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# Meeting Materials for FY2024

May 23, 2025

KYB Corporation

(Code number: 7242; Prime Market of Tokyo Stock Exchange)



# Action to Implement Management that is Conscious of Cost of Capital and Stock Price

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## Contents

1. Summary of Progress on Measures to Achieve a PBR of 1.0
2. Full-scale Entry of the Four-Wheel SA Business into the Indian Market
3. Proactive Structural Reforms in HC Operations
4. Expansion of the Defense Business
5. Financial Strategy: Cash Allocation

# Summary of Progress on Measures to Achieve a PBR of 1.0

## Indicators and Items for Improvement

## Main measures

## Summary of Progress

PBR	ROE	Profitability ratio	Review of the business portfolio through withdrawal from unprofitable business	✓ Initiated negotiations for early withdrawal from unprofitable products
			Investment in growth areas and introduction of new electrification- compatible products	✓ Full-scale entry of the Four-Wheel Shock Absorber Business into the Indian market
			Maintain and improve global price competitiveness	✓ Structural reforms in HC Operations - Proactive structural reforms to strengthen competitiveness and maximize growth opportunities based on product group strategies - Expansion of the Defense Business, including system products and customer service operations
			Minimization of losses and appropriate reflection of inflation costs	✓ Productivity decline at U.S. facilities has been resolved
		Total Assets Turnover	Reduction of cross-shareholdings	✓ Reduction of cross-shareholdings (FY2024: ¥18.087 billion) ✓ Share buyback (FY2024: ¥6.264 billion / 2,181,800 shares) ✓ Redemption of preferred shares scheduled for June 2026
			Reduction of production lead time and inventory assets	✓ Striving to achieve an inventory turnover target of 7.3 (6.5 in FY2024)
	PER	Cost of Equity	Strengthening governance through quality management and ESG management promotion	✓ Achieved a 30% reduction in CO <sub>2</sub> emissions compared to FY2018, as planned (FY2024) ✓ Formulation and disclosure of the Human Rights Policy, and initiation of human rights due diligence
			Enhancement of corporate value and brand value through IR and PR activities	✓ KYB OFFROAD PROJECT "OFF WE GO!" launched Building a new image as 'KYB for Off-Road.'"

Note: Announced in the "Meeting Materials for FY2023" on May 23, 2024

# Full-scale Entry of the Four-Wheel SA Business into the Indian Market



## [Purpose of Market Entry]


- ✓ Localize production in the rapidly growing Indian market to expand global market share
- ✓ Further enhance brand recognition in India and build long-term trust with OEM customers
- ✓ Expand the global aftermarket business



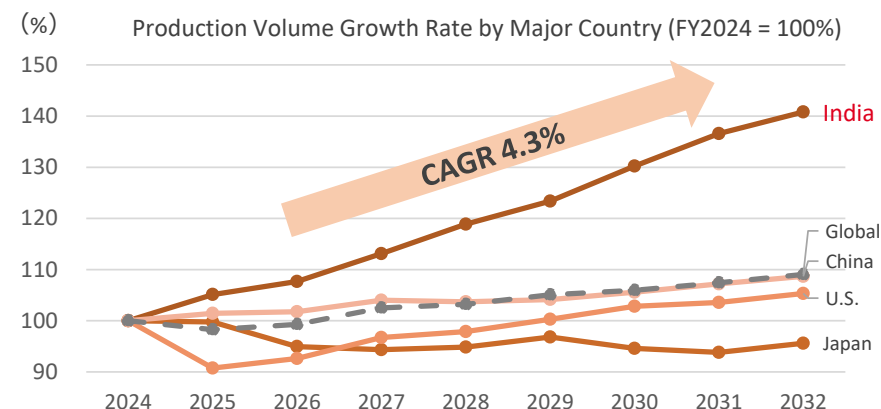
## [Overview of India Operations]

1. Company Name: KYB INDIA PRIVATE LIMITED (tentative)
2. Planned Plant Location: Near Pune, Maharashtra
3. Total Investment: Approx. ¥10 billion
4. Shareholding: 100% owned by the Company
5. Incorporation: Early July 2025 (planned)
6. Start of Production: October 2027 (planned)
7. Main Customers: OEM manufacturers, aftermarket
8. Products: Shock absorbers for passenger vehicles
9. Production Capacity: Approx. 3.5 million units/year (by 2028)

