



KAYABA Group Report **2024**

April 1, 2023 – March 31, 2024

Contact

KYB Corporation

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Seeking to increase your understanding of our company

The KAYABA Group Report has been published since FY2019. Its purpose is to enhance investors', shareholders', and all our stakeholders' understanding of the many management, financial, and business strategies of KYB Corporation and its Group companies, as well as our ESG initiatives and more.

We are motivated to bring our long history of 100 years and corporate value into the future. As a corporate group in which we all feel a sense of pride, we hope to raise expectations toward the potential of KYB as we continue to move ahead with our contributions to an affluent future society.



We have compiled this FY2023 report with a focus on quality management as well as ESG management—which forms the basis of policy formulation at KYB. We hope that it will increase your understanding of the KAYABA Group and its work aimed at contributing to the creation of a sustainable society.

We plan to continue taking in our readers' opinions and using them to make improvements, and strive for timely, accurate information disclosure. In addition to this report, we hope that you will check the KYB website for press releases, corporate information related to topics such as technology and the environment, and a range of reports found in the section for investors.

Our Information Disclosure



Financial Information

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




Non-Financial Information

Information on activities related to solving environmental and social problems.





Other Information

Products




Motorsports






Integrated Report


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



KYB's Official Social Media
(Available in Japanese only.)




Corporate account
Instagram·X




Official SNS
Instagram·X


Plant Introduction Video (YouTube)




Gifu North Plant



Gifu South /
Gifu East Plants




Kumagaya Plant



Sagami Plant

For more information:



YouTube

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

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, Mie Plant and Nagano Plant) unless otherwise annotated.

Date of Issue
November 2024

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 image is an expression of our human resources, who are taking on the challenge of providing new added value while remaining rooted in our founders DNA, as well as KYB, which is taking on the challenge of achieving the ultimate in ride comfort as a future mobility company.

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Contributing to society by providing technologies and products that make people's lives safer and more comfortable.



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.

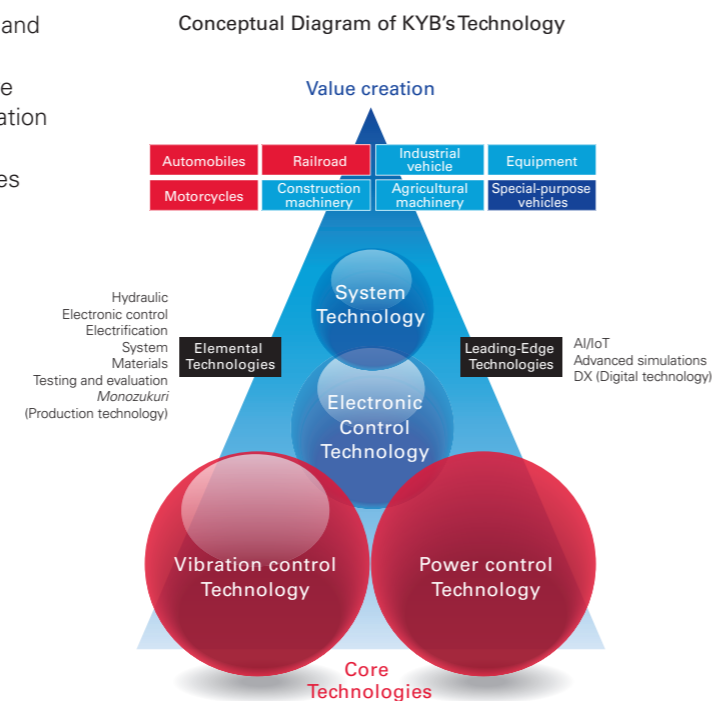
Management Vision

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.

1 Pioneering hydraulic technology to achieve ultimate ride comfort

We have been advancing vibration control and power control technology for over nearly a century. Building on this foundation, we are combining AI/IoT, DX, and advanced simulation with all of our component technologies to create the next-generation hydraulic devices and systems.

—————> P13~



2 Aiming to Raise Long-term Corporate Value through Improving Profitability and Stabilizing the Performance of Major Businesses

A range of issues, such as the acceleration of global warming and the exhaustion of natural resources, are surfacing in every part of the world, threatening the sustainability of the global environment and society.

KYB, as a company that has origins in manufacturing technology and that contributes to the resolution of social problems and the creation of a sustainable future, is aiming to raise its medium- to long-term corporate value through strengthening our management base.

In our FY2023 medium-term management plan, we will resolve each issue and build a management base that makes possible sustainable long-term growth by "mastering quality management."

Master Quality Management, Put the Corporate Spirit into Practice

1. Promote TQM initiatives: Raise the quality of human resources, information, work, and product services
2. Thorough awareness of norms: Instill throughout the entire KAYABA Group
3. Achieve growth through new markets, new products, and new business models
4. Construct an innovative productions system with the manufacturing skills of the future
5. Optimize and construct a global system that can respond to change
6. Respond to social demand and become a company that can contribute to resolving social issues

—————> P05~

3 ESG management which forms the basis of policy formulation

By promoting management that is based in quality and ESG, we will contribute to the future as a member of a sustainable society.

Outline of Environmental Activities



1. Develop products that contribute to environmental preservation
2. Reduce environmental burden of products
3. Reduce environmental burden in *monozukuri*
4. Environmental preservation activities
5. Environmental managements

Outline of Social Activities



1. Develop products that contribute to society
2. Occupational health and safety
3. Respect for human rights
4. Diversity of human resources
5. Social contribution activities
6. Fair business practices:

Outline of Governance Activities



1. Compliance, instilling awareness of norms
2. Group governance
3. Governance of product development
4. Governance of *monozukuri*
5. Risk management, BCP

—————> P29~

Message from the CEO



M. Kawase

Masahiro Kawase
Representative Director, President/Chief Executive Officer (CEO)

As a global leader in vibration and power control rooted in our core hydraulic technology, KYB is striving to contribute to the sustainable development of the world and society.

Unyielding Spirit of a Global Leader in Vibration and Power Control

With a positive mindset

At KYB's General Meeting of Shareholders in June 2024, a new management system was put in place, and I was inaugurated as Representative Director and Chief Executive Officer (CEO). In taking on this position, feel the great significance of KYB's history—forged by our predecessors who overcame many hardships ever since the company's establishment to bring us to the present day.

On March 10, 2025, KYB will reach its 90th

anniversary. In order to continue contributing to society for 100 years and beyond based on the spirit of freedom and originality we have inherited from our founder, we must continue passing on the strengths developed by the KAYABA Group, evolve to match the changing times, and create new businesses, products and services. To do that, all member of the Company, including myself, need to be full of enthusiasm, independently take on challenges, and have a positive mindset. The key word here is "persistence." With a positive mindset and will to never give up, we are determined to continue contributing to society going forward, remaining a leader in vibration and power control while working to preserve our natural environment.

Review of FY2023

Under the slogan of "Mastering quality management," we are raising the quality of our products and services to earn the trust of our stakeholders and bring them joy.

FY2023 was the first year of our 2023 medium-term management plan (the 2023 mid-term plan), which has the slogan of "Mastering quality management—all members participate in TQM initiatives." We are conducting TQM initiatives with the participation of all employees, simultaneously raising the quality of work while strengthening our management base to improve the quality of our human resources, information, and product services. Specific initiatives in this first year include not only policy management that evaluates the degree of achievement of targets, but also promoting initiatives such as quantifying process targets and evaluating the degree of achievement, raising the level of policy management. In the second year of 2024, we will advance activities to further improve quality through practical education.

Turning toward the management environment, the restrictions on economic activities caused by the COVID-19 pandemic have been largely lifted, and we are seeing signs of an economic recovery. However, the global economy is showing signs of an economic slowdown caused by monetary tightening in various countries in the face of unstable world affairs, sharp rises in energy prices, and accelerating inflation due to heightened geopolitical risks, particularly in the Middle East region. In the KAYABA Group's business environment, we are seeing an improvement in demand related to automobiles. However, construction machinery is seeing a major deceleration in demand particularly in the China market and the impact of worsening productivity in the United States, Central America, and Europe, making the management environment more severe than in the previous year.

Amidst this environment, sales increased 3%, due to reflecting price increases in selling prices and the effect of yen depreciation in exchange rates. However, segment profits decreased due to cost increases triggered by the deterioration of productivity in the United States, a decline in sales of aftermarket products, and the

impact of reduced sales of products for construction machinery caused by sluggish markets in China and Europe.

The Mission We Must Accomplish

"Making people's lives safe and comfortable" Offering products and technology to achieve that goal and pave the road to an affluent society

The KAYABA Group conducts initiatives aimed at resolving environmental and social issues, and promotes business activities to provide technology and products that contribute to the achievement of a sustainable society. With our Corporate Spirit of "offering products and technology that make people's lives safe and comfortable, and contributing to society" as our root value, we have passed down our founder's spirit of originality. Now, we will return to this value from the past and move forward from there to create a vision of an abundant future.

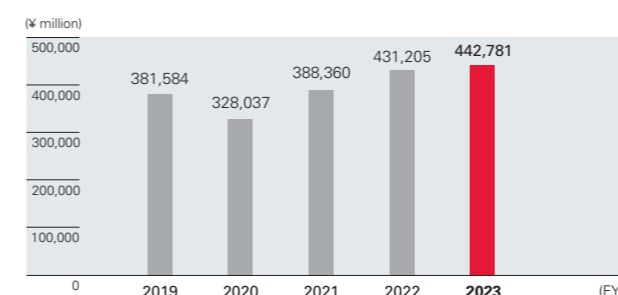
In order to accomplish this mission, it is critical that we create an environment in which our employees can take on challenges without fear of failing and thoroughly display their unique abilities. At the KAYABA Group, we refer to our human resources as "human assets" based on the concept that "people are what make the organization, and they are valuable assets to the organization." To contribute to the creation of an affluent future through our human assets, who are of great value to the organization and who carry on a spirit of originality while incessantly taking on challenges—this is the mission of the KAYABA Group.

Toward our 90th Anniversary and the Next 100 Years

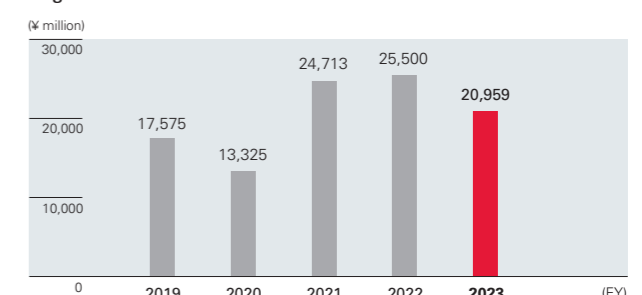
KYB'S DNA inherited from our Founder Bringing the "Spirit of Freedom and Originality" into the Next 100 Years

October 1, 2023, the Company changed its Japanese official name to KAYABA. The passionate imagination of founder Shiro Kayaba has been passed on from

Net Sales



Segment Profit



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

Message from the CEO

generation to generation, leading to the growth of today's KYB.

"In a world that is always seeking the new, everything currently in use is a thing of the past that is still in development. Nothing is completely perfect. It is inherently human to engage in a constant search for a higher level of completion, and that drive is what underlies the development of companies as well as our society."

These words left behind by our founder deliver us a passionate message to continue in our quest.

What brings better products with high reliability supported by technological prowess into existence is an accumulation of the abilities of all our employees in all workplaces. The phrase we use to describe that is "Power of a workplace full of enthusiasm." The KAYABA Group consists of more than 13,000 employees active in 23 countries. That diversity plays an important role in innovation aimed at reaching an affluent future. The source of the KAYABA Group's growth is the free and original ideas generated by our diverse workforce. As the current generation of KYB members, we are tasked with bringing our founder's DNA into the future. As we move toward the milestone of our 90th anniversary on March 10, 2025, toward our 100th anniversary and then into the next 100 years, I hope to continue having dialogues about which challenges we should take on in order to be a corporate group in which our companies and employees grow together.

Make the Tomorrow of Your Dreams

Offering environmentally friendly products featuring electrification technology

The markets where we offer our products require more environmental compatibility than ever before, such as for decarbonization, and full use of electrification technology.

In March of 2023, KYB and its U.S. subsidiary jointly exhibited at CONEXPO 2023, one of the world's three major construction trade shows. Held in Las Vegas, the KYB booth targeted the event as an opportunity to promote sales in North America, as construction market

is likely to be greatly affected by a decrease in the number of workers in the future. In addition to excavator products, products for North America's unique market of compact track loaders and the new product of a hoist cylinder for mining dump trucks were exhibited for the first time. Their size caught the attention of many attendees. And in electrified / digitized products, we exhibited our mini motion package (MMP) and oil leak detection sensors, proudly displaying our wide-ranging product lineup and initiatives.

We learned a great deal about other companies' initiatives and information on trends, and we will use that knowledge in our product development going forward.

KYB's Quest for the "Ultimate Ride Comfort"

We exhibited at the Japan Mobility Show 2023, held for the first time in four years from October 25 to November 5, 2023. The concept for our exhibit was KAYABA No Asobiba (KYB's place to play), and "Make the Tomorrow of Your Dreams" was the catchphrase for our contributions to the mobility society of the future from our origins in hydraulics technology. To introduce both our core and cutting-edge technology, the exhibit offered visitors an experience with a wheelchair equipped with shock absorbers, a hands-on shock absorber assembly experience, and also featured shock absorbers that they could connect to through a smart-phone. These exhibits gave the over 4,000 visitors who came to the KYB booth an opportunity to learn while having fun.



An operations demonstration of our campervan, which is equipped with fully active suspensions, showed how we will contribute to the future mobility society with KYB's technology. It's possible to control even a massive, 3.5-ton vehicle frame with a combination of hydraulics and electronic controls. We took a survey with our visitors, and found that 98% of them answered that they "understood clearly" and "wanted to learn more" about KYB's initiatives. KYB is aiming for a future in which we offer not only safety and comfort for all drivers and passengers, but also a fun mobility experience.

To Our Stakeholders

Aiming for further growth and higher corporate value

To all our shareholders and investors, we sincerely thank you for your understanding and support of KYB. Also, to all who sell and purchase our products, and the business partners who carry our components and materials, thank you for our ongoing support. I'd like to use this opportunity to show our gratitude for your warm support.

In FY2023, the first year of the 2023 mid-term plan, we promoted TQM initiatives, seeking to win higher levels of trust and satisfaction from all of our stakeholders. In FY2024, with TQM initiatives reaching their second year, we will build an environment in which employees can actively take on challenges, further strengthen our management base, and aim at further growth and higher corporate value together as a united KAYABA Group.

To spread joy, we are determined to evolve as a company with which our customers and business partners feel happy to engage in *monozukuri*, in which our employees can feel a sense of pride that they share with their families, and that can respond to the expectations and trust of our shareholders and investors.

In these endeavors, we ask for your continued support.



The Year at the KAYABA Group


2023

- May**
 - Shiro Kayaba Awards
 - Financial Results Briefing
 - KYB first: Received Technology Award from the Japanese society of Tribologists "Evaluation technology for friction characteristics in automotive shock absorbers"
- June**
 - Annual Shareholders' Meeting
 - A vehicle equipped with a KYB-made sports EPS wins the championship at the 24 Hours of Le Mans race
 - Participated in Kanagawa Science Summer 2023
- July**
 - Purchasing Policy Briefing
 - Exhibited mobile home (TOKYO Camper Car Show 2023)
 - Development of vane pumps for AT (20% reduction in lost torque)
 - Declaration of UK Modern Slavery Act announced
- August**
 - Received "Eruboshi" certification from the Minister of Health, Labour and Welfare
 - Smart Road Monitoring selected at the Open Innovation Program of Sagami City, Kanagawa Prefecture
- September**
 - Announced the world's first environmentally friendly hydraulic oil, SustainaLub®
- October**
 - Exhibited at the Japan Mobility Show 2023
 - Started introduction of OBP pallets
- November**
 - Financial Results Briefing
 - Companywide Small Group Activity Meeting & Presentation (Production Departments)
- December**
 - Companywide Technology Presentation
 - Development of oil condition analysis system for hydraulic equipment

2024


- January**
 - Exhibited at Tokyo Auto Salon
 - Development of oil leak detection sensors for hydraulic cylinders used in construction machinery
 - Practical use of AI in development of shock absorber component
 - Support for the earthquake-stricken area of the Noto Peninsula
- February**
 - Companywide Small Group Activity Meeting & Presentation (Administration, Sales, and Management Departments)
 - Participation in leading JN1 class 2024 series decided (KAYABA rally team)
- March**
 - Certified as Health and Productivity Management Organization 2024
 - "Multi-stakeholder policy" determined
 - Endorsed Keidanren Initiative for Biodiversity Conservation
 - Conducted sustainable finance

*Ocean Bound Plastic (OBP): Collect and recycle plastic waste disposed of on land within 50 km of a coast.



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. It is a symbol of our desire to constantly change (rotate) and give birth to something new and original. We started using it as our company emblem again in 2022, the year in which we changed the Company's common name to "KAYABA" in Japan.



Message from the CFO

KYB is seeking sustained growth and increases to our mid- to long-term corporate value by striving for quality management conscious of capital costs.



Takashi Saito
Member of the Board of Directors, Executive Vice President
Executive Officer Chief Financial Officer (CFO)

Financial Targets for the Achievement of the 2023 Mid-term Plan

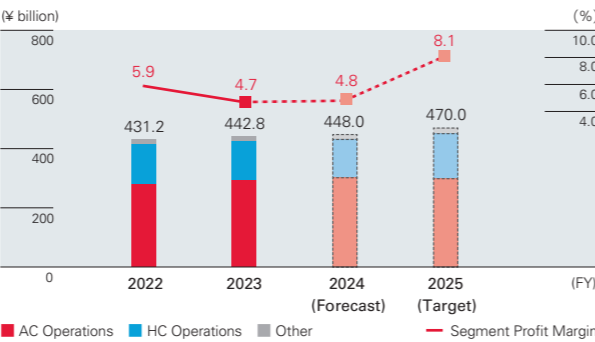
KYB is working to raise the overall quality of the Group and increase corporate value through executing five basic policies that we set forth in the 2023 medium-term management plan (the 2023 mid-term plan). We have set our financial targets as ROE of 12% and a dividend payout ratio of 30%. These targets will promote action to achieve a management conscious of capital costs and stock prices while promoting quality management. We will move forward with initiatives aimed at achieving our targets for sales of ¥470 billion and for the segment profit ratio of 8.1%.

	FY2023	FY2025 target
Net sales	¥442.8 billion	¥470.0 billion
Segment profit	¥21.0 billion	¥38.0 billion
Segment profit ratio	4.7%	8.1%
Equity ratio	45.6%	45.0% or more
Payout ratio	33.9%	30.0% or more
ROE	7.9%	12.0% or more

The Five Basic Policies

▶ Growth strategy	Development and launch of electrification products New customers / new market entry, create new business
▶ Innovative monozukuri	Innovative manufacturing initiative (Ship'30* p.14): 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

Net Sales and Segment Profit Ratio

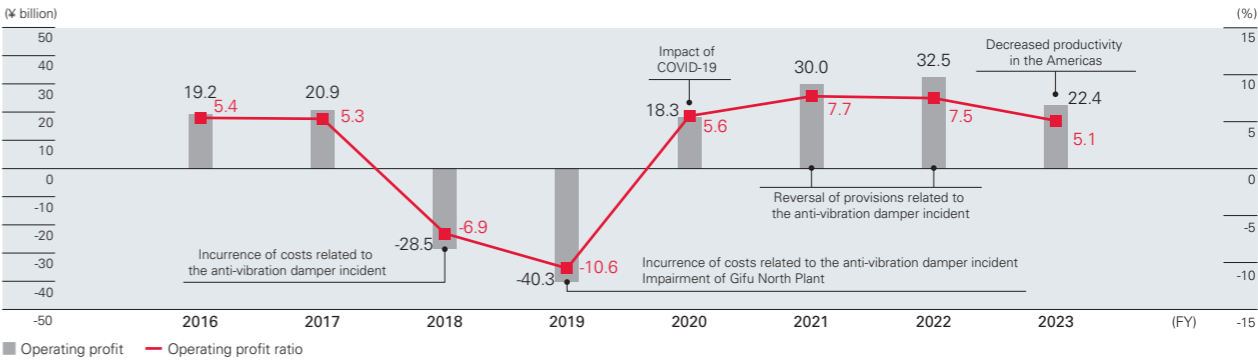


Analysis of the Present Situation and Issues for KYB

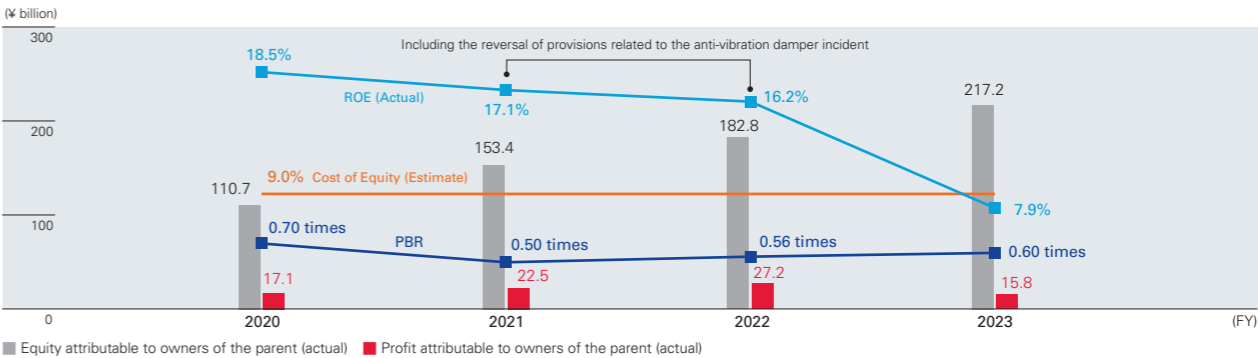
The Tokyo Stock Exchange has called for actions to achieve management that is conscious of capital costs and stock prices. Recently, KYB's price book-value ratio (PBR) has remained below 1.0 times, stalled at 0.6 as of the end of March 2024. The PBR has fallen to a sub-standard level due to large fluctuations in performance. Following the appropriation of a large amount of funds in connection with the detection of non-conforming acts associated with vibration control dampers in 2018, there were factors that had major impacts on the external environment, such as the COVID-19 pandemic and semiconductor shortage, and performance has not recovered as hoped. We made compliance the center of management in order to regain trust, and our business performance has steadily recovered through persistent

improvements. However, FY2023 has seen sudden changes in the market and a worsening of productivity at our U.S. plant, causing our performance to decline. Also, we estimate shareholder's equity cost to be at 9.0%, and the latest ROE at 7.9%, meaning our current equity spread falls into the negative. To stably product profits based on this analysis of the current situation, the governance of group companies, stabilization of quality and productivity, and the improvement of price competitiveness are the issues we must be aware of and address. Also, to achieve sustained growth and increases to our mid- to long-term corporate value, I believe it is necessary to improve our ROE and reduce our shareholder's equity cost.

