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## FLASH REPORT

November. 6, 2020

Company name (official) : KYB Corporation

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

Stock listing : Tokyo Stock Exchange (First Section)

Code number : 7242

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The following statements are an English translation of the original Japanese-language document for your convenience.  
In the case that there is any discrepancy between Japanese and English versions, Japanese version is assumed to be correct.

(All amounts are rounded to the nearest million yen, unless otherwise noted.)

### 1. Consolidated financial results for the six months ended September 30, 2020 ( from April 1, 2020 to September 30, 2020 )

#### (1) Consolidated operating results

(Percentages indicate the change of the same period of the previous year)

	Net sales		Segment profit		Operating profit		Profit before taxes	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2020	138,825	(29.8)	(1,418)	—	(2,671)	—	(3,432)	—
September 30, 2019	197,638	(2.5)	11,919	25.9	4,498	—	4,205	—

	Profit for the period		Profit attributable to owners of the parent		Comprehensive income for the period		Basic earnings per share	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
September 30, 2020	(3,901)	—	(3,757)	—	(1,287)	—	(147.08)	
September 30, 2019	1,919	—	1,666	—	(2,592)	—	65.20	

	Diluted earnings per share	
Six months ended	Yen	
September 30, 2020	—	
September 30, 2019	—	

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

#### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity attributable to owners of the parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
September 30, 2020	402,279	78,243	72,920	18.1	2,854.78
March 31, 2020	410,454	79,815	74,094	18.1	2,900.73

## 2. Cash dividends

	Annual cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Previous fiscal year	—	0.00	—	0.00	0.00
Current fiscal year	—	0.00			
Current fiscal year (forecast)			—	—	—

## 3. Forecasts for the current fiscal year (April 1, 2020 to March 31, 2021)

(Percentages indicate the change of the same period of the previous year)

	Net sales		Segment profit		Operating profit		Profit before taxes	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Current fiscal year	310,000	(18.8)	6,200	(64.7)	4,000	—	2,300	—

	Profit for the period		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Current fiscal year	800	—	500	—	19.57

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

## Consolidated Statements of Financial Position

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	As of March 31, 2020	As of September 30, 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	50,423	63,828
Trade and other receivables	95,547	83,872
Inventories	56,252	52,499
Other current financial assets	1,167	1,369
Other current assets	13,246	9,963
Total current assets	216,635	211,531
Non-current assets:		
Property, plant and equipment	165,825	161,397
Goodwill	238	236
Intangible assets	4,874	4,507
Investments accounted for using the equity method	5,534	4,398
Other non-current financial assets	14,230	17,586
Other non-current assets	1,093	924
Deferred tax assets	2,025	1,699
Total non-current assets	193,818	190,748
Total assets	410,454	402,279

(Unit: Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities and equity		
Current liabilities:		
Trade and other payables	69,661	53,185
Borrowings	88,714	82,087
Income tax payables	1,281	942
Other current financial liabilities	24,868	22,738
Provisions	51,247	43,127
Other current liabilities	2,160	1,833
Total current liabilities	237,931	203,913
Non-current liabilities:		
Borrowings	33,268	60,149
Liabilities for retirement benefits	15,977	15,850
Other non-current financial liabilities	28,415	28,447
Provisions	6,301	6,027
Other non-current liabilities	578	613
Deferred tax liabilities	8,167	9,038
Total non-current liabilities	92,707	120,124
Total liabilities	330,639	324,036
Equity		
Equity attributable to owners of the parent:		
Share capital	27,648	27,648
Capital surplus	29,414	29,414
Retained earnings	19,617	15,863
Treasury shares	(602)	(602)
Other components of equity	(1,983)	596
Total equity attributable to owners of the parent	74,094	72,920
Non-controlling interests	5,721	5,323
Total equity	79,815	78,243
Total liabilities and equity	410,454	402,279

## Consolidated Statements of Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the six months ended September 30, 2019 (Apr. 1 through Sep. 30, 2019)	For the six months ended September 30, 2020 (Apr. 1 through Sep. 30, 2020)
Net sales	197,638	138,825
Cost of sales	158,851	118,125
Gross profit	38,787	20,699
Selling, general and administrative expenses	26,868	22,118
Equity in profit (loss) of affiliates	299	(181)
Other income	667	1,342
Other expenses	8,388	2,413
Operating profit (loss)	4,498	(2,671)
Finance income	339	550
Finance costs	632	1,311
Profit (loss) before taxes	4,205	(3,432)
Income tax expenses	2,286	469
Profit (loss) for the period	1,919	(3,901)
Profit (loss) attributable to:		
Owners of the parent	1,666	(3,757)
Non-controlling interests	254	(144)
Profit (loss) for the period	1,919	(3,901)
Earnings per share		
Basic earnings (loss) per share (in yen)	65.20	(147.08)