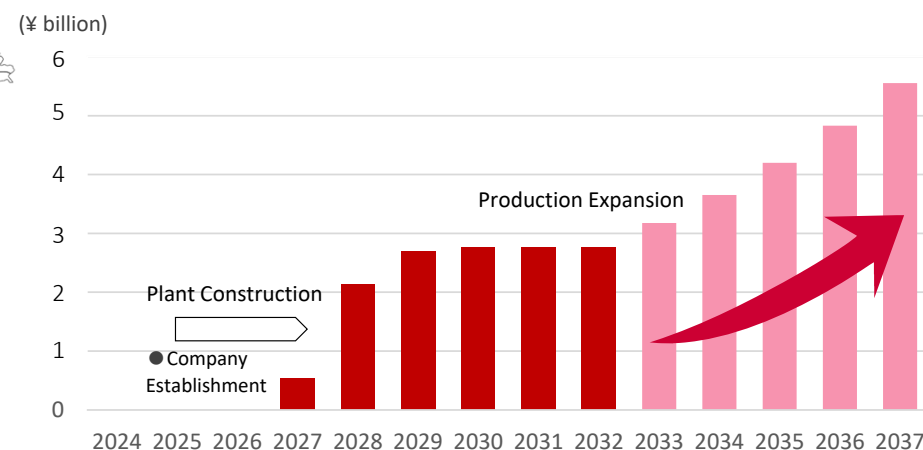


 Planned Location for KYB's Market Entry

## [Indian Passenger Car Market] Source: S&P Global Mobility



## [Sales Plan for India Operations]



# Proactive Structural Reforms in HC Operations



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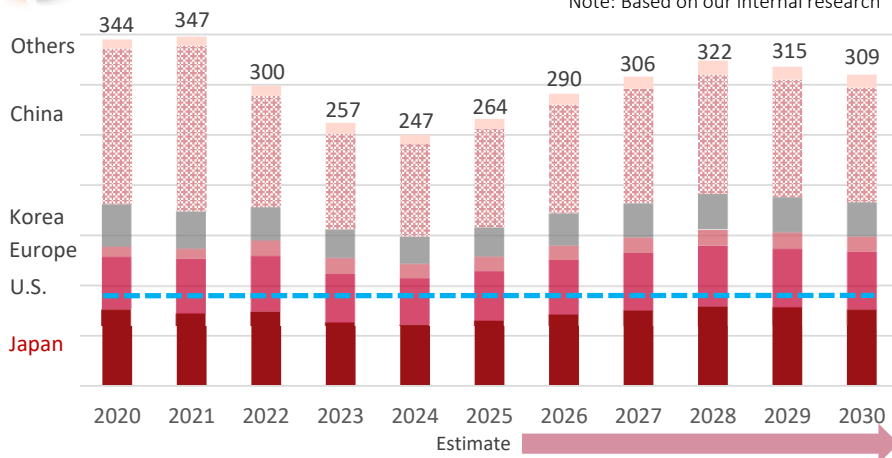


## Market Trends by Country of Manufacturer: Medium and Large Excavators

≥ 7 tons  
(Thousand units)

--- Japanese manufacturers (at peak level)

Note: Based on our internal research

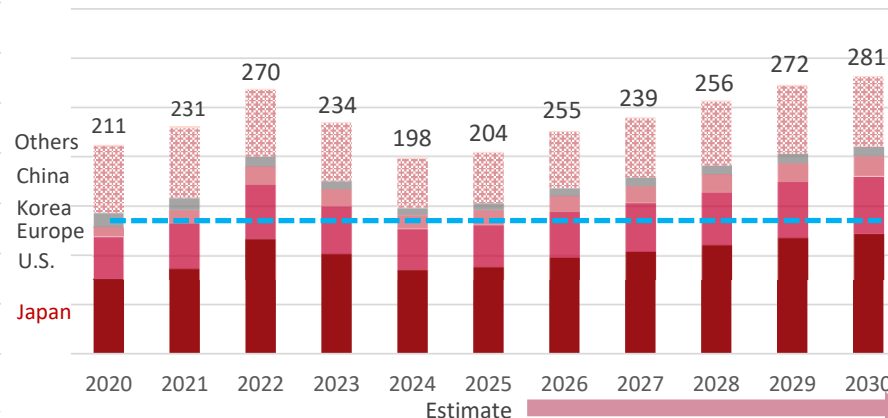


## Market Trends by Country of Manufacturer: Mini Excavators

< 7 tons  
(Thousand units)

