



Meeting Materials for FY2022

May 23, 2023

KYB Corporation

(Stock Code: 7242; Prime Market of Tokyo Stock Exchange)

■ Slogan: Regain Trust, Restore Pride

Prevention of nonconforming acts, achievement of high-profit structure

1. Strengthening governance through group company restructuring
2. Business selection and concentration
3. Improvement of profit margin through cost reduction activities.
4. Response to the demands of society (Activities related to SDGs and sustainability)
5. Strengthen financial foundation

As a result of implementing all the key policies that we needed to tackle in the 2020 mid-term, we have regained the trust of our customers

2020 Medium-Term Management Plan: Progress Plan for Bringing Nonconforming Seismic Isolation/Mitigation Dampers up to Conformity



As of end of Apr. 2023

Work completed	977 buildings [98.6%]
Exchange work ongoing	3 buildings [0.3%]
Waiting for construction work to start, construction schedule being adjusted	6 buildings [0.6%]
On manufacturing standby to align with the construction schedule	0 building [0%]
Under administrative coordination	2 buildings [0.2%]
Coordinating details with the relevant persons regarding bringing the items up to conformity	3 buildings [0.3%]
Total	991 buildings

We have largely completed bringing the vibration control and seismic isolation dampers up to conformity, and are thoroughly enforcing and continuing policies to prevent recurrence.



FY2022 Financial Information

FY2022 Financial Summary

(¥ Billion)	IFRS					Differences	
	FY2021 actual	FY2022 forecast (as of Feb.)			FY2022 actual	Previous period	Forecast (as of Feb.)
			1H	2H			
Net sales	388.4	442.0	209.9	221.3	431.2	42.8	(10.8)
Segment profits* [Segment profits ratio]	24.7 [6.4%]	26.5 [6.0%]	11.7 [5.6%]	13.8 [6.2%]	25.5 [5.9%]	0.8	(1.0)
Operating profit	30.0	29.7	14.8	17.7	32.5	2.5	2.8
Profit attributable to owners of the parent	22.5	20.4	10.6	16.6	27.2	4.8	6.8
Dividend (¥)	105	140	70	130	200	95	60
FOREX (Average) (¥)							
JPY/ US\$	112.38	134.90	133.97	136.99	135.48		
JPY/ EUR	130.56	139.19	138.72	143.23	140.97		

*Segment profits correspond to operating income in JGAAP.

FY2022 Net Sales and Segment Profits

(¥ Billion)	Net Sales			Segment Profits		
	FY2021 actual	FY2022 actual	Differences	FY2021 actual	FY2022 actual	Differences
AC	237.8	278.5	40.7	16.0	18.7	2.7
HC	136.6	137.9	1.2	11.8	7.5	(4.2)
Aircraft Components	3.7	4.4	0.8	(4.0)	(1.4)	2.5
Others	10.3	10.4	0.1	0.9	0.7	(0.2)
Total	388.4	431.2	42.8	24.7	25.5	0.8

AC: Automotive Components

HC: Hydraulic Components

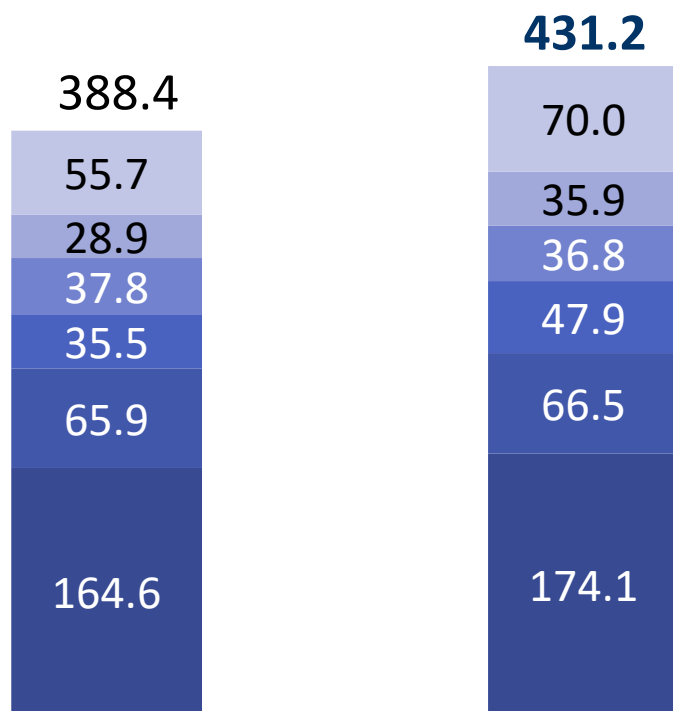
Others: Special-purpose vehicles, electronic components, etc.

