuhei Shiozawa	○	○	○	
Member of the Board of Directors (External)	Masakazu Sakata	○	○	○	
Member of the Board of Directors (External)	Akemi Sunaga	○	○	○	
Member of the Board of Directors (External)	Chizuko Tsuruta	○	○	○	
Audit & Supervisory Board Member (Full Time)	Hideki Nonoyama				◎
Audit & Supervisory Board Member (Full Time)	Osamu Kunihara				○
Audit & Supervisory Board Member (Full Time)(Outside)	Junichi Tanaka				○
Audit & Supervisory Board Member (Full Time)(Outside)	Masahiko Sagara				○
Audit & Supervisory Board Member (Outside)	Junko Watanabe				○
14 executive officers	—		○	○	

Note: ◎ denotes the chairperson



For details, see "Outside directors and outside Audit & Supervisory Board Members" on the website
<https://www.kyb.co.jp/english/company/governance.html>

Officer Compensation

(1) Compensation Structure

Officer compensation consists of fixed monthly compensation (basic compensation) according to position and responsibilities, and performance-linked compensation (bonus) that varies depending on the Company's business results. Outside directors and Audit &

Supervisory Board members only receive fixed compensation according to their respective roles, and in view of their independence do not receive performance-linked compensation.

Type of Compensation	Eligible Officers	Maximum Total Compensation	Date of Resolution of the General Meeting of Shareholders	Calculation Process
Fixed compensation (Basic compensation)*1	Directors	¥30 million per month (¥360 million per year)	June 27, 1997, 75th Ordinary General Meeting of Shareholders	Consultation with Compensation Committee
	Audit & Supervisory Board members	¥10 million per month (¥120 million per year)	June 23, 2022, 100th Ordinary General Meeting of Shareholders	—
Performance-linked compensation (Bonus (monetary))*2	Directors (Excluding external directors)	40% or less and ¥200 million per year of total compensation (Fixed compensation + Performance-linked compensation)	June 23, 2022, 100th Ordinary General Meeting of Shareholders	Consultation with Compensation Committee
Performance-linked compensation (Bonus (stock))		Within 20,000 shares per year (¥75 million per year)	June 23, 2022, 100th Ordinary General Meeting of Shareholders	Consultation with Compensation Committee

*1 The limit on total fixed remuneration for directors does not include salary for employees concurrently serving as directors.

*2. There is an upper limit of 1.0% of profit attributable to owners of the parent in the fiscal year preceding the fiscal year in which performance-linked compensation is paid.

(2) Compensation Decisions

For director compensation, the discretionary Compensation Committee composed of representative directors and external directors verifies the propriety of the criteria for calculating fixed and performance-linked compensation and reports the propriety of criteria to the Board of Directors.

Fixed compensation for directors is determined by resolution of the Board of Directors, upon receiving a report from the Compensation Committee, within the limit on total compensation decided at the General Meeting of Shareholders. The performance-linked compensation of Directors (excluding external directors) is in accordance

with the level of achievement of the indexes that form the basis of its calculation, and is determined by a resolution of the Board of Directors made upon receiving a report from the Compensation Committee and within the range of the limit for the total remuneration amount that is determined at the General Meeting of Shareholders.

Fixed remuneration for Audit & Supervisory Board members is determined in consultation with Audit & Supervisory Board members, within the limit on total compensation decided at the General Meeting of Shareholders.

(3) Calculation and Determination of Performance-Linked Compensation

Performance-linked compensation consists of monetary compensation and restricted stock compensation.

The total amount of monetary compensation shall be within the range of the total compensation limit determined at the General Meeting of Shareholders, and shall not exceed 1.0% of the profit attributable to owners of the parent in the fiscal year (evaluation period) preceding the fiscal year in which performance-linked compensation is paid, and up to 40% of the total amount of base remuneration and the monetary compensation portion of performance-linked compensation for Directors (excluding External Directors), and the decision is made by the Board of Directors upon receiving a report from the Compensation Committee. Then, based upon the pre-determined prorated amount that corresponds to each Director's official position, the Board of Directors receives the Compensation Committee report and determines the amount to be paid to each Director, and each Director is paid in a lump sum after the end of the evaluation period.

In stock compensation, the number of shares provided is determined by a resolution of the Board of Directors within the maximum number and total amount of compensation limits resolved by the General Meeting of Shareholders, upon receiving a report from the Compensation Committee based on the level of achievement of the indicators that are the basis for calculating performance-linked compensation

during the evaluation period and the predetermined number of shares provided in accordance with the position of each Director, and the Company's common stock is presented in a lump sum after the end of the evaluation period.

The indicators that are the basis for calculating performance-linked compensation are four calculation indicators (amount of segment profit, ratio of segment profit, amount of profit (loss) attributable to owners of the parent, ratio of profit (loss) attributable to owners of the parent), and the amount or number of performance-linked compensation will be calculated based on the achievement of the consolidated performance forecast during the evaluation period. In a case where there is a loss attributable to owners of the parent, performance-linked compensation will not be paid.

Regarding Directors (excluding External Directors), the approximate ratio of each type of compensation when achieving a 100% performance index shall be fixed compensation : performance-linked compensation : performance-linked stock compensation of 6:3:1.

Regarding decisions on the individual remuneration amounts of fixed compensation and performance-linked compensation, our policy is for the Compensation Committee to inspect the validity of the decisions, report to the Board of Directors that such validity was found, and to conduct calculations and decisions based on the content of the report.

Management Team (As of June 23, 2023)

* Independent Directors and Auditors

Directors



Yasusuke Nakajima

Representative Director,
Chairman



Masao Ono

Representative Director,
Chief Executive Officer (CEO)



Masahiro Kawase

Representative Director,
and President Chief
Operating Officer (COO)



Takashi Saito

New

Member of the Board of
Directors, Senior Managing
Executive Officer, Chief
Financial Officer (CFO)

In Charge of European
Operations, Global
Corporate Finance, CSR,
Public Relations/IR
General Manager, CSR &
Safety Control Division

Appointment of directors June 2005 June 2017 June 2015 June 2023



Shuhei Shiozawa*

Member of the Board of
Directors (External)



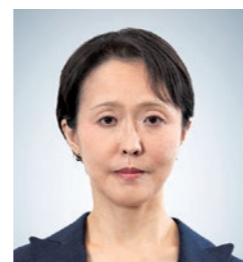
Masakazu Sakata*

Member of the Board of
Directors (External)



Akemi Sunaga*

Member of the Board of
Directors (External)



Chizuko Tsuruta*

New

Member of the Board of
Directors (External)

Appointment of directors June 2016 June 2020 June 2022 June 2023

Audit & Supervisory Board Members



Hideki Nonoyama

Audit & Supervisory
Board Member



Junichi Tanaka*

Audit & Supervisory
Board Member
(Outside)



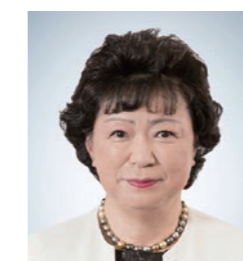
Masahiko Sagara*

Audit & Supervisory
Board Member
(Outside)



Osamu Kunihara

Audit & Supervisory
Board Member



Junko Watanabe*

Audit & Supervisory
Board Member
(Outside)

Executive Officers

Senior Managing Executive Officer	Minoru Ishikawa	In Charge of Automotive Components Operations, China Operations; General Manager, Automotive Components Operations, and Suspension Headquarters
	Ichio Nemoto	In Charge of Special Purpose Vehicles Division General Manager, Hydraulic Components Operations, and Special Purpose Vehicles Division
Managing Executive Officer	Takashi Tezuka	In Charge of Quality; General Manager, Quality Division
	Ryuji Uda	In Charge of North, Central & South American Operations; President, KYB Americas Corporation
	Shozo Amano	In Charge of Production, Purchasing & Logistics; General Manager, Production Division
	Masaru Tsuboi	In Charge of Safety Control & Environment
	Tomoki Takaoka	In Charge of Global Corporate Planning, Domestic Affiliated Companies, TQM Promotion and ESG Promotion; General Manager, Corporate Planning Division, and General Affairs & Human Resources Division
	Manabu Akasaka	General Manager, Finance & Accounting Division
Deputy Managing Executive Officers	Minoru Tamai	General Manager, Nagano Plant, Hydraulic Components Operations
	Toshimichi Izeki	In Charge of Aircraft Components Division; General Manager, Sagami Plant, Hydraulic Components Operations
	Shinichi Sugioka	In Charge of Cybersecurity Measures; General Manager, Motorcycle Headquarters, Automotive Components Operations, Digital Transformation Improvement Division, and President, KYB Motorcycle Suspension Co., Ltd.
	Kenji Yazaki	General Manager, Mobility Devices Headquarters, Automotive Components Operations
	Atsushi Fujii	In Charge of Engineering; General Manager, Engineering Division, Basic Technology R&D Center, and Curator, KAYABA Museum
	Atsushi Okubo	In Charge of Sales; General Manager, Sales Division

An External Director's Perspective



From my perspective as an accounting and taxation specialist, and the perspective of diversity, it's about supervising all kinds of business decisions to make sure everything feels right.

Akemi Sunaga

Member of the Board of Directors (External)



I'd like to use my experience with reforms and corporate information disclosure in the banking and leisure industries to assist with management decisions.

Junko Watanabe

Audit & Supervisory Board Member (Outside)

My Role as an External Director

I've been involved in financial auditing for listed companies ever since I passed the exam for a public certified public accountant and joined an auditing firm. In 1994, I registered as a licensed tax accountant and started my own practice. In addition to financial auditing, I've been engaged in business across a wide range of fields, such as taxation procedures and management consulting. In my capacity as External Director, I first conduct an examination to see if there are any issues from my perspective as a specialist in accounting and taxation. And from the perspective of diversity, I examine business decisions in each management field to make sure everything feels right. In particular, we are seeing growing social calls for an increase in women's active participation. In this environment, I believe it is necessary to oversee all kinds of management decisions to check if they are being made in a way that feels right from a woman's perspective.

My Impression of KAYABA

I took on the office of External Director in June 2022 amidst the COVID-19 pandemic, so I wasn't able to observe every workplace. However, when I inspected the plants in Sagami and Gifu, I was amazed to see everyone there using several technologies and working with passion. From the way that everyone looked like a skilled craftsman, I was able to perceive that many people started working for the Company because they are motorcycle and automobile enthusiasts. I was overwhelmed by their enthusiasm when I received an explanation about the technology, and I caught a glimpse of the spirit of *monozukuri* that's been here ever since the establishment.

Excellent Points

I had heard that the Company overcame a period of challenging ordeals, and when I attended important meetings such as the management meeting, I understood why the Company can overcome obstacles in a short time. They were extremely serious about

questioning and identifying every issue, and I could tell that the upper management and the other executives were sincerely engaged. And I felt that, currently, our efforts towards compliance are second to none in any company.

Points for Improvement

I think one issue involves training women managers, which is an issue for many companies. The environment presents difficulties in achieving a good work-life balance for women, who have complex life events, and there are many women who underestimate their own abilities. In order to increase the ratio of women managers, it is important to deliberately set up an environment of management training. I think it's necessary to strengthen networks of women colleagues and devise a system that allows for easy consultations and other ways to stop isolation within the organization.

Also, active engagement with workstyle reforms is critical. With the continuance of online meetings that can be held at any time or place, providing talented women employees with experience and building their self-confidence through constructing a system in which employees dealing with limitations can actively contribute to the organization will likely lead to encouraging growth. I believe this will result in motivation not only for women but people of all genders, increase their capabilities, and by extension favorably influence corporate earnings.

Expectations for the Company

This is one example, but the development of the mobile home was featured on television. The idea and technological skill to use hydraulics to expand the top and sides of the interior space seems like something only KAYABA would create. One thing I'd really like to hear is a woman's perspective on what would make them feel like they'd like to ride in the vehicle, and on the ease of using the interior space.

My Role as an Outside Auditor

The governance that listed companies are required by society to have in place has a lot of the same parts, regardless of the type of industry or corporate scale.

I don't have particularly specialized knowledge, so it's difficult for me to make a comment from the aspects of technology or quality. However, I have a fair deal of experience with business management, so I'd hope to focus my efforts on making management decisions that are highly evaluated by as many stakeholders as possible.

When I was working at a bank, I handled various reforms related to diversity, human resources training, and public relations strategies. In the leisure industry, I dealt with service improvements from the customer's point of view and the strengthening of corporate information disclosure. I believe I can use these experiences to strengthen governance in a broad sense.

My Impression of KAYABA

I went to observe both Sagami and Gifu Plants. When I saw how each and every employee was striving daily to improve their technical ability, and making steady efforts to respond to the high-level, detailed requests from the customers, I was really moved.

Also, at the test course, I rode in and compared cars that were equipped with shock absorbers and those that were not equipped with them. Even though I am not deeply knowledgeable about automobile mechanics, the difference was immediately obvious. I strongly felt that I'd like more general consumers to be aware of the value of this wonderful product.

Excellent Points

I believe that the Company's greatest strength is their sincere attitude toward *monozukuri* that extends from the management and carries through to the general employees.

They have heated discussions on technology and quality even at meetings of the Directors, and I sense they have great pride in their technical abilities. When it

comes to compliance, the upper management ensures that the major issues of the past are not forgotten, and thoroughly enforces that everyone in the entire Group always acts with an awareness of compliance norms. I am convinced that this is one of the reasons that they could rapidly recover their performance.

The medium-term management plan has set forth the slogan of "Mastering quality management." I feel that rather than being satisfied with the present condition, the management is extremely serious about pursuing even higher levels of quality.

Points for Improvement

KAYABA is a global company, yet there are few women and foreign nationals among the management, and I think that will gradually become an issue. Also, promoting candidates to management from a wide range of human resources with different social experiences and those who are well-versed in systems and DX will lead to KAYABA becoming a stronger, more robust company. Currently, human resources with strong technical capabilities are coming together across the Group to make serious efforts for *monozukuri*, but I believe even better *monozukuri* will be attainable by including the opinions of those human resources with their diverse viewpoints and values.

Expectations for the Company

I look forward to KAYABA promoting, more widely and across all of society, the appeal of its products and corporate mindset of focusing intently on quality.

I was not very aware of KAYABA's products until I took on this position, and many people I know have heard the Company's name, but don't know much about its products. Although it is a B2B company, I believe that releasing information with the stance of a B2C company will lead to an increase the number of KAYABA enthusiasts, ensure performance, and increase corporate value.

Internal Control and Compliance

Basic Policy

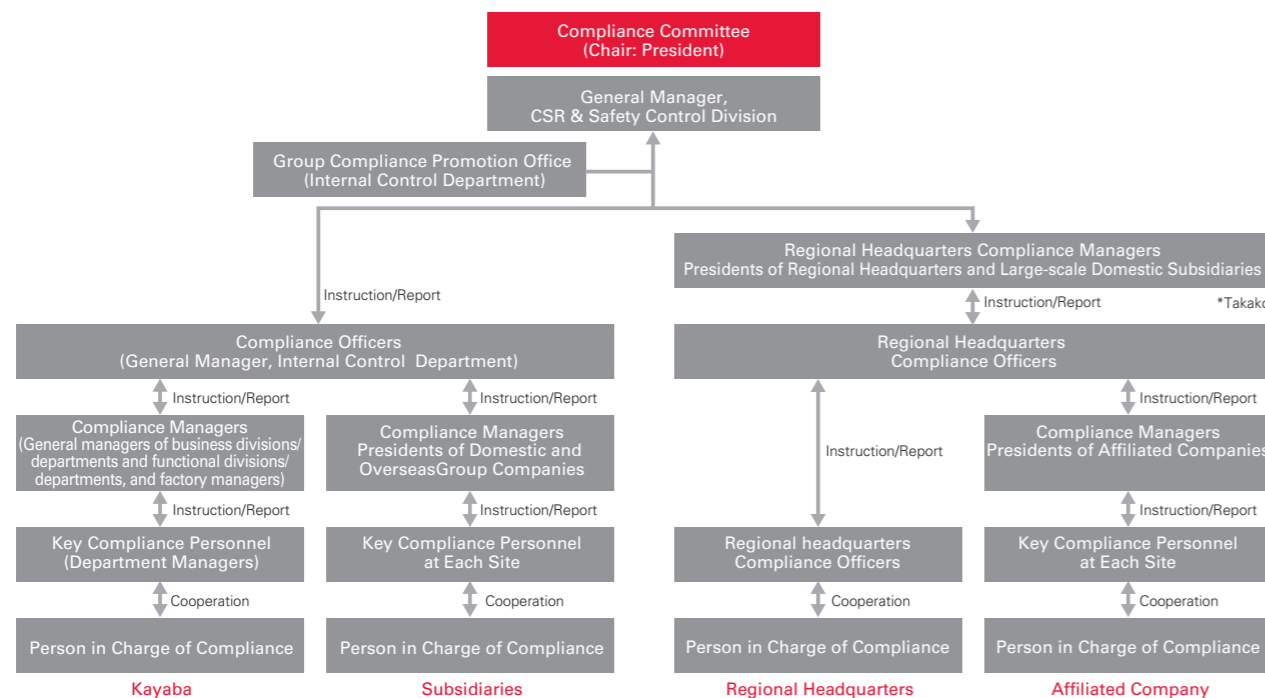
In order for corporate governance to function effectively, we are promoting a basic policy for our internal controls system that is based on the Companies Act of Japan and determined by the Board of Directors.