--- Japanese manufacturers (at peak level)

Note: Based on our internal research



- ✓ Total demand for excavators peaked in 2021–2022 and has since declined; however, a gradual recovery is expected.
- ✓ Major customers, including Japanese manufacturers, are also projected to return to their previous peak production levels.
- ✓ If the downturn in the Chinese market continues, there is a possibility that the overseas expansion of Chinese manufacturers will accelerate, impacting the global market

## Product Group Strategy for Hydraulic Excavators: Strategic Direction

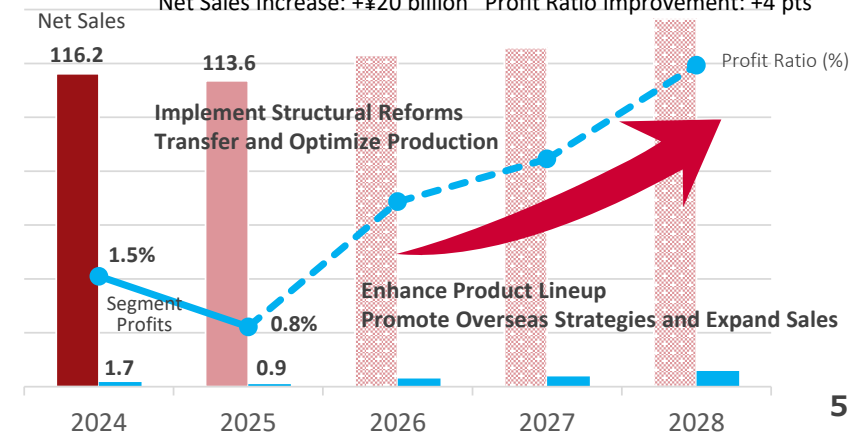
Protect: Strengthen our competitive position		Expand: Capitalize on growth opportunities	
Cylinders	Travel Motors	Pumps	Valves
<ul style="list-style-type: none"> <li>✓ Optimize production by shifting operations to cost-competitive locations</li> <li>✓ Improve profitability through rigorous cost reduction</li> </ul>		<ul style="list-style-type: none"> <li>✓ Expand sales by enhancing the lineup of high-performance, lightweight products in growing market segments</li> <li>✓ Advance global strategies and drive business expansion targeting new customers</li> </ul>	