FY2022 Financial Position

(¥ Billion)	Mar. 31, 2022	Mar. 31, 2023	Differences
Current assets	240.4	252.0	11.5
Non-current assets	193.8	194.9	1.1
Total assets	434.2	446.8	12.6
Current liabilities (Note)	198.4	197.2	(1.2)
Non-current liabilities (Note)	74.9	58.6	(16.3)
Total liabilities	273.3	255.8	(17.5)
Equity attributable to owners of the parent company	153.4	182.8	29.4
Non-controlling interest	7.5	8.2	0.7
Total capital	160.9	191.0	30.1
Total capital and liabilities	434.2	446.8	12.6
(Note) Long-term debt	90.9	84.5	(6.4)
Provisions for product warranties related to vibration control dampers	13.6	4.4	(9.2)

FY2022 Net Sales by Region

(¥ Billion)



FY2021
actual

FY2022
actual

Differences
Previous period

Other	25.7%
Southeast Asia	24.2%
China	(2.7)%
America	35.1%
Europe	0.8%
Japan	5.8%

Overseas Sales Ratio
57.6% ⇒ 59.6%

Financial Forecast for FY2023

(¥ Billion)	IFRS		Differences
	FY2022 Actual	FY2023 Forecast	Previous year
Net sales	431.2	450.0	18.8
Segment profits* [Segment profits ratio]	25.5 [5.9%]	28.0 [6.2%]	2.5
Operating profit	32.5	29.8	(2.7)
Profit attributable to owners of the parent	27.2	20.0	(7.2)
Dividend (¥)	200	200	±0
FOREX (Average) (¥)			
JPY/ US\$	135.48	126.00	
JPY/ EUR	140.97	133.00	

*Segment profits correspond to operating income in JGAAP.

Net Sales and Segment Profits Forecast for FY2023

(¥ Billion)	Net Sales			Segment Profits		
	FY2022 actual	FY2023 forecast	Differences	FY2022 actual	FY2023 forecast	Differences
AC	278.5	283.3	4.8	18.7	19.7	1.0
HC	137.9	146.5	8.6	7.5	8.1	0.6
Aircraft Components	4.4	6.0	1.5	(1.4)	(0.8)	0.6
Others	10.4	14.3	3.9	0.7	0.9	0.3
Total	431.2	450.0	18.8	25.5	28.0	2.5

AC: Automotive Components

HC: Hydraulic Components

Others: Special-purpose vehicles, electronic components, etc.

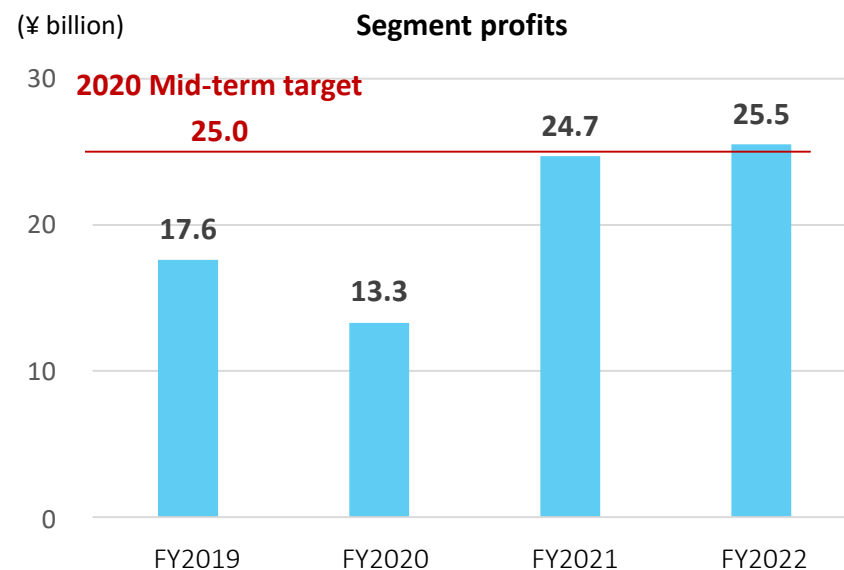
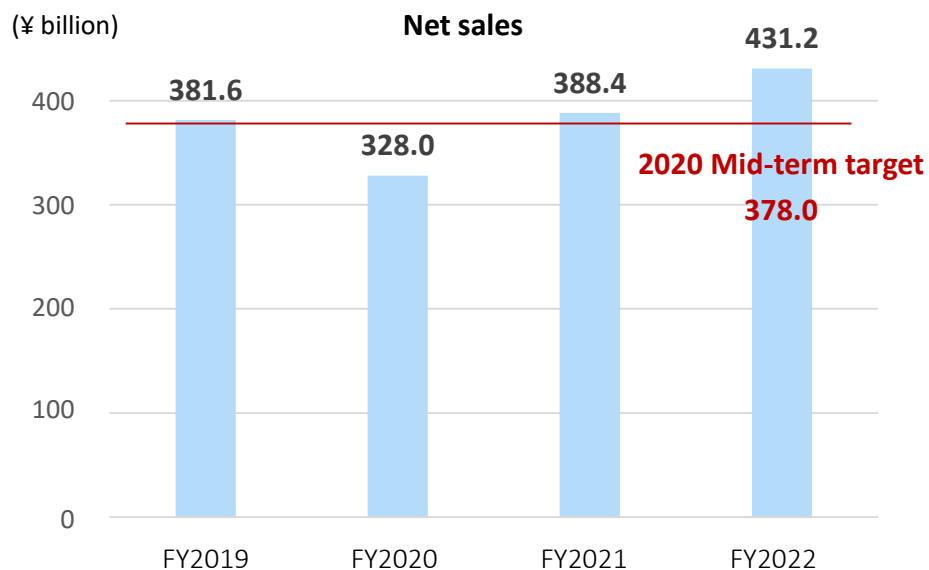
2020 Medium-Term Management Plan (Review): Financial Targets