IFRS Operating Profit / Ratio



ROE and Cost of Equity



Our Next Initiative: Raising the PBR

With "Mastering quality management" to resolve issues at the foundation of all of our initiatives, we are progressing with initiatives to improve corporate value and that show awareness of capital costs. PBR consists of ROE and PER, which means improving ROE and PER will lead to an improvement of PBR. First, as an initiative to raise ROE, we will aim to raise our profit ratio and improve asset turnover. To raise our profit ratio, we will revise our business portfolio by withdrawing from unprofitable businesses. In particular,

we will withdraw from the unprofitable aircraft business, focus our management resources on AC Operations, HC Operations, and Special-purpose Vehicles, thereby raising our earnings capacity. Also, amidst the advance of electrification centered on EV automobiles, we will continue to develop and introduce new products that are compatible with electrification as an investment in this growth area. We have already started to see results appear, such as the Volkswagen Group adopting KYB's electronically controlled shock absorbers. We are also

Message from the CFO

working on steady cost price reductions, the minimization of loss, and appropriate reflection of inflation costs.

In our initiatives to improve asset turnover, we have announced that we will sell off over ¥25 billion of our cross-shareholdings (including deemed holdings) by the end of March 2026, with the market value as of the end of November 2023 as the benchmark. We are moving quickly to achieve this plan. Also, we will use the obtained funds as returns for growth investments and shareholder returns as we strive to raise corporate value. Furthermore, we are planning to reduce production lead time and reduce inventory.

Next, let's turn to our initiatives to raise our PER, where we are endeavoring to strengthen governance through promoting quality management and ESG management. The foundation for ensuring stable earnings and growth is quality, and in order to maintain and improve it, we will promote the Group-wide initiative of

Total Quality Management (TQM) as the starting point for all activities.

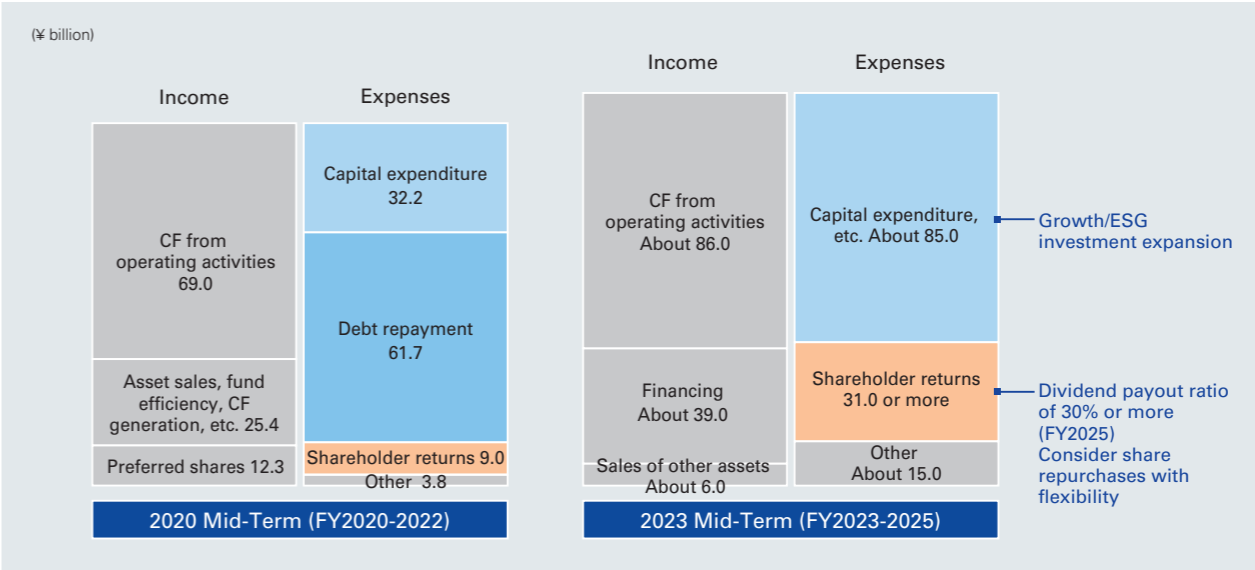
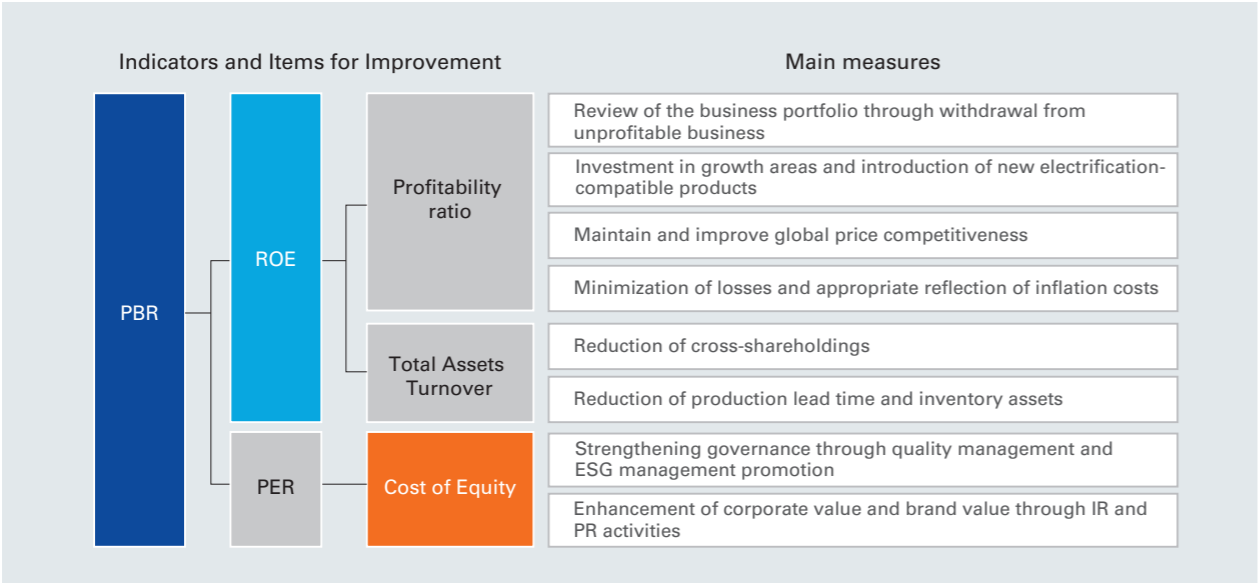
Also, we are advancing initiatives for carbon neutrality and reducing CO₂ emissions volume by 50% on an FY2018 basis by FY2030, as well as promoting health management that respects human rights. These in combination will strengthen governance, and we will conduct management so that unforeseen incidents do not occur. In our IR activities, we have restarted the individual investor briefing that was suspended since the detection of the non-conforming acts related to vibration control dampers, and actively promoting dialogues with institutional investors and analysts. This has reduced information asymmetry, and we are working to expand our equity spread. We are actively conducting public relations, such as exhibiting at the Japan Mobility Show, rally race participation, and unveiling our campervan.

Cash Allocation

At the start of the 2020 mid-term plan (April 1, 2020), KYB had many borrowings in order to respond to the non-conforming acts related to vibration control dampers, and the capital adequacy ratio was 18.1%. Aiming for a sound financial constitution, we strived to improve it by allotting our generated cash primarily toward repaying loans. As a result, at the end of the 2020 mid-term plan (March 31, 2023), the capital adequacy ratio was recovered to 40.9%.

In the 2023 mid-term plan, we will allot the cash that we generated on the base of the sound financial constitution through improvements in the 2020 mid-term plan to capital investments and shareholder returns. For capital investments, we will raise investment efficiency through closely investigating a potential investment, and in addition to controlling with discipline at a

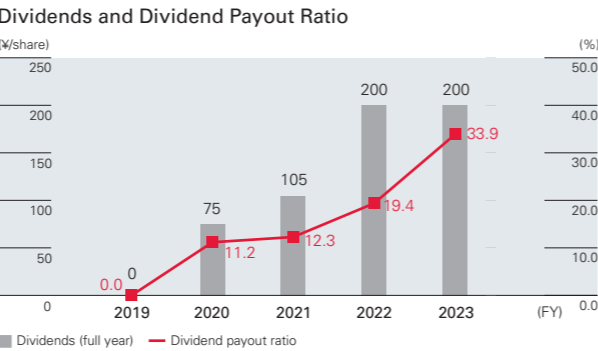
standard equal to the depreciation cost, allocate funds toward growth investments, such as those related to electrification and advancement into the Indian market, where growth is forecast. Also, as a result of shoring up the soundness of our financial constitution in the 2020 mid-term plan, we were able to properly offer returns to shareholders. In the 2023 mid-term plan, we will offer returns to shareholders through a dividend payout ratio of 30% or higher and flexible capital stock acquisition.



Shareholder returns

KYB is raising corporate value through initiatives to strengthen long-term, stable returns to shareholders. Specifically, we are planning strengthen returns with a dividend payout ratio of 30% or higher through flexible acquisition and retirement of capital stock. Looking at the past, there was a great amount of funds allocated in connection with the non-conforming acts related to vibration control dampers detected in FY2018, so no dividends were paid in FY2019. After that, we engaged in quality management, and fully returned to offering dividends, with the FY2023 returns at ¥200 per share (dividend payout ratio of 33.9%). Also, regarding the acquisition of capital stock, we are considering the scale of acquisitions using a comparison of our targeted capital structure and theoretical stock prices based on our long-term business plan. In FY2023, we acquired and retired 514,000 shares (¥2,500 million) of capital stock.

Regarding shareholder returns, we are placing greater importance on them as part of our plan to raise corporate value, and proactively conducting related initiatives while taking into consideration performance and financial affairs.



In Conclusion

Across the past several years, we have carried out our response to the non-conforming acts related to vibration control dampers, and faced external issues such as the COVID-19 pandemic, the semiconductor shortage, and the global rise in the prices of resources. The environment has been severe, but we have recovered our capital adequacy at a pace exceeding our plan on the base of our core businesses' earning power. Going forward, we plan work on achieving a balance for capital efficiency while maintaining a sound financial base, and raise corporate value by promoting a financial strategy that actively supports future growth.



Manufacturing Craftsmanship Rooted in Technology

We have established a technological development system and evolved our production technology in order for KAYABA Group to achieve the ultimate in ride comfort in any day and age.



Technology Development

Technology Development System

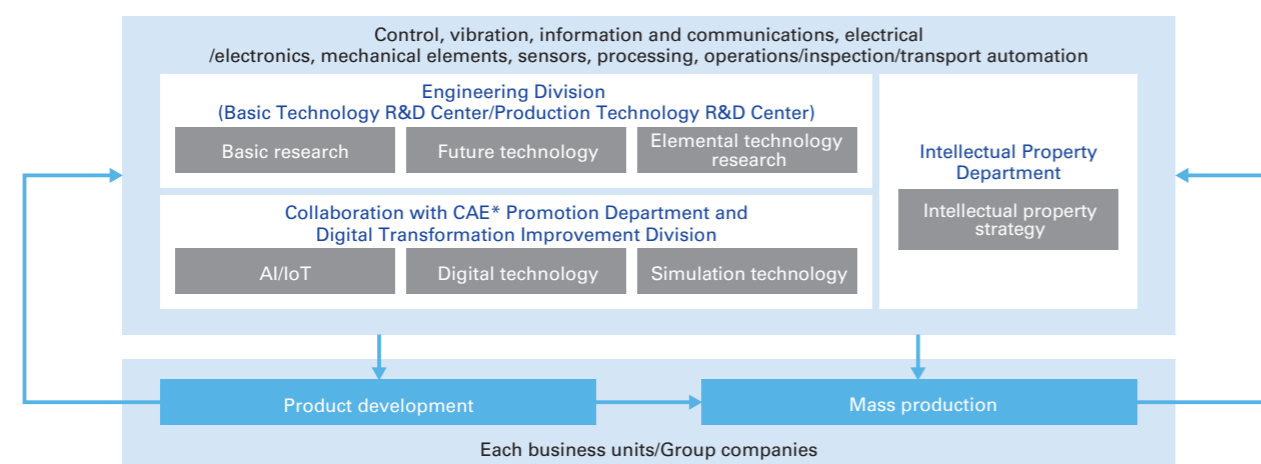
We use digital and simulation technology to conduct research related to future technology and underlying technology at our Basic Technology R&D Center and Production Technology R&D Center. We then conduct a process of using those research results in product development at our business units and Group companies, as well as for mass production. We are building a system that will lead to increased corporate value, such as by generating inventions using intellectual property strategies, in addition to accumulating and upgrading our groupwide technology.

In research and development, we examine and analyze long-term environmental changes and the associated shifts in societal and customer needs, developing a roadmap for our long-term strategy to

achieve ideal future technologies. For example, in basic research, we are advancing the development of electronic control devices and electrification-compatible equipment, as well as systems that integrate these technologies, based on the roadmap for electrification and autonomous driving.

We are working to upgrade and optimize product design with data analysis using AI. Also, in addition to the development and deployment of advanced detection technology such as using AI-driven image processing for appearance tests and processing defect detection, we are striving to create a system of effective operation management at our plants and to train our human resources. Through these initiatives, we plan to raise productivity and quality.

KYB's technology development process



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

Production Technology

Innovation in Production Processes and Equipment Management

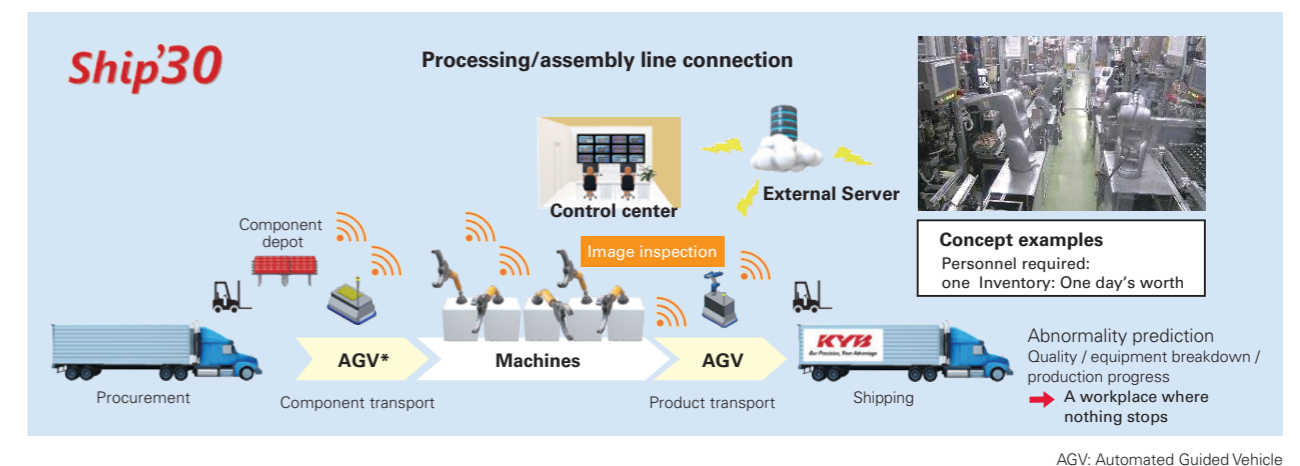
Environmental 3 Governance 4

KYB is working on our Ship'30 project, aimed at achieving the next generation of *monozukuri*. We are striving to create an unmanned plant driven by digital technology. Our concept focuses on achieving continuous, integrated production from machining to assembly, ensuring a seamless flow of items throughout the plant. Through this revolutionary production process, we aim to minimize transport, inventory, and operational tasks.

We are also reforming equipment management by automating human tasks through the use of inspection AI and collaborative robots. At the same time, we are building a next-generation Total Product Maintenance

(TPM) system capable of managing this advanced equipment. In addition, we recognize that this transformation requires upgrading the skills of people who can operate the latest, most advanced machines, and we emphasize the importance of basic machine operation training for every employee.

From FY2023 onward, we will focus our efforts on exploring the KYB Production System based on digital technology, defining our 2030 vision for the development of each business unit and plant, and advancing technology development and production line construction to meet future challenges.



Innovating Processes that Generate Future Value

KYB is automating daily control and operational processes, seeking to shift to processes that will generate future value. Centered on our Digital Transformation Improvement Div., we are promoting DX in our indirect departments through the following three steps.

Also, we are working on facilitating faster information transfer and its more widespread use by means of our in-house portal.

To achieve these, we are also working on preparing an environment in which we can use a safe, low-cost cloud that makes rapid responses possible.

Through these initiatives, we balance customer trust and satisfaction with employee motivation and job satisfaction at a high level, contributing to continuous growth.

- Step 1 Digitization**
Moving from physical (manpower, labor) to digital
- Step 2 Digitalization**
Innovative operations using digitalization and data
- Step 3 DX**
Moving toward future projects based on data and activities that generate value



A manufacturing company based on technological expertise

Seeking Digital Human Assets

In our human assets training, we aim to train “digital human assets that have both the technical skills to use digital technology and business transformation skills.” Centered on our Digital Transformation Improvement Div., we have an in-house education curriculum in place

that covers content ranging 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.

Quality Management

At the KAYABA Group, “quality management” means striving to improve the quality of all our business processes in order to provide reliable products and services that satisfy our customers. Quality education for all employees serves as the foundation, and since the previous fiscal year we have been implementing quality awareness reforms to ensure a customer-focused approach to *monozukuri* in every business process. We understand that it is essential to achieve continuous daily improvement by embedding a quality management mindset in 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 measures and improvements, creating a cyclical process.

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.

Therefore, it is important to create an open workplace in which our employees know they can ask for consultations at any time and for any reason. We will master quality management while working to improve daily communication, and thereby put our Corporate Spirit into practice.

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

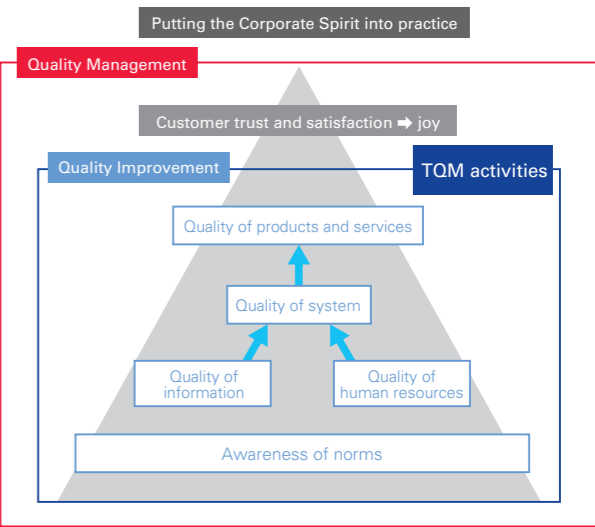
Quality Management Diagram



TQM Initiatives in which All Employees Participate

In the 2023 mid-term, we are promoting initiatives to raise the quality of products and services by raising the quality of human resources, information, and work based on the business management method of TQM initiatives.

As an initiative aimed at changing the make-up of the KAYABA Group, learning is acquired through basic TQM education for all employees, covering topics such as how to view and think about PDCA cycles and matters of quality control. We review operations with three initiatives (policy management, daily management, and the Small Group Improvement Activity), and work to make improvements. By improving the quality of our work through these three initiatives, we will strengthen the foundation of our quality management.



Quality Assurance System

Governance 3 4

We have set up and operate a quality assurance system that is based on the ISO9001 standard, which emphasizes the quality of work processes along with the quality of products and services, and we work daily to improve these aspects. At KYB, we incorporate the process guarantee concept, and conduct three-stage evaluations—which involves evaluations from advanced development of products to the launch of mass production in three steps—on a product-by-product basis. In order to respond to the quality required from customers and the market, we carry out initiatives to raise our technological capacities to pursue high-quality products and achieve our target costs. Also, we hold meetings for each step of the evaluations, in which experts who

specialize in the targeted product participate. We apply a great deal of knowledge gained from examples of past defects and abundant experience in discussions on evaluation items and contents.