## Consolidated Statements of Comprehensive Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the six months ended September 30, 2019 (Apr. 1 through Sep. 30, 2019)	For the six months ended September 30, 2020 (Apr. 1 through Sep. 30, 2020)
Profit (loss) for the period	1,919	(3,901)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Net changes in financial assets measured at fair value through other comprehensive income	(1,287)	2,332
Remeasurements of defined benefit plans	4	(1)
Share of other comprehensive income of investments accounted for using the equity method	0	0
Total	(1,282)	2,331
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	(2,889)	450
Share of other comprehensive income of investments accounted for using the equity method	(340)	(167)
Total	(3,229)	282
Total other comprehensive income	(4,511)	2,614
Comprehensive income for the period	(2,592)	(1,287)
Comprehensive income for the period attributable to:		
Owners of the parent	(2,711)	(1,174)
Non-controlling interests	119	(113)
Comprehensive income for the period	(2,592)	(1,287)

## Consolidated Statements of Changes in Equity

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	Share capital	Capital surplus	Retained earnings	Treasury shares
Balance at April 1, 2019	27,648	29,414	86,536	(600)
Impact of changes in accounting policies	—	—	(150)	—
Balance at April 1, 2019 (revised)	27,648	29,414	86,386	(600)
Comprehensive income for the period:				
Profit for the period	—	—	1,666	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	1,666	—
Transactions with owners:				
Contributions by and distributions to owners in their capacity as owners:				
Acquisition of treasury shares	—	—	—	(1)
Dividends of surplus	—	—	—	—
Transfer to retained earnings	—	—	(202)	—
Total contributions by and distributions to owners in their capacity as owners	—	—	(202)	(1)
Changes in equity interest of subsidiaries:				
Dividends of surplus	—	—	—	—
Total changes in equity interest of subsidiaries	—	—	—	—
Total transactions with owners	—	—	(202)	(1)
Balance at September 30, 2019	27,648	29,414	87,850	(601)
Balance at April 1, 2020	27,648	29,414	19,617	(602)
Impact of changes in accounting policies	—	—	—	—
Balance at April 1, 2020 (revised)	27,648	29,414	19,617	(602)
Comprehensive income for the period:				
Loss for the period	—	—	(3,757)	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	(3,757)	—
Transactions with owners:				
Contributions by and distributions to owners in their capacity as owners:				
Acquisition of treasury shares	—	—	—	(0)
Dividends of surplus	—	—	—	—
Transfer to retained earnings	—	—	4	—
Total contributions by and distributions to owners in their capacity as owners	—	—	4	(0)
Changes in equity interest of subsidiaries:				
Dividends of surplus	—	—	—	—
Total changes in equity interest of subsidiaries	—	—	—	—
Total transactions with owners	—	—	4	(0)
Balance at September 30, 2020	27,648	29,414	15,863	(602)

(Unit: Millions of yen)

	Other components of equity				Comprehensive income for the year attributable to owners of the parent	Non-controlling interests	Total equity
	Net changes in financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Total other components of equity			
Balance at April 1, 2019	6,866	—	(526)	6,340	149,338	6,306	155,643
Impact of changes in accounting policies	—	—	—	—	(150)	—	(150)
Balance at April 1, 2019 (revised)	6,866	—	(526)	6,340	149,187	6,306	155,493
Comprehensive income for the period:							
Profit for the period	—	—	—	—	1,666	254	1,919
Other comprehensive income	(1,287)	2	(3,092)	(4,377)	(4,377)	(135)	(4,511)
Total comprehensive income for the period	(1,287)	2	(3,092)	(4,377)	(2,711)	119	(2,592)
Transactions with owners:							
Contributions by and distributions to owners in their capacity as owners:							
Acquisition of treasury shares	—	—	—	—	(1)	—	(1)
Dividends of surplus	—	—	—	—	—	—	—
Transfer to retained earnings	204	(2)	—	202	—	—	—
Total contributions by and distributions to owners in their capacity as owners	204	(2)	—	202	(1)	—	(1)
Changes in equity interest of subsidiaries:							
Dividends of surplus	—	—	—	—	—	(182)	(182)
Total changes in equity interest of subsidiaries	—	—	—	—	—	(182)	(182)
Total transactions with owners	204	(2)	—	202	(1)	(182)	(183)
Balance at September 30, 2019	5,783	—	(3,618)	2,165	146,475	6,242	152,718