	<u>FY2019 Actual</u>	<u>FY2022 Actual</u>	<u>FY2022 Actual</u>
Net sales	¥381.6 bn	¥378.0 bn	¥431.2 bn
AC	¥232.1 bn	¥229.0 bn	¥278.5 bn
HC	¥125.3 bn	¥130.0 bn	¥137.9 bn
Segment profits	¥17.6 bn	¥25.0 bn	¥25.5 bn
Segment profit ratio	4.6%	6.6%	5.9%
Capital Adequacy Ratio	18.1%	34.0%	40.9%

Note: Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from net sales.
It correspond to operating income in JGAAP.

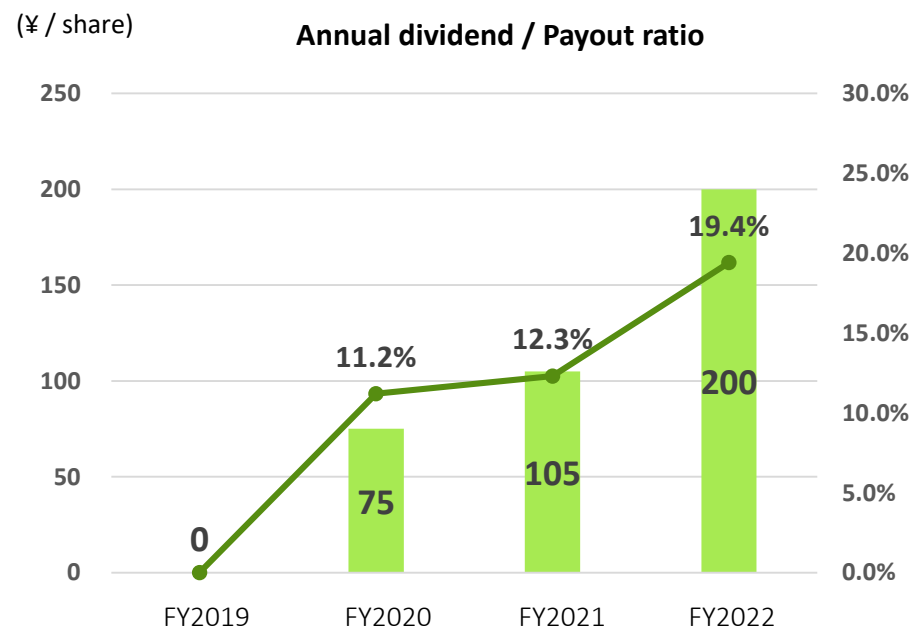
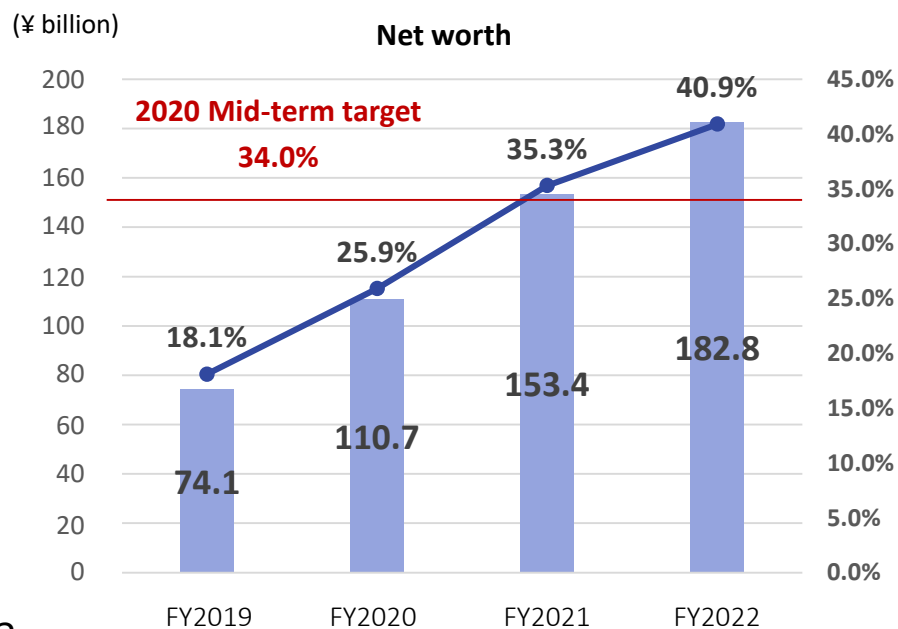
2020 Medium-Term Management Plan (Review): Financial Targets