For details, see "Internal controls" of the "Corporate Governance System" on the website
<https://www.kyb.co.jp/english/company/governance.html>

	Key Activities	Major Initiatives
Compliance Promotion	<ul style="list-style-type: none"> The compliance program was enacted under our compliance system, which is headed up by the Compliance Committee. It is being rolled out and implemented at Group companies, and we are evaluating and reviewing the results. The issues we uncover now will be used to improve initiatives in the next fiscal year. 	<ul style="list-style-type: none"> We designated October as Compliance Reinforcement Month, and conducted various activities to promote heightened compliance awareness among all employees, including President's message, call for compliance mottoes, repeated in-house training, Compliance Top Management Training Course, etc. Conduct training that reflects the issues identified in the results of the last fiscal year's compliance questionnaire
Risk Management Initiative	<ul style="list-style-type: none"> The Risk Management Committee reports to the Board of Directors, and based on the Risk Management Rules, it identifies material risks the Group must address and the business units responsible for managing them, and conducts risk reduction initiatives at each responsible business unit. 	<ul style="list-style-type: none"> Conducted risk-reduction initiatives for nine key risks
Responding to Whistleblower and Improving the Effectiveness of the Whistleblowing System	<ul style="list-style-type: none"> We respond to reports in order to ensure the prevention or early-stage discovery and correction of nonconforming acts. Moreover, we are making improvements for the purpose of achieving a highly trustworthy whistleblowing system that allows individuals to report without hesitation. 	<ul style="list-style-type: none"> Use a more highly confidential external contact point for internal reporting. Respond to internal reports, make effectiveness improvements and respond to reported cases, and support the responses of Group companies. Report regularly to the Compliance Committee.

Internal Control System



The Compliance Committee conducts activities such as deliberating on the fiscal year compliance program, which is drafted by the Compliance Promotion Office. In addition to drafting the program, the secretariat provides support for to regional headquarter compliance managers

and regional headquarter compliance officers. Regional headquarters and large-scale domestic subsidiaries regulate their own companies as well as their affiliates and subsidiaries, while the KAYABA regulates itself and subsidiaries other than those mentioned above.

Risk Management

Basic Policy

At the KAYABA Group, the Risk Management Committee reports to the Board of Directors, and based on the Risk Management Rules, it identifies material risks the Group must address and the business units responsible for managing them, conducts risk management initiatives at each responsible business unit, and

presents quarterly updates to the Board of Directors. Also, the Sustainability Committee is in charge of our response to risks related to climate change. They conduct initiatives such as uncovering the risks and opportunities presented by climate change in cooperation with the Risk Management Committee.

Responding to Business Continuity

In times when a large-scale disaster occurs, our first priority in any situation is to put human lives first. So that each and every person concerned correctly understands disaster response countermeasures and takes action, we are working on our business continuity plan for the purpose of quickly conducting initial activities while supporting customers, business partners, and the regional community and keeping injuries to people and damage to objects at a minimum, in addition to quickly restoring production. In particular, with the increasing frequency of earthquakes, we are strengthening natural disaster reduction measures across all departments and including group companies in preparations for a major earthquake, such as fixing equipment in place.

We are collecting the things we became aware of through the drills as important matters that can be used in emergencies. In addition, we are further increasing our ability to face the issues that confront us through various drills, such as quickly checking on the safety of employees. In responding to procurement, we will conduct improvement activities with business partners from the viewpoints of "disaster reduction, inventory, and replacements," and aim to restore production at an early stage.



Assembly drill for earthquakes

Also, we held the first assembly drills in the past three fiscal years at eight plants. The purpose was to consider situations that might occur in an earthquake while each individual thought about them and acquired the knowledge necessary to making an initial response. In addition, they also came up with ways to strengthen cooperation with related divisions/departments.

Information Security

KAYABA works to ensure information security by setting out a Standard Information Security Policy and appointing persons responsible for information security management in order to strengthen information security on a global level. Nevertheless, there are rapid increases in cyberterrorism which reflect geopolitical risks such as the ongoing Russian invasion of the Ukraine as well as ransomware cyberattacks by criminal groups seeking forced payments. Furthermore, risks related to information security due to the introduction of new digital technology are also growing.

We are seeking to quickly respond to new threats and continually reduce risks by strengthening regulations for the entire KAYABA Group and taking cyber risk countermeasures with a focus on KAYABA-CSIRT.

Major efforts in FY2022

- Standardization of cybersecurity response organization (KAYABA-CSIRT) activities
- Conducted routine education and drills for all executives and employees
- Conducted self-assessment in accordance with the standard automobile industry security guideline
- Hired third-party security evaluation organization to conduct vulnerability assessments
- Installed the latest security software
- Conducted cyber BCP drill

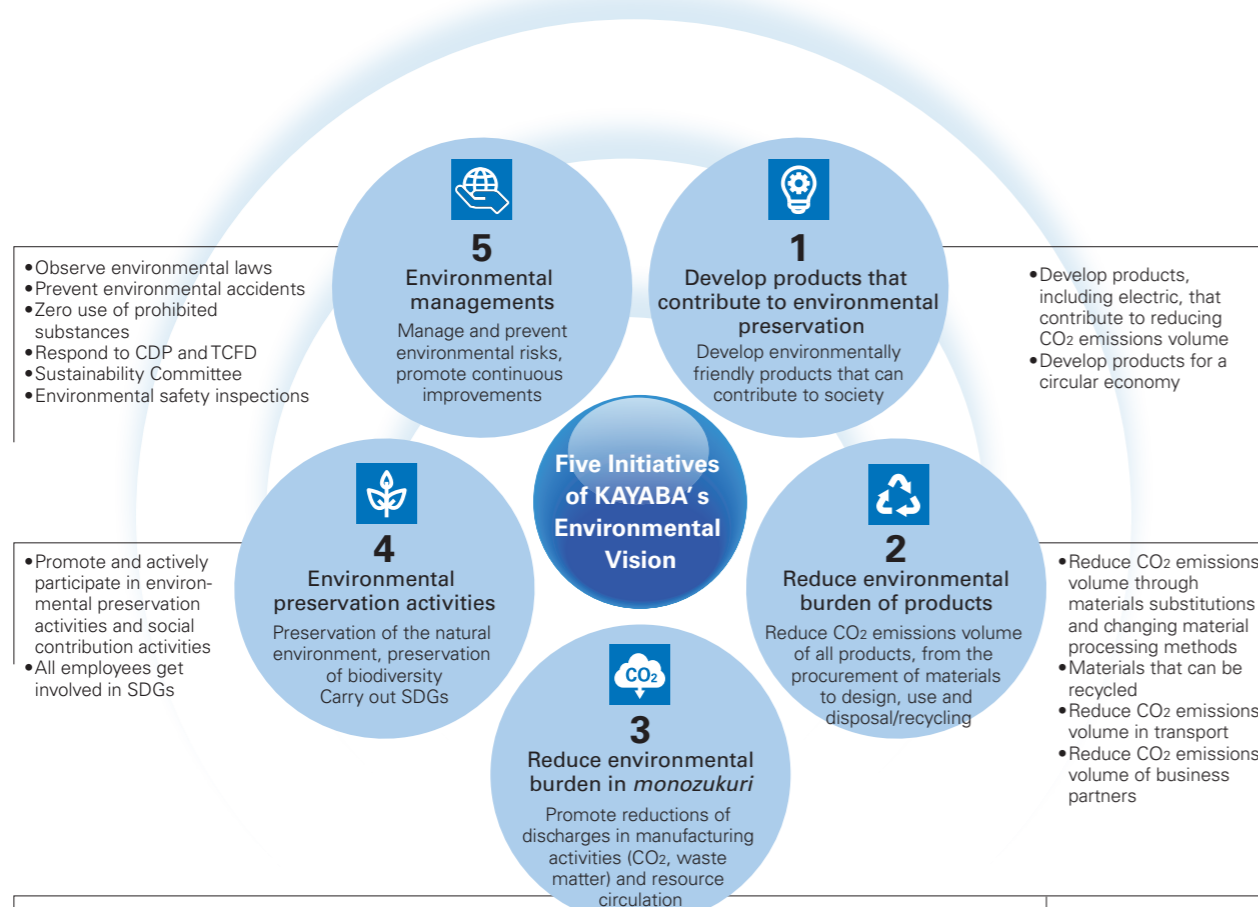
Environmental Preservation

Overview of KAYABA's Environmental Initiatives

Our Corporate Spirit proclaims our love for nature and intent to protect the environment. In line with this, we are striving for carbon neutrality with a focus on the global environment in 2050. Also, we are contributing to the creation of a sustainable society in which both global environmental preservation and economic growth can coexist.

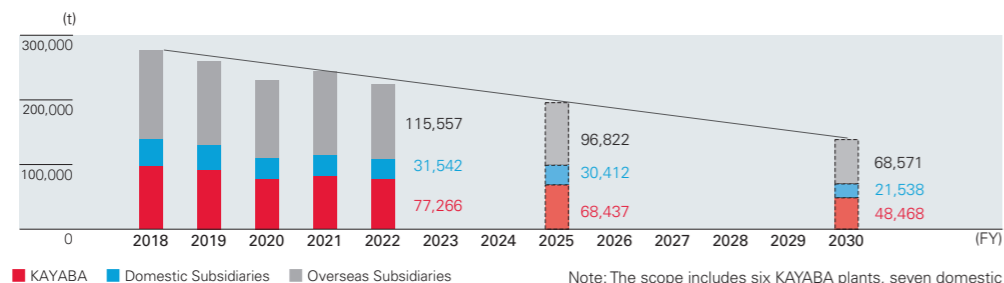
Environmental Vision

Environmentally Friendly Products
Environmentally Conscious *Monozukuri*
Environmentally Conscious Human Resources



CO₂ emissions reduction targets (Scope 1, Scope 2)

2025 emission volume for the KAYABA Group: 195,671 tCO₂
2030 emission volume for the KAYABA Group: 138,577 tCO₂ (50% reduction compared to 2018)
2050 carbon neutrality



Note: The scope includes six KAYABA plants, seven domestic subsidiaries, and 18 overseas subsidiaries.

Energy conservation target
2025: 3% reduction (compared to 2022)

Industrial waste reduction target
2025: 3% reduction (compared to 2022)

FY2022 Activity Achievements

Environmental Vision	Initiative	Specific Activities	FY2022 Achievements
1. Develop products that contribute to environmental preservation	Develop products that contribute to the reduction of CO ₂ emissions volume (electric products)	Product development for e-Axle (AC) e-mixer (Special-purpose Vehicles)	Consider expansion of product lineup that meets the required functionality Develop next-generation MCU (motor and ECU) Launch sales of e-mixer III
	Develop products for a circular economy	Develop biodegradable hydraulic fluid (AC) Use Chipping Vehicle for Pruned Branches for organic farming Optimum maintenance and breakdown prediction using sensors (HC)	Provide biodegradable hydraulic fluid dampers for racing use Hold exhibitions at race tracks Start experimental studies on composting wood chips Expand lineup of road sensing devices Develop fluid leak sensors and fluid condition monitoring sensors
2. Reduce environmental burden of products	Reduction of CO ₂ in lifecycle	Map CO ₂ emissions volume Reduction of CO ₂ emissions from raw materials	Calculate Scope 3 emissions volume Change blast furnace material to electric furnace material Increase resin recycling ratio
	Cooperation with business partners	Share information on carbon neutrality initiatives	Release carbon neutrality information for business partners on the Internet
3. Reduce environmental burden in monozukuri	Reduction of CO ₂ in corporate activities	Reduction of CO ₂ in corporate activities	Use EVs for all company-owned cars (Spain) Promotion of web meetings Promotion of remote work
	Promotion of energy conservation initiatives	Promotion of energy conservation initiatives according to the six rules Improve productivity, reduce defect ratio	Promotion of LED use: CO ₂ reduction volume of 634 tCO ₂ (KAYABA Group) Reduce steam loss: CO ₂ reduction volume of 143 tCO ₂ (Gifu South Plant)
	Promote capital investments in energy conservation	Development of production technology that reduces CO ₂ emissions volume Electrification, energy conservation, optimization, use of inverters	Start installation work on cogeneration system (Gifu North Plant) Installation of a high-voltage transformer: CO ₂ emissions reduction volume of 54 tCO ₂ Installation of a high-efficiency compressor: CO ₂ emissions reduction volume of 24 tCO ₂
	Introduction of renewable energy	Introduction of photovoltaic power generation system	Renewable energy introduction ratio: 7.5% (KAYABA Group) Introduction of photovoltaic power generation equipment (Japan, Thailand, Malaysia, Indonesia, Spain): CO ₂ emissions reduction volume of 1,695 tCO ₂
4. Environmental preservation activities	Promotion of resource circulation	Reduction of waste matter volume	Volume reduction by using dehydrators: waste matter reduction of 80% (Gifu North Plant) Use of plating wastewater treatment equipment: waste matter reduction of 80% (KMS) Consider using OBP pallets
	Offset through CO ₂ absorption	Increase the volume of CO ₂ absorption through planting trees	Tree-planting activities (Thailand, Indonesia, Malaysia)
	Efforts to preserve biodiversity	Manage and reduce the volume of water used and drainage Use Chipping Vehicle for Pruned Branches for organic farming	Install water circulation system (Malaysia) Start experimental studies on composting wood chips
5. Environmental management	In-house education and awareness	In-house education and awareness Human resources training	Awareness activities Start ESG education by employee position Provide ESG information through the in-house corporate newsletter
	Actively disclose environmental information	Regularly update homepage Reply to CDP	Add sustainability page to website CDP score: B on climate change, C on water security
	Introduce environmental management	Obtainment of ISO 14001 certification	100% of domestic companies and 88% of overseas subsidiaries
	Legal compliance and prevention of environmental accidents	Management and reduction of environmentally hazardous substances Environmental safety audits	Zero prohibited substance use Confirm the environmental activities of plants through environmental safety audits on 37 global plants

Response to TCFD

The KAYABA Group, recognizing climate change as an important issue that it must engage with, has endorsed the Task Force on Climate-Related Financial Disclosures (TCFD) in February 2023. We are working to grasp the risks and opportunities presented by climate change based on TCFD recommendations, reflect them in our strategies, actively disclose information, and thereby increase our corporate value.

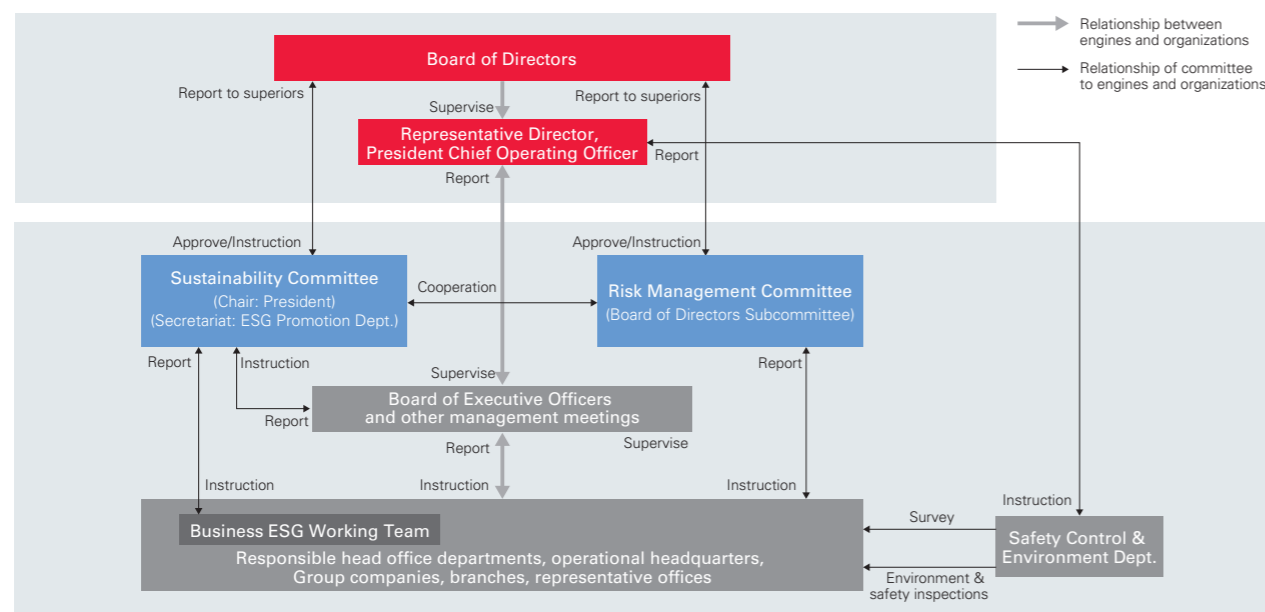
Governance

The KAYABA Group promotes a range of initiatives aimed at contributing to the creation of a sustainable society. In March of 2022, we established the Sustainability Committee with the ESG Promotion Department acting as the secretariat and the President as the Chair. The Committee holds debates and discussions on our sustainability initiatives, and reports or presents opinions to the Board of Directors once every three months.

Under the jurisdiction of the Sustainability Committee, each headquarters establishes an ESG working group which identifies risks and opportunities related to climate change, investigates countermeasures, and reports to the Sustainability Committee. Also, the Sustainability Committee, which deals with climate change risks, and the Risk Management Committee, which manages risk across the entire Group, collaborate on initiatives.