Also, we are working to maintain quality globally. At our overseas production locations, we conduct quality improvement measures based on the leadership of location managers and plant general managers, and make effective use of three-stage evaluations along with our efforts to reduce defects. Furthermore, we follow this system when transferring individual products in small quantities and production locations, ensuring quality in our mass-produced products.

Step	Details	Goal of the Three Steps
Prior and model development	DR*0 evaluation meeting	Development quality
Order development	DR1 evaluation meeting	Quality of production start
Mass-production development and production preparations	Quality Safety Audit	Mass-production quality
Mass production Initial flow management	DR2 evaluation meeting	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: Design Review

A manufacturing company based on technological expertise

Environmental 1 6 Social 1

Intellectual Property Strategies

At the KAYABA Group, the research and development divisions work in close cooperation with the intellectual property divisions to actively create intellectual property, including holding regular Intellectual Property Strategy Meetings. We conduct intellectual property activities with the aim of achieving business growth and increasing corporate value by appropriately protecting and leveraging our in-house products and technologies.

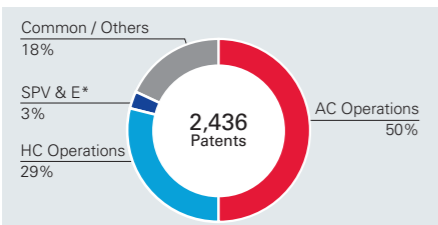
The results of research and development themes are thoroughly reviewed to ensure that no potential inventions are overlooked. As a result of actively applying for patents and securing rights, we hold the highest number of patents worldwide for protecting our core products, such as shock absorbers and hydraulic cylinders. In product development, we create inventions using a framework that provides a competitive edge, and we are advancing efforts to build a patent portfolio aligned with our development strategy. Additionally, to

help solve societal challenges and generate new value for future growth, we are engaging in IP landscape* initiatives from the planning stage, leveraging intellectual property information to enhance corporate value. In recent years, we have been conducting an intellectual property mix strategy for our SustainaLub® environmentally friendly oil, obtaining not only a patent but also a trademark, strengthening our competitive power.

Further, we are working to protect and increase the value of our brand. 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, protecting and raising the value of the KYB brand.

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

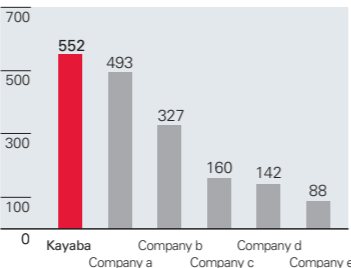
Patent Portfolio
(As of March 31, 2024)



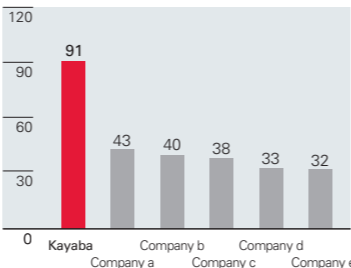
*SPV / E: Special-purpose vehicles, electronic components

Number of related patents retained
(current as of 15, 2024, based on our company's information)

Shock Absorber



Hydraulic Cylinder



COLUMN

SustainaLub® Intellectual Property Mix Strategy

We announced the world's first environmentally friendly hydraulic oil in September 2023. This "circular use" product achieves both carbon neutrality and can be recycled, making it a truly environmentally friendly hydraulic fluid that will contribute to the creation of a sustainable mobility society.

Seeking to protect KYB's technological innovations and brand value, we filled 14 patents and a trademark for SustainaLub® in Japan and overseas. Regarding the name "SustainaLub®," is it a portmanteau of "sustainable" and "lubricant." We are aiming to apply it not only to shock absorbers, but to all of KYB's products, such as dampers for railway use and hydraulic devices for construction and industrial machinery. We will continue filing patent applications going forward, strengthening our competitiveness by maximizing the use of our intellectual property.

The logo of environmentally friendly hydraulic oil SustainaLub®

SustainaLub
サステナルゴ

(Trademark registration No. 6804294, trademark registration No. 6804295)

COLUMN

KAYABA Rally Team (KRT) takes on the challenge Strategy

In 2023, we launched a rally team of KYB employees. In addition to increasing their understanding of mother machines, we are aiming to train human resources that are always ready for a new challenge and build teamwork through their rally participation.

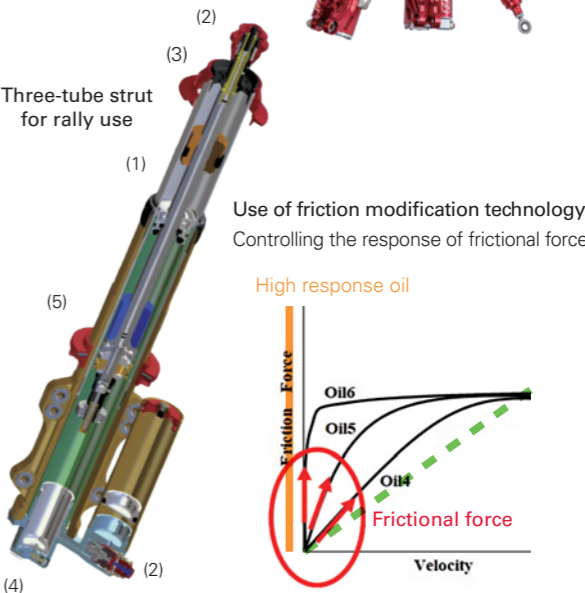
In 2024, the team consists entirely of KYB employees, including the driver and co-driver, and they took on the JN1 class, the highest class in the JRCA Japanese Rally Championship. The initiative is raising the motivation of all involved as they continue competing in each race and overcoming various challenges. We are also building the development capabilities to create the next generation of products through this rally initiative. Gaining a thorough understanding of the structure of automobiles through disassembling, reassembling, and repairing the car will lead to the development of the optimum suspension.

Heading into the JRCA Japanese Rally Championship, the team is making use of the experience they gained in the World Rallycross Championship (WRX) of the Fédération Internationale de l'Automobile (FIA) to

develop an exclusive-use suspension. Furthermore, we are developing an evolution of KYB's proprietary damper use environmentally friendly hydraulic oil SustainaLub® for motorsports use, and offering it to all contracted teams outside of KYB.



Development of SustainaLub® with leading racers in motorsports and rally racing



Development item	Durability, function, performance
(1) Three-tube construction (Three-tube strut)	Achieves high damping force performance similar to a single-tube shock absorber structure while ensuring high durability, rigidity, and long stroke.
(2) Optimization of damping force adjustment mechanism	Development of a new valve that makes possible damping force adjustments through a hydraulic circuit that is completely independent of extension → Vehicle compatibility improvement
(3) Vehicle vertical load response mechanism	Newly developed mechanism that responds to the vertical load through the suspension and adjusts the suspension stroke → Improves road grip and handling on bad road conditions
(4) Hydro bump stopper (HBS) / Adjustable oil pressure stop mechanism	High damping force valve and pressure regulation technology that activate upon full bump (position-dependent) → Improves handling on bad road conditions
(5) SustainaLub® (KYB's environmentally friendly hydraulic oil)	Development of friction response adjusting technology through the creation of KYB's proprietary carbon neutral hydraulic oil → Improves traction performance

Products that Connect to the Future

In the development of technology and products, we have used a forecast-based product roadmap to meet customer needs in a timely manner by supplying ever-better products to the market. Now, it has become necessary to respond to changes in the social environment, such as calls for carbon neutrality and SDG compliance. We have begun developing our technology roadmaps by envisioning our desired future state and backcasting from that vision to determine what we should be doing now to develop new technologies and products, as well as generate new business.

In our AC Operations, we aim to increase sales by expanding our lineup of high-performance, high-value-added semi-active suspension systems, focusing on steer-by-wire technology, which is key to autonomous driving. We are also developing electric pumps for cooling and lubricating e-Axle* components—which package the motor, gears, and inverters needed to operate EVs—as well as a height control system for motorcycles. For future prospects, we are committed to developing technologies that will make all travel

comfortable, such as fully active suspensions and coordinated control of steering and suspension, delivering the ultimate in ride comfort and safety to all passengers.

In HC Operations, we will expand and improve the energy-saving performance of our lineup of pumps, valves, cylinders, and motors while conducting development aimed at raising our competitiveness, such as by reducing costs. In addition, we are developing new value-added products, including electronic control valves, energy-efficient systems, sensing technology, and electrically powered units to meet emerging needs for mother machines, such as automation, remote control, condition monitoring, and electrification. We are also taking on the challenge of selling experiences, exemplified by our oil diagnosis system. Furthermore, we utilize and promote IP landscapes in these sales strategies and in the creation of new value.

* e-Axle: A unit that integrates the travel motor, inverter, and transaxle (speed reduction mechanism).

Products that Contribute to Protecting the Environment

Environmentally Friendly Next Generation Hydraulic Oil

We developed our environmentally friendly hydraulic oil SustainaLub® by using naturally derived raw materials for a portion of the hydraulic oil inside a shock absorber. It allows for the absorption of CO₂ during the production process and makes the fluid biodegradable, so it can return to nature in the event of a leak. Also, it appeals to customers because it can be recovered/recycled after shock absorber disposal. From the viewpoint of life cycle assessment, we aimed to reduce environmental burdens and CO₂ emissions.

For hydraulic oil that is yet under development, we are checking its performance and reliability under harsh

racing conditions. The KAYABA Rally Team started using it in 2023, and continues to do so in the current season.



Environmentally Friendly Concrete Mixer Truck e-Mixer

e-Mixer is an electronically controlled concrete mixer truck that was created in 2004. It is environmentally friendly and achieves low noise and low fuel consumption by controlling the engine speed of a mixer while it is in operation. The most recent model is the e-Mixer III, which is equipped with a new electronic control unit. It also features a touch panel monitor near the driver's seat which makes it easy to understand the truck's operating status, history, and maintenance information. This mixer truck excels in functionality, operability, and convenience.

We have received comments from users such as, "Noise in particular presents a problem for us when

we're working with laying concrete on sites in residential areas, so our workers are really happy that the e-Mixer addresses that issue."

Also, we provide a disassembly manual in order to help with the recycling of concrete mixer trucks when they are decommissioned, and a New Environmental Standard Conformity Label is displayed on the mixer trucks, indicating that they conform with the environmental standards of the Japan Auto-Body Industries Association.

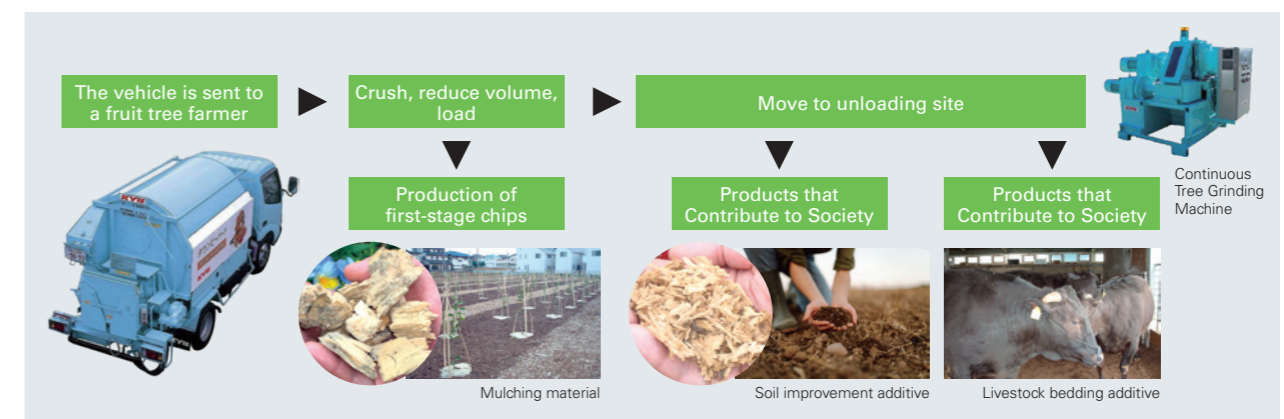


Pruned Tree Shredder Trucks

Our pruned tree shredder trucks can transport enough pruned branches to fill four two-ton dump trucks in a single vehicle by pulverizing and reducing the volume of the branches onsite. It greatly improves transport efficiency, and recycles pruned branches on a low budget. Also, running costs can be reduced by adjusting the axle space when the blades become worn down, making them easy to sharpen. An optional second cutter on a low-speed two-axle mill untangles branches as it pulverizes them, producing chips that are perfect for composting. It is at use in areas adjacent to residential areas and orchards, and being sent to parks to

process pruned branches. The first-stage chips are used as mulching materials, and the second-stage chips are recycled as subsidiary materials for soil improvement and livestock flooring. Going forward, we anticipate that the vehicle's use will expand to include the processing and practical use of underused timber from forest thinning in mountain forests.

We also offer grinders that can perform first-stage crushing and second-stage pulverization in one vehicle, and compact, space-saving grinders that can be loaded onto a two-ton truck.



Products that Contribute to Society

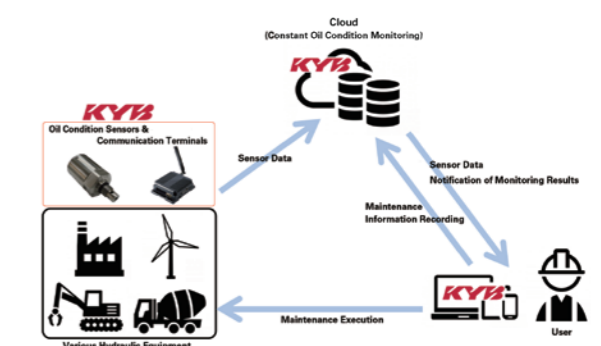
Smart Road Monitoring

We are expanding the provision of our Smart Road Monitoring service to support the efforts of local administrations in more effective road management and to maintain a comfortable road environment, while also applying sensing technology and AI in the development of steering and suspension systems.



Oil condition diagnosis / oil leak detection system

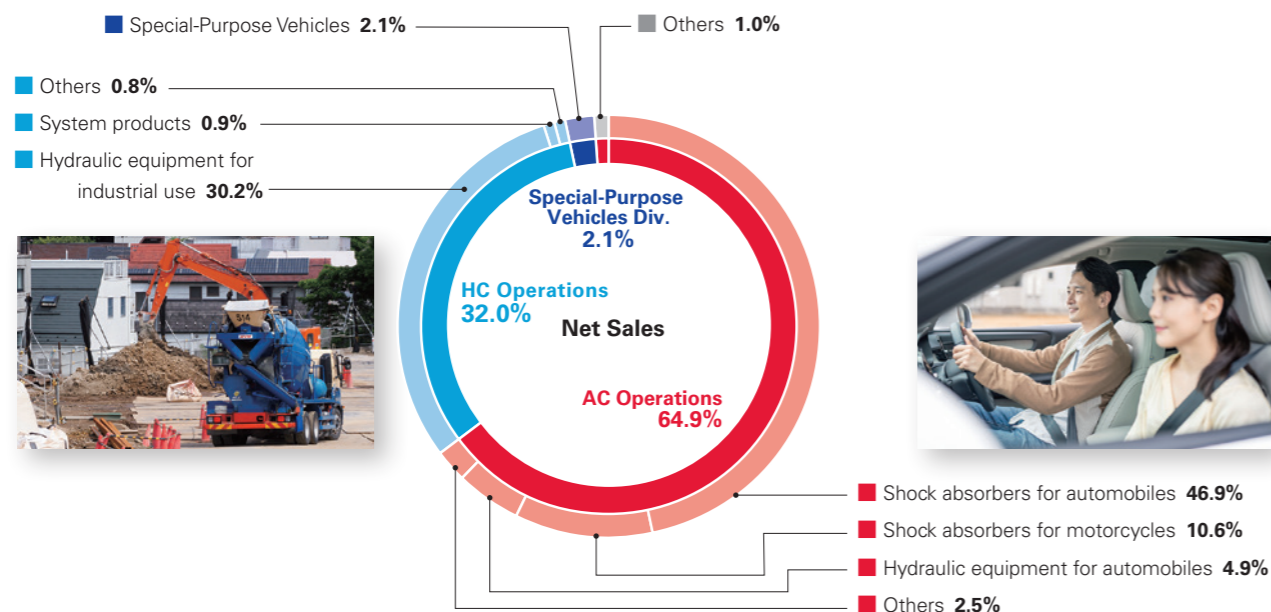
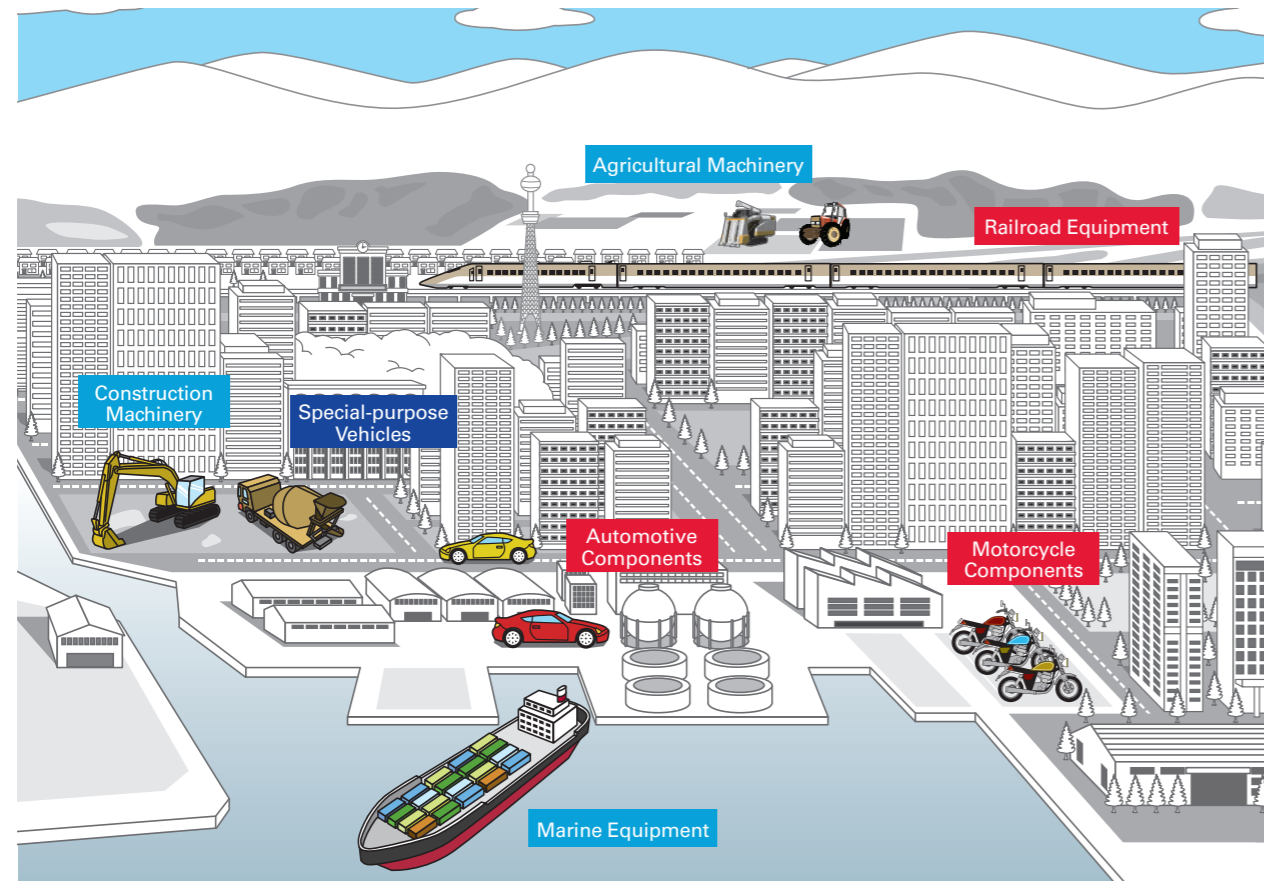
We offer a service that monitors the condition of hydraulic oil and detects leaks in cylinders used in hydraulic systems for construction machinery, public infrastructure, plant equipment, and other applications. The system predicts potential breakdowns of hydraulic equipment or the depletion of consumable goods and issues warnings. By preventing unexpected equipment failures and minimizing losses related to part replacements, the system helps improve the efficiency of maintenance work and reduce the amount of waste oil.



Three Mainstay Business Units

Environmental 1 Social 1

Carrying on our founder's DNA of pursuing originality, we support modern lifestyles with various products rooted in our technological capabilities. Automotive Components (AC) Operations supports the means of transportation we use every day, while Hydraulic Components (HC) Operations and the Special-Purpose Vehicles Division support infrastructure for modern living. We concentrate our management resources on these three business units and will continue to create value by providing products that are indispensable to people's lives.



