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PRESS RELEASE

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Notice Concerning Posting of Provision for Product Warranties for Seismic Isolation/Mitigation Oil Dampers, Impairment Loss and Reversal of Deferred Tax Assets, Differences between Full-Year Results Forecasts and Actual Results

KYB Corporation (HQ: Tokyo, President: Masao Ono, hereinafter “the Company”) announces that it reflected the posting of a provision for product warranties, product guarantee countermeasure costs pertaining to seismic isolation/mitigation oil dampers, an impairment loss, and the reversal of deferred tax assets in financial results in the fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020). In addition, the Company announces differences between the consolidated results forecasts for the fiscal year ended March 31, 2020, announced on February 13, 2020, and the actual results announced today. Details are as follows.

1. Posting of a provision for product warranties and other costs pertaining to seismic isolation/mitigation oil dampers and an impairment loss

The Company posted a provision for product warranties of 15,230 million yen and a product guarantee countermeasure costs of 4,070 million yen as other expenses in the fourth quarter of the fiscal year ended March 31, 2020, as a result of the progress of replacement work implemented with respect to the non-conforming acts in the inspection process for seismic isolation/mitigation oil dampers for buildings. In addition, as a result of the careful examination of the Company’s future business plans and recoverability as well as those of its subsidiaries, the Company posted an impairment loss of 16,610 million yen for related assets under other expenses.

2. Reversal of deferred tax assets

The Company reversed 13,102 million yen of deferred tax assets as income taxes – deferred in the fourth quarter of the fiscal year ended March 31, 2020, as a result of estimating future taxable income at the present and carefully examining the recoverability of deferred tax assets, based on the Implementation Guidance on Recoverability of Deferred Tax Assets.

3. Differences between the consolidated results forecasts for the fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020) and the actual results

(1) Details of differences

	Net sales	Segment profit	Operating profit	Profit before taxes	Profit for the period	Profit attributable to owners of the parent	Basic earnings per share
Previously announced forecasts(A) (February 13, 2020)	Millions of Yen 380,000	Millions of Yen 18,000	Millions of Yen △11,400	Millions of Yen △12,200	Millions of Yen △13,300	Millions of Yen △14,000	Yen△548.09
Actual results (B)	381,584	17,575	△40,298	△41,419	△61,819	△61,879	△2,422.53
Changes (B-A)	1,584	△425	△28,898	△29,219	△48,519	△47,879	
Rate of change (%)	0.4	△2.4	—	—	—	—	
(Reference) Actual results for the previous fiscal year (fiscal year ended March 31, 2019)	412,214	22,010	△28,496	△29,510	△24,571	△24,757	△969.18

(2) Reasons for differences and revisions

Operating profit and profit before taxes decreased from the previous forecasts due to the posting of other expenses described in “1. Posting of a provision for product warranties and other costs pertaining to seismic isolation/mitigation oil dampers and an impairment loss,” after the announcement of the previous results forecasts. In addition, profit for the period and profit attributable to the owners of parent declined from the previous forecasts, reflecting the posting of income taxes – deferred described in “2. Reversal of deferred tax assets.”