Balance at April 1, 2020	2,120	—	(4,103)	(1,983)	74,094	5,721	79,815
Impact of changes in accounting policies	—	—	—	—	—	—	—
Balance at April 1, 2020 (revised)	2,120	—	(4,103)	(1,983)	74,094	5,721	79,815
Comprehensive income for the period:							
Loss for the period	—	—	—	—	(3,757)	(144)	(3,901)
Other comprehensive income	2,332	0	251	2,583	2,583	31	2,614
Total comprehensive income for the period	2,332	0	251	2,583	(1,174)	(113)	(1,287)
Transactions with owners:							
Contributions by and distributions to owners in their capacity as owners:							
Acquisition of treasury shares	—	—	—	—	(0)	—	(0)
Dividends of surplus	—	—	—	—	—	—	—
Transfer to retained earnings	(3)	(0)	—	(4)	—	—	—
Total contributions by and distributions to owners in their capacity as owners	(3)	(0)	—	(4)	(0)	—	(0)
Changes in equity interest of subsidiaries:							
Dividends of surplus	—	—	—	—	—	(285)	(285)
Total changes in equity interest of subsidiaries	—	—	—	—	—	(285)	(285)
Total transactions with owners	(3)	(0)	—	(4)	(0)	(285)	(285)
Balance at September 30, 2020	4,448	—	(3,852)	596	72,920	5,323	78,243

## Consolidated Statements of Cash Flows

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the six months ended September 30, 2019 (Apr. 1 through Sep. 30, 2019)	For the six months ended September 30, 2020 (Apr. 1 through Sep. 30, 2020)
Cash flows from operating activities:		
Profit (loss) before taxes	4,205	(3,432)
Depreciation and amortization	10,379	9,195
Impairment losses	557	666
Reversal gain of impairment losses	(22)	(20)
Gain on sales of fixed asset	(28)	(32)
Increase (decrease) in assets and liabilities for retirement benefits	34	(133)
Increase (decrease) in provisions for product warranties	(4,538)	(9,382)
Finance income	(339)	(550)
Finance costs	632	1,311
Equity in (profit) loss of affiliates	(299)	181
(Increase) decrease in trade and other receivables	3,482	11,965
(Increase) decrease in inventories	(2,179)	3,550
Increase (decrease) in trade and other payables	(9,743)	(16,567)
Other	1,455	4,044
Subtotal	3,596	796
Interest received	93	29
Dividends received	554	1,026
Interest paid	(645)	(991)
Income taxes (paid) return	(2,702)	48
Net cash from operating activities	896	908
Cash flows from investing activities:		
Payment into time deposits	(2)	(535)
Proceeds from withdrawal of time deposits	46	303
Payment for purchases of property, plant and equipment	(11,509)	(6,649)
Proceeds from sales of property, plant and equipment	191	355
Payment for purchases of other financial assets	(13)	(2)
Proceeds from sale of other financial assets	528	11
Other	(741)	(124)
Net cash flows from investing activities	(11,500)	(6,640)

(Unit: Millions of yen)

	For the six months ended September 30, 2019 (Apr. 1 through Sep. 30, 2019)	For the six months ended September 30, 2020 (Apr. 1 through Sep. 30, 2020)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	3,382	3,414
Repayments of lease liabilities	(2,251)	(2,503)
Proceeds from long-term borrowings	67	22,343
Repayment of long-term borrowings	(4,924)	(5,486)
Proceeds from sale and lease back	—	1,514
Payment for borrowing fee	(1,233)	(55)
Payments for purchase of treasury shares	(1)	(0)
Dividends paid to non-controlling interests	(182)	(285)
Net cash flows from financing activities	(5,142)	18,943
Effect of changes in foreign exchange rates	(892)	195
Net increase (decrease) in cash and cash equivalents	(16,638)	13,405
Cash and cash equivalents at beginning of period	56,092	50,423
Cash and cash equivalents at end of period	39,454	63,828

## Segment Information

KYB Corporation and its Consolidated Subsidiaries

For the six months ended September 30, 2019

(Unit: Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Automotive components	Hydraulic components	System Products	Aircraft Components	Subtotal				
Net sales:									
Outside customers	118,892	66,507	4,441	2,570	192,410	5,228	197,638	—	197,638
Intersegment sales and transfers	426	775	136	—	1,337	45	1,382	(1,382)	—
Total	119,318	67,281	4,577	2,570	193,747	5,273	199,020	(1,382)	197,638
Segment profit (loss)	6,927	4,071	864	(445)	11,417	509	11,926	(7)	11,919
Equity in earnings of affiliates	155	144	—	—	299	—	299	—	299
Other income and expenses (net)	(1,138)	(408)	(5,963)	(160)	(7,668)	(53)	(7,721)	—	(7,721)
Operating profit (loss)	5,945	3,807	(5,099)	(605)	4,048	456	4,505	(7)	4,498
Finance income and costs (net)									(293)
Profit before taxes									4,205

Notes: 1. "Others" includes "Special-purpose Vehicles" and "Electronic Equipment" that are not included in the four of reportable segment.

