

February 9, 2021

PRESS RELEASE

Company name: KYB Corporation
Representative: Masao Ono
Representative Director, President Executive Officer
Stock Code: 7242 (First Section TSE)
Contact: Norimichi Fukuda,
General Manager, Public Relations Department
(Tel: +81-3-3435-3552)

**Announcement of Decision on Basic Policy for Merger (Simple and Short-Form Merger)
With Wholly Owned Subsidiary**

KYB Corporation (hereinafter "the Company") announces that at a meeting of the Board of Directors held on February 9, 2021, it has decided on a basic policy for an absorption-type merger (hereinafter "the Merger") in which the Company will be a surviving company and KYB Engineering and Service Co., Ltd. (hereinafter "ES"), a wholly owned subsidiary of the Company, will be the merged company.

The Merger is an absorption-type merger (simple and short-form merger) in which a wholly owned subsidiary of the Company will be the merged company. As such, certain disclosure items and details have been omitted.

1. Purpose of the Merger

Through a merger with ES, a sales subsidiary of hydraulic equipment, the Company will seek to strengthen its sales capabilities and make improvements in profitability while simultaneously reinforcing its financial base.

In addition, through the Merger, it will strive to vitalize job rotation in the human resource management and strengthen corporate governance on a groupwide basis.

2. Outline of the Merger

(1) Schedule of the Merger

Date of decision on a basic policy for the Merger at a meeting of the Board of Directors	February 9, 2021
Date of decision on the approval of the agreement for the Merger at a meeting of the Board of Directors	December 2021 (Plan)
Conclusion of an agreement for the Merger	December 2021 (Plan)
Effective date of the Merger	January 1, 2022 (plan)

(2) Method of the Merger

An absorption-type merger in which the Company will be a surviving company and ES will be a merged company.

(3) Details of allotment relating to the Merger

Since the Merger is an absorption-type merger with a wholly owned subsidiary of the Company, there will be no allotment of shares or other properties including monies as the result of the Merger.

(4) Handling of the merged company's stock acquisition rights and bonds with stock acquisition rights
Not applicable

3. Overview of the companies participating in the Merger

	Surviving company		Merged company	
Name	KYB Corporation		KYB Engineering and Service Co., Ltd	
Address	World Trade Center Bldg., 4-1, Hamamatsu-cho 2-chome, Minato-ku, Tokyo		Landmark Plaza, 6-7, Shibakoen 1-chome, Minato-ku, Tokyo	
Name and title of representative	Representative Director, President Executive Officer Masao Ono		Representative Director and Executive President Hitoshi Arakawa	
Description of business	Manufacture and sales of shock absorbers for automobiles and hydraulic equipment as well as services relating to respective businesses, etc.		Sales of hydraulic equipment, steering components, railway components, etc.	
Capital	27,647 million yen		230 million yen	
Date of Establishment	November 25, 1948		June 29, 1956	
Number of shares outstanding	25,748,000 shares		46,000 shares	
Fiscal year end	March 31		March 31	
Major shareholders and their shareholding ratios (As of September 30, 2020)	Name of shareholders	Voting rights percentage (%)	Name of shareholders	Voting rights percentage (%)
	Toyota Motor Corporation	7.69	KYB Corporation	100
	The Master Trust Bank of Japan, Ltd. (Trust Account)	5.90		
	Meiji Yasuda Life Insurance Company	3.93		
	Hitachi Construction Machinery Co., Ltd.	3.49		
	suppliers' stock ownership	3.37		
Operating results and financial position in the previous fiscal year (As of March 31, 2020)	(Consolidated and International Accounting Standards)		(Unconsolidated and Japanese Accounting Standards)	
	Total equity	79,815 million yen	Net Assets	2,662 million yen
	Total assets	410,454 million yen	Total assets	8,288 million yen
	Equity per share attributable to owners of the parent	2,900.73 yen	Net assets per share	57,882.20 yen
	Net sales	381,584 million yen	Net sales	12,723 million yen
	Segment profit*	17,575 million yen	Operating profit	1,047 million yen
	Loss before taxes	-41,419 million yen	Ordinary profit	1,069 million yen
	Loss attributable to owners of the parent	-61,879 million yen	Profit	554 million yen
	Basic loss per share	-2,422.53 yen	Profit per share	12,062.93 yen

(Notes) 1. Segment profit is calculated by deducting the cost of sales and selling, general and administrative expenses from net sales.

4. Status of after the Merger

There is no change in the name, address, title or name of the representative person, business description, capital amount, and fiscal year end of the Company after the Merger.

5. Future Outlook

The Company is currently assessing the impact of the Merger on consolidated and unconsolidated financial results because the effective date is January 1, 2022 (plan). It will make announcements promptly if any matters that should be disclosed arise going forward.