The Board of Directors receives the reports and opinions of the Sustainability Committee and supervises the process, and passes resolutions as necessary. Also, matters related to climate change or environmental preservation that impact performance are monitored in the Domestic Affiliated Companies Management Meeting, where functional and business divisions/departments report on the status of business execution, and by the environment & safety inspections that are conducted by the Safety Control & Environment Department.

The following is a chart of our organization related to sustainability.



Strategy

KAYABA sets ESG management as the foundation of its policy development. We are not only responding to environmental needs, but also promoting the development of products that contribute to a sustainable society and connecting the resulting opportunities to an increase in corporate value. Also, we are promoting all kinds of in-house initiatives related to the environment, society, and governance, led by the ESG Promotion Department.

Climate Change

The Company's environmental management slogan is "Protect the Green Earth and Create Environmentally Friendly Products," under which we are aiming to achieve carbon neutrality by 2050 through reducing our greenhouse gas emissions volume, decreasing the use of substances with environmental burdens in our

products, and developing products that conserve energy and have low CO₂ emissions. We are using the scenario analysis presented below to evaluate the impact level of risks related to climate change and the business opportunities to which they will give rise, and incorporating that analysis into our business strategy and management plan.

Risk category	Specific Risk	Effort/countermeasure
Physical Emergency	Intensification of natural disasters caused by climate change In July 2010, there were concentrated severe rainfalls in the Tokai region of Japan. The rivers near a KAYABA plant overflowed, causing water damage. The risk of damage from flooding is growing as global climate change is causing large typhoons, higher tides, and other concerns.	At Gifu District Plants, we are continuing to conduct annual initiatives aimed at flood prevention on the site and increased ease of draining. Also, we are promoting disaster preparations such as creating a manual on moving procedures in the case of rising river water levels.
Transition Regulation	Tightening of regulations concerning greenhouse gas emission reductions Amidst the accelerating trend toward electric vehicles in the automobile industry, the required shock absorber specs are diversifying along with the diversification of customers, and low weight is required as vehicles equipped with batteries increase in weight. Also, we forecast that demand for noise-reduced (silent) shock absorber will increase. There is a risk that we will not survive in the market if we do not meet these needs.	We are responding through our technology strategy, which includes compatibility with the next-generation platform, strengthening our core technologies of vibration control and power control.

Opportunity category	Specific opportunity	Initiative/countermeasure
Product/service	Increased sales caused by growth in demand for products and services We forecast that the automobile market will have further demand for quiet operation and ride comfort. We have the opportunity to expand our business by strengthening our core technologies of vibration control and power control and achieving compatibility with the next-generation platform. With the enforcement of carbon tax, there is a possibility of an accelerating modal shift (a change from freight transportation by road to freight transportation by rail), and this presents an opportunity for expansion in the railway damper business.	The medium term will be one of a transition from engine vehicles (motive power) to electric vehicles (motive power), and we forecast that offering products suitable for electrification in this period of changeover will create long-term prospects. Also, we are aiming to achieve differentiation by increasing the added value of products, obtain a position of superiority, and deliver <i>monozukuri</i> that satisfies consumers.

Risk Management

The Risk Management Committee, a subcommittee of the Board of Directors, responds to risks facing the entire Group by determining the risks that necessitate company-wide measures and assigning responsible departments. All responsible departments conduct risk management activities and report every quarter to the Board of Directors.

Regarding risks related to climate change, Automotive Components (AC) Operations, Hydraulic Components (HC) Operations, and the Special-purpose Vehicles

Division apply the TCFD-recommended scenario analyses in conducting climate change risk investigations in each Business ESG Working Team, which promotes business responses to climate change issues, discusses with the Sustainability Committee, and reports to the Board of Directors.

At present, each Business Unit is starting analyses on the impact levels of short, medium, and long-term risks and opportunities.

Metrics and Targets

The KAYABA Group uses the following metrics for the production base of the Company and its subsidiaries regarding climate change described in the above-mentioned strategies. The targets and actual results for the relevant indices are as follows.

Index	Target		FY2022 (Actual results)	
	Fiscal year	Numerical target	Results	Evaluation
CO ₂ emissions volume intensity (Scope 1, 2)	2022	0.604 tCO ₂ /million yen	0.526 tCO ₂ /million yen	Accomplish
CO ₂ total emissions volume (Scope 1, 2)	2030	138,578 tCO ₂	224,365 tCO ₂	(Initiative ongoing)
	2050	0 tCO ₂ Carbon neutral		(Initiative ongoing)
Renewable energy adoption rate	2025	15%	7.7%	(Initiative ongoing)

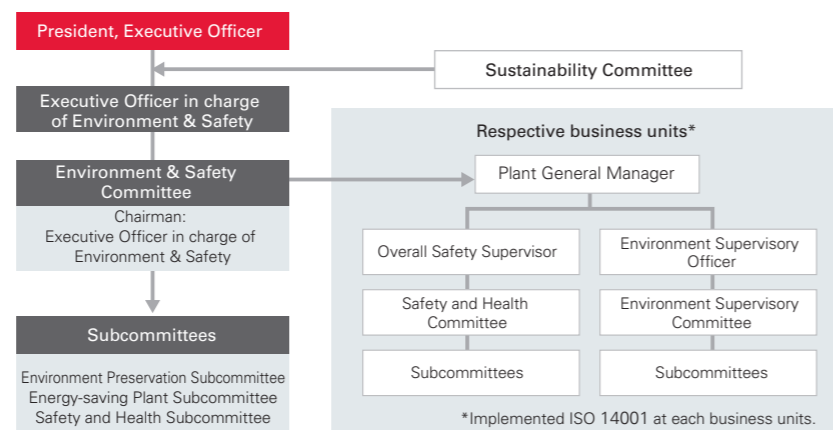
Efforts for Carbon Neutrality

The CN Promotion Office is actively working towards achieving our CO₂ emissions volume target by promoting activities across all plants, offices, and sales companies. In the planning of our CN activities, we provide guidelines and examples of initiatives, facilitating the development of action plans tailored to the circumstances of each plant, office, and country. Additionally, we conduct an Energy-saving Plant

Subcommittee every month, where members share information on the issues faced at their location and the progress of their activities. This platform serves as an opportunity for meeting members to review and refine the action plans at their plant or office. Through these collaborative efforts, the group is coming together as one to promote the creation of a positive environment for our activities.

Environment & Safety Management System

We are systematically expanding our environmental preservation efforts. We adopted the international standard ISO 14001 for environmental management and established the Environment & Safety Committee with the Directors in charge of the environment and safety serving as its leaders. We are working with a unified purpose on our efforts for environmental preservation and safety under the system shown in the chart on the right. Also, we monitor and revise our initiatives by conducting environmental and safety audits.



Product Compatibility with Environmental Regulations

Legal frameworks such as the REACH Regulation, the ELV Directive, and the RoHS Directive are showing clear trend of being tightened every year. KAYABA is responding by incorporating this into our technology development plan.

Also, in addition to responding to regulations on chemical substances, we are conducting initiatives for a low-carbon society and designing products with recycling in mind.

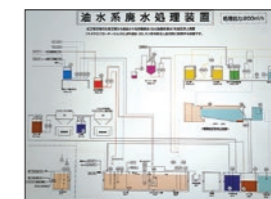
- *1 REACH Regulations: REACH stands for Registration, Evaluation, Authorisation and Restriction of Chemicals. It is an EU law intended to protect human health and the environment while fostering competitiveness within the European chemical industry.
- *2 ELV Directive: A directive that came into effect in the EU in October 2000 to reduce environmental impact caused by end-of-life vehicles.
- *3 RoHS Directive: A directive that came into effect in the EU in July 2006 that restricts the use of specific hazardous substances found in electrical and electronic products.

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Examples of Environmental Initiatives

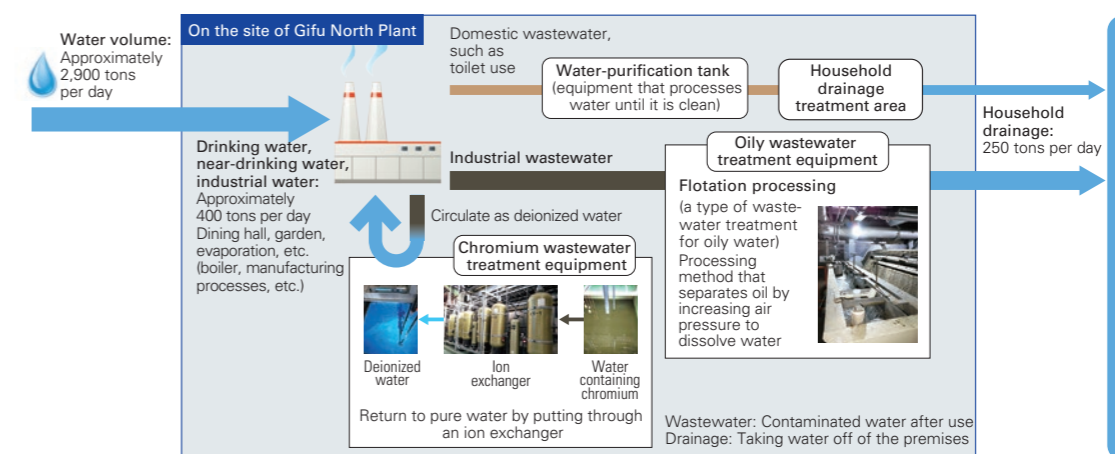
Management of Wastewater Drainage (Gifu North Plant)

At Gifu North Plant, there are two mager processing systems: household wastewater for treating domestic wastewater such as toilet water, and plant wastewater for treating water used in the manufacturing process (chromium wastewater treatment, oily wastewater treatment).



We need to remove oil and impurities contained in water that is used for washing products/components in the manufacturing process and after coating. Managing pH is critical, because it also includes alkaline and acidic chemicals.

At the plant, we not only observe the Water Pollution Prevention Act, but have voluntarily adopted effluent standards stricter than the legal requirements. We take periodic measurements based on measurement control points so as to avoid exceeding the standards.



*Water Pollution Prevention Act: This law sets forth stipulations on liabilities for damages in order to prevent the pollution of public water bodies and underground water by regulations on water discharged from plants and other facilities into public water bodies as well as domestic discharge countermeasures.

Installation of a Wastewater Reuse System (KMSB)

KAYABA's Malaysian subsidiary KYB-UMW Malaysia Sdn. Bhd. (KMSB) has installed a system that purifies wastewater with a UMW-developed membrane filter. The new system can purify water to the standard level for drinking five times faster than conventionally, at a rate of 100m³ per day. The resulting water is used for the plumbing and the water curtain on the coating line, helping with insulation and the prevention of dust scattering.



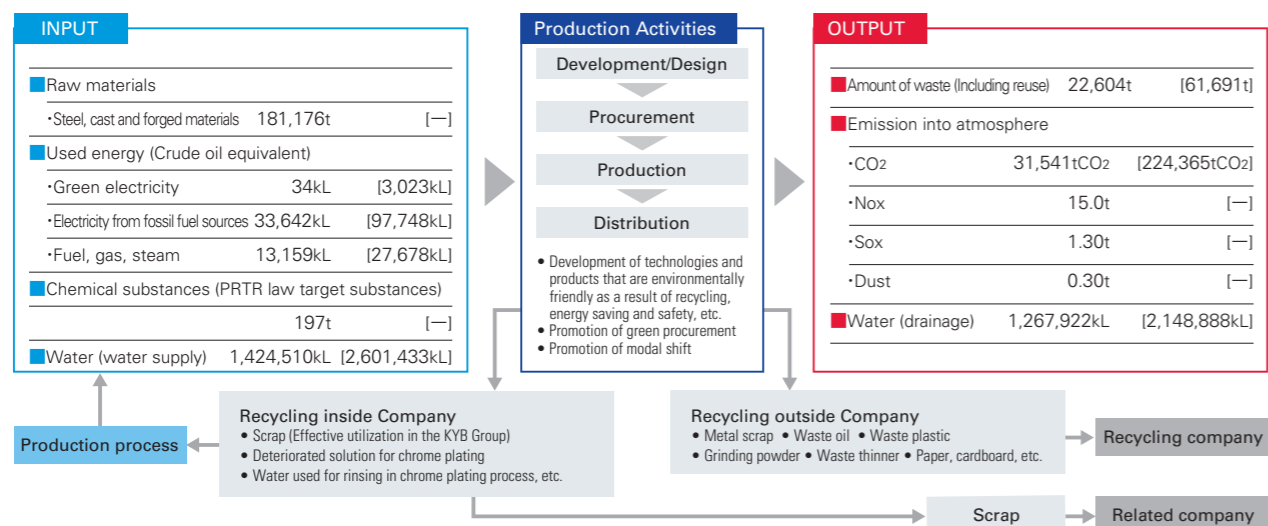
Wastewater converted into RO water

*UMW: Major automobile corporation in Malaysia (KMSB is our joint venture with the company.)

Resource Circulation and Consideration of Environmental Burden

The raw materials and water that KAYABA uses in its manufacturing activities are limited resources. Therefore, the Company is promoting resource circulation at its own facilities. For example, 267 tons of scrap material is reused within the Group every year, and the chrome wastewater treatment facility in our plating process reuses 56,070 kiloliters of water.

In order to limit the environmental burden caused by corporate activities, we are conducting risk assessments and taking the appropriate safety measures to the greatest extent possible regarding the levels of danger and toxicity of chemical materials. Also, we are planning to respond to the newest round of revisions to the chemical substance regulations of the Industrial Safety and Health Act through spreading knowledge within the company and conducting inspections.



Note: [] refers to the KAYABA Group (KAYABA, seven domestic subsidiaries, and 18 overseas subsidiaries).

Environmental Accounting

The amounts of investment and cost were calculated with reference to the Environmental Accounting Guidelines, 2005, provided by the Ministry of the Environment.2005, provided by the Ministry of the Environment.

FY2022 Results (Six KAYABA plants) (Millions of yen)

Cost Type	Major Contents	Invested Amount	Cost	
(1) Business area cost	(1)-1 Pollution prevention cost	88.5	208.7	
	Air pollution and water pollution prevention activities			
	Maintenance and inspection of pollution prevention facilities			
	Analysis and measurement of atmosphere and water quality			
(1)-2 Global environmental conservation-cost	Energy conversion	0.0	29.6	
	Energy-saving activities (Investments, etc.)			
(1)-3 Resource circulation cost	Recycling of plant waste	0.0	226.7	
	Reduction of industrial waste			
(2) Upstream/downstream cost		0.0	0.0	
(3) Management activity cost	Maintenance and management of ISO 14001, etc.	0.0	119.7	
	Monitoring of environmental impact and employee education			
	Environmentally friendly product development			
(4) R&D cost	Lightweight products and products containing less hazardous chemical substances	0.1	121.1	
(5) Social activity cost	Support of non-profit environmental protection	0.0	3.9	
(6) Environmental remediation cost	Afforestation and maintenance of scenery around plants	0.0	0.0	
(7) Other cost	Internal environmental conservation	0.0	24.5	
	Welfare conservation			
	Subtotal	88.6	734.2	
	Grand total		822.8	

Note: Classification and Definition of Environmental Conservation Costs
Invested amount: Expense for the purpose of environmental conservation during the target period with effect that continues for a number of terms and running cost for those periods. Cost: Cost or loss generated from expenditure of finances/services for the purpose of environmental conservation.

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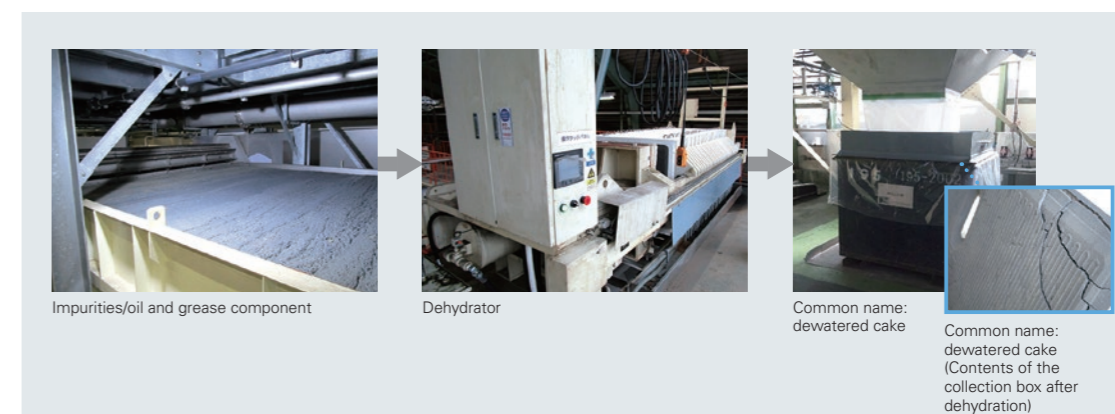
Examples of Environmental Initiatives

Volume reduction using dehydrators* (Gifu North Plant)

Every month, we hold the Environmental Preservation Specialist Committee, comprised of the person in charge at each plant and domestic affiliate, and engage in activities to reduce waste. We worked to reduce disposal weight under the theme of "waste matter reduction" and reduced the weight of our final disposal as an activity related to environmental preservation.

We collect liquid with impurities and oil content, including the drainage (washing water, degreasing cleanser) that is generated during production processes, and evaporate them using dehydrators. Evaporation reduces the water portion included in the drainage, allowing for an 80% cut in waste matter.