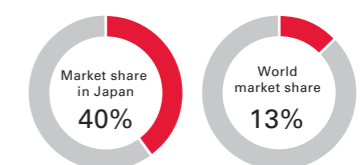
AC Operations



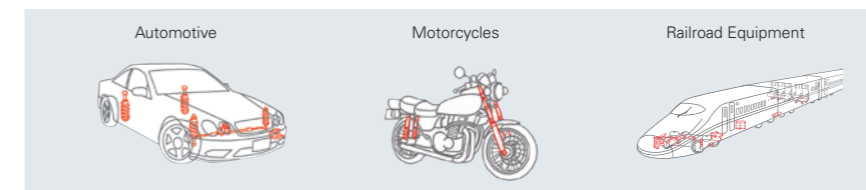
With vibration control technology at the core, this business unit develops and offers a wide range of products primarily for automobiles, motorcycles, and railway cars. AC Operations' products are at use in many situations where comfort, safety and maneuverability are required, from secure, comfortable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

■ Market Share
Source: KYB data (As of March 31, 2024)

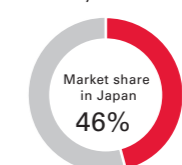
Automobiles Shock Absorbers



■ Main machines that use KYB products



Motorcycle Front Forks



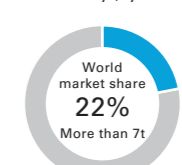
HC Operations



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: KYB data (As of March 31, 2024)

Hydraulic cylinders for construction machinery (by excavator machine mass)



■ Main machines that use KYB products

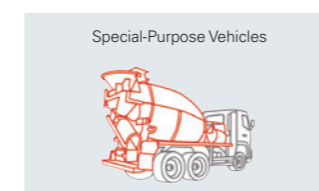


Special-Purpose Vehicles Div.



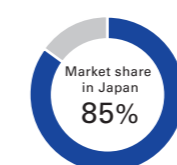
This business unit develops and manufactures specially equipped vehicles, mainly the concrete mixer trucks for which it enjoys the top domestic share. The products have a lineup that ranges from small to large sizes, and they increase work efficiency on construction sites with high kneading, discharge,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

■ Main machines that use KYB products



■ Market Share
Source: KYB data (As of March 31, 2024)

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: KYB 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.

AC Operations



Continuing to leverage our extensive expertise, we harmonize environmental protection with the exhilaration of motorsports, striving to excel as specialists in the field

Our strengths lie in being able to conduct independent development as an independent manufacturer with close customer connections, our global development system, and the synergy created through accumulated know-how, including that of HC Operations and the Special-Purpose Vehicles Division.

Our Development Center features a test course, where we measure the performance of products under development using the latest testing equipment and test vehicles under actual driving conditions. This approach allows us to tailor products to customer usage. Additionally, our participation in the world’s leading motorsports races drives us to pursue technological development at the highest level.

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



Review of FY2023

Our flagship product of automotive hydraulic shock absorbers saw decreased demand in the China market, but sales increased, driven by the increased production of OEM products in North America and Europe due to the recovery from the semiconductor shortage, as well as the effect of exchange rates on the lower yen. In motorcycle hydraulic shock absorbers, demand declined in Southeast Asia and China, triggering a decrease in sales. These factors came together to result in an increase in sales, but a decline in segment profits caused by deteriorating productivity in North America and Europe.

The Business Environment and Strategic Policies for the Future

AC Operations introduced the slogan ‘Take on New Challenges!’ in the 2023 mid-term plan. We are tackling the trends of electrification and automation of core machinery, enhancing earning power by promoting the development of new and improved products, and expanding into new domains while striving to meet the needs of all stakeholders.

Amid the increasingly unstable international environment, we aim to be a company that customers choose regardless of circumstances. To this end, we are planning significant productivity enhancements through Ship’30 and innovative production using AI and digital transformation (DX). We have already integrated AI-based image inspection and robotic transport into parts

of our production lines and aim to expand these technologies to our global production facilities by 2025.

We are also continuously developing our automation-related production technology skills and strengthening our human resources for post-implementation equipment maintenance. Additionally, we are working to stabilize and improve quality at both the product and process levels, eliminate user complaints, implement targeted improvements at plants facing quality issues, and create efficient manufacturing processes that minimize losses related to defects, waste, and disposal.

Furthermore, we are actively engaging new customers, including local manufacturers, with sales initiatives in regions where we expect future growth. The Suspension Headquarters is promoting electronically controlled suspensions, while the Mobility Devices Headquarters is focused on the swift mass production of versatile electric pumps. These pumps have a wide range of applications, such as SBW^{*1} systems that include software currently under contract negotiations, and as lubrication and cooling components necessary for heat management in e-Axle^{*2} systems and batteries. The Motorcycle Headquarters is supplying high-performance products like inverted front forks to local customers in the expanding Indian market, which we anticipate will continue to grow.

^{*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).

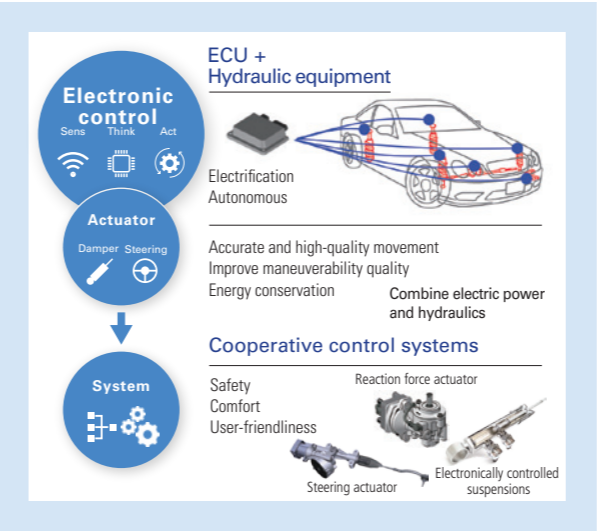


*KADS: KYB Actimatic Damper System™

Main Products

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

Providing systems for all electric / hydraulic mechanisms

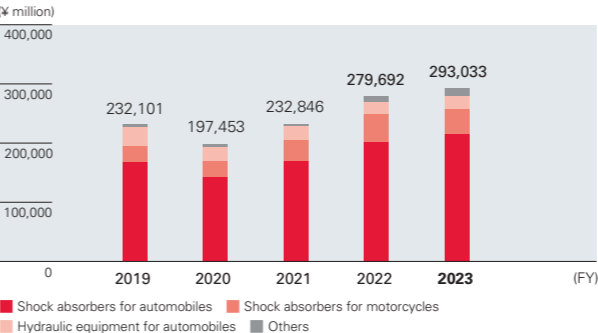


Gifu North Plant: KYB's largest facility by land area

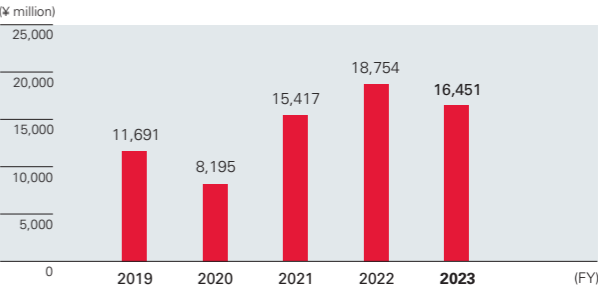


Monthly production of shock absorbers reaches 2.5 million units

Net Sales



Segment Profits



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.

Three Mainstay Business Units

HC Operations



Using a vast amount of existing technological data and know-how to generate new added value

KYB has been a pioneer in devices that have advanced Japan’s hydraulics technology since hydraulic excavators first entered the country in the 1960s. A major strength of the Company lies in its ability to continuously evolve while passing on a wealth of data and expertise.

In construction machinery, our product quality and efficient manufacturing processes have been refined through feedback from decades of market performance. Additionally, we contribute to shortening lead times and achieving energy conservation in the machines that incorporate our products by proposing optimal systems, made possible through the development, design, and manufacture of all hydraulic components, such as pumps, control valves, motors, and cylinders.

Tomoki Takaoka
General Manager,
Hydraulic Components Operations,
Senior Managing Executive Officer



Review of FY2023

Factors such as a decline in demand in China—the principal market for industrial hydraulic equipment, which is primarily used in construction machinery—have impacted our sales and segment profits, both of which have declined. Amidst this severe environment, we are focusing on automation and systems for condition monitoring and diagnostics to achieve productivity and safety improvements, with an eye toward the future. Additionally, to address market trends such as electrification aimed at reducing CO₂ emissions, we have established the following new departments:

- System Engineering Dept.
Accelerating electric and electronic development (April 2023)
- Advanced Electrification Unit Development Office
Accelerating product development in response to electrification (January 2024)

Through technology exchange meetings with numerous customers, we are proudly showcasing KYB’s technological strength and capturing market needs, paving the way for the next generation of research and development.

The Business Environment and Strategic Policies for the Future

HC Operations set forth the slogan ‘Restart Growth on a Base of Unshakable Trust’ in the 2023 mid-term plan, under which we are focusing on two key areas: our

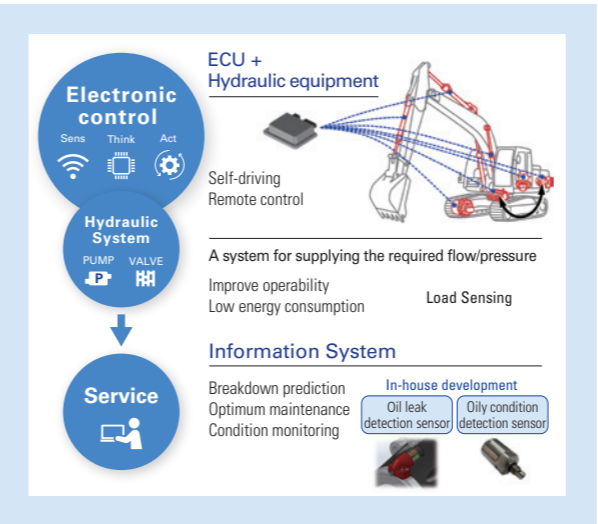
mass-market segment of existing businesses and new business areas aimed at producing our next-generation mainstay products. In existing businesses, we are striving to maintain our earnings structure while continuously securing market share, sales, and profits. Furthermore, we are addressing automation and electrification to meet increasing societal demands for decarbonization and energy efficiency. We are adding new value, as demonstrated by the completion of development on an electromagnetic proportional valve last year, which has now entered mass production. We will continue to develop next-generation mainstay products. We are aligning our production capacity with the long-term demand forecast for mini-excavators in North America and promoting our products in the forestry sector. Additionally, we are preparing to enter the Indian market with our agricultural machinery products. We are evolving our production system to adapt to the era’s fluctuating demands, advancing production infrastructure and workstyle reforms by visualizing production information in our in-house processes using IoT and AI/DX. In material handling, we are specifically targeting significant productivity gains and enhanced safety through full automation of transport, assembly, and component processing. We are also dedicated to continuous workforce training, aiming to improve work and product quality through rank-based education and Small Group Activities.



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

Providing systems for all hydraulic mechanisms

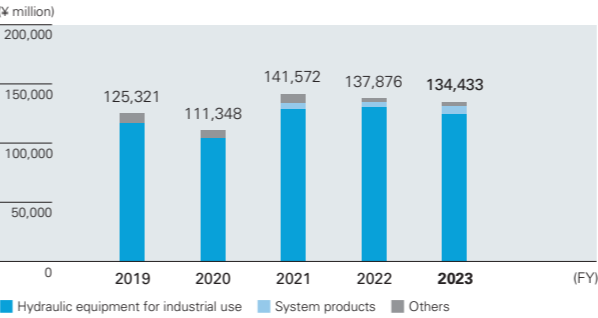


Daily Production of Approximately 1,300 Cylinders

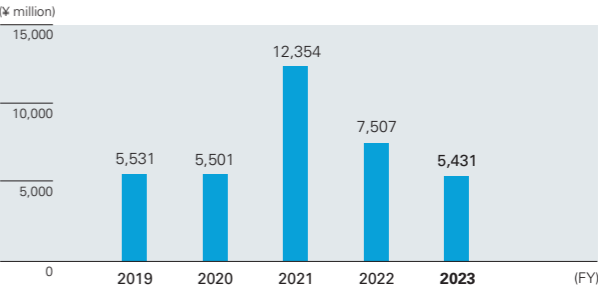


Automated seals production

Net Sales



Segment Profits



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.

Three Mainstay Business Units

Special-Purpose Vehicles Div.



Aiming to be the leading mixer truck manufacturer with our strengths in after service and high value-added products

We create new added value by visiting customers and developing products tailored to their various needs. KYB's concrete mixer trucks are equipped with specialized hydraulic equipment designed and manufactured in-house, ensuring stable operation. By enabling a consistent supply of fresh concrete, which is essential for construction work, these trucks support urban development and infrastructure projects. They also play a vital role in disaster recovery efforts, and we are proud that our product contributes to the safe and comfortable lives of people.

Atsushi Okubo
General Manager,
Special Purpose Vehicles Division



Review of FY2023

Sales increased 23.7% year on year and segment profits increased, driven by the end of the impact of the semiconductor shortage and a recovery trend in the supply of chassis to domestic truck manufacturers.

The Business Environment and Strategic Policies for the Future

In the Special-Purpose Vehicles Division, our basic strategy is to "be far and away the best mixer truck manufacturer" by generating value from the customer's perspective. While reliably capturing demand for construction related to the Linear Shinkansen, urban redevelopment, and other projects, we are conducting research to bring high-value-added products to market that reflect customer needs, such as increasing load capacity by developing lightweight drums, improving safety measures for laying liquid concrete, and enhancing ease of use. Additionally, we are strengthening our aftersales service through parts catalog maintenance and the use of DX for ordering components.



Mixer trucks with the largest market share in Japan

At the Electric Drive Development Section established last year, we are promoting the development of technology and human resources to address challenges in achieving carbon neutrality, such as developing Japan's first EV-compatible mixer. We aim to provide environmentally friendly mixer trucks with zero CO2 emissions and low noise.

As a foothold for our medium-term growth, we are advancing sales of the latest model of our low-noise, fuel-efficient, environmentally friendly e-Mixer and working on the commercialization of our camper van in cooperation with AC and HC Operations. After exhibiting a concept camper van at the Tokyo Auto Salon 2023, we announced plans to sell our original converted van at the 2024 event, offering a fun driving experience combined with superior comfort. To realize this, we are establishing systems for design, manufacturing, sales, and quality assurance.

To drive future growth, we will continue expanding sales of existing products that meet societal demands for SDG compatibility and carbon neutrality, such as tilting mixers and our pruned tree shredder trucks.



With 70 years since production began, our total production has surpassed 120,000 units



Concrete mixer trucks



Granule carriers



Pruned tree shredder trucks



Tilting drum mixing machines

Main Products

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

COLUMN

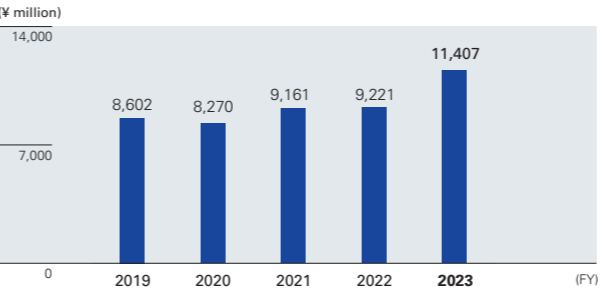
A New Business Challenge: Commercializing Mobile Homes

In January 2022, we launched our mobile home project and exhibited a transforming campervan as a concept vehicle at the Tokyo Auto Salon 2023. Mobile homes often face problems with being knocked off balance by winds and have poor ride comfort on highways and uneven road surfaces. We took on this new business with the hope of solving these issues using KYB's shock absorbers.

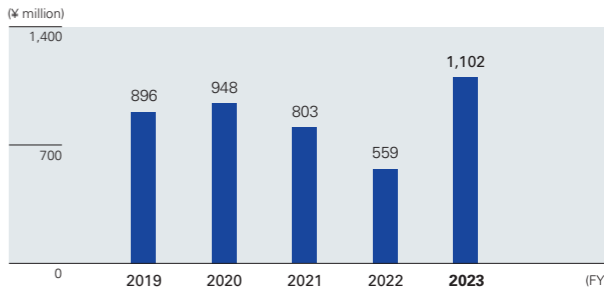
As we work toward releasing our mobile home to the market in 2025, we are addressing a number of challenges. The mobile home envisioned by KYB will allow drivers and passengers to experience the joy of driving without anxiety, from the moment they set out on their journey. At their destinations, in addition to the usual amenities of a mobile home, they will enjoy a high-quality living space that only KYB can deliver. We hope you'll look forward to this exciting new challenge.



Net Sales



Segment Profits



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.

ESG Management as the Foundation of Our Policies

The KAYABA Group sets ESG management as the foundation upon which we formulate our policies, establishing an overall perspective of value creation (sense of values, business model, sustainability, growth potential). While living up to our Corporate Spirit of “offering products that make people’s lives safe and comfortable, and contributing to society,” we are incorporating ESG initiatives into our existing business activities and promoting initiatives aimed at resolving environmental and social issues in order to contribute to the achievement of a sustainable future society.

Value Creation We Strive For

TQM Initiative

In order to continue offering the ultimate in ride comfort, the KAYABA Group is strengthening the foundation of its quality management, advancing its core technology, stabilizing its performance, and raising the achievement level of its management plans.

2023 Mid-Term Plan Slogan

Mastering Quality Management

—Making TQM the Basis of All Activities

- **Initiative purpose:** Provide products and services that meet the needs of customers and society, achieve long-term success of the organization through the job satisfaction of workers
- **Initiative details:** Achieve efficient organizational operations that are appropriate to changes in the management environment by maintaining, improving, and innovating in all work processes

Key Products for the Future



サステナブルゴ
Environmentally Friendly Hydraulic Oil



Leak Detection Cylinders



Fluid Condition Monitoring Sensor



Adjustable Damping Shock Absorbers with Proportional Solenoid



e-Mixer III / Touch Panel Monitor

EV shift
• Construction and agricultural machinery: electric hydraulic use
Ship'30

Accelerating electrification
• Decline of gasoline-powered vehicles
• Construction and agricultural machinery: remote control, automation, unmanned operation

2025

KYB's target:
15% global
renewable energy
adoption rate

2024

2030

100th anniversary of establishment

- Construction and agricultural machinery: full electrification

2035

2050

Decarbonized society

- Achieving carbon neutrality (Japan)

KYB's target: Carbon neutrality

Building a Robust Management Foundation

ESG Initiatives

The KAYABA Group's aims go beyond immediate profits. We also aim for sustainable growth through considerations for the environmental and society as well as the construction of a sound corporate constitution.

SUSTAINABLE DEVELOPMENT GOALS

- The 2030 problem (human resource shortage from decreasing birthrate and aging population)
- Circular economy (recycling economy)

KYB's target: 50% reduction in CO₂ emission volume compared to 2018

- GX League Phase 2 (introduction of emissions transactions)
- Expansion of non-financial information disclosure (CSRD, SSBJ)



Five Initiatives of Environmental Activities

1. Develop products that contribute to environmental preservation
2. Reduce environmental burden of products
3. Reduce environmental burden in *monozukuri*
4. Environmental preservation activities
5. Environmental managements

Six Initiatives of Social Activities

1. Develop products that contribute to society
2. Occupational health and safety
3. Respect for human rights
4. Diversity of human resources
5. Social contribution activities
6. Fair business practices:

Five Initiatives of Governance Activities

1. Compliance, instilling awareness of norms
2. Group governance
3. Governance of product development
4. Governance of *monozukuri*
5. Risk management, BCP

ESG Management as the Foundation of Our Policies

ESG Promotion System

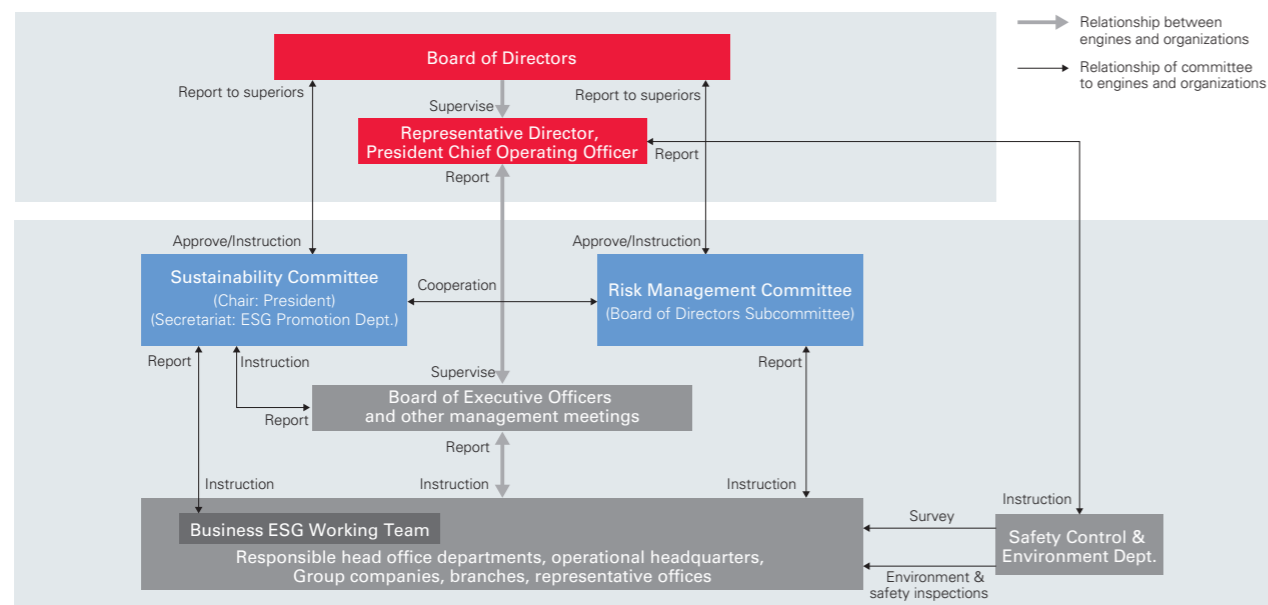
It is necessary to strongly promote ESG initiatives related to creating a sustainable society. Therefore, we reorganized the ESG Promotion Department and CN Promotion Section under the Corporate Planning Div. The ESG Promotion Department acts as the secretariat for the Sustainability Committee, an organization that coordinates the entire Company and which holds discussions on initiatives related to sustainability.