2. ¥7 million of adjustment of segment loss is the elimination of intersegment transactions.

For the six months ended September 30, 2020

(Unit: Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Automotive components	Hydraulic components	System Products	Aircraft Components	Subtotal				
Net sales:									
Outside customers	81,827	48,600	2,518	1,898	134,843	3,982	138,825	—	138,825
Intersegment sales and transfers	279	464	37	—	779	60	839	(839)	—
Total	82,106	49,064	2,555	1,898	135,623	4,042	139,664	(839)	138,825
Segment profit (loss)	(1,307)	157	282	(828)	(1,696)	256	(1,439)	21	(1,418)
Equity in loss of affiliates	(151)	(31)	—	—	(181)	—	(181)	—	(181)
Other income and expenses (net)	(355)	(88)	(391)	(219)	(1,054)	(18)	(1,072)	—	(1,072)
Operating profit (loss)	(1,814)	39	(108)	(1,047)	(2,931)	239	(2,692)	21	(2,671)
Finance income and costs (net)									(761)
Loss before taxes									(3,432)

Notes: 1. "Others" includes "Special-purpose Vehicles" and "Electronic Equipment" that are not included in the four of reportable segment.

2. ¥21 million of adjustment of segment profit is the elimination of intersegment transactions.

## Second Quarter of FY2020 Financial Results Supplementary Information

### 1. Breakdown of sales

	FY2019 2Q		FY2020 2Q		Differences	
	Sales (¥ million)	composition ratio	Sales (¥ million)	composition ratio	Sales (¥ million)	composition ratio
Automotive Components	118,892	60.2%	81,827	58.9%	△ 37,065	-31.2%
Shock absorber for automobiles	86,023	43.5%	61,069	44.0%	△ 24,954	-29.0%
Shock absorber for motorcycles	12,726	6.4%	9,274	6.7%	△ 3,451	-27.1%
Hydraulic equipment for automobiles	17,512	8.9%	9,747	7.0%	△ 7,765	-44.3%
Others	2,632	1.3%	1,737	1.3%	△ 895	-34.0%
Hydraulic Components	66,507	33.7%	48,600	35.0%	△ 17,907	-26.9%
Hydraulic equipment for industrial use	62,130	31.4%	44,946	32.4%	△ 17,183	-27.7%
Others	4,377	2.2%	3,653	2.6%	△ 723	-16.5%
System products	4,441	2.2%	2,518	1.8%	△ 1,923	-43.3%
System products	4,441	2.2%	2,518	1.8%	△ 1,923	-43.3%
Aircraft Components	2,570	1.3%	1,898	1.4%	△ 672	-26.2%
Aircraft Components	2,570	1.3%	1,898	1.4%	△ 672	-26.2%
Special-purpose Vehicles and Electronic Equipment, etc.	5,228	2.6%	3,982	2.9%	△ 1,246	-23.8%
Special-purpose Vehicles	4,251	2.2%	3,605	2.6%	△ 646	-15.2%
Electronic Equipment, etc.	977	0.5%	377	0.3%	△ 601	-61.5%
Total	197,638	100.0%	138,825	100.0%	△ 58,813	-29.8%

## 2. FOREX Rate

Average FOREX Rate	FY2019				FY2020	
	Apr-Jun 2019	Apr-Sep 2019	Apr-Dec 2019	Full year	Apr-Jun 2020	Apr-Sep 2020
JPY/USD	109.90	108.62	108.67	108.74	107.62	106.91
JPY/EUR	123.48	121.41	121.04	120.81	118.47	121.29
JPY/CNY	16.07	15.68	15.60	15.60	15.16	15.26
JPY/THB	3.48	3.48	3.52	3.51	3.37	3.38
JPY/RUB	1.70	1.68	1.69	1.68	1.49	1.46