## Image of Profit Stabilization (¥ billion)

\*Including System Products

From FY2028 onward

Net Sales Increase: +¥20 billion Profit Ratio Improvement: +4 pts



# Expansion of the Defense Business



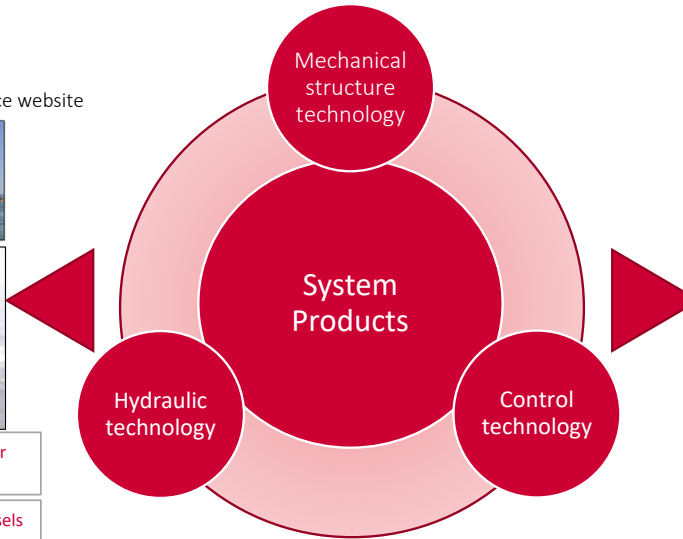
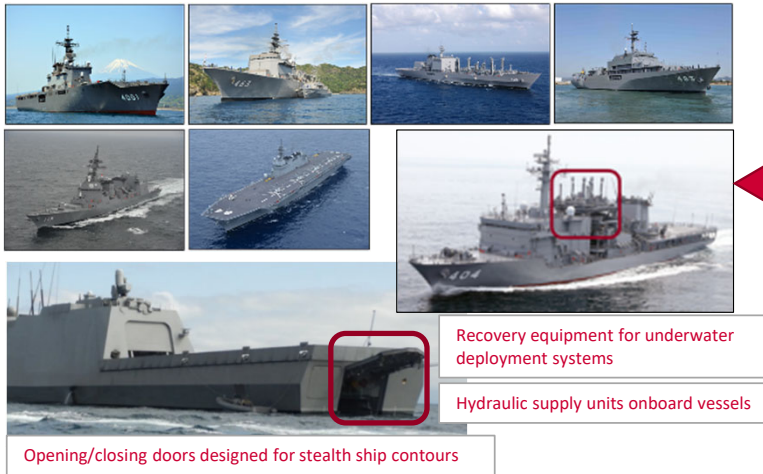
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## ◆ Expansion of System Products and Customer Service Operations: Contributing on Land and at Sea with Value-Added Systems

### [Maritime Sector]

Addressing diverse needs, such as disaster response and marine development

Source: Japan Maritime Self-Defense Force website



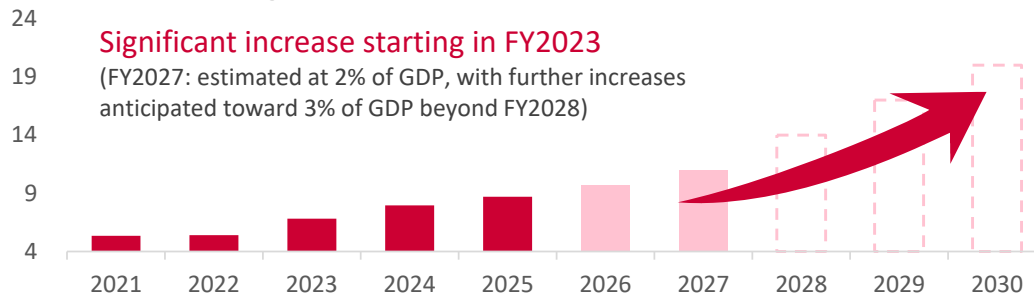
Labor-saving and automation systems centered on power control technology

### [Land Sector]

Meeting the infrastructure needs essential to supporting society



### Defense Budget Trend (¥ trillion)

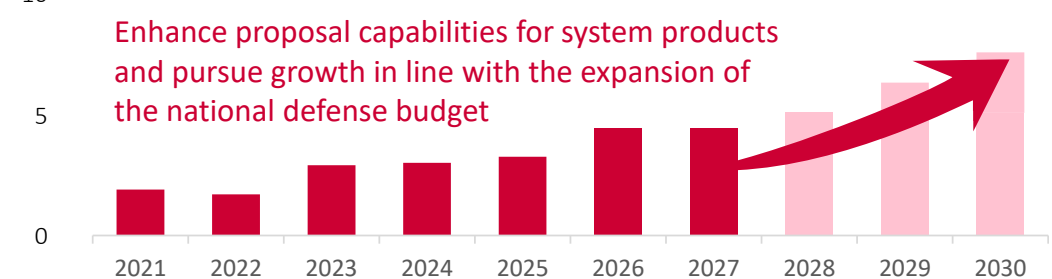


### Significant increase starting in FY2023

(FY2027: estimated at 2% of GDP, with further increases anticipated toward 3% of GDP beyond FY2028)

Note: KYB's estimate includes SACO-related costs, U.S. military realignment expenses, government aircraft, and national resilience measures.