The matters discussed by the Sustainability Committee are submitted/reported to the Board of Directors, and we work on the planning of policies and activities as well as providing support and follow-up for

the activities of all departments with the cooperation of all committees and functional divisions shown in the chart below. Also, the Business ESG Working Team identifies risks and opportunities related to climate change as well as countermeasures, and reports to the Sustainability Committee.

Regarding individual sustainability themes, the lead department (each functional department, each business unit/plant) receives deliberation on issues that should be addressed and activity plans from each expert committee, and cooperates with the relevant departments in working on the initiatives.

Chart of Organizations Related to Sustainability



Environmental Activities

Balancing Global Environment Efforts with Sustainable Development

Outline of Environmental Activities

Based on our Corporate Spirit of cherishing nature and caring for the environment, we aim to achieve carbon neutrality by 2050 with a focus on the future global environment, and to contribute to global environmental conservation as well as the achievement of a sustainable society.

Five Initiatives of Environmental Activities

- 1. Develop products that contribute to environmental preservation:** Develop environmentally friendly products that can contribute to society
- 2. Reduce environmental burden of products:** Reduce CO₂ emissions volume of all products, from the procurement of materials to design, use and disposal/recycling
- 3. Reduce environmental burden in *monozukuri*:** Promote reductions of discharges in manufacturing activities (CO₂, waste matter) and resource circulation
- 4. Environmental preservation activities:** Preservation of the natural environment and biodiversity, carry out SDGs
- 5. Environmental managements:** Manage and prevent environmental risks, promote continuous improvements

FY2023 Activity Achievements

Environmental Vision	Initiative	Specific Activities	FY2023 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)	Development of electric pump for lubrication and cooling (pump + motor + ECU)
		Development of electric pump unit (HC)	Concept study
		Development of energy saving hydraulic excavator system (HC)	System design / control algorithm design, principle prototyping started
		Development of electromagnetic proportional control valve (HC)	Production of electromagnetic proportional control valves for three-to-four-ton excavators (starting in January 2023). Continued development on electromagnetic proportional control valve for uses other than excavators
	Develop products for a circular economy	Develop biodegradable hydraulic fluid (AC)	Continue supplying biodegradable hydraulic fluid for racing dampers Started mass production specification plans using knowledge and technology gained from competing in races
		Optimum maintenance and breakdown prediction using sensors (HC)	Continued development on oil leak detection cylinder Continued development on oil condition diagnosis sensor/system
2. Reduce environmental burden of products	Reduction of CO ₂ in lifecycle	Calculation of CO ₂ emission volume	Scope 3 CO ₂ emissions identified, including manufacturing and other facilities Obtained warranty from third-party verification
		Reduction of CO ₂ emissions from raw materials	Promoted electric furnace material supply Raised resin recycling rate
	Cooperation with business partners	Share information on carbon neutrality initiatives	Conducted business partner survey on carbon neutrality awareness Conducted briefing and survey on CO ₂ emission volume survey Requested carbon neutrality efforts at purchasing policy briefing and other meetings
3. Reduce environmental burden in <i>monozukuri</i>		Reduction of CO ₂ in corporate activities	Made progress with switching company cars to EVs, promoted web meetings and remote work
	Promotion of energy conservation initiatives	Energy conservation initiatives according to the six rules	Promoted use of LEDs: CO ₂ reduction of 752tCO ₂ Reduced stream heat loss: CO ₂ reduction of 154tCO ₂ Used waste heat for air conditioning: CO ₂ reduction of 0.6tCO ₂
		Improve productivity	Reduction of non-operating time: CO ₂ reduction of 374tCO ₂
		Reduce defect ratio	Decreased defect losses: CO ₂ reduction of 14tCO ₂
	Promote capital investments in energy conservation	Production technology development	Increased speed of heat treatment (under development) Shortened coating dryingtime (under development) Reduced excess plating layers (under development)
		Upgrade aging equipment	Gifu North Plant cogeneration system started: CO ₂ reduction of 1,799tCO ₂ Renewal of aging compressors: CO ₂ reduction of 54tCO ₂
		Renewal of aging production equipment	Energy saving and high efficiency equipment: CO ₂ reduction of 1,308tCO ₂
	Promotion of renewable energy	Introduction of photovoltaic power generation system	Power generation of 13,013MWh: CO ₂ reduction of 5,982tCO ₂ Country installed: Japan, Spain, China, Thailand, Vietnam, Malaysia, and Indonesia Plant installed: 12 plants (YoY change: +5 plants)
	Promotion of resource circulation	Reduction of waster matter volume	Reduced volume of water-based waste fluid: CO ₂ reduction of 20tCO ₂
		Promote recycling	In-house recycling of casting sand and shot pellets: CO ₂ reduction of 1tCO ₂ Introduction of OBP Pallets: CO ₂ reduction of 4tCO ₂

COLUMN

Instilling ESG within the Company

The independent efforts of each employee are indispensable to promoting ESG management. We share information related to ESG through the company newsletter and the in-house intranet such as our bulletin board, seeking to raise awareness.

Also, we provided e-learning courses on ESG management for all employees in FY 2023, in which they learned fundamental knowledge about ESG and the SDGs, and also about KYB's initiatives.

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 for new employees Training when being promoted E-learning for all employees (100% participation)



FY2023 Activity Achievements (continued)

Environmental Vision	Initiative	Specific Activities	FY2023 Achievements
4. Environmental preservation activities	Offset through CO ₂ absorption	Increase the volume of CO ₂ absorption through planting trees	Tree-planting activities (China, Brasil, Vietnam, Thailand)
	Efforts to preserve biodiversity	Manage and reduce the volume of water used and drainage	Started global management of water intake and drainage Use of water circulation system (Malaysia)
		Approval for initiative	Endorsed the Keidanren Initiative for Biodiversity
		Conservation of near-threatened species <i>Lespedeza tomentosa</i> (Developmental Center)	Survey of the lespedeza tomentosa habitat conditions confirmed that it has expanded to 700m ² .
		Use Chipping Vehicle for Pruned Branches for organic farming	Started proof of concept for composting wood chips from crushed pruned branches, scattered in paddy fields in December 2023
	In-house education and awareness	In-house education and awareness Human resources training	Conducted ESG training for employees by education level and e-learning for all. Provided ESG information on the intranet and in company newsletters.
5. Environmental management	Actively disclose environmental information	External evaluation	CDP score: B on climate change, C on water security Toyo Keizai CSR survey: 371st EcoVadis: 51%
	Introduce environmental management	Obtainment of ISO 14001 certification	100% of domestic companies and 93% of overseas subsidiaries (up 5% YoY)
	Legal compliance and prevention of environmental accidents	Management and reduction of environmentally hazardous substances	Zero prohibited substance use
		Environmental safety audits	Confirm the environmental activities of plants through environmental safety audits on 37 global plants

Response to Climate Change

The KAYABA Group’s goal is to achieve carbon neutrality by 2050. We are conducting initiatives to reduce our greenhouse gas emissions volume, measures to reduce the use of materials with high environmental burdens in products, and develop products with low CO₂ emis-sions and that save energy. Regarding risks related to climate change and business opportunities found in their impacts, falling into a situation in which orders

decline and operations at plants are suspended would have a major financial impact, so we categorized its definition, possibility of occurrence, size of impact, and quantitative effect, and have clarified how serious the impact would be. We have evaluated the degree of impact using the scenario analysis shown in the table below, and are using it to formulate our business strate-gy and management plans.

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 KYB 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. In addition, analysis using the WRI Aqueduct tool has revealed that there is a certain level of risk.	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.
	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. In order to lower weights, we will substitute materials such as high-tension steel, aluminum, and resin, and strive to pursue structural weight reduction and other technologies.
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 using our core technology, achieving a position of superiority, and delivering <i>monozukuri</i> that satisfies consumers.

Metrics and Targets

The targets and actual results regarding climate change for KYB and its subsidiaries' production bases are as follows.

Index	Target		FY2023 (Actual results)	
	Fiscal year	Numerical target	Results	Evaluation
CO ₂ total emissions volume (Scope 1, 2)	2022	218,951 tCO ₂	211,731 tCO ₂	Accomplish
	2030	138,578 tCO ₂		(Initiative ongoing)
	2050	0 tCO ₂ Carbon newtral		(Initiative ongoing)
Renewable energy adoption rate	2025	15%	12.9%	(Initiative ongoing)

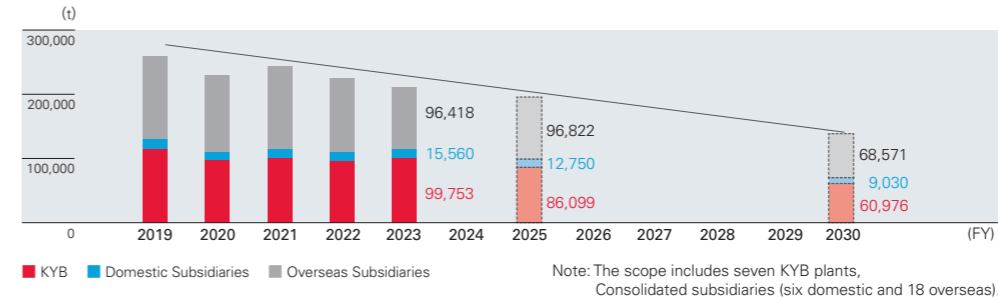
Initiatives for Carbon Neutrality

Environmental 3

To achieve our targets for CO₂ emissions volume reduc-tion as we aim for carbon neutrality, we promote activities at all Group locations, with a focus on the CN Promotion Section and including production sites, offices and distributors. We facilitate the development of action plans tailored to the circumstances of each plant, office, and country by providing examples of daily energy saving activities for follow-up implementation, supporting the formulation of renewal plans through conducting inventories of aging equipment, and are

examining the introduction of renewable energy with a focus on the future of electric power procurement. The Energy-saving Plant Subcommittee holds monthly meetings to discuss the action plans and share issues at locations as well as activity progress, thereby creat-ing opportunities for subcommittee members to review and refine the plans at their own locations. In this way, the entire Group clarifies and acts on its transition plan to achieve carbon neutrality.

- 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



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

COLUMN

Specific Initiatives for Achieving Carbon Neutrality

In addition to energy conservation activities such as turning lights off or on daily, managing the temperature of air conditioners, and raising the efficiency of production equipment, we are promoting resource circulation such as minimizing waste and using renewable energy such as solar power.

Promote energy conservation activities

The six rules, productivity improvement, reduction of defect rate

Promotion of capital investments in energy conservation

Energy conservation, high efficiency, inverter use, and electrification

Introduce renewable energy

Solar power generation and private power generation of renewable energy

Promotion of resource circulation

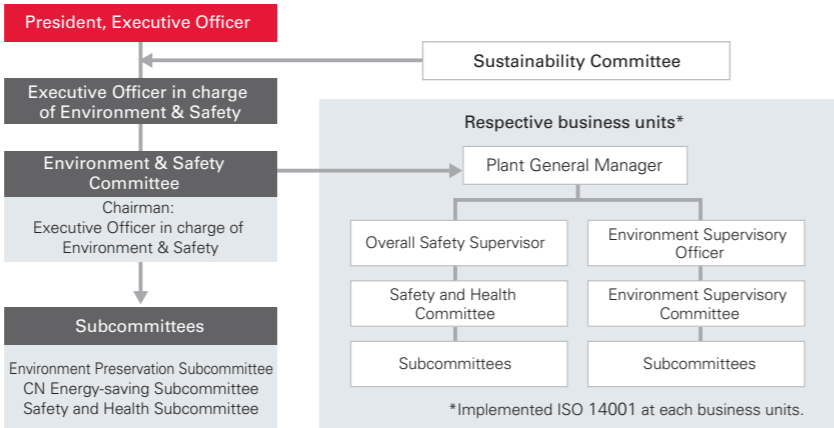
Recycle, reuse, and minimization of waste

Promote the reduction of CO₂ emissions in business activities
Selection of items to purchase, transportation methods, review of transportation means for business trips and commuting, and more

Environmental Managements

Environment & Safety Management System

In our efforts for the environment and safety, we work to unify the direction of each workplace through the Environment & Safety Committee, which is led by the Director in Charge of CSR and safety. Also, all worksites have obtained the international standard ISO 14001 for environmental management, and we are systematically rolling out efforts for environmental preservation. Furthermore, we monitor and revise our activities through conducting environmental and safety audits.

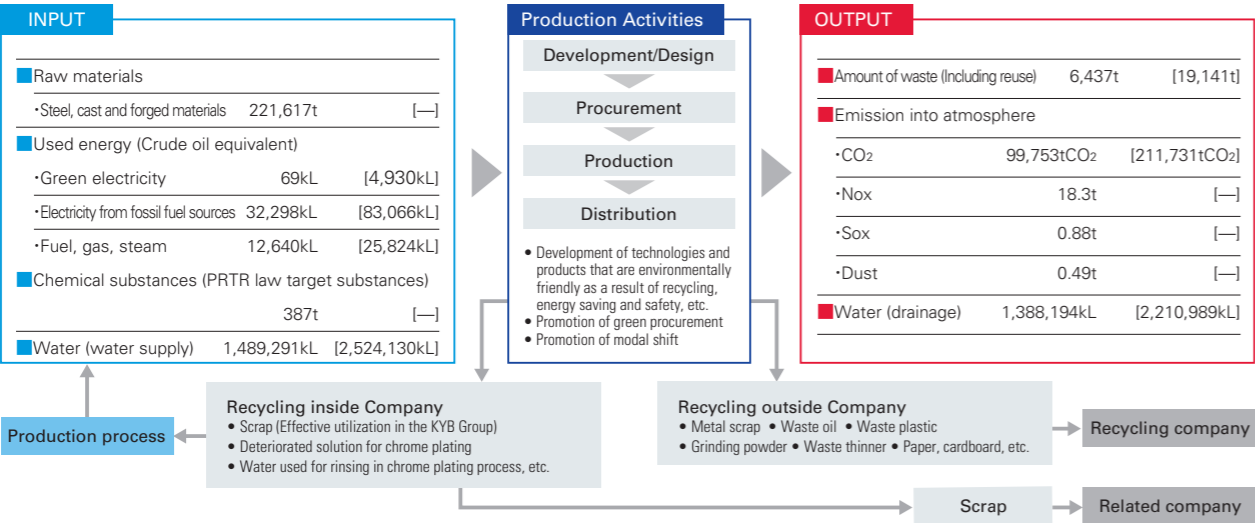


Resource Circulation and Consideration of Environmental Burden

The raw materials and water that KYB uses in its manufacturing activities are limited resources. Therefore, the Company is promoting resource circulation at its own facilities. For example, 1,004 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 minimize the environmental burden

caused by corporate activities, we conduct risk assessments and implement appropriate safety measures for chemical substances with potential hazards or toxicity. Additionally, starting in FY2023, we are addressing the latest revisions to the chemical substance regulations under the Industrial Safety and Health Act by promoting internal awareness and conducting inspections.



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

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. KYB 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.

COLUMN

Initiatives to Preserve Biodiversity

Our Corporate Spirit encompasses our love for the environment, which we treat as precious. Based on this, we undertake environmental conservation initiatives with a focus on the global environment of the future, and in March 2024, became a signatory of the Initiative for Biodiversity Conservation of the Japan Business Federation, Keidanren. We engage in responding to climate change and resource circulation, the reduction of waste, and the management of chemical substances, thereby actively promoting the safeguarding of natural resources.

Native Species Conservation: Protecting Rare Vegetation through the Lespedeza tomentosa Initiative

KYB's Development Center is situated in the nature-rich mountainous area spanning Kawabe Town and Minokamo City in Gifu Prefecture. Established in July 2011, the center continues to play a vital role in our operations.

During the planning phase, a survey of the natural environment was conducted to ensure the preservation of local biodiversity. The survey identified the presence of Lespedeza tomentosa, an endangered species. In response, a conservation initiative was launched. At the time, the plant covered an area of approximately 100 square meters. Today, it has expanded to around 700 square meters. Looking ahead, we remain committed to proper management practices to safeguard the continued growth and preservation of Lespedeza tomentosa.



Social Activities



Outline of Social Activities

Based on our Corporate Spirit of building a corporate culture full of vitality and contributing to the prosperity of society, we aim to help develop society by respecting human rights, creating comfortable workplaces, and contributing to the local community.

Six Initiatives of Social Activities

1. Develop products that contribute to society:

Develop vibration and power control products that can contribute to society

2. Occupational health and safety:

Create comfortable workplaces that protect the mental and physical health of employees in a safe and clean working environment

3. Respect for human rights:

Creating an internal environment and supply chain in which human rights are respected

4. Diversity of human resources:

Promote the creation of workplaces where diverse human resources can play an active role while working a comfortable working environment

5. Social contribution activities:

Contribute to local communities through proactively getting involved in volunteer activities, local events, and reconstruction assistance

6. Fair business practices:

Conduct transparent, legitimate transactions with free competition based on mutual trust

Multistakeholder Policy

KYB recognizes the importance of co-creating value with a wide range of stakeholders such as stockholders, employees, business partners, customers, creditors, and regional communities, and works to collaborate effectively with its multiple stakeholders.

For the viewpoint that our actions will lead to maintaining momentum for wage increases and sustainable economic development, we appropriately return the profits and results generated through value co-creation and productivity improvements to our multiple stakeholders, promoting initiatives that take the needs of employees and business partners into consideration.

Our Commitments

To fulfill our Corporate Philosophy, we have established “Our Commitments.”

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 our shareholders

We will run the Company with transparent and high-quality management, striving to achieve the appropriate result, and enhancing the degree of mutual understanding and satisfaction by our shareholders.

To our suppliers

We will commit ourselves to hold transparent, free and fair competition 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.

Occupational Safety and Health

Health and Safety Activities

At the KAYABA Group, we carefully observe all laws and regulations related to occupational safety and health, always put safety first, and aim to create a sound work environment in which our employees can work safely and where health problems and occupational injuries are prevented.

To eliminate occupational injuries, we promote the strengthening of risk assessments and management including for chemical substances, share information within the Group related to occupational safety and health, and conduct internal audits.

Occupational Safety and Health Management System

Implementation of the Occupational Safety and Health Management System (OSHMS) and ISO 45001* protocols started at the Gifu North Plant in fiscal 2004. We are working to strengthen the foundation by expanding occupational safety management system initiatives. As of FY2022, all plants have obtained certification.

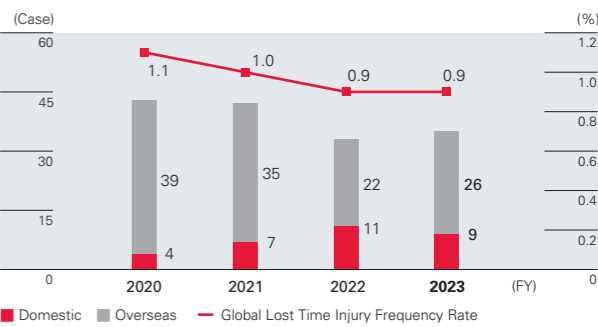
* ISO45001: International standard for occupational safety and health management systems

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.

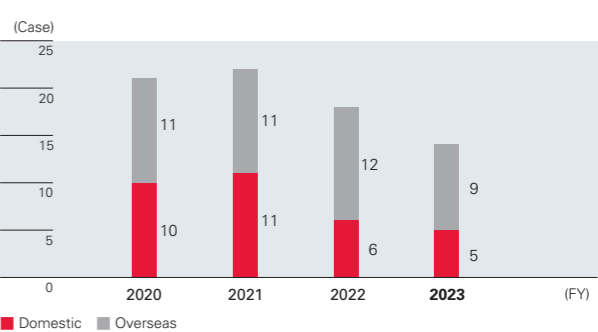
Number of Lost-Time Injury Cases



Plant Fire Prevention Activity

This activity is positioned as important, as it not only mitigates the negative impacts of fires on nearby residents but also protects employee safety. We strive to prevent fires not only by inspecting and maintaining legally required fire protection equipment but also through continuous inspections and evaluations. We also conduct inspections of manufacturing facilities with particularly high fire risks using a dedicated checklist. Additionally, we ensure proper operation and maintenance by conducting regular fire prevention patrols. To raise employees’ awareness of fire prevention, the first working day of each month is designated as “Fire Prevention Day, ” during which all employees participate in fire prevention activities.

Annual Number of Fires (Cumulative Total)



Human Resources Strategy

The KAYABA Group understands that diversity of human resources is a key initiative to achieve sound management. In addition to building a workplace that respects diverse values, cultures, and customs and provides job satisfaction, we aim to develop a corporate culture with a flexible management strategy and product development as well as open communication. We are striving to raise employees' job satisfaction and engagement so that each person who works at the KAYABA Group can display their respective strengths to the fullest.