*Volume reduction: To lower the weight of waste matter by removing water and oil that has been mixed with sludge in the coating and grinding processes



Reduction of Specially-controlled Industrial Waste

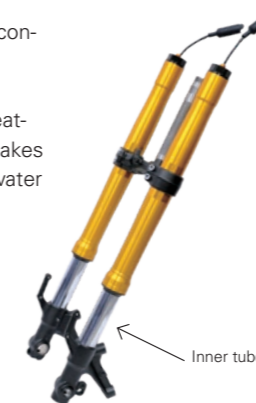
Plating equipment is used on inner tubes for motorcycle front forks to give them a pleasing appearance, make them resistant to rusting, and improve their sliding properties. We have reduced the equipment's use of specially-controlled industrial waste by 80%.

Electrolysis wastewater is produced in the process of washing raw materials prior to plating. The wastewater could not be treated within the plant because the process uses a chelating agent,* so it had to be discharged as specially-controlled industrial waste. However, we have now installed wastewater treatment equipment that makes it possible to treat the water on the premises.



Wastewater treatment equipment

* Chelating agent: A substance that bonds (limits actions that hinder cleaning) metal ions (foreign matter) contained in water or dirt



Supply Chain Management

Basic Policy

We will further make demonstrable increases to the responsibilities of the companies in our supply chain in conducting efforts to uphold human rights, prevent child labor and forced labor, procure minerals responsibly, and achieve carbon neutrality. KAYABA will further strengthen its 11-item supply policy, fulfil our corporate social responsibility together with the business partners who are important to the manufacture of our products, and promote the creation of a sustainable society.



For policy details, see "Supply information" on the website
→ https://www.kyb.co.jp/english/company/supply_information.html

Supply Basic Policy

1. Supply activities with the aim of mutual existence and prosperity with customers
2. Legal compliance
3. Quality first
4. Safety and health, human rights and labor
5. Continuous cost price reduction activities
6. Scheduled delivery
7. Care for the natural environment
8. Construction of global supply systems
9. Crisis management
10. Management of confidential information
11. Prevention of corruption

Building Relationships with Suppliers

KAYABA holds the Purchasing Policy Briefing for the management positions of our business partners in order for them to develop a better understanding of our corporate policies, procurement policies, quality policies, and initiatives for carbon neutrality.

We are moving ahead with responsible CSR procurement through sharing information with business partners on issues and targets such as improvement activities for optimizing procurement for the region and decreasing costs for logistics and inventory.

We also strive to increase mutual trust and build partnerships aiming for coexistence and mutual prosperity with business partners. This is vital in ensuring that they align with KAYABA's expectations for quality (Q), cost (C), and delivery time (D), which includes

recognizing and commending partners who demonstrate notable contributions and cooperation (such as submission rates of survey request materials as well as technical and development capabilities).

For our new business partners, in addition to QCD in terms of risk response, we conduct a comprehensive evaluation based on the management situation, the results of system audits by the quality department/division, and whether or not the subject has obtained ISO9001, IATF16949, and ISO14001 certification, and make a judgement on the advisability of the transaction. On the other hand, for current major business partners, we conduct evaluations on their management situation by means of their annual business partner evaluation records.

Initiatives to Prevent Human Rights Violations in the Supply Chain

Based on the UK Modern Slavery Act of 2015, we are working to prevent slave labor and human trafficking in the KAYABA Group's business activities as well as its supply chain.

We confirm the establishment of education on fundamental knowledge related to the UK Modern Slavery Act and check human rights awareness and human rights regulations. We conducted inspections on KAYABA's 580 first-tier domestic suppliers from the end of FY2021 to the start of FY2022. We found that 190 companies answered to the effect that their awareness of human rights had improved (compared to FY2017). This shows the effectiveness of our awareness campaigns.

Based on the inspection results, we are working to create and distribute materials to business partners with

an inadequate understanding, in addition to shared materials aimed at raising awareness, to further increase their understanding.

The CSR & Safety Control Div. is at the center of our wide-ranging, specialized initiatives to promote CSR. It prevents human rights violations, forced labor and child labor in the KAYABA Group. Also, it raises awareness of social responsibility in the supply chain and clearly stipulates corporate guiding principles opposing forced labor and child labor across the supply chain.

Going forward, while understanding the situation at our business partners, we will cooperate with the relevant departments in continuing education and awareness activities related to preventing human rights violations and slave labor.

Responding to Responsible Mineral Provision

To avoid inadvertently providing funds to armed groups responsible for human rights violations, the KAYABA Group annually conducts an investigation with the cooperation of its business partners, summarizes the results and reports to customers that request such information, in accordance with the Dodd-Frank Act.* Also, we quickly respond to customer inquiries after the report.

In these inspections, we employ the questionnaire issued by the Responsible Minerals Initiative (RMI: an organization that is promoting the responsible procurement of minerals). It was distributed to 226 companies,* and the response rate to the questionnaire in FY2022 was 85%.

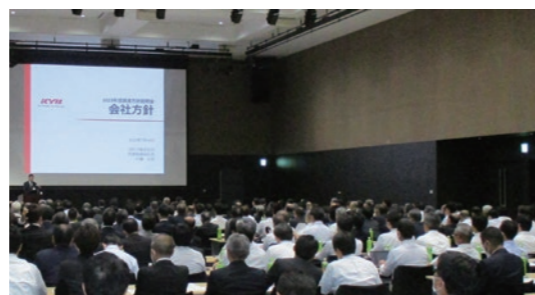
* The Dodd-Frank Act is a U.S. financial regulatory act that aims to indirectly cut off trade in mineral resources mined in the Democratic Republic of the Congo and nine neighboring countries because of concerns that these mineral resources are the source of funding for armed groups that are responsible for environmental destruction and human rights violations.
Target minerals: tin, tantalum, tungsten, gold
* The target suppliers are selected based on IMDS (International Material Data System) information.

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Purchasing Policy Briefing

We hold the Purchasing Policy Briefing once every year. However, it was not held in 2020 due to the spread of COVID-19 infections, and the only option in the following years was to hold the meeting online. In July 2023, the briefing was held in a face-to-face format for the first time in four years.

At the briefing, 211 people from 196 companies attended. We held a commendation ceremony to award seven excellent business partners in FY2022. The meeting provided a venue for us to further the understanding of KAYABA's various policies aiming for coexistence and mutual prosperity as well as our initiatives for ESG management, as well as reconfirm our mutual trust.



FY2023 Purchasing Policy Briefing

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About Keneikai

Keneikai is an activity organized by our business partners that evolved out of the KAYABA-led Theme Research Society. It started its activities in 2020, and conducts whole-group activities such as holding a general meeting, workshops for managers, and observation tours of plants. Also, members from among 73 companies come together at the Keneikai Briefing / Kickoff Meeting held every year in April to start improvement activities and event planning based on common themes in which teams jointly take part.

Continuing from the previous fiscal year, the themes for FY2023 are improvements to the BCP and quality. The BCP section consists of three teams with members from 24 companies, and the quality section consists for two teams from 17 companies, making a total of 41 companies providing members who engage in improvement activities.

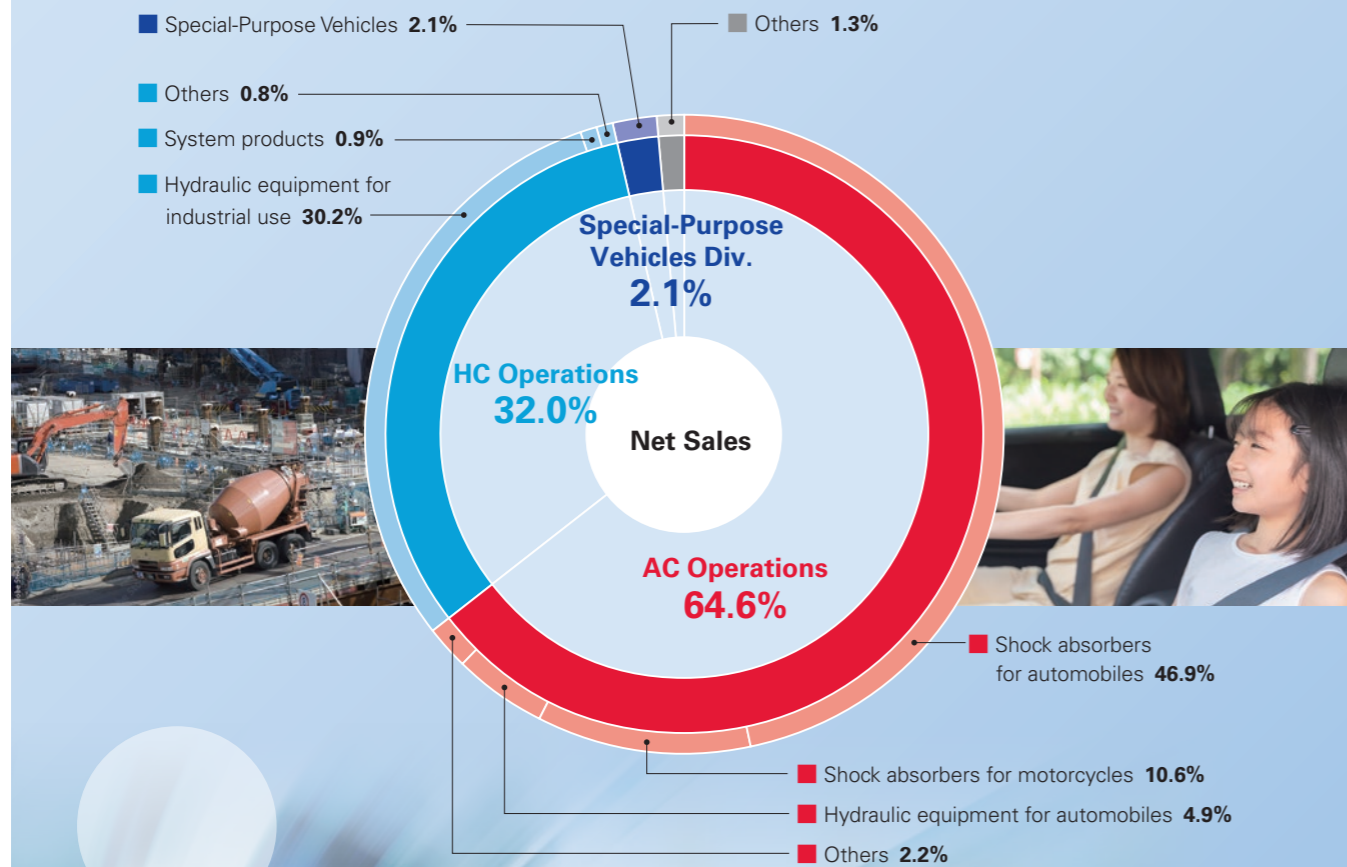


FY2023 Keneikai Briefing and Kick-off Meeting

Our Three Mainstay Business Units

KAYABA Provides Value for the Future Through its Business Activities

KAYABA works to create value through concentrating its management resources on the three Business Units of Automotive Components (AC) Operations, Hydraulic Components (HC) Operations, and the Special-Purpose Vehicles Division.



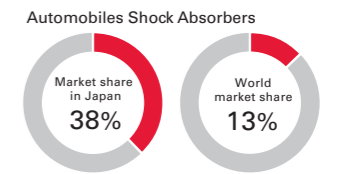
Our Inherited DNA

AC Operations

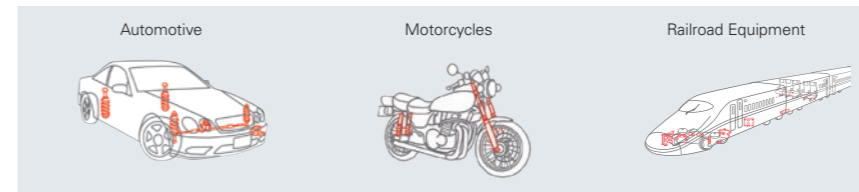


With vibration control technology at the core, this business unit develops and offers a wide range of products primarily for automobiles, motorcycles, and railway cars. AC Operations' products are at use in many situations where comfort, safety and maneuverability are required, from secure, comfortable drives with the family to withstanding the harsh conditions of motorsports.

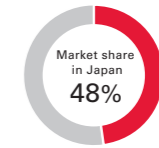
Market Share
Source: KAYABA data (As of March 31, 2023)



Main machines that use KAYABA products



Motorcycle Front Forks



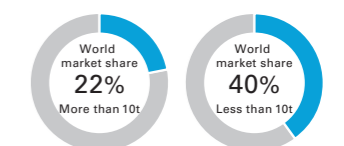
HC Operations



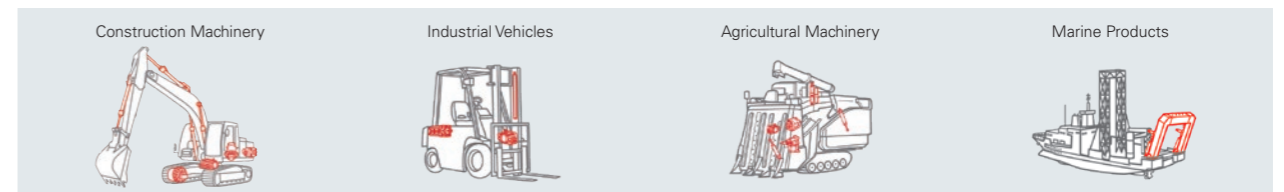
With power control technology at the core, this business unit develops and offers various kinds of hydraulic equipment for construction machinery and industrial vehicles. In addition, it expands the potential of hydraulics to new areas, such as for stage mechanisms that support theater productions. It deals in compact precision, digitization, and the creation of systems, thereby providing support at the sites where manufacturing takes place.

Market Share
Source: KAYABA data (As of March 31, 2023)

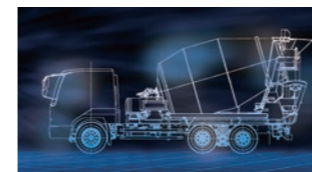
Hydraulic cylinders for construction machinery (by excavator machine mass)



Main machines that use KAYABA products



Special-Purpose Vehicles Div.



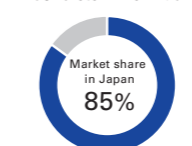
This business unit develops and manufactures specially equipped vehicles, mainly the concrete mixer trucks for which it enjoys the top domestic share. The products have a lineup that ranges from small to large sizes, and they increase work efficiency on construction sites with high kneading, discharge, and environmental performance.

Main machines that use KAYABA products



Market Share
Source: KAYABA data (As of March 31, 2023)

Concrete Mixer Truck



Application of Technology

Sports and social welfare products

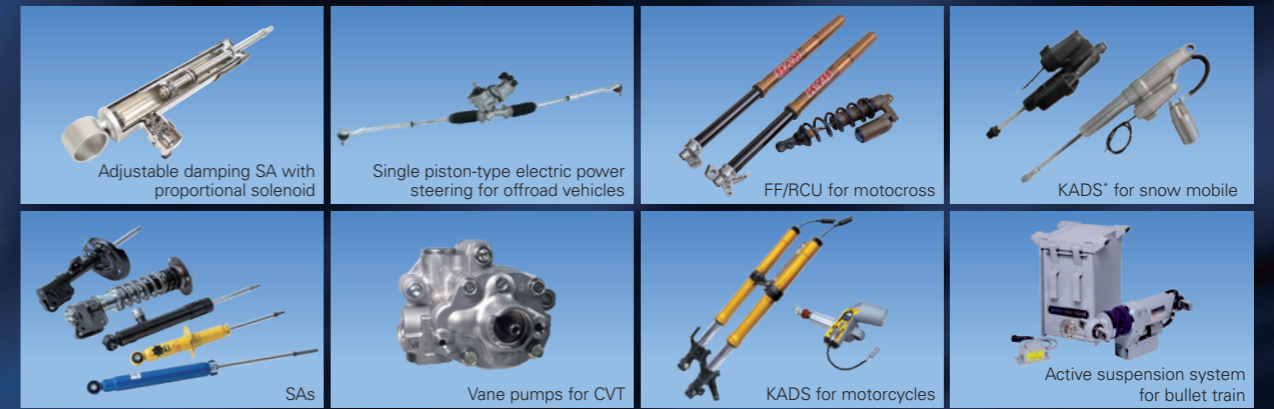
We use our core technology to develop products used for sports and social welfare.



Note: KAYABA has been involved in the business of hydraulic equipment for aircraft since our establishment. However, as a result of a comprehensive reexamination of our business portfolio and in order to strengthen corporate competitiveness through the selection and concentration of management resources, we decided to withdraw from the aircraft components business in February 2022. We are in the process of phasing out all operations of the Aircraft Components Division, including repairs.

Automotive Components (AC) Operations

Delivering Environmental Compatibility, Ride Comfort, and Excitement With Original Development Capabilities



As an independent manufacturer, we take pride in our strength of conducting unique development together with our customers.

We promptly conduct driving trials and test prototype models with the latest testing equipment at the test course in our Developmental Center, which expands the potential of our ideas. Another strength is the synergistic effect generated through the accumulation of know-how that includes knowledge from our global development system and other Business Units (HC Operations and the Special-Purpose Vehicles Division). We get involved in world-class motorsports races, where we can further increase our technological capabilities through conducting developments that play a part in winning the championship.

*KADS: KYB Actimatic Damper System™

Main Products	SA for automobiles	SA for motorcycles	Hydraulic equipments for automobiles	Others
	Shock absorbers (original equipment, aftermarket), suspension systems	Front forks (FF), rear cushion units (RCU)	Vane pumps, vane pumps for continuously variable transmissions (CVT), hydraulic power steering systems, electric power steering (EPS)	Stay damper, SA for all-terrain vehicles, free locks, railroad equipments (dampers, brakes, suspension systems)

Looking Back on FY2022

In the final year of the 2020 mid-term plan, we focused our efforts on the following four points in AC Operations.