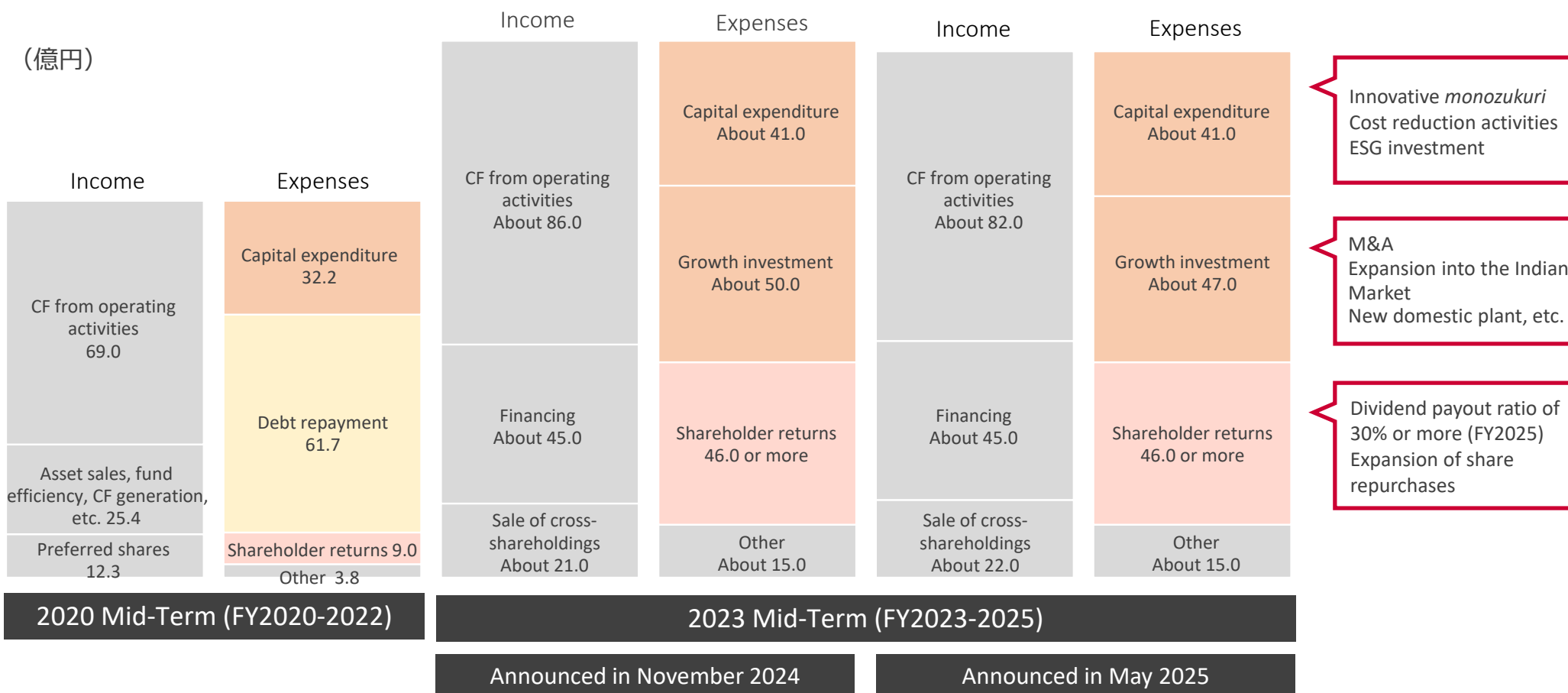
### Sales Expansion Plan (¥ billion)



Enhance proposal capabilities for system products and pursue growth in line with the expansion of the national defense budget

# Financial Strategy: Cash Allocation

## Further Strengthening of Growth Investments and Return to Shareholders





FY2024

# Financial Information

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# Summary

## FY2024 Performance Overview

- ✓ **It was almost unchanged (Operating Profit ¥22.4bn → ¥22.7bn)**
  - Although increased sales of aftermarket automotive products and the favorable impact of yen depreciation contributed to revenue growth, overall net sales declined by approximately 1% due to a decline in demand for construction equipment.
  - Operating profit remained nearly flat, as cost reductions from productivity improvements at the U.S. subsidiary, increased sales of aftermarket automotive products, higher equity in earnings of affiliates, and the reversal of provisions offset negative factors.