	(¥ billion)	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	20 Mid-term Target (As of May 2021)
PL	Net sales	381.6	328.0	388.4	431.2	378.0
	Segment profits	17.6	13.3	24.7	25.5	25.0
	Segment profit ratio	4.6%	4.1%	6.4%	5.9%	6.6%
	Operating income (loss)	(40.3)	18.3	30.0	32.5	
	Operate income ratio	(10.6)%	5.6%	7.7%	7.5%	
	Profit (loss) attributable to owners of the parent	(61.8)	17.1	22.5	27.2	
	Profit (loss) attributable to owners of the parent ratio	(16.2)%	5.2%	5.8%	6.3%	



2020 Medium-Term Management Plan (Review): Financial Targets

	(¥ billion)	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	20 Mid-term Target (As of May 2021)
BS	Net worth	74.1	110.7	153.4	182.8	136.0
	Capital adequacy ratio	18.1%	25.9%	35.3%	40.9%	34.0%
	Interest-bearing Debt	154.6	160.3	124.9	114.7	
	ROE	(55.4)%	18.5%	17.1%	16.2%	
Shareholder return	Dividend per share (¥)	0	75	105	200	
	Payout ratio	-	11.2%	12.3%	19.4%	TBD





2023 Medium-Term Management Plan

■ Slogan: Mastering quality management

(Quality of human resources, information → Quality of system → Quality of products and services)

1. Growth strategy : Electrification products, new market entry
2. Innovative *monozukuri*
3. Constant cost reductions
4. Activities related to SDGs and sustainability
5. Improving capital efficiency, strengthening financial structure

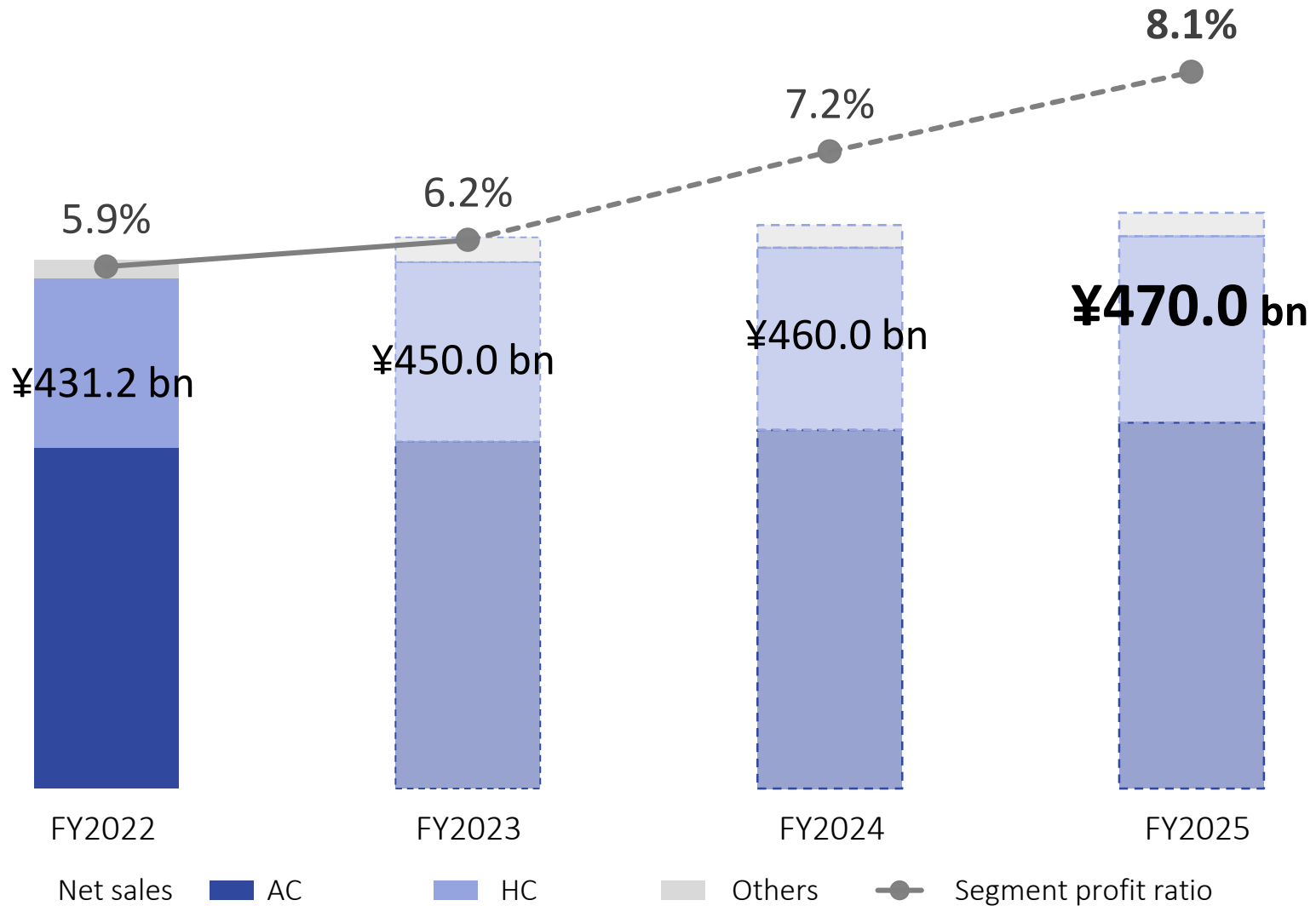
Master quality management, earn even greater trust and satisfaction from stakeholders, raise corporate value