1. Raise each person's awareness of norms and work style reforms
2. Engage in quality assurance aimed at Own-Process Completion
3. Unceasingly raise productivity on the foundation of KPS/Ship'30
4. Technological development that makes customers choose KAYABA

Due to a lagging market recovery in some sectors of our product fields and sharp rises in raw material prices, we were pressed to deal with increases in fixed and variable costs. However, there were signs of positive changes, and we had a year-on-year increase in sales and profits.

Risks and Business Opportunities in the New Medium-Term Management Plan

There is a range of risk factors in the environment around us, including climate change, energy, human resources, and geopolitics. In the automobile industry, emerging forces are growing rapidly with the acceleration of the trend towards electric vehicles, and it is highly likely that this will redraw the lines of the conventional power structure.

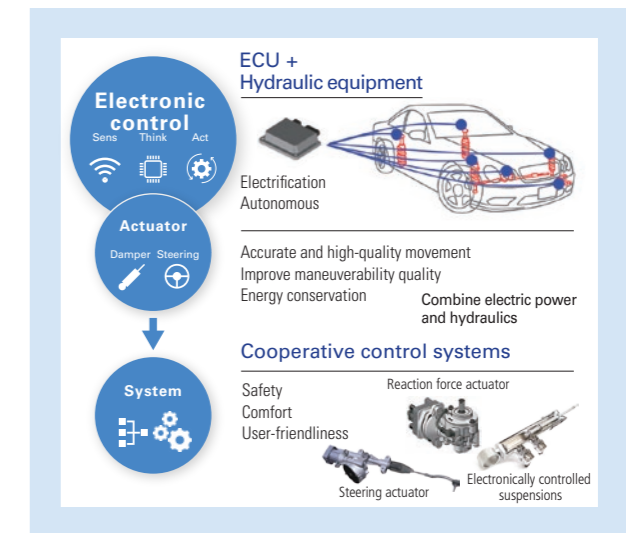
As we face sharp rises in inflation, raw material costs, energy costs and labor expenses amidst an increasingly unstable international situation, we are seeking to be a company that customers choose regardless of which unforeseen circumstances occur. In the 2023 mid-term plan, we will provide basic education on TQM to all employees and further its application by each individual on the business level, which will lead to the improved performance of the organization. And we are working on the stability and increase of quality at the product and processing level, the elimination of user complaints, and intensive improvements at plants dealing with quality

issues while taking on the challenge of achieving *monozukuri* that ends defect losses and reduces waste.

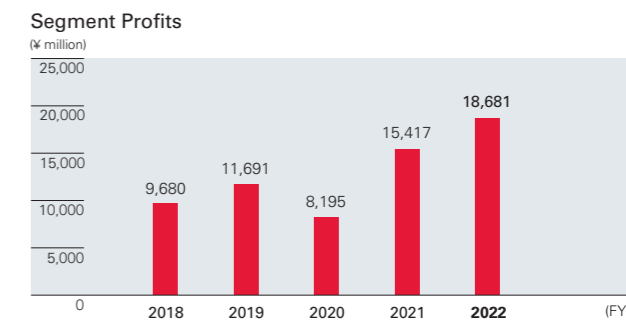
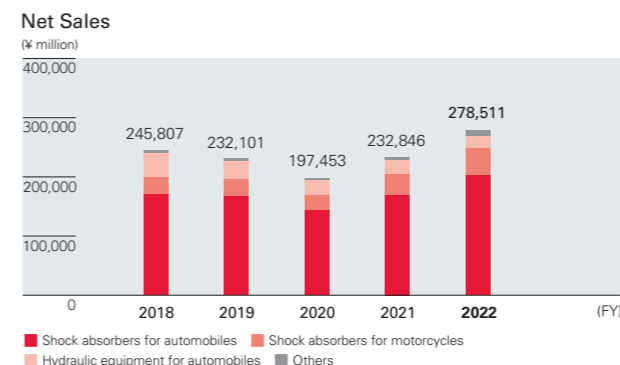
We are striving for wide-ranging productivity improvements through Ship'30 and AI/DX. Some of our production lines are already producing productivity improvement results through the installation of image inspection AI and robot transportation, and we are aiming to expand installation of this technology globally in 2025. We will increase our human resources with automation-related production technology skills and post-installation equipment management skills.

Furthermore, in addition to conducting regional sales promotions and acquiring new customers, including local companies in anticipation of future growth, we aim to quickly complete development of high-value-added products such as electronically controlled suspensions, SBW*1 systems, and electric pumps for e-Axle*2 and then move into the mass production phase.

Providing systems for all electric / hydraulic mechanisms



*1 Steer-by-wire (SBW): A steering system for the era of automatic driving that connects an automobile's tires and steering wheel with an electrical signal in a constant exchange of steering information and reaction force from the road surface.
 *2 e-Axle: A unit that integrates the travel motor, inverter, and transaxle (speed reduction mechanism).



Notes: 1. As a result of the review of segment management classification, railroad equipment that was previously categorized under the "HC Operation" is disclosed as part of the "AC Operations" from FY2022.
 2. Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from net sales.



"From environmental responsibility to the excitement of motorsports, we will continue our initiatives and efforts to remain both a pioneer and a specialist in our fields."

Minoru Ishikawa
 General Manager,
 Automotive Components Operations,
 Senior Managing Executive Officer

The Value AC Operations Offers

Evolving Core Technologies to Offer New Value

In order to respond to a greatly changing marketplace with the shift toward EVs, CASE^{*1}, and MaaS^{*2}, we are developing high-added-value products—such as semi active, fully active, and height adjustment suspensions—based on our company’s core technologies.

Our vibration control technology supports transport machinery such as automobiles and railways, and is required to provide a high degree of safety and comfort. With the progress of electrification and automation, the focus is switching from drivers to passengers. There is emphasis on the need for “having fun while travelling,” and greater comfort than ever before is required.

Therefore, we are collecting and analyzing road surface and vehicle movement data, and developing semi active and fully active suspensions that make control in real time a reality. Steering systems restrain horizontal motion, while suspensions restrain vertical motion, and being able to coordinate them is growing in importance.

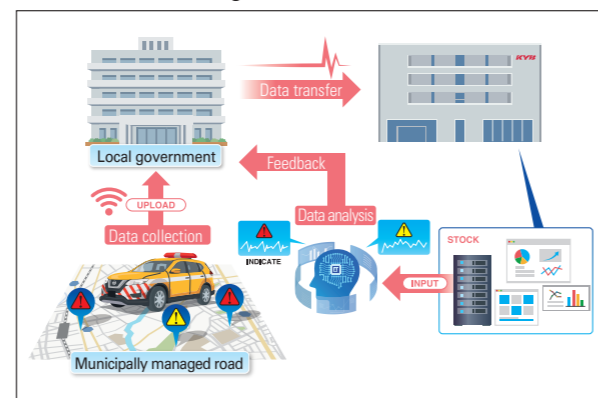
Electric pumps for e-Axle are required to have cost performance, variations by function and output, small size, high efficiency and optimized balance. In order to achieve these, we will reduce electricity and fuel consumption in EVs by expanding our line-up of products by function and output and developing next-generation MCUs (motor and ECU).



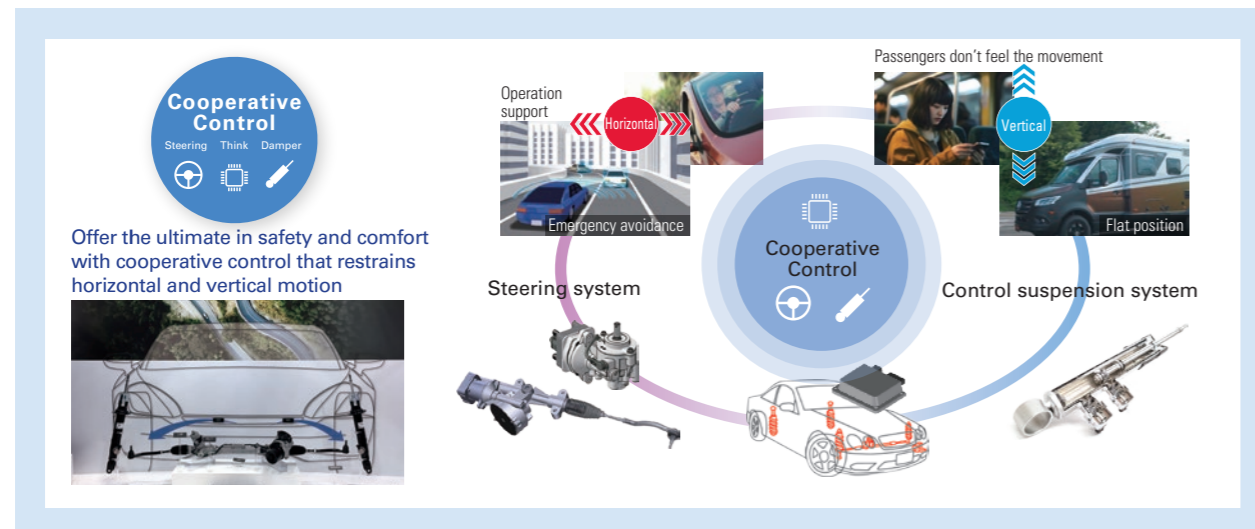
Also, we are fusing our vehicle measurement technology and analysis technology with AI and IoT to provide “Smart Road Monitoring.” This service will support road maintenance management work by using dedicated devices installed on vehicles to automatically collect information on road conditions and detect abnormalities. The Basic Technology R&D Center is leading the adjustment of the functionality of this service to prepare it for release.

To secure a position as a supplier in the EV shift with a background in high technology, we will provide high-value-added products that meet customer needs such as quiet operation, spaciousness, maneuverability, low vibration, and ride comfort.

Smart Road Monitoring



Cooperative Steering System / Control Suspension System



^{*1} Connected cars, autonomous driving, sharing and electrification. This keyword indicates the trend in the automobile industry.
^{*2} Mobility as a Service. A new concept in the transportation service industry for integrating various means of transportation into a single service.

COLUMN

Developing an Environmentally Friendly Next-Generation Hydraulic Fluid

The major ingredient in the composition of the hydraulic fluid used in shock absorbers is petroleum-derived base oil. In the event of a leak, there are concerns over the environmental impact as oil does not easily break down in nature. Also, there are cases in which it is burned as an auxiliary combustion agent after disposal, causing CO₂ emissions.

KAYABA has eliminated the use of oil derivatives though conducting technological development on hydraulic fluid for many years, developing a fluid that has a low environmental load by using



naturally derived base oil.

We provide shock absorbers containing this hydraulic fluid for Toyota Motors’ carbon neutrality initiative of the hydrogen engine-equipped Corolla, working as a company that cooperates in their carbon neutrality activities. We held exhibitions on the technology behind this hydraulic fluid in Toyota’s lounges located at super endurance racing venues.



At the Toyota lounge

Fully Active Suspension System

Fully active suspension systems provide the ultimate in ride comfort—so much so that you might forget that you are riding in a vehicle.

This ultimate high-performance product allows the user to freely control its characteristics as it employs electronic control over the pressure generated by an electric pump. However, it has conventionally only been installed in some premium class vehicles.

We installed this technology in a mobile home for the first time anywhere. It was announced as a

concept car for the future at the Tokyo Camping Car Show held in July of 2023, and was featured in various media outlets.



Actuator installed in the front of the vehicle



A panel that was exhibited at the Tokyo Camping Car Show

Taking on the JRCA Japanese Rally Championship

In April 2022, we launched the KAYABA Rally Team as a project activity. The team competed in the JRCA Japanese Rally Championship that got underway in February 2023. The team members were assembled through open in-house recruiting. They are gaining experience with the races while developing their skills as engineers and mechanics and building their awareness of product development that wins championships.



Hydraulic Components (HC) Operations

A History of Setting Industry Standards
Seeking New Possibilities with Hydraulics



KAYABA has been a pioneer in devices that have led Japan's hydraulics technology since hydraulic excavators first entered Japan in the 1960s. We believe a major strength for the Company lies in how it continues to evolve while passing on vast amounts of data and know-how.

In construction machinery, our product quality and efficient manufacturing processes have been fine-tuned with feedback from many years of market performance. Also, we contribute to shorting lead time and energy conservation in the machines that incorporate our products through proposing optimal systems made possible from our development, design, and manufacture of all hydraulic devices, such as pumps, control valves, motors, and cylinders.

■ Main Products	Hydraulic equipment for industrial use	Cylinders, valves, pumps, motors, mini-motion packages (MMP), hydrostatic transmissions (HST), seal
	Others	Auditorium and stage control systems, tunnel boring machines

Looking Back on FY2022

Segment profits were ¥7.5 billion, or a ¥4.3 billion decline compared to the level recorded in the previous consolidated fiscal year, due to the impact of factors including a decline in manufacturing caused by downward revisions to customers' production schedules in response to falling demand in China and tightness in the supply of semiconductors, as well as increases in variable costs related to manufacturing caused by sharp rises in raw material and energy costs.

While the business environment was challenging, we began to see positive signs, such as expanding our lineup of load sensing products, particularly electronic control valves for mini excavators, and the start of trial manufacturing for a hydraulics monitoring system that can detect signs of a breakdown in hydraulic components and the machine in which they are installed, leading to breakdown prevention.

Risks and Business Opportunities in the New Medium-Term Management Plan

The risks identified include the impact of rising interest rates in the United States, declining demand in the largest construction machinery market of China, the drawing out of the Russia-Ukraine conflict, the impact of sudden fluctuations in the exchange rate on performance, growing inflation, the shortage of human resources becoming more serious, and the expansion of costs for responding to environmental concerns.

The unstable market environment is not forecasted to change in the medium term of 2023. However, we will continue to secure sales and profits by maintaining the earnings structure in our existing businesses while safeguarding our market share. Additionally, we will strive to gain our customers' understanding regarding the necessity of passing on the increased costs, stemming from factors such as the notably sharp rise in steel prices and energy expenses for lighting and heating in FY2022.

There is a growing societal demand for decarbonization and energy conservation, and we will respond by focusing on creating new added value, centered around automation and electrification compatibility, as well as the development of leading products in the next term.

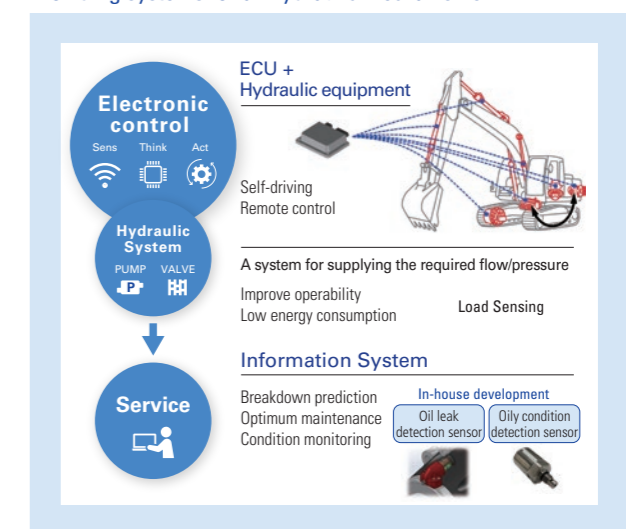
The long-term forecast in demand for mini excavators in the U.S. market remains firm, so we are working on the production capacity to meet that demand while conducting sales promotions in the forestry industry. Also, we plan to enter the Indian market, which is forecast to see expanding need for agricultural machinery products.

Flexibly evolving our production system so that it can respond to the demand fluctuations of the times is important. It is also critical to build production systems and reform ways of working through the visualization of production information using IoT, AI and DX. In particular, we are aiming to achieve tremendous productivity improvements and safe manufacturing workplaces through the automation of transport, assembly and component processing in material handling.

Also, we are focusing on the human resources aspect with education by position and continuous human

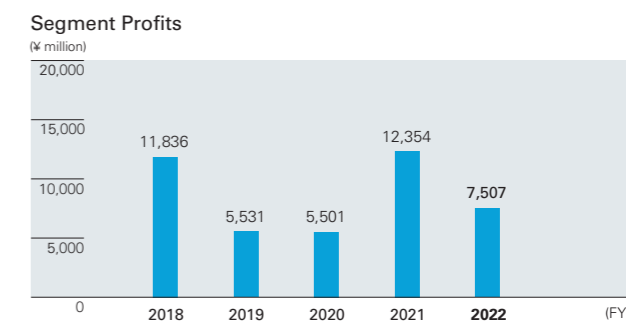
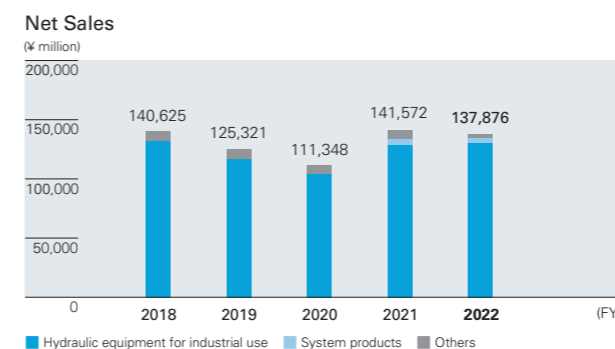
resources training through the Small Group Activity, making efforts to improve the quality of products through improving the quality of work, and making TQM take root a second time.