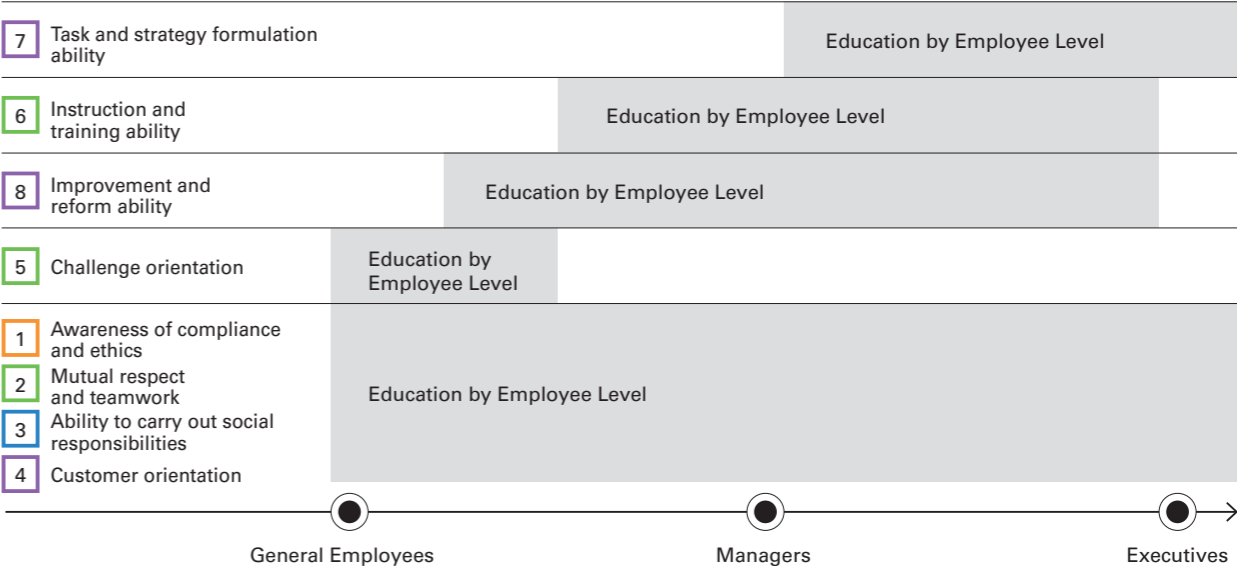
Improving the Quality of Human Resources

We have defined eight qualities and two skills that are required of our human resources to contribute to achieving the Corporate Spirit. Our education program provides the following ten aspects (eight qualities and two skills/knowledge). We have clarified the qualities and skills required for each level and purpose, and conduct the relevant group training and on-the-job training. Through this system, we improve the quality of the necessary human resources, information, and operations at each worksite, which positively impacts the TQM activity for raising the quality of products and services.

10 Pillars Required to Bring the Corporate Spirit to Life (Eight qualities and two skills)

Relationship with the Corporate Spirit	
<div><div></div> We shall follow all rules and face all issues with honesty.</div> <div><div></div> We shall build a corporate culture full of vitality, and hold high goals.</div> <div><div></div> We shall value sincerity, cherish nature, care for the environment.</div> <div><div></div> We shall constantly pursue creativity, contribute to the prosperity of customers, shareholders, suppliers and society.</div>	
Eight qualities	Definition
<div><div>1</div> Awareness of compliance and ethics</div>	<div><div></div> Observes the rules of society and the Company, makes the right judgement (choice) as a person in any case.</div> <div><div></div> Knows the right thing from an ethical viewpoint without being influenced by their surroundings, and points it out without hesitation even to an executive in a superior position.</div>

Education in the Eight Qualities by Employee Levels



Also, we provide two forms of education necessary to global management. The first is for persons set to be transferred to an overseas plant to act as General Manager. It incorporates practical examples of local situations and problem-solving methods, and contains extensive content that enables a more concrete visualization and response to local situations. The second is for employees in the workplace at the plants. The textbook collects shared matters that they should know as employees of the KAYABA Group, starting with our Corporate Spirit and vision and moving on to safety, environment, *monozukuri* abilities, and our core competence. This education provides the same level of knowledge and skills to each plant.

Efforts for Diversity

Encouraging the Active Participation of Women

In FY2023, we launched a new training program aimed at changing managers' attitudes toward promoting the active participation of women. Also, KYB received the Eruboshi public certification in 2023, which is conferred upon companies that excel in progress with initiatives related to the active participation of women. We were highly evaluated for improving the ratio of female managers for the second consecutive year. We set forth a FY2025 target of 24 female managers, but in FY2023 we stalled at 18. In order to increase the number of female employees who are in the position to become candidates for management, we will continue to develop an environment in which female employees can play an active role in such ways as obtaining opinions from female employees through roundtable discussions and offering step-up training in FY2024 which gives participants an opportunity to think about their own careers.

Item	FY2023	FY2025 Target
Number of women managers	18	24

Note: The scope is for KYB Corporation.

COLUMN

Efforts to Change Attitudes

We held a roundtable discussion for female employees of KYB. We exchanged opinions to find out how female employees think and feel about managerial positions, the organizational climate, and their own careers. Also, we provided unconscious bias training to Directors and General Managers of the domestic KAYABA Group for the purposes of understanding diversity as well as becoming self-aware of and eliminating unconscious biases.

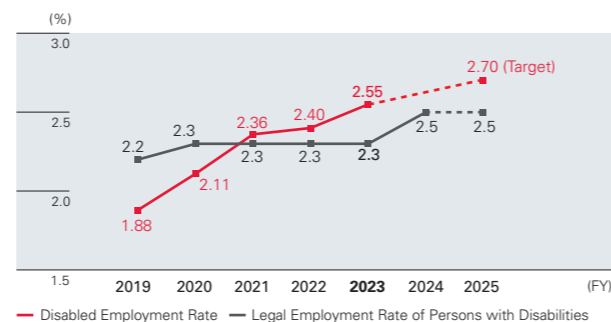


Employment of people with disabilities

Social 2 3 4

We are progressing with initiatives aimed at the creation of a workplace where people with disabilities and those without disabilities can work and enjoy job satisfaction. We are widening the scope of the work that people with disabilities conduct as well as increasing the workplaces they can enter, thereby raising the hiring rate of people with disabilities. In September 2019, KYB established the Work Support Center, which conducts activities aimed at promoting employment and increasing the retention rate in cooperation with each department within the Company, government offices, schools, and various associations. At the end of March 2019, the disabled employment rate was 1.88%, and it has risen to 2.55% as of the end of March 2024. This surpasses the legal employment rate of 2.50%, which came into effect on April 1, 2024. Going forward, we will continue our efforts to hire people with disabilities.

Disabled Employment Rate / Legal Employment Rate of Persons with Disabilities



Note: The scope is for KYB.

Increase Job Satisfaction/Engagement

Social 2 3 4

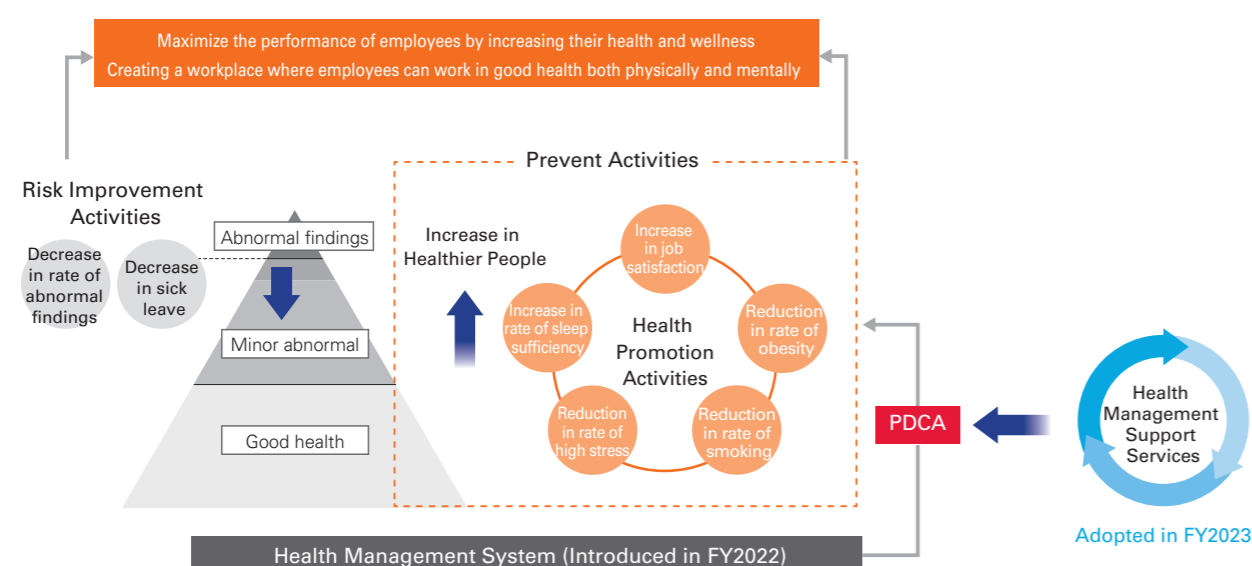
Health Management

We conduct health management initiatives centered on the Health Management Promotion Project, which was established in 2019 on the initiative of the upper management. In FY2023, a total of seven group companies we recognized as Excellent Corporations for Health Management in the large corporation and small to medium-sized corporation categories. We focus on five key issues: decreasing the ratio of smokers, improving job satisfaction, decreasing the obesity rate, decreasing the ratio of those experiencing high stress levels, and

improving sleep sufficiency. In 2024, we set decreasing the ratio of smokers as a priority issue, and strengthened activities targeting both second-hand smoking and quitting. We have established the KYB Health Support Service as a tool for conducting PDCA cycles for key policies, and it is conducting outreach activities.

Also, we are working on harassment prevention, aiming to achieve harassment-free workplaces where there are no situations within the Company where it is difficult for people to raise their voices.

KYB's Health Management Strategy Diagram

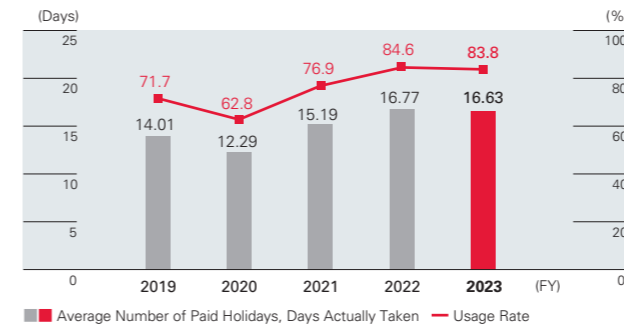


Work-Life Balance

In order to prepare an environment in which employees can work with peace of mind and to support work-life balance, we have introduced a remote work system, flexible-hours system, childcare / care giver temporary leave, reduced working hour system, and a spouse transfer leave system. Through these systems, we promote diverse working styles, increase productivity through business rationalization, and avoid long working hours through promoting the taking of annual paid

vacation, thereby increasing employee engagement. Regarding the childcare system in particular, we aim to inform Company members about our systems related to childbirth and childcare by providing a guidebook for childbirth and child raising for female employees, male employees, and the management. Also, we have set up consultation desks at each worksite. Through these efforts, we are working to promote the active participation of male employees in childcare.

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



Note: The scope is for KYB.

Item	FY2023	FY2025 Target
Degree of Job Satisfaction	58.8%	60% or more

Note: The scope is for KYB.

COLUMN

KYB Social Contribution Activity: Participating in Kanagawa Science Summer

Social 5

We participate in Kanagawa Science Summer at the KYB Museum. This event is sponsored by Kanagawa Prefecture and is aimed at awakening an interest in science and technology among children and encouraging them to study.

In FY 2023 it was our first time to participate in five years due the impact of the COVID-19 pandemic. The experience showed elementary school students from the fourth to sixth grades that science is fun and interesting through hands-on creation. They made a hydraulic excavator, received a technical explanation, and had a test ride experience, through which the students learned about such topics as Pascal's principle, hydraulic mechanisms, and tribology—the science of friction.

Many family members participated, and we took a questionnaire in which we received comments such as "this long but fulfilling event featured lectures, building, and hands-on experiences," and "this was far and away the best event of the summer!"



Supply Chain Management

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. KYB 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

Relationships with Business Partners

Social 6

KYB conducts a Purchasing Policy Briefing for the management of our business partners. The purpose of the briefing is to help them build a strong understanding of our corporate policy, supply policy, quality policy, the policies of each business unit, and our ESG efforts such as those for carbon neutrality as well as our stance on efforts to respect human rights.

At the briefing, we present awards to business partners who make remarkable contributions and have high levels of cooperation with QCD* (such as submitting survey request materials and cooperating with urgent arrangements), and share topics and targets to

be discussed with business partners, such as optimal regional procurement that results in cost reductions and improvement activities that decrease costs for logistics and inventory. In this way, we working to build partnerships aimed at increasing mutual trust and achieving coexistence and co-prosperity.

Also, we offer support (such as providing information) and have study meetings on topics such as quality maintenance and improvement, business continuity plans, carbon neutrality.

*QCD: Quality, Cost, Delivery

Consideration for Business Partners

Social 6 | Governance 1

In September 2023, KYB registered with the Declaration of Partnership Building, formulated by the Cabinet Office of Japan, the Ministry of Economy, Trade and Industry, and others. It aims for co-existence and co-prosperity across the entire supply chain. The declaration calls for cooperation that goes beyond existing transactions relationships and scopes as well as commitment to compliance with desirable trade practices.

While checking progress with efforts to meet the declarations details, we are aiming to increase added value in the supply chain through a new form of cooperation with business partners.

Declaration of Partnership Building
(First registered in September 2023, revised due to change of company name in October)

→ <https://www.biz-partnership.jp/declaration/45086-05-23-tokyo.pdf>

Engaging with Carbon Neutrality

Environmental 1 2 3 | Social 6

KYB aims to achieve carbon neutrality by 2050. In addition to holding explanatory meetings to increase the understanding of our business partners, we take surveys to understand how much CO₂ we are emitting, and strive to release the necessary information in a timely manner.

Initiatives to Prevent Human Rights Violations in the Supply Chain

Social 3 6

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 are working to raise the awareness of our business partners regarding human rights. We make our 708 domestic tier 1 suppliers aware of efforts for corporate social responsibility on topics such as environmental and human rights issues in the supply chain and responsible mineral supply. We also work to educate our suppliers by providing educational materials to our suppliers' employees with the aim of spreading awareness to each and every one of them.

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

Social 3 6

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).

Also, in response to growing awareness of human rights, we conduct survey investigations into cobalt that are not required by regulations, and provide the responses to our customers.

FY2023 Suppliers targeted for gold (3TG): 248
Suppliers targeted for cobalt: 86

*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 (3TG)

Note: The target suppliers are selected based on IMDS (International Material Data System) information.

Governance Activities



Outline of Governance Activities

Based on our Corporate Spirit of following all rules and facing all issues with honesty, we will endeavor to raise awareness of norms, further strengthen group governance, and conduct highly transparent and efficient Group management.

Five Initiatives of Governance Activities

1. Compliance, instilling awareness of norms:

Enhance performance and observe laws and models through education on awareness of norms and other forms of education

2. Group governance:

Transparent, high-quality management through strengthening internal controls to agree with the corporate governance code

3. Governance of product development:

Improve development quality through reliable oversight of critical junctures

4. Governance of *monozukuri*:

Offer products and services of suitable quality through the observance and improvement of rules

5. Risk management, BCP:

Continuous business activities through identifying and dealing with risks at an early stage, Preparation for and business continuity when faced with natural disasters and cyber attacks

Corporate Governance

Basic Approach

KYB's basic approach is to respond to the expectations of stakeholders through achieving sustainable growth and improving corporate value, as well as fulfilling our corporate social responsibility by contributing to society. We seek to build a speedy, efficient management

system centered on the Board of Directors and to establish a fair, highly transparent management supervisory function. And we work to strengthen and enhance corporate governance based on the following basic policy.

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.

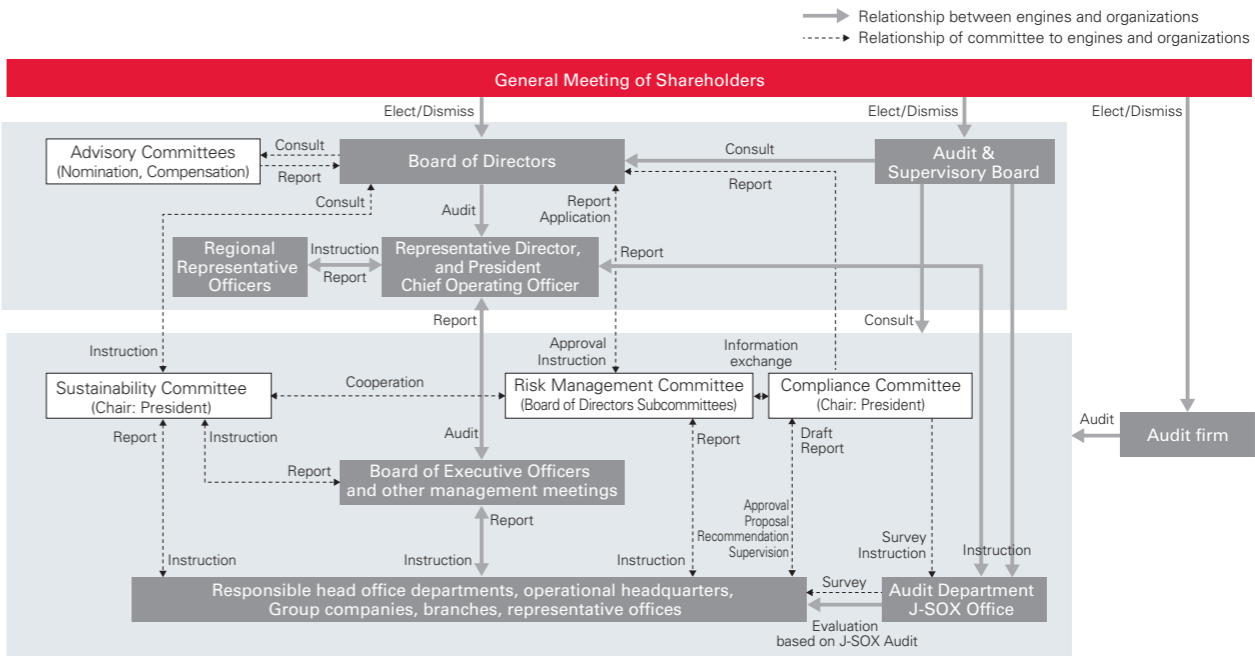
Improving Corporate Governance

KYB enforces the basic rules of our Corporate Governance Code. Details are disclosed in the Corporate Governance Report.

Corporate Governance Structure

KYB 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 seven 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

KYB has established several other management committees. At the meeting of the Domestic Affiliated Companies Management Committee, functional and business divisions/departments report on the status of

business execution. Under the Operational Review with the President Committee, the President and other full-time Directors take on the responsibility of personally visiting each plant and group company workplace to follow up on matters related to policy development and important manufacturing issues. And in the Debriefing of the Overseas Headquarters Company Committee, the President regularly supervises the situation with management execution at overseas group companies. Through these activities, we seek to strengthen the entire KAYABA Group's management oversight system.

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.

The members of each of the aforementioned organizations are as follows. (As of June 25, 2024)

Title	Name	Board of Directors	Board of Executive Officers	Domestic Affiliated Companies Management Meeting	Audit & Supervisory Board
Representative Director, Chairman	Masao Ono	◎			
Representative Director, President Chief Executive Officer (CEO)	Masahiro Kawase	○	◎	◎	
Member of the Board of Directors, Executive Vice President 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)	Osamu Kunihiro	○			◎
Audit & Supervisory Board Member (Full Time)	Ichio Nemoto	○			○
Audit & Supervisory Board Member (Full Time)(Outside)	Junichi Tanaka	○			○
Audit & Supervisory Board Member (Full Time)(Outside)	Masahiko Sagara	○			○
Audit & Supervisory Board Member (Full Time)(Outside)	Junko Watanabe	○			○
13 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>

Directors’ Expertise and Experiences (Skill Matrix)

KYB arranges for the expertise and experience necessary to embody the Corporate Spirit and achieve the Medium-Term Management Plan of the Group. Going forward, we will continue to revise skills as necessary so that the Board of Directors and other functions can

thoroughly display their abilities. The following skill matrix indicates the skills specifically expected of each Director candidate, but does not represent all the knowledge possessed by each candidate.