## FY2025 Forecast

- ✓ **It was almost unchanged (Operating Profit ¥22.7bn → ¥22.5bn)**
  - Although the forecast reflects a partial increase in costs due to U.S. tariffs, operating profit is expected to remain nearly flat, supported by the recognition of negative goodwill from the acquisition of Chita Kogyo.

## Converted Chita Kogyo Co., Ltd. Into a Wholly Owned Subsidiary

- ✓ **Consolidated as a subsidiary effective April 1, 2025.**

## Return to Shareholders

- ✓ **FY2024 annual dividend: ¥110 per share (No change from the figures announced in February)**
  - Interim dividend forecast: ¥50 per share (Amounts reflect 2-for-1 stock split on December 3, 2024 (pre-split dividend X 1/2), Year end dividend forecast: ¥60 per share (Commemorative dividend ¥5 per share)
- ✓ **FY2025 annual dividend forecast: ¥120 per share**
  - Interim dividend forecast: ¥60 per share / Year end dividend forecast: ¥60 per share
- ✓ **Decision to acquire treasury shares (Up to ¥20bn)**
  - As of the end of April 2025, approximately ¥8 bn of treasury shares had been repurchased.

## FY2024 Financial Summary

(¥ Billion)	IFRS			Differences
	FY2023 actual	FY2024 forecast (as of Feb.)	<b>FY2024 actual</b>	Previous period
Net sales	442.8	448.0	438.3	(4.5)
Segment profits* [Segment profits ratio]	21.0 [ 4.7% ]	21.5 [ 4.8% ]	19.8 [ 4.5% ]	(1.1) [ (0.2)% ]
Operating profit [Operating profit ratio]	22.4 [ 5.1% ]	22.5 [ 5.0% ]	22.7 [ 5.2% ]	0.3 [ 0.1% ]
Profit attributable to owners of the parent	15.8	13.5	14.9	(0.9)
FOREX (Average) (¥)				
JPY/ US\$	144.62	150.17	152.57	
JPY/ EUR	156.78	162.36	163.73	

\*Segment profits correspond to operating income in JGAAP.

## FY2024 Net Sales and Segment Profits

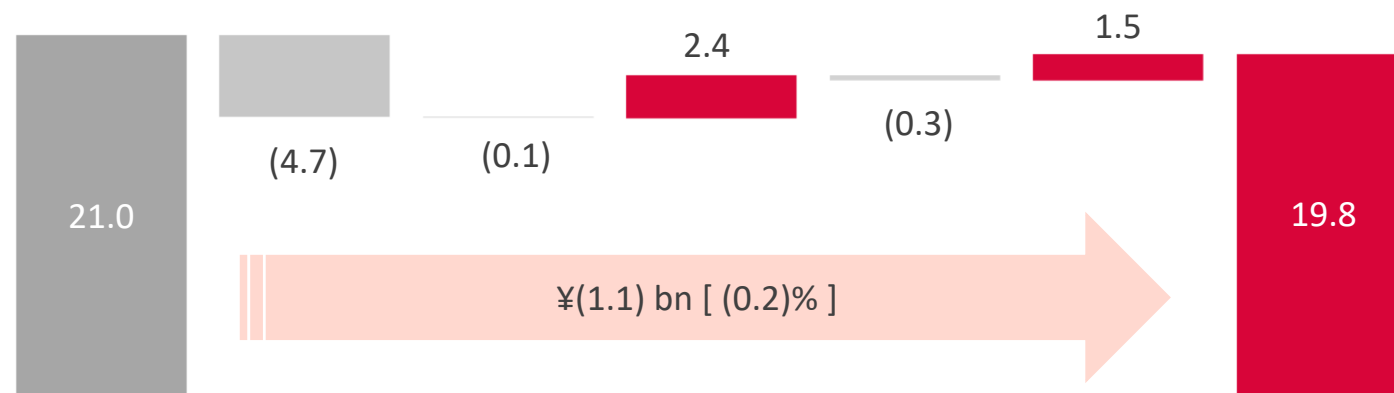
(¥ Billion)	Net Sales			Segment Profits		
	FY2023 actual	FY2024 actual	Differences	FY2023 actual	FY2024 actual	Differences
AC	293.0	307.6	14.6	16.5	17.2	0.7
HC	134.4	116.2	(18.3)	5.4	1.7	(3.7)
Aircraft Components	3.9	3.7	(0.2)	(2.0)	(0.4)	1.6
Others	11.4	10.8	(0.6)	1.1	1.3	0.2
Total	442.8	438.3	(4.5)	21.0	19.8	(1.1)