Providing systems for all hydraulic mechanisms



"Using the vast amount of industry data and know-how that has been passed down to us, we will create new added value with a focus on automation."

Ichio Nemoto
General Manager,
Hydraulic Components Operations,
Senior Managing Executive Officer



Notes: 1. As a result of the review of segment management classification, systems products that was previously categorized under the "Special-Purpose Vehicles Division" is disclosed as part of the "HC Operations" from FY2021.
2. As a result of the review of segment management classification, railroad equipment that was previously categorized under the "HC Operation" is disclosed as part of the "AC Operations" from FY2022.
3. Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from net sales.

The Value HC Operations Offers

Our unique technology makes possible systems proposals and high-level control

KAYABA is one of the few manufacturers of all components in the power train mechanisms of construction machinery, such as control valves, piston pumps, travel motors, swing motors, and cylinders. This affords us the great competitive advantage of being able to propose systems to construction machinery manufacturers. And we're engaging in the latest technological trends of remote control, automation, and unmanned operations through developing an electronic control system with all types of actuators*1 that minimize energy consumption by moving efficiently and smoothly at the will of operators from a combination of electronic controls for hydraulic pumps and control valves with sensing technology.

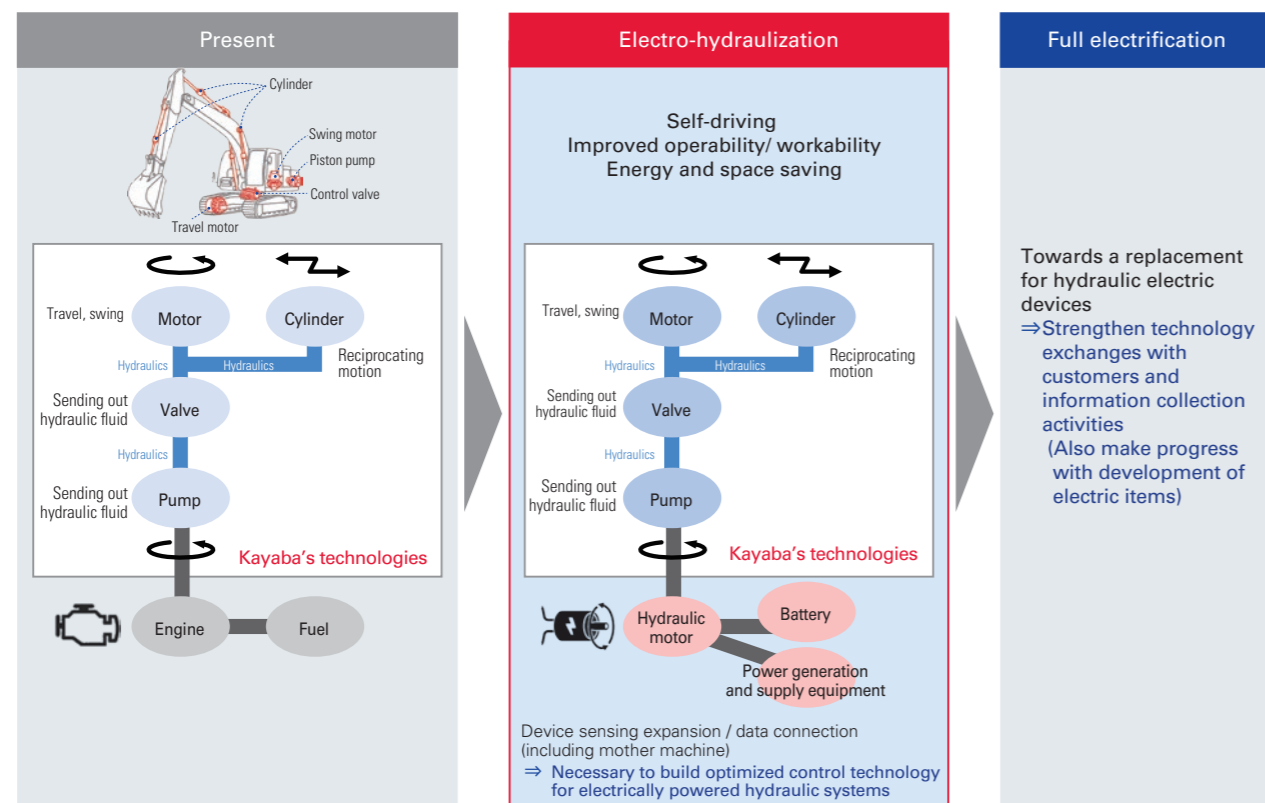
We are expanding our product lineup of pumps and load sensing devices*2 to match various sizes of construction machinery and offering them to customers around the world.

In sensor development, we are working to combine sensors that detect leaks and monitor the condition of the fluid in hydraulic devices with DX technology,

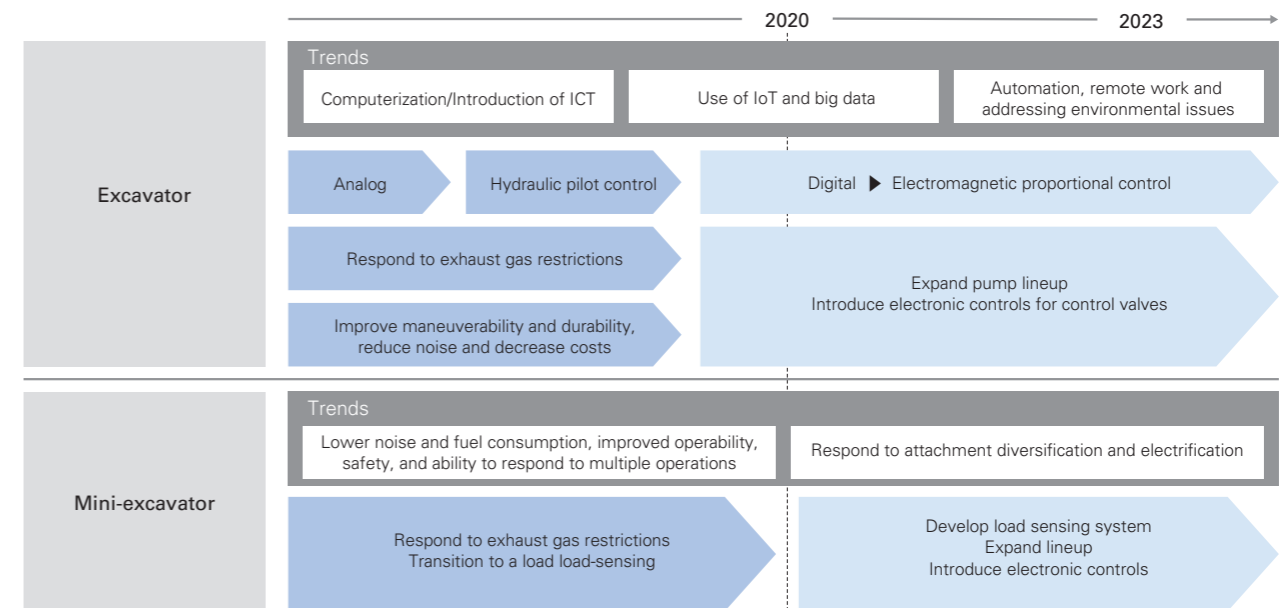
offering optimal maintenance. And we are responding to market needs such as low fuel consumption, low noise, improved maneuverability, and the diversification of attachments to ensure that construction machinery equipped with KAYABA products can be used for a longer time. Also, by endeavoring to lower CO₂ emissions through conserving energy in the production process, we are contributing to a sustainable society.

In leading edge technologies such as electronic controls and electrification technology, we can apply the knowledge and technology of products for the automobile market to HC Operations, which gives KAYABA an advantage that no other company has. Going forward, we will work to create new added value on the basis of our electronics and hydraulic technologies, such as environmental compatibility, performance improvements, information collection features, failure detection, optimization of the maintenance cycle, and condition monitoring systems, and respond to social demands such as engaging in the SDGs and efforts for carbon neutrality.

*1 Actuators: A drive device that converts energy in a linear or a rotary motion by means of a hydraulic or electric motor.
 *2 Load sensing: A system in which the load sensed by the valve is sent to the pump. The system is able to adapt the flow rate to the pressure required for operation.



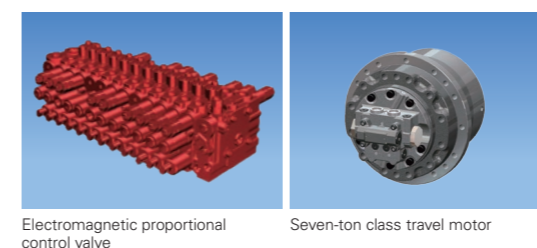
Market Trends and KAYABA Technologies



New Products in FY2022

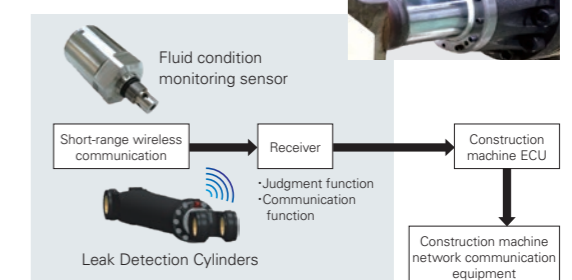
Against a backdrop of market trends toward automation and unmanned operations, in products for hydraulic excavators, we completed development on an electromagnetic proportional control valve for mini excavators (three-ton to six-ton class). It is KAYABA's first electronic control product, and we have launched its mass production. The fluid path is the same as the current model, and we have achieved compatibility with electronic controls using proportional solenoid.

Also, we launched mass production of improved models of travel motors for seven- to eight-ton class mini excavators as part of the lineup of our mainstay MAG series (travel motors equipped with reduction gears). With this low-cost model, we are responding to requests for price reductions in the market by reducing the number of components while ensuring maneuverability and durability.



Leak Detection System that Uses IoT to Monitor the Condition of Hydraulic Fluid

We transferred the conventional systems that detect leaks in hydraulic cylinders with sensors and systems that monitor the condition of the fluid to the product development stage. They monitor cylinder leaks and the condition of the fluid within the system, and predict and provide warnings on the deterioration of consumable goods and the occurrence of breakdowns in hydraulic equipment. This product contributes to effective maintenance work for construction machines and equipment manufacturers and users by defending against unexpected operation suspensions in construction machines or equipment and minimizing lost time spent exchanging components and the impact of the costs for replacements.



Special-Purpose Vehicles Division

A History of Creating Products that Meet Customer Needs with Hydraulic and Customization Technology



■ Main Products Special-purpose Vehicles Concrete mixer trucks, granule carriers, pruned tree shredder trucks, specialfunction vehicles

We offer new added value by visiting customers and creating products that respond to their various needs. KAYABA's concrete mixer trucks are equipped with specialized hydraulic equipment that we make, which contributes to the stable operation of the product. By making it possible to provide a stable supply of the fresh concrete that is critical to construction work, they support urban development and infrastructure construction. Also, they play an important role that impacts repair work in times of disaster, and we are proud that our product contributes to the safe and comfortable lives of people.

Looking Back on FY2022

The business environment for the year saw a range of negative factors, with truck manufacturers' chassis supply stagnating due to the impact of the semiconductor shortage, and production schedules needing to be changed as necessary. However, we worked on a flexible production system so that we could send even one more concrete mixer truck to our many customers. Sales increased as a result, but segment profits declined due to increases in raw material prices.

Risks and Business Opportunities in the New Medium-Term Management Plan

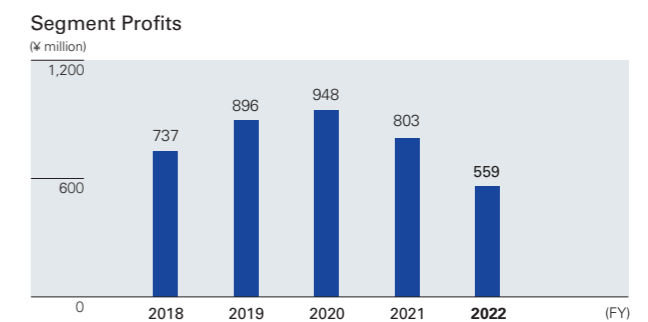
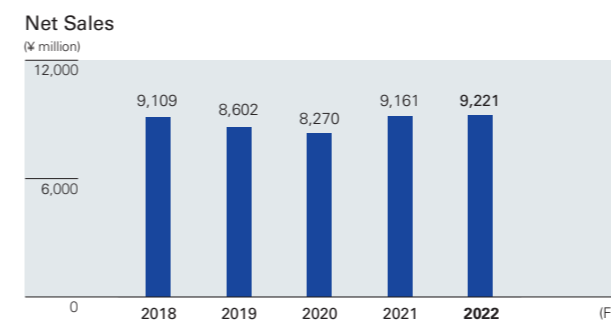
We have identified a drop in demand due to a tapering off of demand for fresh concrete and cement and the termination of business by our partners in the supply chain as causes of potential risks.

The use of EV trucks is a matter that we must engage in going forward. In order to advance technology development and human resource training, we newly established the Electric Drive Development Sect.

During FY2022, we were able to take steps toward medium-term growth. We completed development on our e-Mixer III, which latest model with a reduced environmental burden and that features low noise and low fuel consumption, and made sales. Also, we announced the concept model of a mobile home developed with the cooperation of AC and HC Operations. Seeking future growth, we will commercialize the mobile home and conduct sales promotions for existing products, such as our tilting drum mixing machines and Wood Chip Transporter with Shredder, which respond to social demands such as the SGDs and carbon neutrality



A concept model of a mobile home



Notes: 1. As a result of the review of segment management classification, systems products that was previously categorized under the "Special-Purpose Vehicles Division" is disclosed as part of the "HC Operations" from FY2021.
2. Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from net sales.

COLUMN

Using Wood Chips

The Wood Chip Transporter with Shredder has conventionally been used for the maintenance of roadside trees. However, recent calls to respond to environmental issues have increased the value of its use, because its mobility means it can process wood from mountain forest thinning, while the generated wood chips can be used to condition soil.

Further, it is possible to promote composting by using the generated chips as secondary material for organic compost and mixing with the tilting drum mixing machines, and their use as woody biofuel by creating pellets is attracting attention. We are actively expanding so that KAYABA's technology can be applied in the field of environmental business.



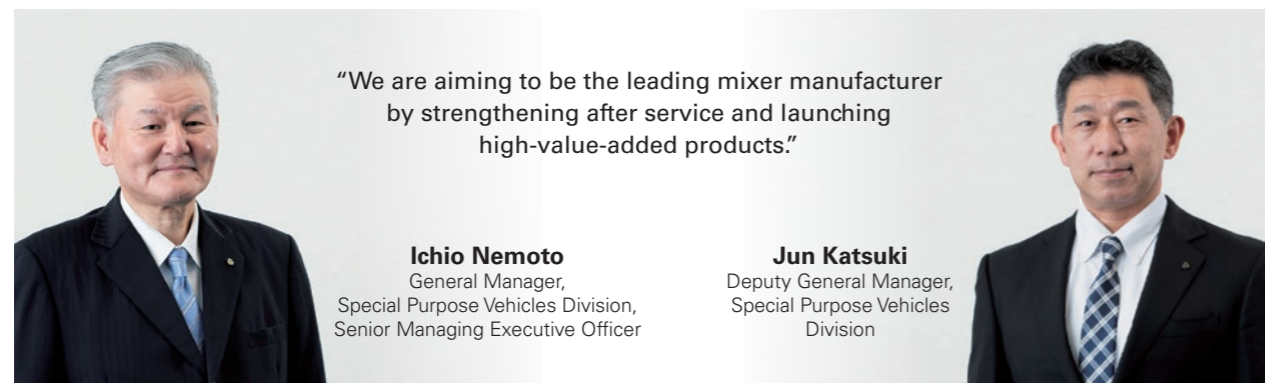
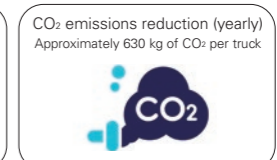
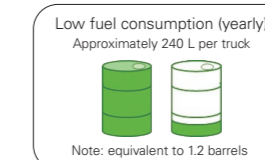
Thinned wood

Using wood chips for conditioning soil and biofuel

e-Mixer, an environmentally friendly concrete mixer truck

In response to demands for environmental consideration that have been rising over the years, we create our e-mixer electronically controlled concrete mixer truck in 2004. The drum that stirs fresh concrete is conventionally turned by the engine, but the e-mixer uses a dedicated electronically controlled hydraulic pump and motor that automatic controls the optimum engine speed. Keeping fuel consumption low contributes to reducing CO₂ emissions. Also, the electronic controls reduce noise by half when it is operating (hearing comparison).