2023 Medium-Term Management Plan: Financial Targets

	<u>FY2022 Actual</u>	<u>FY2025 Target</u>
Net Sales	¥431.2 bn	¥470.0 bn
Segment Profits	¥25.5 bn	¥38.0 bn
Segment Profit ratio	5.9%	8.1%
Capital Adequacy Ratio	40.9%	45.0%
Payout Ratio	19.4%	30.0%
ROE	16.2%	12.0%

2023 Medium-Term Management Plan: Financial Targets

Net Sales and Profit Margin



2023 Medium-Term Management Plan: Basic Policy

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*): 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

2023 Medium-Term Management Plan: Growth Strategy by Region

India

AC: New Market Entry
HC: Expand sales of agricultural machinery products

Europe

AC: Expansion of production capacity for IDC SA
AC: Innovative *monozukuri*

China

AC: Entry into Chinese manufacturers
AC/HC: Cost structure that can compete with local suppliers

Asean

AC: Main motorcycle production base
AC/HC: In-house production, local procurement

Americas

AC: Premium aftermarket
HC: Local response to demand for construction equipment

AC: Automotive Components

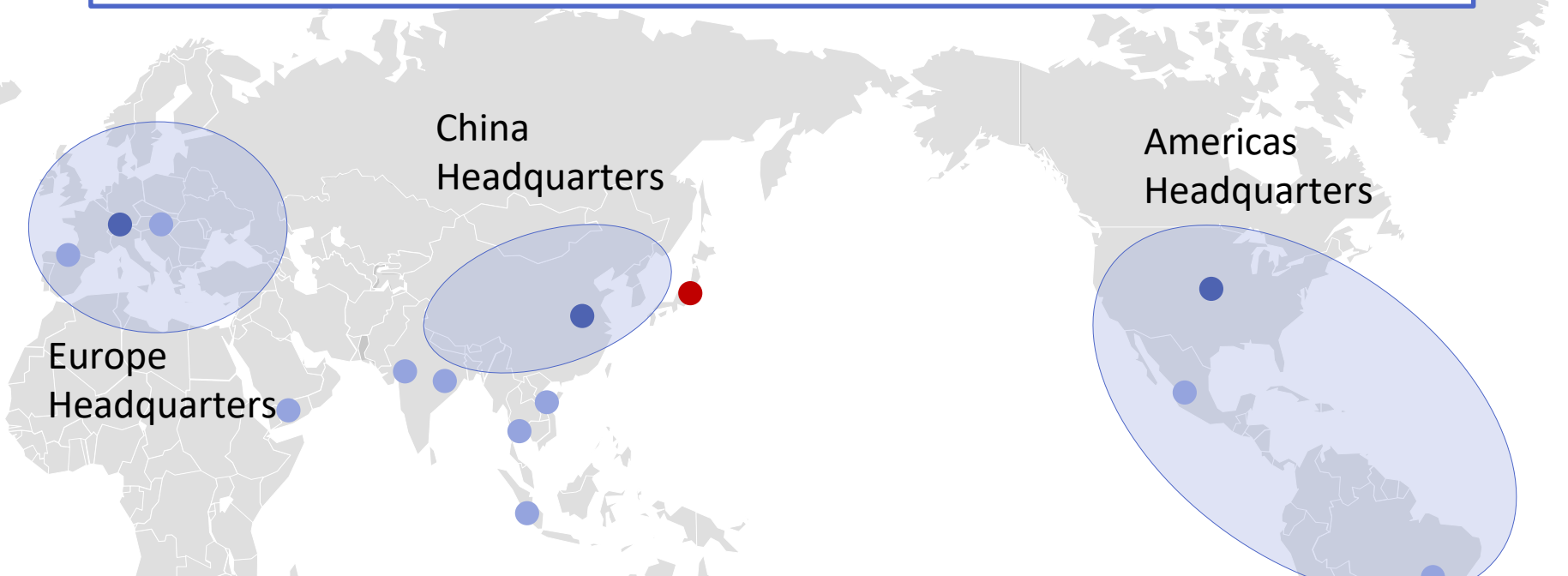
SA: Shock Absorber

HC: Hydraulic Components

IDC: Intelligent damping control

2023 Medium-Term Management Plan: Global Governance Structure

For key areas (Europe, Americas, China), manage region-specific risks in three stages:
Subsidiaries → Regional headquarters → Regional representative officers