Name	Title	Corporate management	Global	Financial affairs and accounting	Lega affairs / compliance	Sales, procurement, marketing	Monozukuri (manufacturing, technology, product development)	IT / DX
Masao Ono	Representative Director, Chairman	○	○		○	○		
Masahiro Kawase	Representative Director, President Chief Executive Officer (CEO)	○	○			○	○	○
Takashi Saito	Member of the Board of Directors, Executive Vice President Executive Officer Chief Financial Officer (CFO)	○	○	○	○			
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	Member of the Board of Directors (External)				○			

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	—
Performancelinked 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
Performancelinked 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 25, 2024)




* Independent Directors and Auditors



Directors

			
Masao Ono Representative Director, Chairman	Masahiro Kawase Representative Director, President Chief Executive Officer (CEO)	Takashi Saito Member of the Board of Directors, Senior Managing Executive Officer Chief Financial Officer (CFO) In Charge of Global Corporate Finance, CSR, Public Relations/IR General Manager, CSR & Safety Control Division	
Appointment of directors	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* Member of the Board of Directors (External)
Appointment of directors	June 2016	June 2020	June 2023

Audit & Supervisory Board Members

		
Osamu Kunihara Audit & Supervisory Board Member	Junichi Tanaka* Audit & Supervisory Board Member (Outside)	Masahiko Sagara* Audit & Supervisory Board Member (Outside)

	
Ichio Nemoto New Member of the Board of Directors (External)	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
	Tomoki Takaoka	General Manager, General Affairs & Human Resources Division, and Hydraulic Components Operations
Managing Executive Officer	Ryuji Uda	In Charge of North, Central & South American Operations; President, KYB Americas Corporation
	Shozo Amano	In Charge of Production, KPS Promotion; General Manager, Production Division
	Masaru Tsuboi	In Charge of Safety Control & Environment
	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 Quality, Cybersecurity Measures; General Manager, Quality Division, Digital Transformation Improvement Division
	Kenji Yazaki	In Charge of Global Corporate Planning, Domestic Affiliated Companies, TQM Promotion and ESG Promotion; General Manager, Corporate Planning Division
	Atsushi Fujii	In Charge of Engineering; General Manager, Engineering Division, Basic Technology R&D Center, and Curator, KYB Museum
	Atsushi Okubo	In Charge of Sales, Purchasing & Logistics, Special Purpose Vehicles Div.; General Manager, Sales Division and Special Purpose Vehicles Division
	Fumihiko Izumi	In Charge of European Operations, and President, KYB Europe GmbH

Internal Control System

Governance 1

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

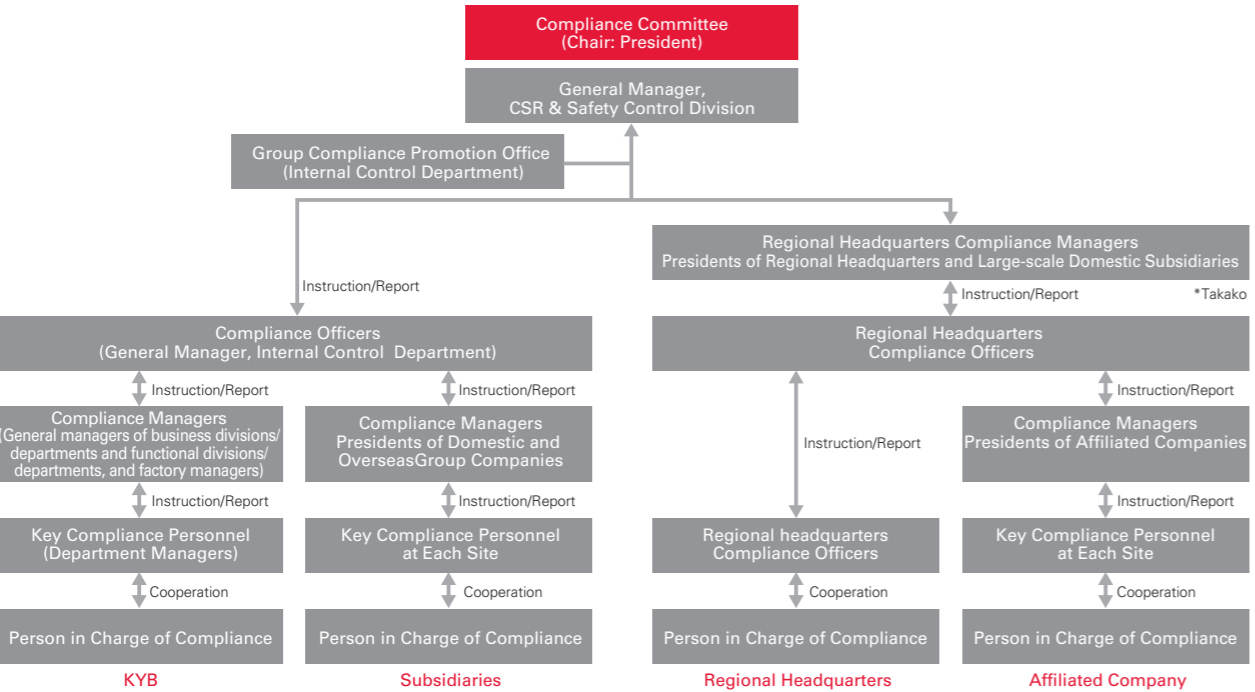


For details, see "Internal control System Policy" of the "Corporate Governance System" on the website

→ <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">During Compliance Enhancement Month, we conducted various activities involving all employees, including a message from the President, a call for compliance mottos, repeated in-house training sessions, and a Compliance Top Management Training Course.We provided training that addressed the issues identified through the results of the compliance comprehension survey.
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
Internal Reporting	<ul style="list-style-type: none">In order to prevent and quickly detect non-conforming acts and make corrections, we are working to raise understanding of the whistleblowing system. We are striving to raise employee's awareness that they can report without hesitation, and that they can have confidence in our response to reports.	<ul style="list-style-type: none">We improve report responses and how we handle reports, make the details of the whistleblowing system and the manner in which we proceed when receiving a report common knowledge, and regularly report to the Board of Directors

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 KYB regulates itself and subsidiaries other than those mentioned above.

Risk Management

Governance 5

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.

No.	Risk / Summary	Policy
1	Non-conforming acts involving quality: Risk of violating laws or agreements with customers due to falsification of quality documentation	Conducting quality system audits by the Quality Control Dept. at all plants and offices
2	Large-scale disasters: Risk of operations being suspended due to insufficient management of BCP activities	BCP drills, natural disaster damage reduction countermeasures
3	Human rights issues: Risk of damaging business activities due to insufficient management of anti-harassment measures	Harassment prevention measures, respond to priority plants and offices
4	Cyberattacks: Risk of suspension of operations due to insufficient management of cybersecurity	Education and drills, preparation of incident response manual
5	Work-related injuries: Risk of injury or loss of life due to insufficient management of work-related injury prevention measures	Roll out of specialized maintenance and measures to prevent recurrence for plants in which an incident has occurred
6	Fires: Risk of suspension of operations due to insufficient management of fire prevention measures	Detailed inspections of fire prevention systems, visualization of explosion risks
7	Safety measures for the outbreak of conflict: Risk of being unable to ensure the safety of employees when a crisis occurs	Prepare an evacuation manual specifically for the outbreak of conflict
8	Shortage of human resources: Risk of being incapable of securing the necessary human resources due to turnover of human resources or hiring difficulties	Promotion of employment strategy, take measures to prevent turnover
9	Break in the supply chain: Risk of supply suspension due to a reason on a business partner's part other than a large-scale disaster	Formulation of a supply backup system based on concerns related to a supply suspension

Responding to Business Continuity

KYB, together with our Group companies, works on our business continuity response. Our aim is to support our customers, businesses partners, and regional communities as well as quickly restore operations. We do this through making sure all persons concerned have an accurate understanding and take the proper actions, quickly conducting first response and holding damage to people and physical objects to a minimum. We make sure they understand that acting to protect human life is the first priority in the event of a disaster, and are working to raise our level through holding various drills, such as those targeted at quickly confirming the safety of employees. We log matters noticed during drills so that they can be used to advantage, and view this as an important issue. In FY2023, we continued our annual drill assembly with eight domestic plants taking part. We go over situations likely to occur in an earthquake, and work to obtain the knowledge necessary for initial

response. Also, we conduct disaster prevention measures such as fastening down equipment in preparation for a major earthquake and using our ingenuity in ways such as strengthening coordination with related departments. We work on improvement activities with our customers with a focus on damage reduction, inventories, and substitutions, aiming for the early recovery of production in terms of responding to supply.



Assembly drill for earthquakes

Information Security

In an effort to ensure and strengthen information security, the KAYABA Group sets forth an Information Security Basic Policy, and each plant or office appoints an Information Security Supervisory Officer. Cyber risks continue to grow in the forms of cyber terrorism that reflects geopolitical risks, ransomware attacks in which criminal groups demand payment, new cyberattack methods that use cutting edge technology such as generative AI, and more. We quickly respond to these threats and continuously reduce risks through strengthening controls across the entire KAYABA Group and promoting initiatives centered on KYB-CSIRT.

Major efforts in FY2023

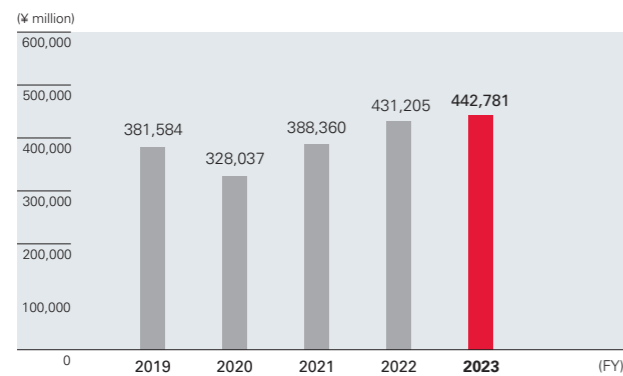
- Conducted continuous education and training for all executives and employees
- Conducted self-assessment in accordance with the standard automobile industry security guideline
- Strengthening cyberattack countermeasures in the supply chain
- Hired third-party security evaluation organization to conduct vulnerability assessments
- Conducted cyber BCP drill

KYB Performance Highlights

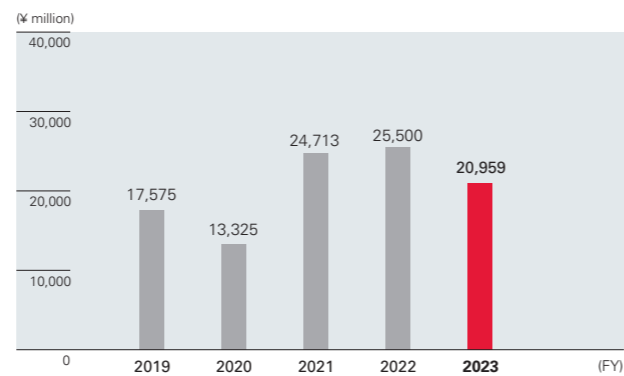
Financial

Net sales for the KAYABA Group were ¥442.8 billion, an ¥11.6 billion increase over the previous fiscal year. Operating profit was ¥22.4 billion (compared with ¥32.5 billion in the previous fiscal year), while profit before tax was ¥21.4 billion (compared with ¥31.8 billion in the previous fiscal year). Profit attributable to owners of the parent was ¥15.8 billion (compared with ¥27.2 billion in the previous fiscal year).

Net Sales

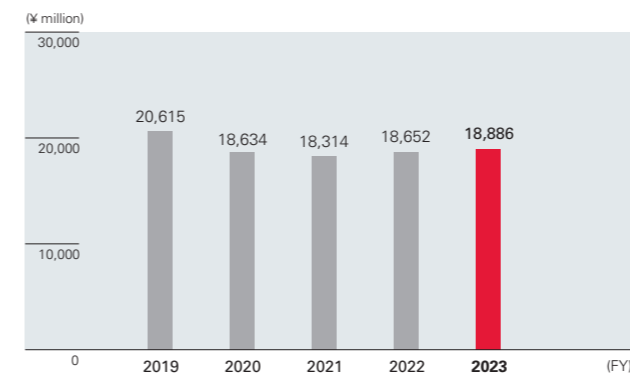


Segment Profit

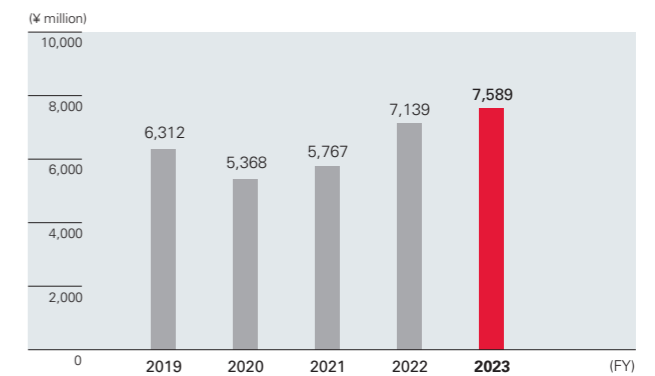


Note: Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from net sales.

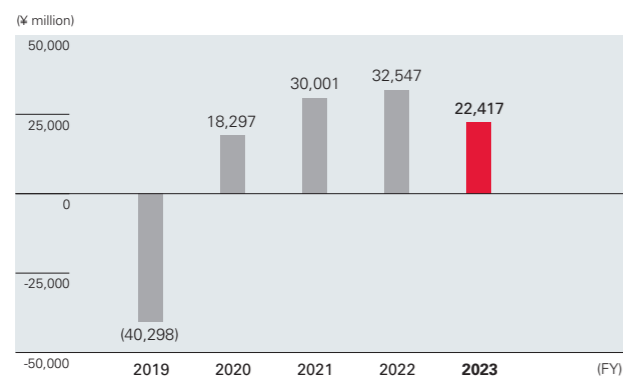
Depreciation and Amortization



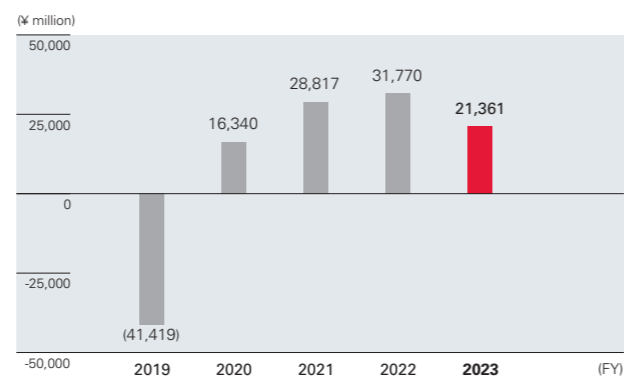
R&D Expenses



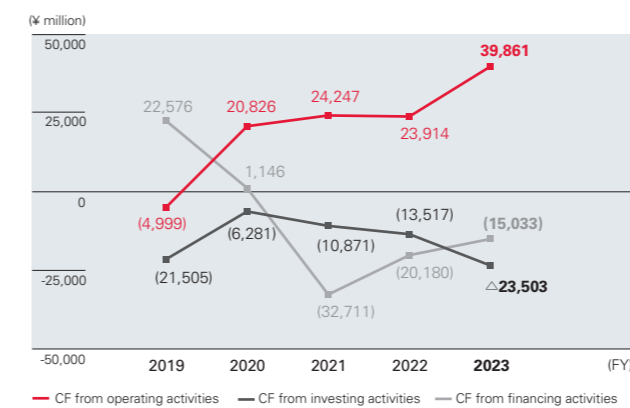
Operating Profit (Loss)



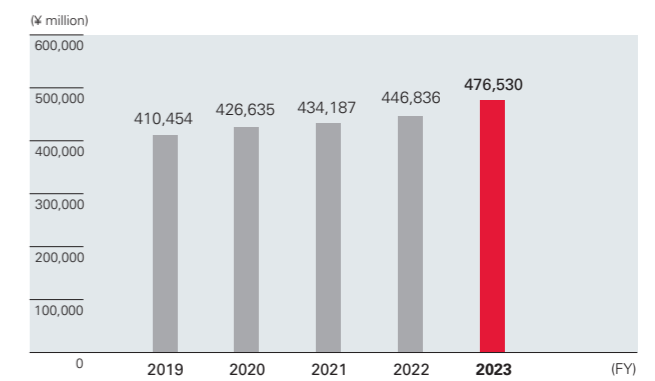
Profit (loss) before tax



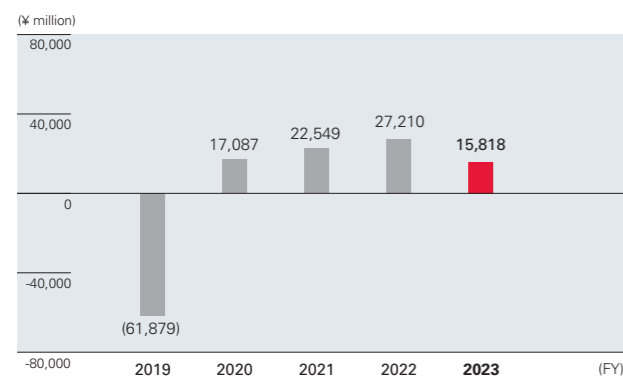
Cash Flows (CF)



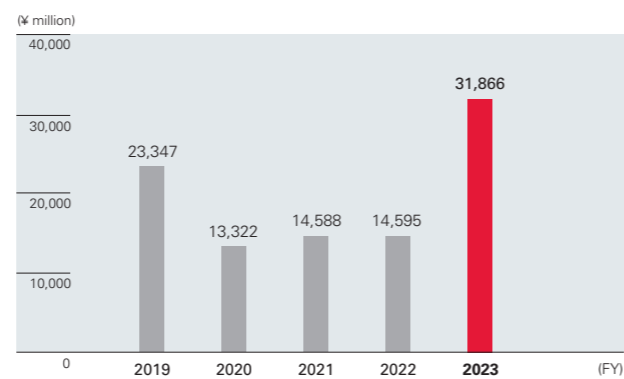
Total Assets



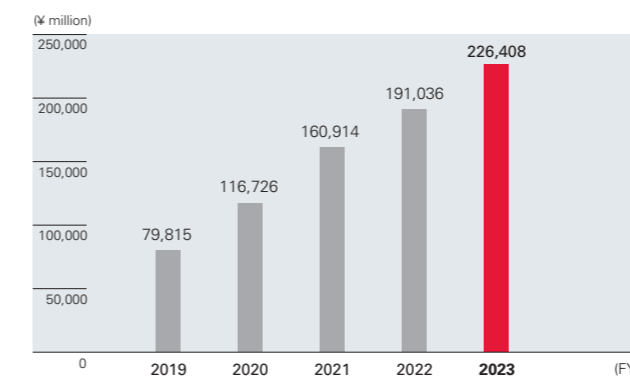
Profit (Loss) Attributable to Owners of the Parent



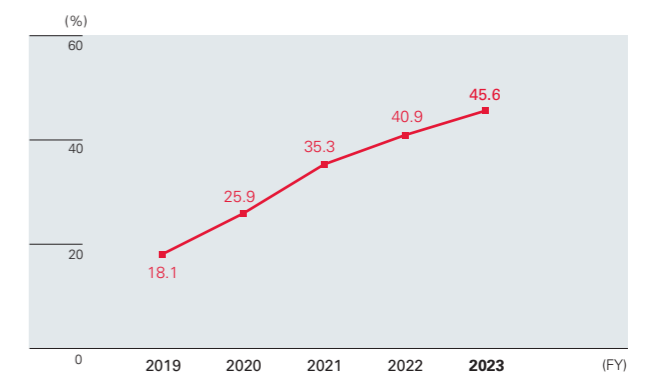
Capital Expenditures



Total Equity

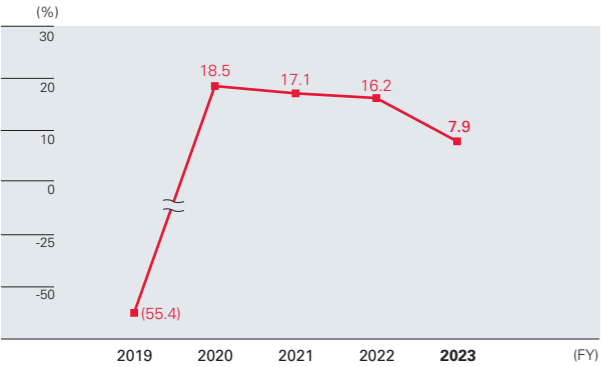


Ratio of equity attributable to owners of the parent

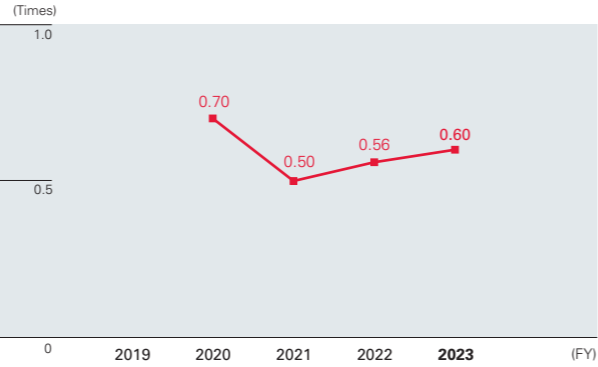


KYB Performance Highlights

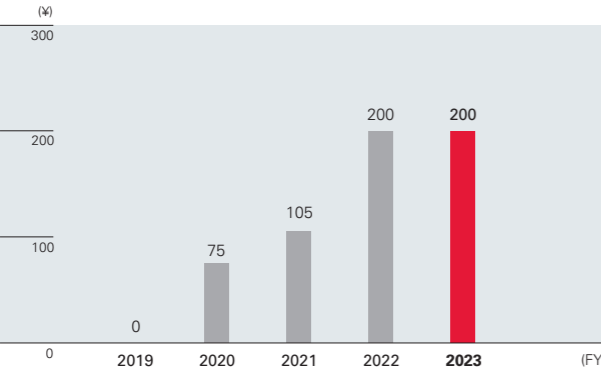
ROE



PBR



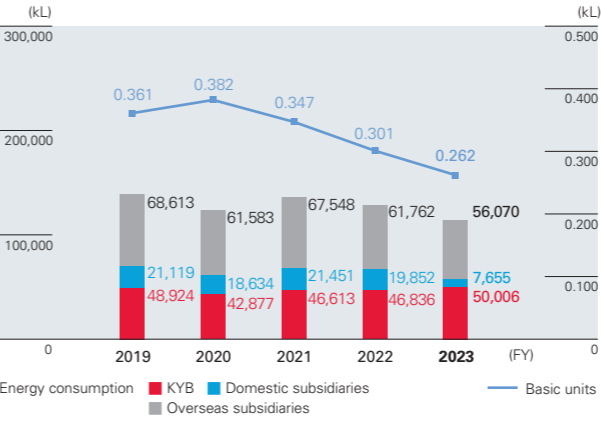
Dividends per Share



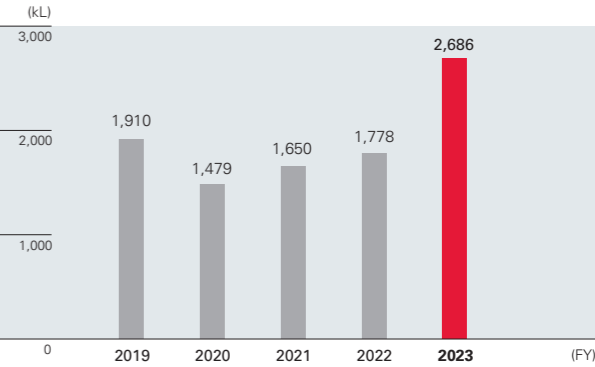
Non-financial

The energy consumption during the product manufacturing phase in the KAYABA Group was 113,731 kL in crude oil equivalent (an 11.5% year-on-year reduction), with an energy intensity of 0.262 kL per million yen (a 13.0% year-on-year reduction). For industrial waste, we prioritized reducing waste volume and promoting in-house recycling, resulting in emissions (the volume treated by contractors) of 17,296 tons (a 6.5% year-on-year reduction), with a basic unit of 39.8 kg per million yen (an 8.3% year-on-year reduction).