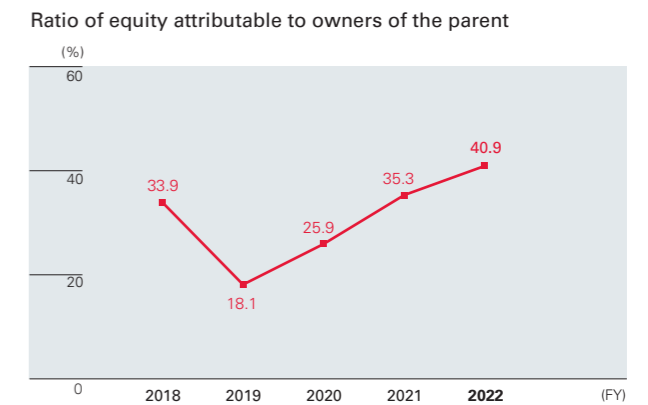
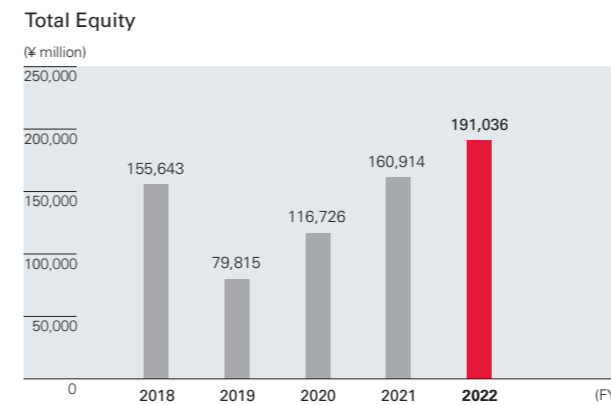
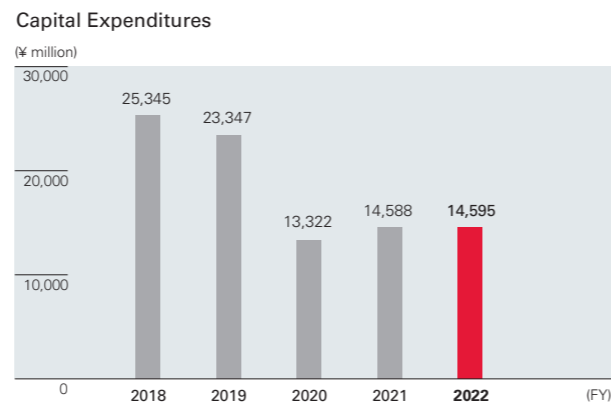
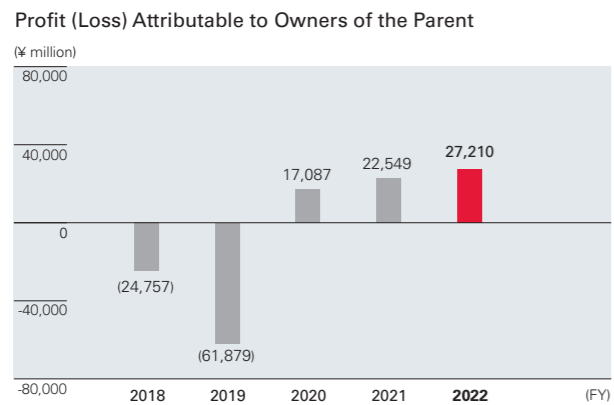
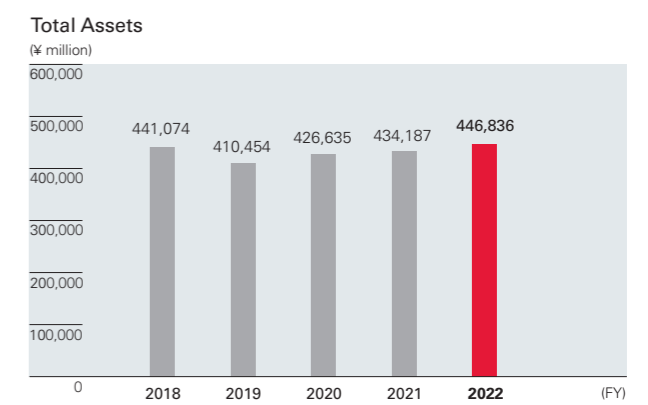
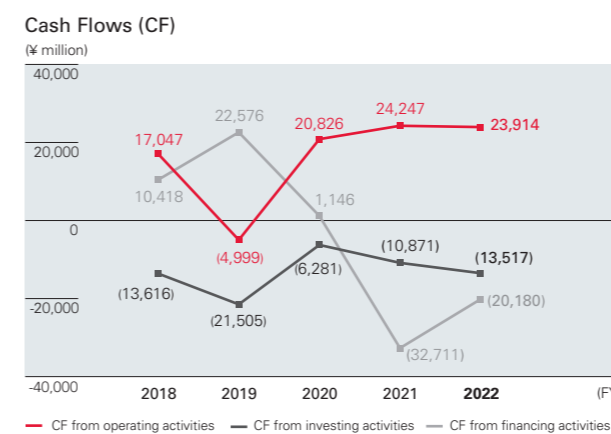
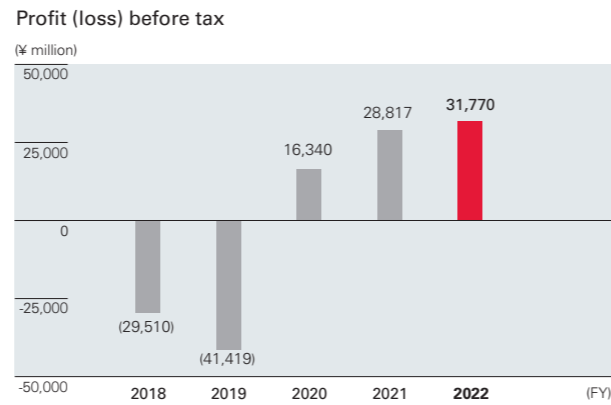
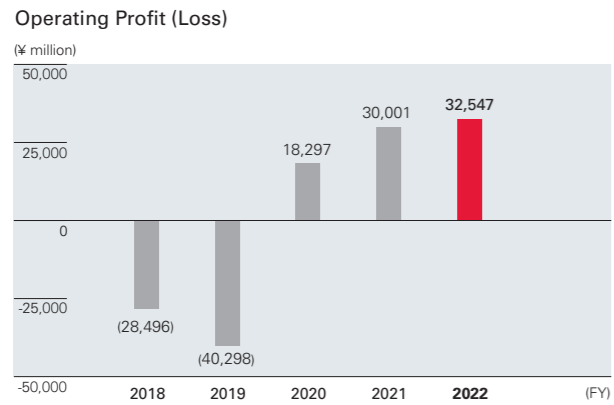
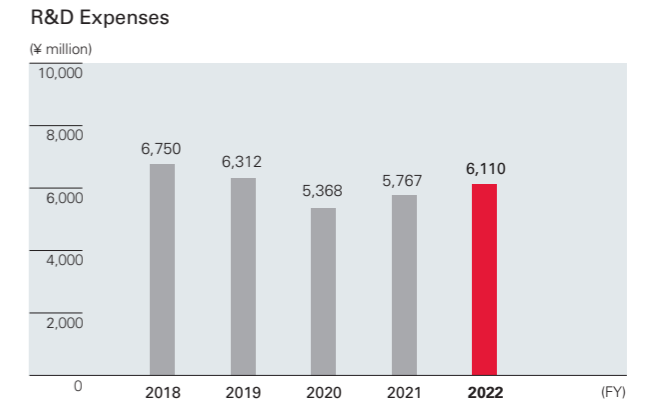
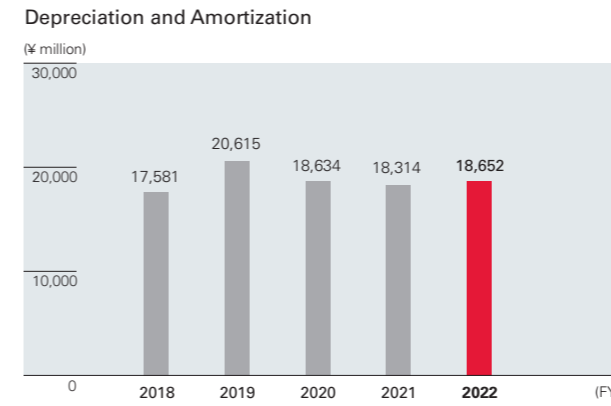
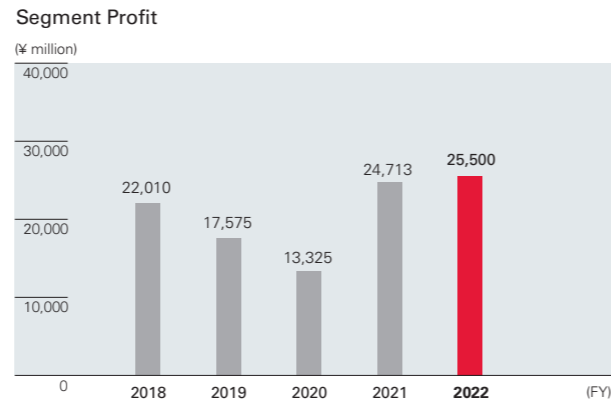
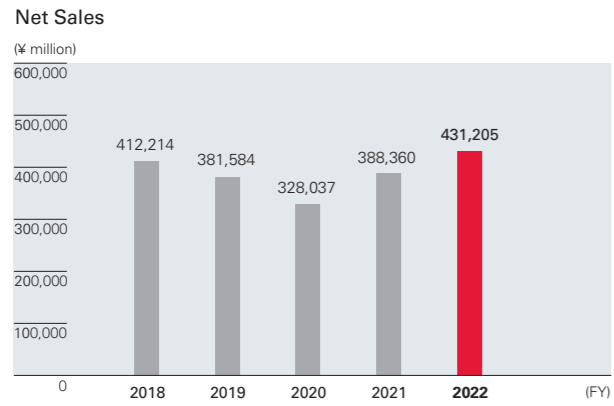
We have continued to make improvements after the truck went on sale, and in 2023 we released the latest model, e-Mixer III. In addition to being installed with a new type of ECU, it has a touch panel monitor near the driver's seat that makes it easy for the operator to be aware of the conditions of the mixer truck, further increasing convenience.



KAYABA Performance Highlights

Financial

Net sales for the KAYABA Group were ¥431.2 billion, a ¥42.8 billion increase over the previous fiscal year. Operating profit was ¥32.5 billion (compared with ¥30 billion in the previous fiscal year), while profit before tax ¥31.8 billion (compared with ¥28.8 billion in the previous fiscal year). Also, profit attributable to owners of the parent was ¥27.2 billion (compared with a profit attributable to owners of the parent of ¥22.5 billion in the previous fiscal year).

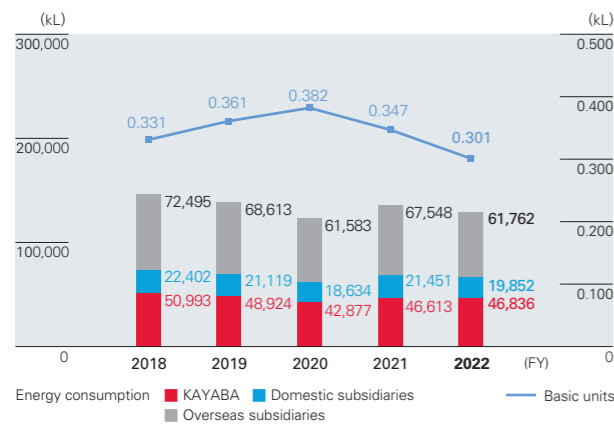


KAYABA Performance Highlights

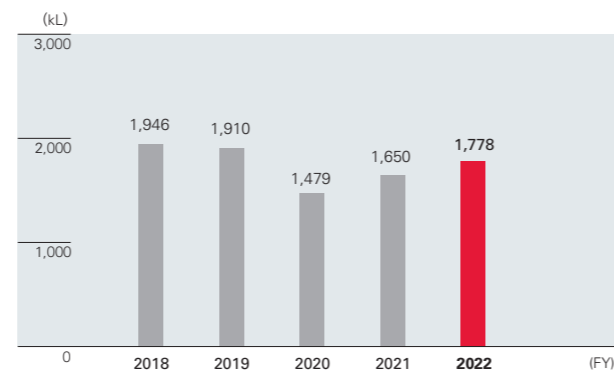
Non-financial

The volume of energy used in the product manufacturing phase in the KAYABA Group was 128,450 kL in crude oil conversion (a year-on-year decrease of 5.3%), with a basic unit of 0.301 kL/million yen (a year-on-year decrease of 13%). Regarding industrial waste, we worked to reduce the volume of waste matter and promote in-house recycling, bringing emission volumes (the volume treated by contractors) to 18,506 tons (a year-on-year decrease of 2.5%), with a basic unit of 43.4kg/hundred million yen (10.5% compared to the previous fiscal year).

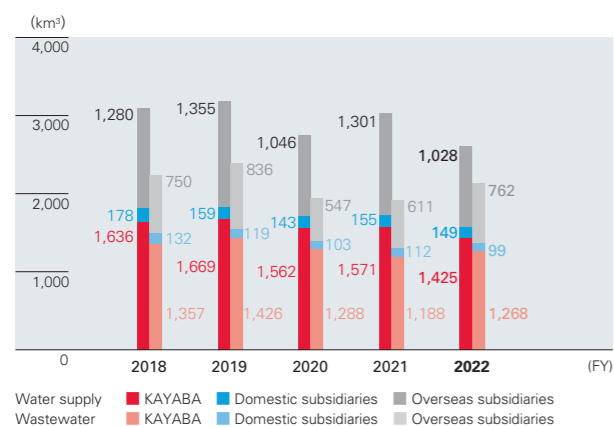
Energy Consumption



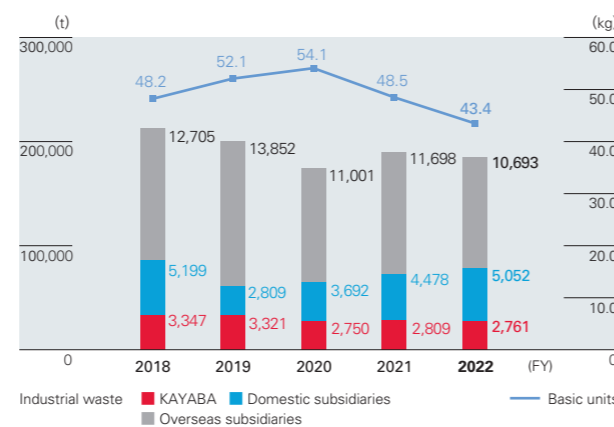
Energy Consumption for Transportation



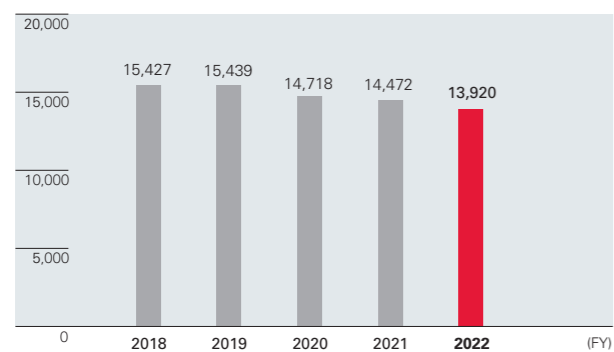
Water Usage



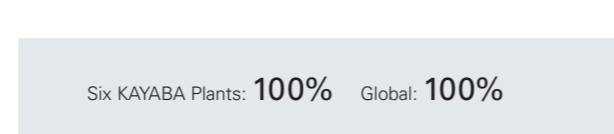
Industrial waste: Volume treated by contractors



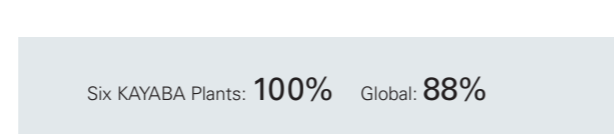
Number of Employees



OSHMS/ISO 45001 Certification Acquisition (As of March 31, 2023)



ISO14001 Certification Acquisition (As of March 31, 2023)



CO₂ Emissions

CO ₂ emission category		KAYABA (six plants)	Domestic subsidiaries (seven companies)	Overseas subsidiaries (18 companies)	Total	
Scope 1	Direct Emissions	25,874 tCO ₂	4,139 tCO ₂	29,708 tCO ₂	59,721 tCO ₂	
Scope 2	Indirect Emissions from the Use of Electricity (Market Standard)	51,392 tCO ₂	27,403 tCO ₂	85,849 tCO ₂	164,644 tCO ₂	
Scope 3	Category 1	Purchased Goods and Services	828,110 tCO ₂	370,035 tCO ₂	834,797 tCO ₂	2,032,943 tCO ₂
	Category 2	Capital Goods	16,836 tCO ₂	10,920 tCO ₂	24,299 tCO ₂	52,055 tCO ₂
	Category 3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	24,318 tCO ₂	5,895 tCO ₂	15,022 tCO ₂	45,236 tCO ₂
	Category 4	Upstream Transportation and Distribution	4,491 tCO ₂	9,121 tCO ₂	56,223 tCO ₂	69,835 tCO ₂
	Category 5	Waste Generated in Operations	1,964 tCO ₂	2,618 tCO ₂	14,330 tCO ₂	18,911 tCO ₂
	Category 6	Business Travel	734 tCO ₂	271 tCO ₂	1,897 tCO ₂	2,901 tCO ₂
	Category 7	Employee Commuting	3,497 tCO ₂	3,327 tCO ₂	10,452 tCO ₂	17,276 tCO ₂
	Category 8	Upstream Leased Assets	2,745 tCO ₂	1,950 tCO ₂	731 tCO ₂	5,426 tCO ₂
	Category 9	Downstream transportation and Distribution	315 tCO ₂	55 tCO ₂	0 tCO ₂	370 tCO ₂
	Category 10	Processing of Sold Products	—	—	—	—
	Category 11	Use of sold products	275,616 tCO ₂	0 tCO ₂	0 tCO ₂	275,616 tCO ₂
	Category 12	End-of-Life Treatment of Sold Products	16,889 tCO ₂	0 tCO ₂	0 tCO ₂	16,889 tCO ₂
	Category 13	Downstream Leased Assets	0 tCO ₂	0 tCO ₂	0 tCO ₂	0 tCO ₂
	Category 14	Franchises	—	—	—	—
	Category 15	Investments	—	—	—	—

The coverage of Scope 1, 2, and 3 contains six KAYABA Plants and the Company's affiliates (seven domestic subsidiaries, 18 overseas subsidiaries) for the entire KAYABA Group's performance in 2022. The calculation method for each Scope is in conformity with the guidelines released by Japan's Ministry of the Environment, and the method for overseas plants is essentially the same. However, Scope 2 uses the market standards for CO₂ emissions factors.