3) Regional Representative Officers → Regional Headquarters + Subsidiaries

Regional
Representative
Officers

2) Regional Headquarters → Subsidiaries

Regional
HQ

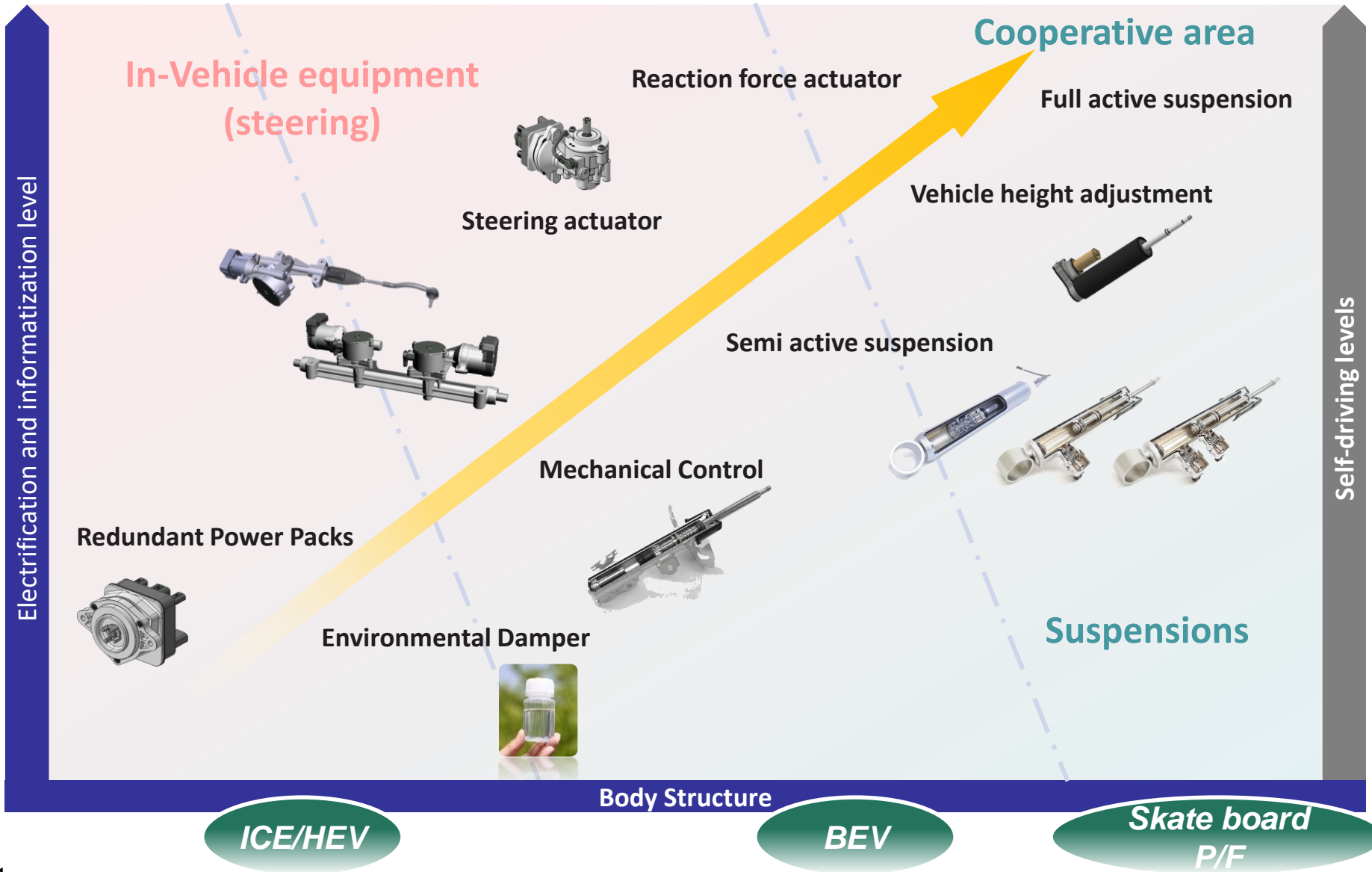
1) Subsidiaries (Plant or office)