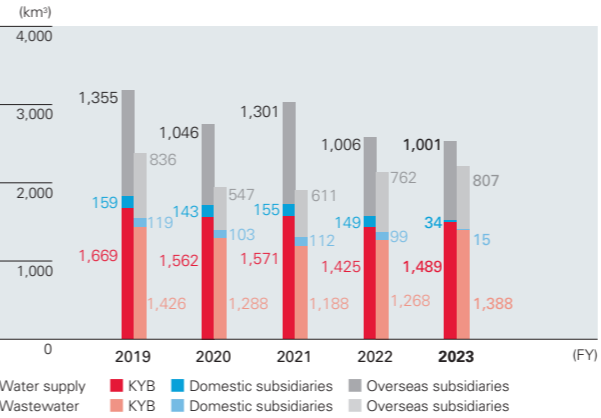
Energy Consumption



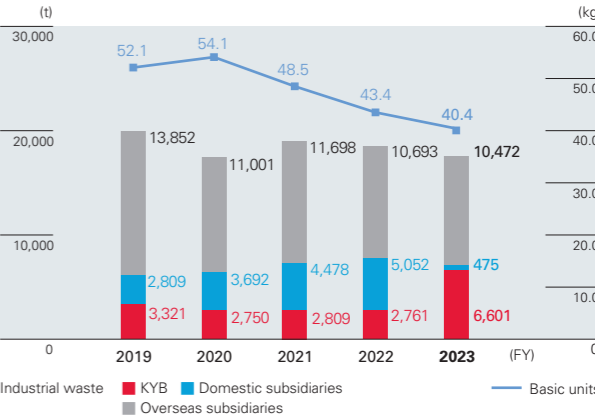
Energy Consumption for Transportation



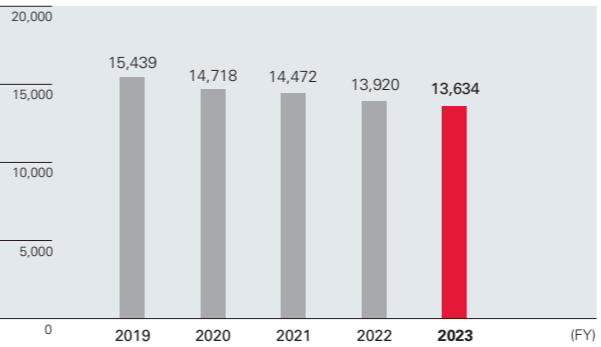
Water Usage



Industrial waste: Volume treated by contractors



Number of Employees



OSHMS/ISO 45001 Certification Acquisition (As of March 31, 2024)

Six KYB Plants: 100% Global: 100%

ISO14001 Certification Acquisition (As of March 31, 2024)

Six KYB Plants: 100% Global: 93%

KYB Performance Highlights

CO₂ Emissions

CO ₂ emission category			KYB (Seven plants)	Domestic subsidiaries (Six companies)	Overseas subsidiaries (18 companies)	Total
Scope 1	Direct Emissions		25,272 tCO ₂	2,401 tCO ₂	27,891 tCO ₂	55,564 tCO ₂
Scope 2	Indirect Emissions from the Use of Electricity (Market Standard)		74,481 tCO ₂	13,159 tCO ₂	68,527 tCO ₂	156,167 tCO ₂
Scope 3	Category 1	Purchased Goods and Services	1,574,741 tCO ₂	151,100 tCO ₂	778,060 tCO ₂	2,503,900 tCO ₂
	Category 2	Capital Goods	35,617 tCO ₂	5,306 tCO ₂	39,372 tCO ₂	80,296 tCO ₂
	Category 3	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	17,996 tCO ₂	2,629 tCO ₂	18,052 tCO ₂	38,677 tCO ₂
	Category 4	Upstream Transportation and Distribution	6,946 tCO ₂	615 tCO ₂	21,021 tCO ₂	28,582 tCO ₂
	Category 5	Waste Generated in Operations	5,699 tCO ₂	486 tCO ₂	13,983 tCO ₂	20,168 tCO ₂
	Category 6	Business Travel	1,068 tCO ₂	452 tCO ₂	4,340 tCO ₂	5,861 tCO ₂
	Category 7	Employee Commuting	3,887 tCO ₂	1,579 tCO ₂	11,195 tCO ₂	16,662 tCO ₂
	Category 8	Upstream Leased Assets	0 tCO ₂	0 tCO ₂	0 tCO ₂	0 tCO ₂
	Category 9	Downstream transportation and Distribution	779 tCO ₂	76 tCO ₂	0 tCO ₂	855 tCO ₂
	Category 10	Processing of Sold Products	0 tCO ₂	0 tCO ₂	0 tCO ₂	0 tCO ₂
	Category 11	Use of sold products	321,311 tCO ₂	0 tCO ₂	0 tCO ₂	321,311 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	0 tCO ₂	0 tCO ₂	0 tCO ₂	0 tCO ₂
	Category 15	Investments	0 tCO ₂	0 tCO ₂	13,025 tCO ₂	13,025 tCO ₂

The coverage of Scope 1, 2, and 3 contains six KYB 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.

Evaluation of FY2023 Activities

○: Target achieved ×: Target not achieved

Theme		Global (KYB (seven plants), Consolidateed subsidiaries (six domestic, 18 overseas))			KYB (seven plants)		
		Numerical target	FY 2023 achievements	Evaluation	Numerical target	FY 2023 achievements	Evaluation
Climate change counter-measures	CO ₂ emission volume	218,951tCO ₂ or less	211,731tCO ₂	○	96,922tCO ₂ or less	99,769tCO ₂	×
	CO ₂ emission volume per basic unit	(Ref.) 0.511tCO ₂ /¥ million or less	0.488tCO ₂ /¥ million	—	(Ref.) 0.436tCO ₂ /¥ million or less	0.469tCO ₂ /¥ million	—
	Energy consumption	(Ref.) 128,035kL or less	113,731kL	—	(Ref.) 62,291 kL or less	50,006kL	—
	Energy consumption per basic unit	0.297kL/¥ million or less	0.262kL/¥ million	○	0.271kL/¥ million or less	0.235 kL/¥ million	○
Reduction of industrial waste	General waste	(Ref.) 2,616t or less	2,676t	—	(Ref.) 457t or less	545t	—
	General waste per basic unit	6.14t/¥ million or less	6.46kg/¥ million	○	2.01kg/¥ million or less	2.56 kg/¥ million	×
	Metal scrap	(Ref.) 39,018t or less	31,241t	○	(Ref.) 20,566t or less	13,940t	—
	Metal scrap per basic unit	91.6t/¥ million or less	71.9kg/¥ million	—	89.5kg/¥ million or less	65.6kg/¥ million	○
	Industrial waste	(Ref.) 18,059t or less	17,548t	—	(Ref.) 7,113t or less	6,601t	—
	Industrial waste per basic unit	42.4kg/¥ million or less	40.4kg/¥ million	○	31.3kg/¥ million or less	31.0 kg/¥ million	○
	Plastic waste matter	—	—	—	(Ref.) 482t or less	469t	—
Recycling	Recycling rate	—	—	—	76.0% or more	70.6%	×
	Final disposal volume	—	—	—	2.2% or less	3.1%	×

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 KYB's regulations, which take shipping into account.

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.

FY2023 Results (Seven KYB Plants)

(Millions of yen)

CostType		Major Contents	Invested Amount	Cost
(1) Business area cost	(1)-1Pollution prevention cost	Air pollution and water pollution prevention activities	223.3	328.1
		Maintenance and inspection of pollution prevention facilities		
		Analysis and measurement of atmosphere and water quality		
	(1)-2 Global environmental conservation-cost	Energy conversion	18.6	18.0
		Energy-saving activities (Investments, etc.)		
	(1)-3 Resource circulation cost	Recycling of plant waste	334.1	669.2
		Reduction of industrial waste		
(2) Upstream/downstream cost			0.0	0.0
(3) Management activity cost		Maintenance and management of ISO 14001, etc.	50.7	125.7
		Monitoring of environmental impact and employee education		
(4) R&D cost		Environmentally friendly product development	9.5	272.4
		Lightweight products and products containing less hazardous chemical substances		
(5) Social activity cost		Support of non-profit environmental protection	0.0	7.3
		Afforestation and maintenance of scenery around plants		
(6) Environmental remediation cost			0.0	0.0
(7) Other cost		Internal environmental conservation	0.0	52.6
		Welfare conservation		
Subtotal			636.1	1,473.2
Grand total				2,109.4

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.

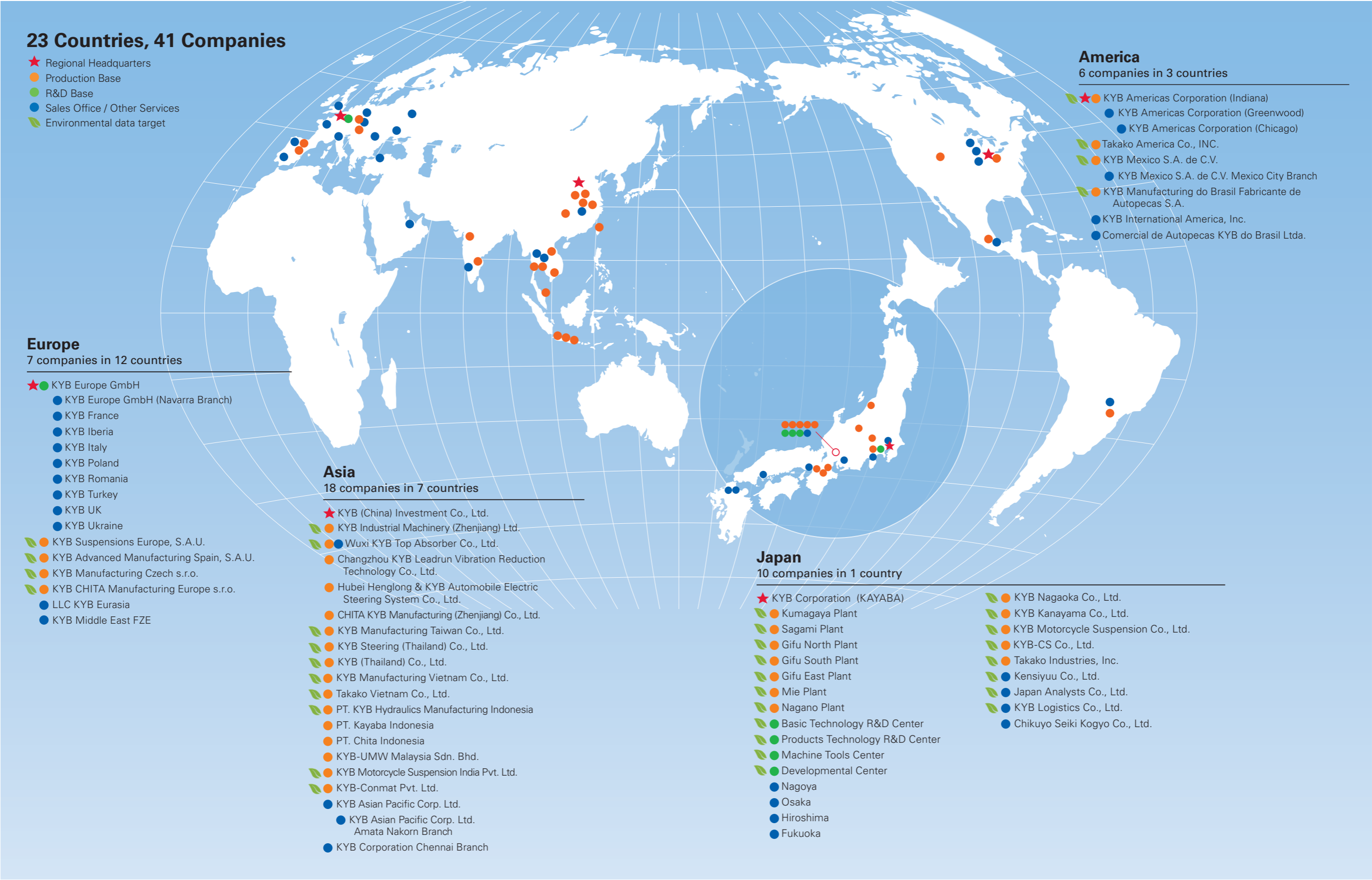
11-Years Financial Summary

(Millions of yen)												
FY	2013	2014	2015		2016	2017	2018	2019	2020	2021	2022	2023
Accounting standards applied	JGAAP	IFRS	IFRS		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Net sales	352,710	370,327	355,320		355,316	393,743	412,214	381,584	328,037	388,360	431,205	442,781
Segment profit* ¹	—	15,506	17,588		18,624	22,949	22,010	17,575	13,325	24,713	25,500	20,959
Operating profit (loss)	18,170	14,461	4,327		19,247	20,885	(28,496)	(40,298)	18,297	30,001	32,547	22,417
Profit (loss) before tax [Income (loss) before income taxes]	21,032	14,892	2,825		18,852	20,881	(29,510)	(41,419)	16,340	28,817	31,770	21,361
Profit (loss) attributable to owners of the parent [Net income (loss)]	12,761	8,036	(3,161)		14,544	15,202	(24,757)	(61,879)	17,087	22,549	27,210	15,818
Capital expenditures	29,908	30,087	21,300		20,578	20,956	25,345	23,347	13,322	14,588	14,595	31,866
Depreciation and amortization	17,294	15,191	17,075		15,922	16,988	17,581	20,615	18,634	18,314	18,652	18,886
R&D expenses	6,917	8,910*	7,760		7,621	8,102	6,750	6,312	5,368	5,767	7,139	7,589
Cash flows from operating activities	28,788	22,335	19,958		31,153	29,252	17,047	(4,999)	20,826	24,247	23,914	39,861
Cash flows from investing activities	(36,078)	(30,658)	(20,320)		(21,337)	(16,386)	(13,616)	(21,505)	(6,281)	(10,871)	(13,517)	(23,503)
Cash flows from financing activities	5,709	(555)	(3,395)		(969)	(4,482)	(10,418)	22,576	1,146	(32,711)	(20,180)	(15,033)
Cash and cash equivalents at end of period	38,132	30,510	25,296		33,988	42,702	56,092	50,423	68,700	52,118	43,585	46,637
Total assets	361,083	387,877	359,002		381,326	412,493	441,074	410,454	426,635	434,187	446,836	476,530
Interest-bearing debt* ²	88,813	92,448	91,685		93,563	94,641	108,634	154,608	160,278	124,874	114,706	101,526
Total equity [Total net assets]	153,997	175,256	153,381		169,771	186,651	155,643	79,815	116,726	160,914	191,036	226,408
Basic earnings per share [Net income (loss) per share]* ³ (Yen)	55.25	31.45	(12.37)		56.93	595.09	(969.18)	(2,422.53)	668.95	854.96	1,028.40	589.59
Cash dividends per share applicable to the year* ³ (Yen)	9.00	12.00	11.00		12.00	150.00	0.00	0.00	75.00	105.00	200.00	200.00
Return on equity attributable to owners of the parent [Return on equity] (ROE; %)	9.7	5.1	(2.0)		9.3	8.8	(15.0)	(55.4)	18.5	17.1	16.2	7.9
Ratio of equity attributable to owners of the parent [Equity ratio] (%)	41.2	43.6	41.3		43.1	43.7	33.9	18.1	25.9	35.3	40.9	45.6
P/E ratio (Times)	7.9	14.0	—		10.2	8.5	—	—	4.5	3.5	3.9	8.8
Number of employees	13,033	13,732	13,796		14,350	14,754	15,427	15,439	14,718	14,472	13,920	13,634

*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

KYB in Globe

(As of October 1, 2024)



External Assessments

(FY2023)

Awards List				
Year and Month	Name of Award/Certification	Awards Side	Notes	Awarded
April 2023	Superior Appreciation Award	Honda Motor	Contribution to improving the quality of the new model "VEZEL."	KYB, KMS
May 2023	Technology Award from the Japanese Society of Tribologists	Japanese Society of Tribologists	First prize for technical paper on basic technology on changes in various performance improvement demands, such as the transition to EVs and electronic controls	KYB
	The Best in Cost Award	Isuzu Global CV Engineering Center	Cost reduction activities for small truck shock absorber	KYBT (Thailand)
July 2023	Outstanding Introduction Company Award	Nissan Motor		KYB
	SER (Certified)	Caterpillar		KYB, KIMZ (China)
September 2023	Niigata Health Management Promotion Encouragement Award	Niigata Prefecture	Three consecutive years	KYB Nagaoka
	Green Cross for Safety Awards	Japan Industrial Safety and Health Association		KYB
October 2023	Patent Office Director's Encouragement Award (Gold Prize)	Gifu Inventors Exhibition	Patent related to hydraulic cylinders for construction machinery	KYB
November 2023	Invention Association Chairman's Awards (Chubu Region)	Invention Association		KYB
	Invention Association Chairman's Awards (Kanto Region)	Invention Association		KYB
January 2024	Minister of Health, Labor and Welfare Award for Safety Excellence	Minister of Health, Labor and Welfare		KYB
February 2024	Four awards	Toyota Daihatsu Engineering & Manufacturing (TDEM)	Contribution to TDEM's environmental and safety goals	KYBT (Thailand)
	Zhenjiang National University Science and Technology Park Comprehensive Contribution Award	Zhenjiang National University Science and Technology Park Administration Office	Contribution to the Promotion of Economic and Social Development	KIMZ (China)
March 2024	Carbon Neutrality Improvement Award	Mazda Motor		KYB

Note: KMS : KYB Motorcycle Suspension Co., Ltd., KIMZ : KYB Industrial Machinery (Zhenjiang) Ltd., KYBT : KYB (Thailand) Co., Ltd.



Technology Award from the Japanese Society of Tribologists (May 2023)



The Best in Cost Award (May 2023)



SER (Certified) (Jul. 2023)



Invention Association Chairman's Awards (Chubu Region) (Nov. 2023)



Four awards from TDEM (Feb. 2024)

Other Assessments



"B" rating on climate change and "C" rating on water security (2023)



Selected as constituents of the JPX Nikkei Index 400 and the JPX Nikkei Small- and Mid-cap Indexes (2023)



Certified as an "Eruboshi" Company (2023)

Corporate Information

(As of March 31, 2024)



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

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	13,634 (Consolidated basis)
Securities Traded	Prime Market of Tokyo Stock Exchange

Shareholder Information

(As of March 31, 2024)

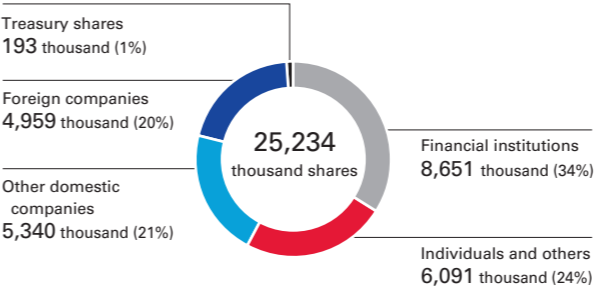
Common Stock Issued	Common stock : 25,234,331 Class A preferred stock : 125
Number of Shareholders	Common stock : 12,910 Class A preferred stock : 8
Transfer Agent and Registrar	Mizuho Trust & Banking Co., Ltd. 3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8241, Japan

Major Shareholders

Name	Shareholding (Thousands)	Percent of Total Shares Issued (%)
The Master Trust Bank of Japan (Trust Account)	3,478,900	13.9
Toyota Motor Corporation	1,469,417	5.9
Suppliers'stock ownership	1,036,300	4.1
Meiji Yasuda Life Insurance Company	1,004,650 [15]	4.0
Hitachi Construction Machinery Co., Ltd.	892,000	3.6
Custody Bank of Japan, Ltd. (Trust Account)	860,600	3.4
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]	2.4
Employee Stock Ownership	522,765	2.1
Mizuho Bank, Ltd.	490,519 [35]	2.0

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

Composition of Shareholders (Common Stock)



Monthly Stock Price Range (Tokyo Stock Exchange)