Materials cited for calculations

- Scope 1: Manual for the Calculation and Reporting of Greenhouse Gas Emissions and GHG Protocol, Ministry of the Environment
- Scope 2: Emission Factors by Electric Utility Operator (used to calculate emissions volumes of greenhouse gas by designated emitters), Ministry of the Environment and Ministry of Economy, Trade and Industry; IEA Emission factors 2021; and Ministry of Ecology and Environment of People's Republic of China (China plants) (In cases where the market standard was unclear, a location basis was substituted.)
- Scope 3, Category 1: Environmental Impact Factors with Consideration for the Global Supply Chain, announced by Incorporated Administrative Agency the National Institute for Environmental Studies, and use of basic units based on the results of domestic calculations at overseas plants
- Scope 3, Categories 2 to 15: Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain, announced by the Ministry of the Environment and Ministry of Economy, Trade and Industry. Category 10 is under investigation, Categories 11 and 12 are applicable to the mixer trucks in our Special-purpose Vehicles Division, and Category 14 and 15 are not applicable.

○: Target achieved x: Target not achieved

Theme	Global (KAYABA, seven domestic subsidiaries, 18 overseas subsidiaries)	KAYABA (six plants)		
		Numerical target	FY 2022 achievements	Evaluation
Climate change counter-measures	CO ₂ emission volume	(Ref.) 236,265 tCO ₂ or less	224,365 tCO ₂	—
	CO ₂ emission volume per basic unit	0.604 tCO ₂ /¥ million or less	0.526 tCO ₂ /¥ million	○
Reduction of industrial waste	Energy consumption	(Ref.) 134,496 kl or less	128,450 kl	—
	Energy consumption per basic unit	0.351 kl/¥ million or less	0.301 kl/¥ million	○
Recycling	General waste	(Ref.) 3,246 t or less	2,653 t	—
	General waste per basic unit	8.46 t/¥ million or less	6.23 kg/¥ million	○
	Metal scrap	(Ref.) 40,140 t or less	40,459 t	—
	Metal scrap per basic unit	105 kg/¥ million or less	95 kg/¥ million	○
	Industrial waste	(Ref.) 21,105 t or less	18,506 t	—
	Industrial waste per basic unit	55.0 kg/¥ million or less	43.4 kg/¥ million	○
Recycling	Plastic waste matter	(Ref.) 438 t or less	405 t	—
	Recycling rate	—	—	—
Recycling	Final disposal volume	—	—	—
	Final disposal volume	—	—	—

Note: Energy refers to the total of crude oil conversion, such as electricity and fuel. Regarding the decrease of industrial waste, the calculations exclude valuable materials (recycling or reuse) generated by initiatives to promote recycling. Output level are calculated based on KAYABA's regulations, which take shipping into account. Reference: At the present time, the numerical target for the aggregate volume of emissions has not been set, and we are undergoing investigations related to setting the targets.

11-Years Financial Summary

(Millions of yen)

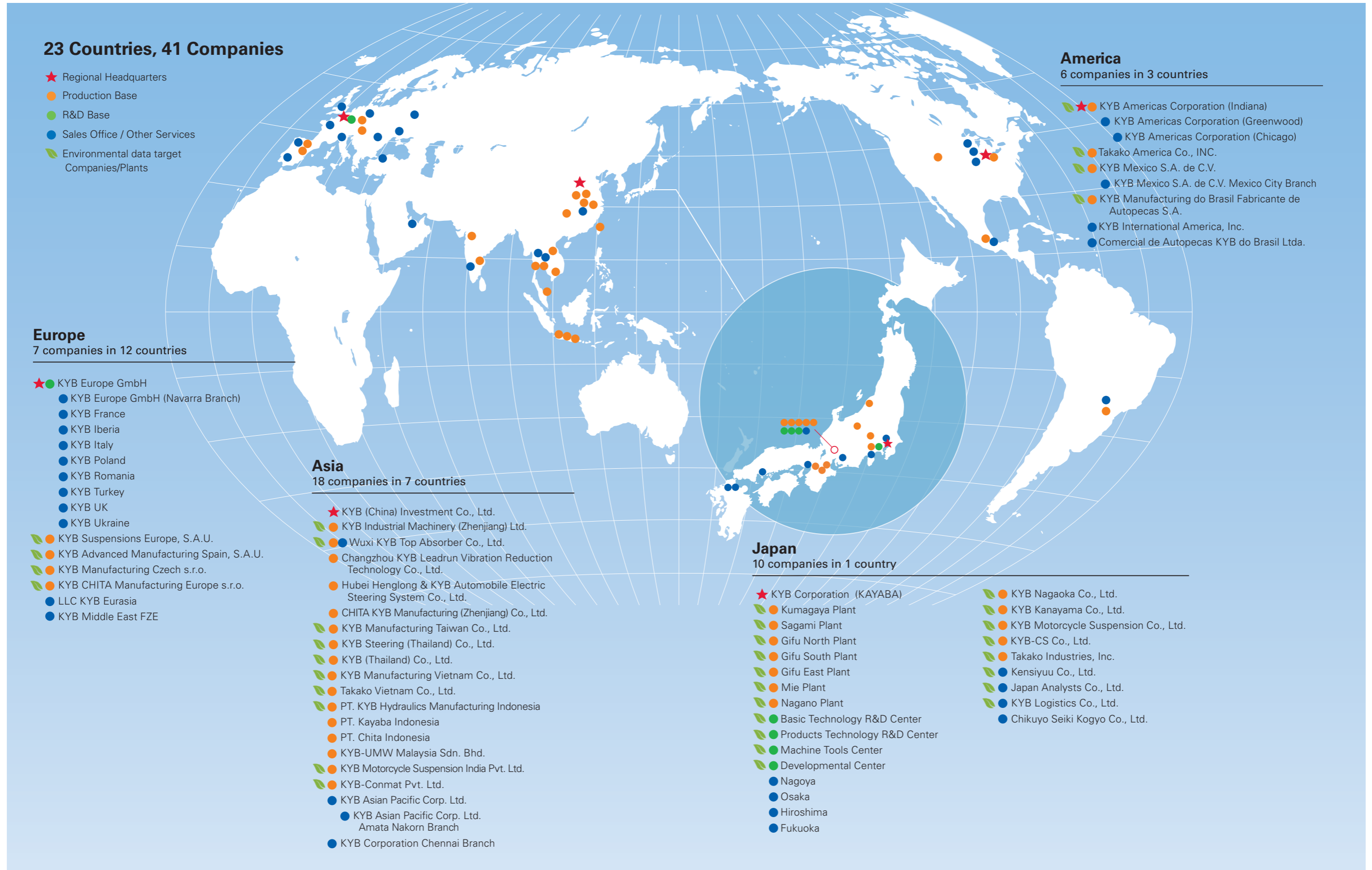
FY	2012	2013	2014		2015	2016	2017	2018	2019	2020	2021	2022
Accounting standards applied	JGAAP	JGAAP	IFRS		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Net sales	305,752	352,710	370,327		355,320	355,316	393,743	412,214	381,584	328,037	388,360	431,205
Segment profit* ¹	—	—	15,506		17,588	18,624	22,949	22,010	17,575	13,325	24,713	25,500
Operating profit (loss)	10,473	18,170	14,461		4,327	19,247	20,885	(28,496)	(40,298)	18,297	30,001	32,547
Profit (loss) before tax [Income (loss) before income taxes]	12,994	21,032	14,892		2,825	18,852	20,881	(29,510)	(41,419)	16,340	28,817	31,770
Profit (loss) attributable to owners of the parent [Net income (loss)]	7,789	12,761	8,036		(3,161)	14,544	15,202	(24,757)	(61,879)	17,087	22,549	27,210
Capital expenditures	39,215	29,908	30,087		21,300	20,578	20,956	25,345	23,347	13,322	14,588	14,595
Depreciation and amortization	14,554	17,294	15,191		17,075	15,922	16,988	17,581	20,615	18,634	18,314	18,652
R&D expenses	5,468	6,917	8,910*		7,760	7,621	8,102	6,750	6,312	5,368	5,767	6,110
Cash flows from operating activities	18,984	28,788	22,335		19,958	31,153	29,252	17,047	(4,999)	20,826	24,247	23,914
Cash flows from investing activities	(36,125)	(36,078)	(30,658)		(20,320)	(21,337)	(16,386)	(13,616)	(21,505)	(6,281)	(10,871)	(13,517)
Cash flows from financing activities	8,529	5,709	(555)		(3,395)	(969)	(4,482)	(10,418)	22,576	1,146	(32,711)	(20,180)
Cash and cash equivalents at end of period	35,215	38,132	30,510		25,296	33,988	42,702	56,092	50,423	68,700	52,118	43,585
Total assets	327,912	361,083	387,877		359,002	381,326	412,493	441,074	410,454	426,635	434,187	446,836
Interest-bearing debt* ²	95,338	88,813	92,448		91,685	93,563	94,641	108,634	154,608	160,278	124,874	114,706
Total equity [Total net assets]	116,435	153,997	175,256		153,381	169,771	186,651	155,643	79,815	116,726	160,914	191,036
Basic earnings per share [Net income (loss) per share]* ³ (Yen)	35.24	55.25	31.45		(12.37)	56.93	595.09	(969.18)	(2,422.53)	668.95	854.96	1,028.40
Cash dividends per share applicable to the year* ³ (Yen)	8.00	9.00	12.00		11.00	12.00	150.00	0.00	0.00	75.00	105.00	200.00
Return on equity attributable to owners of the parent [Return on equity] (ROE; %)	7.3	9.7	5.1		(2.0)	9.3	8.8	(15.0)	(55.4)	18.5	17.1	16.2
Ratio of equity attributable to owners of the parent [Equity ratio] (%)	34.5	41.2	43.6		41.3	43.1	43.7	33.9	18.1	25.9	35.3	40.9
P/E ratio (Times)	13.1	7.9	14.0		—	10.2	8.5	—	—	4.5	3.5	3.9
Number of employees	12,306	13,033	13,732		13,796	14,350	14,754	15,427	15,439	14,718	14,472	13,920

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

*2: Interest-bearing debt = Short-term borrowings + Current portion of long-term borrowings + Current lease obligations + Corporate bonds + Long-term debt + Non-current lease obligations + Guarantee deposits received (Corporate bonds have been added since FY2021)

*3: The Company carried out 1-for-10 reverse stock split on the effective date of October 1, 2017.

Notes: 1. KYB Corporation and Consolidated Subsidiaries
2. *JGAAP



External Assessments

(FY2022)

Awards List

Year and Month	Name of Award/Certification	Awards Side	Notes	Awarded
June 2022	Green Star Award	Thai government	Audit passed for safety, health, environment, and plant management	KST (Thailand)
July 2022	Superior Product Quality Award	Nissan Motor	Manufacture of camshaft bracket installed in engine, two consecutive years	KYB-YS
	QCDS Best Performance Award Regional Quality Award	JATCO	Two consecutive years	KAYABA, Kanayama
	QCDS A Rank Award	JATCO (Guangzhou) and JATCO (Suzhou)	Two consecutive years	KCI (China)
	Award for Effort to Deliver Zero Defective Products (for the sixth consecutive month)	Mazda Motor		KAYABA
August 2022	Regional Special Award and Quality Award	JATCO (Thailand)	Received award every year since the establishment of JTL (eighth time)	KST (Thailand)
	Best Improvement on Working Capital and Fixed Asset Management	PT. Astra Otoparts Tbk.	Recognition for working capital improvements and outstanding fixed asset management	PT.KYBI (Indonesia)
September 2022	Logistics Performance Award	Daihatsu Motor	Evaluations on the efforts to improve logistics	KST (Thailand)
	Service Parts Supplier Award	Mitsubishi Motor	Evaluations of quality and delivery	KST (Thailand)
October 2022	Best Innovation Award	UMW Group	Group Award, Company Award	KMSB (Malaysia)
	Best Profit Ratio Award	UMW Group	2021 Award, Past Three Years Award	KMSB (Malaysia)
	Chairman's Award	UMW Group	Annual champion	KMSB (Malaysia)
	Minister of Education, Culture, Sports, Science and Technology Award (Gold Award)	Gifu Inventors Exhibition	Patent related to swing valve	KAYABA
	Chairman's Award from the Gifu Prefecture Labor Standards Association	Gifu Prefecture Labor Standards Association	Recognition of KAYABA's health and safety activities in the Gifu district	KAYABA
	Zhenjiang People's Friendship Envoy Award	Zhenjiang People's External Friendship Association	Non-citizens who have made prominent contributions to Zhenjiang's economic and social development, philanthropic work, or the promotion of friendly relations overseas	KCI (China)
	Gifu Governor's Award	Chubu Regional Invention Awards	Patent for forklift lift cylinder	KAYABA
December 2022	SER (Certified)	Caterpillar		KAYABA, KIMZ (China)
January 2023	Selected as a Good Partnership Company	Automobile Business Association of Japan	Efforts in the development of shock absorbers for sit skis as well as providing aid and technology support for disabled persons	KAYABA
February 2023	Best Service Award	Sany Group		KAYABA, KIMZ (China)
	Golden Supplier Award	Sunward		KAYABA, KIMZ (China)
	Best Partner Award	Qianjiang Motorcycle	First-time award	KWT (Taiwan)
March 2023	CO ₂ Reduction Early Achievement of 2025 Target	Toyota Daihatsu Engineering and Manufacturing	Early achievement of exceeding cumulative CO ₂ reduction targets	KYBT (Thailand)
	Safety Activity 2022 Level A	Toyota Co-operation Club	Fourth consecutive years	KYBT (Thailand)

Note: KCI: KYB (China) Investment Co., Ltd., KIMZ: KYB Industrial Machinery (Zhenjiang) Ltd., KWT: Wuxi KYB Top Absorber Co., Ltd., KST: KYB Steering (Thailand) Co., Ltd., KYBT: KYB (Thailand) Co., Ltd., KMSB: KYB-UMW Malaysia Sdn. Bhd., PT.KYBI: PT. Kayaba Indonesia



Best Improvement on Working Capital and Fixed Asset Management (2022.08)



Logistics Performance Award (2022.09)



Zhenjiang People's Friendship Envoy Award (2022.10)



Selected as a Good Partnership Company (2023.01)



CO₂ Reduction Early Achievement of 2025 Target Award (2023.03)



CDP's score for targeting climate change was raised a rank to "B." (2022)

Corporate Information

(As of March 31, 2023)


<https://www.kyb.co.jp>

Company Name	KYB Corporation
Head Office	World Trade Center Bldg., South Tower 28F, 4-1, Hamamatsu-cho 2-chome, Minato-ku, Tokyo 105- 5128, Japan Tel: +81-3-3435-3511 Fax: +81-3-3436-6759

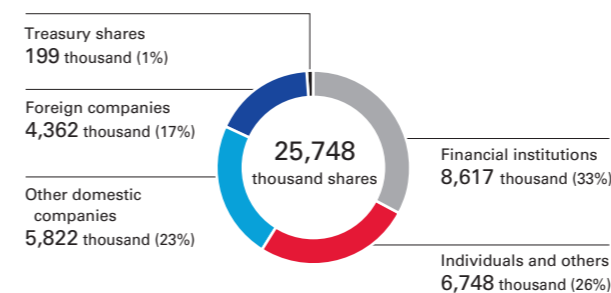
Date of Establishment	March 10, 1935
Fiscal Year	April 1 to March 31
Paid-in Capital	¥27,647.6 million
Number of Employees	13,920 (Consolidated basis)
Securities Traded	Prime Market of Tokyo Stock Exchange

Shareholder Information

(As of March 31, 2023)

Common Stock Issued	Common stock : 25,748,431 Class A preferred stock : 125
Number of Shareholders	Common stock : 13,482 Class A preferred stock : 8
Transfer Agent and Registrar	Mizuho Trust & Banking Co., Ltd. 3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8241, Japan

Composition of Shareholders (Common Stock)



Monthly Stock Price Range (Tokyo Stock Exchange)



Major Shareholders

Name	Shareholding (Thousands)	Percent of Total Shares Issued (%)
The Master Trust Bank of Japan (Trust Account)	2,818,600	11.0
Toyota Motor Corporation	1,965,417	7.7
Custody Bank of Japan, Ltd. (Trust Account)	1,031,300	4.0
Meiji Yasuda Life Insurance Company	1,004,650 [15]	3.9
Suppliers' stock ownership	984,200	3.9
Hitachi Construction Machinery Co., Ltd.	892,000	3.5
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	611,500	2.4
Ogaki Kyoritsu Bank, Ltd.	591,433 [10]	2.3
Mizuho Bank, Ltd.	490,519 [35]	1.9
Employee Stock Ownership	486,365	1.9

Notes: 1. The percent of total shares issued is calculated after the deduction of own shares (206,351 shares).

2. [] is the number of Class A preferred shares