Domestic

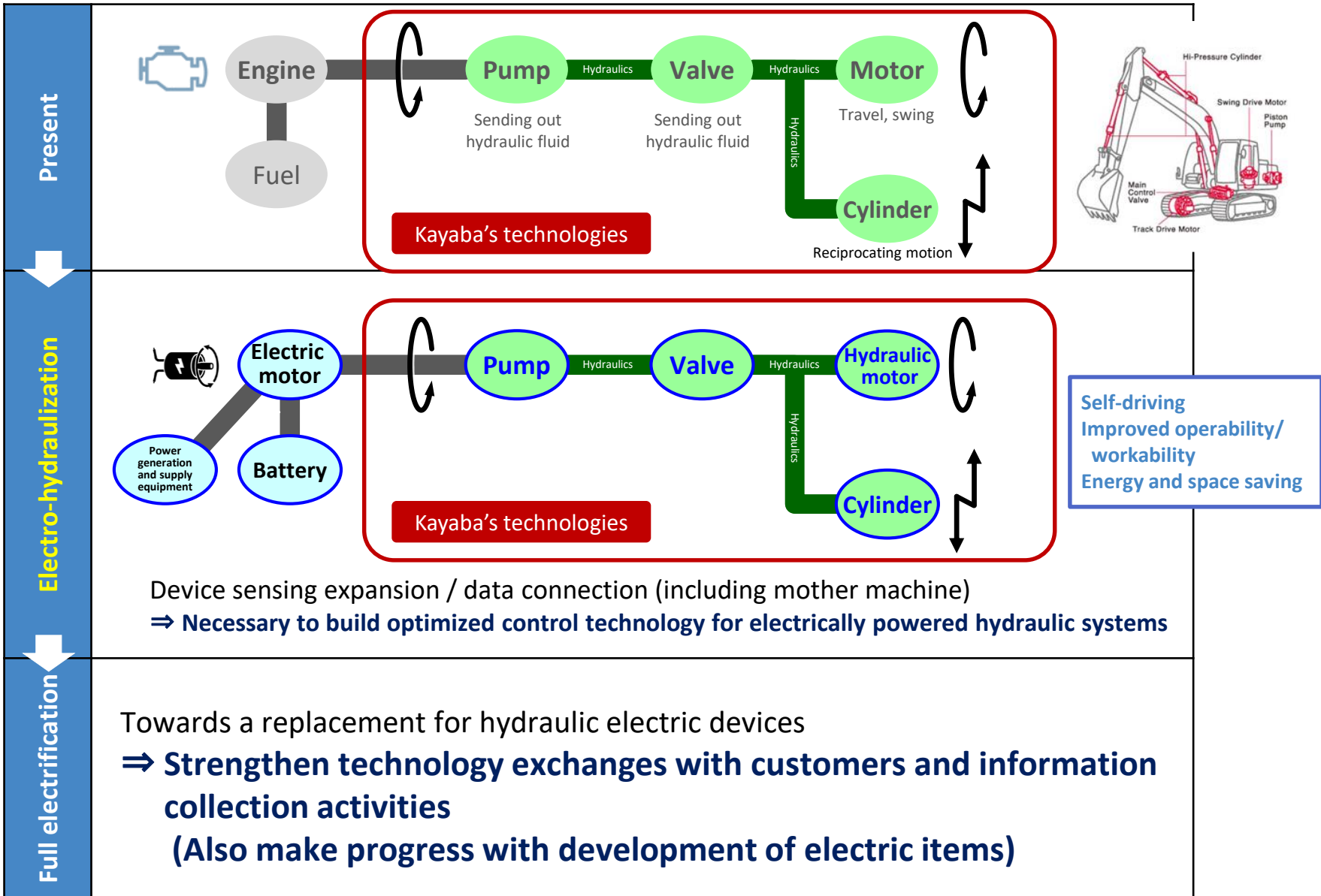
Overseas

- Regional Representative Officers
- Regional Headquarters
- Subsidiaries

Electrification Initiatives: AC



Electrification Initiatives: HC



Device sensing expansion / data connection (including mother machine)
⇒ Necessary to build optimized control technology for electrically powered hydraulic systems

Environmental Initiatives: Utilization of wood chips



Contributing to environmental issues with wood chips generated using our own products

Environmental Initiatives:

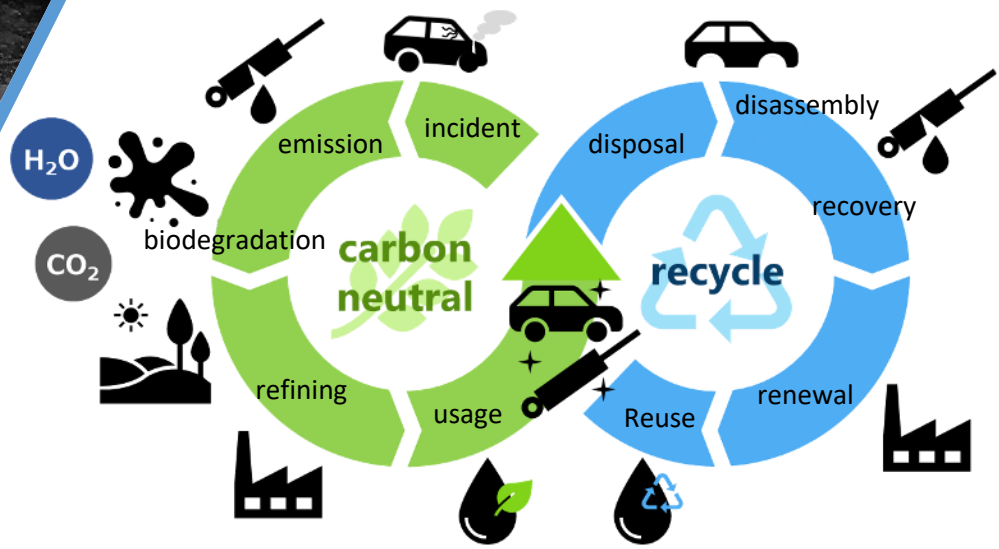
Development of environmentally friendly hydraulic fluid



The hydraulic fluids used in shock absorbers are almost entirely created from a petroleum-derived base oil.

As they are petroleum-derived, it is difficult for them to decompose naturally. There are concerns of negative environmental impacts when they leak.

