

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 (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 the surviving company and Kayaba System Machinery Co., Ltd. (hereinafter "KSM"), 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

Given nonconforming acts in the inspection process, etc. for seismic isolation/mitigation oil dampers manufactured by KYB Corporation and KSM, or its subsidiary, the Company has been accelerating groupwide reorganization to prevent recurrences with an eye on establishing a compliance-oriented management style. In doing so, it is working to eliminate the lack of job rotation in human resource management and failure in the governance of group companies, namely, the factors considered as the causes of the nonconforming acts.

With good progress being made recently in the replacement work of seismic isolation/mitigation oil dampers, the Company has decided to conduct the Merger to finalize measures that have been taken to prevent recurrences, while simultaneously seeking to vitalize job rotation in the human resource management, strengthen its corporate governance system and reduce the risk of wrongdoing.

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	May 2021 (Plan)
Announcement of the record date for the General Meeting of Shareholders	To be determined
Record date for the General Meeting of Shareholders	May 31, 2021
Date of resolution at the General Meeting of Shareholders	June 25, 2021 (plan)
Conclusion of an agreement for the Merger	June 2021 (Plan)
Effective date of the Merger	July 1, 2021 (plan)

(2) Method of the Merger

An absorption-type merger in which the Company will be a surviving company and KSM 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		Kayaba System Machinery Co., Ltd.	
Address	World Trade Center Bldg., 4-1, Hamamatsu-cho 2-chome, Minato-ku, Tokyo		1129-11, Kumozunagatsune-cho, Tsu-shi, Mie Prefecture	
Name and title of representative	Representative Director, President Executive Officer Masao Ono		President and Representative Director Shizuka Sakai	
Description of business	Manufacture and sales of shock absorbers for automobiles and hydraulic equipment as well as services relating to respective businesses, etc.		Manufacture and sales of seismic isolation and mitigation equipment, etc.	
Capital	27,647 million yen		700 million yen	
Date of Establishment	November 25, 1948		March 15, 1958	
Number of shares outstanding	25,748,000 shares		72,000 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	-58,366 million yen
	Total assets	410,454 million yen	Total assets	8,213 million yen
	Equity per share attributable to owners of the parent	2,900.73 yen	Net assets per share	-810,649.28 yen
	Net sales	381,584 million yen	Net sales	6,648 million yen
	Segment profit*	17,575 million yen	Operating profit	1,077 million yen
	Loss before taxes	-41,419 million yen	Ordinary profit	746 million yen
	Loss attributable to owners of the parent	-61,879 million yen	Loss	-31,927 million yen
	Basic loss per share	-2,422.53 yen	Net loss per share	-443,431.15 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 July 1, 2021 (plan). It will make announcements promptly if any matters that should be disclosed arise going forward.