AC: Automotive Components

HC: Hydraulic Components

Others: Special-purpose vehicles, etc.

## FY2024 Changes in Segment Profits (Comparison with previous period)



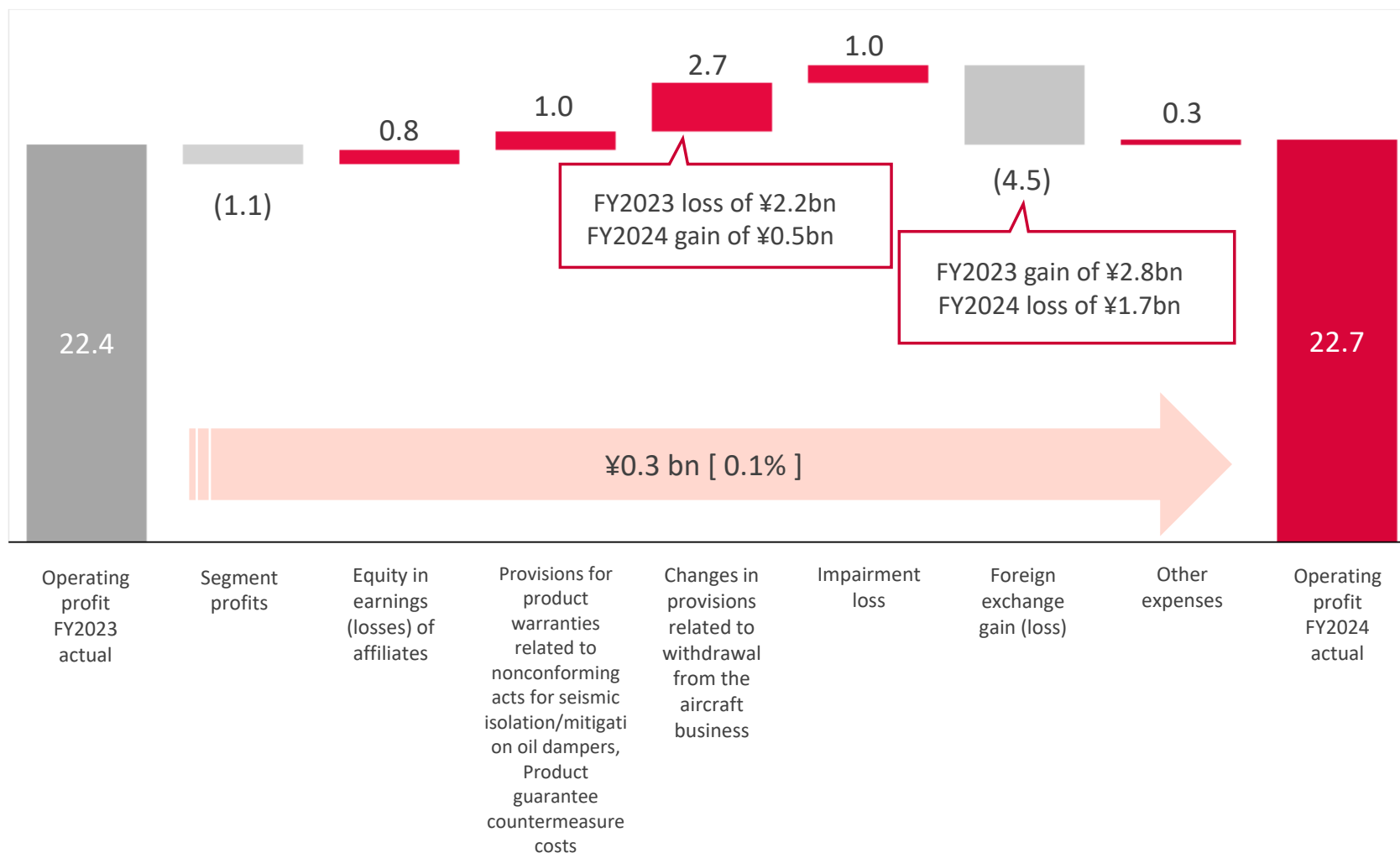
(¥ Billion)	FY2023 actual	Sales & variable cost factors	Depreciation expenses	Personnel expenses	Other expenses	Foreign exchange	FY2024 actual
AC	16.5	2.0	(0.4)	(0.0)	(2.2)	1.3	17.2
HC	5.4	(7.7)	0.2	2.0	1.6	0.2	1.7
Aircraft Components	(2.0)	1.1	0.0	0.3	0.3	0	(0.4)
Others	1.1	(0.1)	0.1	0.2	0.1	0.0	1.3
<b>Total</b>	<b>21.0</b>	<b>(4.7)</b>	<b>(0.1)</b>	<b>2.4</b>	<b>(0.3)</b>	<b>1.5</b>	<b>19.8</b>