There are case in which they are burned as a material to improve combustion after disposal.
→ A major cause of CO₂ emissions



End the use of petroleum-derived materials →
Environmentally friendly hydraulic fluid for shock absorber use



Our Precision, Your Advantage

Cautionary Statement

This report contains forward-looking statements, including KYB's plans and strategies, as well as statements that report historical results. Forward-looking statements involve such known and unknown risks and uncertainties as economic conditions; currency exchange rates; laws, regulations, and government policies; and political instability in principal markets.

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FY2022 Net Sales and Segment Profits

(¥ Billion)	Net Sales			Segment Profits		
	FY2021 actual	FY2022 actual	Differences	FY2021 actual	FY2022 actual	Differences
AC	237.8	278.5	40.7	16.0	18.7	2.7
Shock absorbers for automobiles	169.2	202.2	33.0	—	—	—
Shock absorbers for motorcycles	34.9	45.9	11.0	—	—	—
Hydraulic equipment for automobiles	23.9	21.0	(2.8)	—	—	—
Others	9.9	9.4	(0.5)	—	—	—
HC	136.6	137.9	1.2	11.8	7.5	(4.2)
Hydraulic equipment for industrial use	128.7	130.3	1.6	—	—	—
System products	4.6	4.0	(0.6)	—	—	—
Others	3.3	3.5	0.2	—	—	—
Aircraft Components	3.7	4.4	0.8	(4.0)	(1.4)	2.5
Others	10.3	10.4	0.1	0.9	0.7	(0.2)
Total	388.4	431.2	42.8	24.7	25.5	0.8

AC: Automotive Components

HC: Hydraulic Components

Others: Special-purpose vehicles, electronic components, etc.

Net Sales by Region

(¥ Billion)		FY2021				FY2022			
		AC	HC	Others	Total	AC	HC	Others	Total
Japan	1st Half	29.3	44.8	5.3	79.4	32.9	44.6	5.0	82.5
	2nd Half	33.6	47.2	4.4	85.1	37.1	49.6	5.0	91.7
	Total	62.9	92.0	9.6	164.6	70.0	94.2	10.0	174.1
Europe	1st Half	28.9	3.7	0.0	32.6	29.2	4.1	0.0	33.3
	2nd Half	28.6	4.8	0.0	33.3	29.1	4.1	0.0	33.2
	Total	57.4	8.5	0.0	65.9	58.3	8.2	0.0	66.5
America	1st Half	13.1	3.6	0.3	17.0	19.6	4.8	0.3	24.7
	2nd Half	14.5	3.7	0.3	18.5	18.5	4.4	0.3	23.1
	Total	27.6	7.2	0.6	35.5	38.2	9.2	0.6	47.9
China	1st Half	10.1	7.1	0.0	17.2	10.7	7.2	0.0	17.9
	2nd Half	11.3	9.3	0.0	20.6	11.9	7.0	0.0	18.9
	Total	21.4	16.3	0.0	37.8	22.5	14.2	0.0	36.8
South East Asia	1st Half	11.9	1.5	0.0	13.5	15.4	2.0	0.0	17.5
	2nd Half	13.7	1.8	0.0	15.5	16.5	2.0	0.0	18.5
	Total	25.6	3.3	0.0	28.9	31.9	4.0	0.0	35.9
Others	1st Half	20.0	4.8	1.4	26.2	27.9	4.3	1.8	34.0
	2nd Half	22.7	4.5	2.3	29.5	29.7	3.9	2.4	36.0
	Total	42.7	9.2	3.7	55.7	57.6	8.1	4.2	70.0
Total	1st Half	113.5	65.5	6.9	185.9	135.7	67.0	7.2	209.9
	2nd Half	124.3	71.2	7.0	202.5	142.8	70.9	7.7	221.3
	Total	237.8	136.6	13.9	388.4	278.5	137.9	14.8	431.2

Capital Expenditure, Depreciation

(¥ billion)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Capital Expenditure	18.2	18.5	22.7	21.5	13.1	14.0	14.0
Depreciation Exp.	15.9	17.0	17.6	20.6	18.6	18.3	18.7

Interest-bearing Debt

(¥ billion)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Interest-bearing Debt	93.6	94.6	108.6	154.6	160.3	124.9	114.7

R&D Expenses

(¥ billion)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
R&D Expenses	7.6	8.1	6.8	6.3	5.4	5.8	6.1

Cash flows

(¥ billion)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Cash flows from operating activities	31.2	29.3	17.1	(5.0)	20.8	24.3	23.9
Cash flows from investing activities	(21.3)	(16.4)	(13.6)	(21.5)	(6.3)	(10.9)	(13.5)
Cash flows from financing activities	(1.0)	(4.5)	10.4	22.6	1.2	(32.7)	(20.2)

Number of Employees

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Number of Employees	14,350	14,754	15,427	15,439	14,718	14,472	13,920

Foreign Exchange Rate

(¥)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	Estimate FY2023
Average FOREX Rate - JPY/USD	108.38	110.85	110.91	108.74	106.06	112.38	135.48	126.00
Average FOREX Rate - JPY/EUR	118.79	129.70	128.40	120.81	123.69	130.56	140.97	133.00