FOREX Rate prevailing at the end of quarter	FY2019				FY2020	
	30 Jun 2019	30 Sep 2019	31 Dec 2019	31 Mar 2020	30 Jun 2020	30 Sep 2020
JPY/USD	107.75	107.96	109.55	108.83	107.74	105.81
JPY/EUR	122.46	118.04	122.51	119.65	121.05	124.16
JPY/CNY	15.68	15.14	15.68	15.30	15.23	15.54
JPY/THB	3.51	3.53	3.63	3.34	3.49	3.34
JPY/RUB	1.71	1.67	1.76	1.36	1.53	1.33

## 3. Segment sales

	FY2019				FY2020	
	1Q	2Q	3Q	4Q	1Q	2Q
Automotive Components	61,395	57,497	57,057	56,151	31,749	50,078
Hydraulic Components	34,811	31,696	29,134	29,680	24,369	24,231
System Products	1,733	2,708	1,226	2,480	1,454	1,064
Aircraft Components	1,113	1,457	1,871	1,040	1,079	819
Special-purpose Vehicles and Electronic Equipment, etc.	2,592	2,636	2,617	2,689	1,766	2,216
Total	101,643	95,995	91,905	92,041	60,417	78,408

	FY2019			FY2020
	1st Half	2nd Half	Full year	1st Half
Automotive Components	118,892	113,208	232,101	81,827
Hydraulic Components	66,507	58,814	125,321	48,600
System Products	4,441	3,707	8,148	2,518
Aircraft Components	2,570	2,911	5,481	1,898
Special-purpose Vehicles and Electronic Equipment, etc.	5,228	5,306	10,534	3,982
Total	197,638	183,945	381,584	138,825

## 4. Segment operating income (\*1)

	FY2019				FY2020	
	1Q	2Q	3Q	4Q	1Q	2Q
Automotive Components	4,202	2,721	2,273	2,500	△ 1,532	237
Hydraulic Components	2,662	1,407	937	527	△ 122	287
System Products	231	633	443	224	243	40
Aircraft Components	△ 523	78	△ 404	△ 1,336	△ 279	△ 549
Special-purpose Vehicles and Electronic Equipment, etc.	277	232	203	288	59	198
Total	6,849	5,071	3,452	2,204	△ 1,631	213

	FY2019			FY2020
	1st Half	2nd Half	Full year	1st Half
Automotive Components	6,923	4,773	11,696	△ 1,295
Hydraulic Components	4,069	1,464	5,534	165
System Products	864	667	1,531	283
Aircraft Components	△ 445	△ 1,740	△ 2,185	△ 828
Special-purpose Vehicles and Electronic Equipment, etc.	509	491	1,000	257
Total	11,919	5,656	17,575	△ 1,418

## 5. Capital Expenditure, Depreciation

	FY2019				FY2020	
	1Q	2Q	3Q	4Q	1Q	2Q
Capital Expenditure	4,707	7,206	5,238	4,351	2,672	2,919
Depreciation Expenses	5,087	5,291	5,254	4,984	4,530	4,665

	FY2019			FY2020
	1st Half	2nd Half	Full year	1st Half
Capital Expenditure	11,912	9,589	21,502	5,591
Depreciation Expenses	10,377	10,238	20,615	9,195

## 6. R&D Expenses

R&D Expenses	FY2019				FY2020	
	1Q	2Q	3Q	4Q	1Q	2Q
	1,563	1,587	1,584	1,578	1,355	1,325

R&D Expenses	FY2019			FY2020
	1st Half	2nd Half	Full year	1st Half
	3,150	3,162	6,312	2,679

## 7. Foreign Exchange gain or loss (\*2)

	FY2019				FY2020	
	1Q	2Q	3Q	4Q	1Q	2Q
Other Income / Other Expenses	△ 565	△ 577	786	△ 2,820	△ 210	△ 446
Finance Income / Finance Costs	129	△ 121	76	△ 219	124	60
Total	△ 436	△ 698	862	△ 3,038	△ 86	△ 386

	FY2019			FY2020
	1st Half	2nd Half	Full year	1st Half
Other Income / Other Expenses	△ 1,142	△ 2,034	△ 3,176	△ 656
Finance Income / Finance Costs	8	△ 143	△ 134	184
Total	△ 1,134	△ 2,177	△ 3,310	△ 472

(\*1) "Segment operating income", which is described above, is different from "Segment profits (losses)" which is described in "Segment Information" section in the Flash Report. "Segment operating income" amount includes "Adjustment" amount, which is described in the Flash Report.

(\*2) "Foreign Exchange Gain or Loss", which is described above, comes from the amount of foreign exchange gain or loss in "Other income", "Other expense", "Finance income" and "Finance costs" in the Consolidated Statements of Income. Foreign exchange gain is written as plus and foreign exchange loss is written as minus.