## FY2024 Changes in Operating Profit (Comparison with previous period)



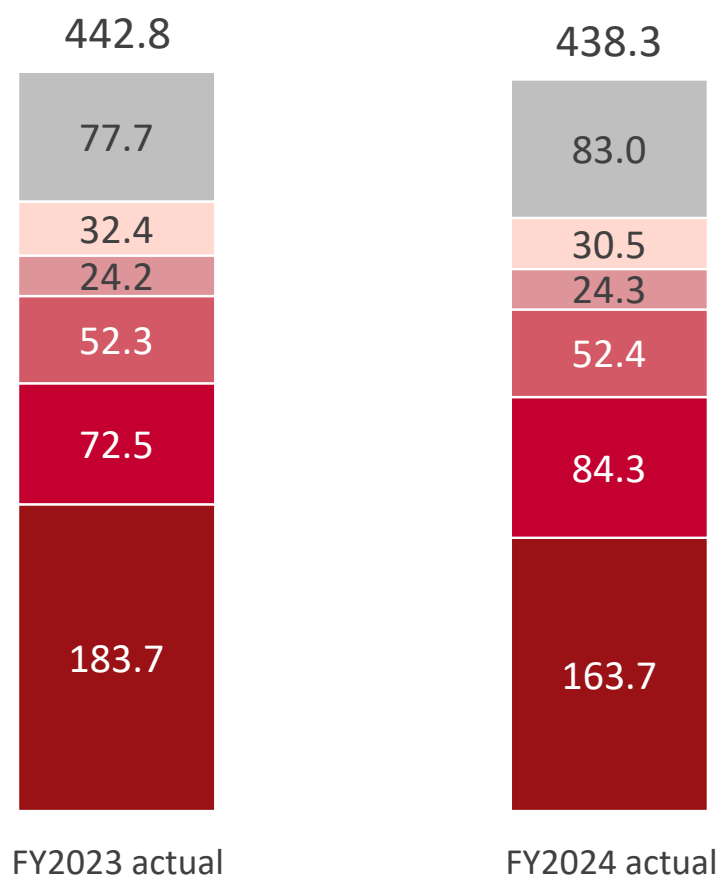
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(¥ Billion)



## FY2024 Net Sales by Region

(¥ Billion)



Differences  
Previous period

Other	6.8 %
Southeast Asia	(5.8)%
China	0.6 %
America	0.2 %
Europe	16.3 %
Japan	(10.9)%

Overseas Sales Ratio  
58.5% ⇒ 62.6%

## FY2025 Financial Forecast



(¥ Billion)	IFRS		Differences
	FY2024 actual	FY2025 forecast	Previous year
Net sales	438.3	440.0	1.7
Segment profits <sup>*1</sup> [Segment profits ratio]	19.8 [ 4.5% ]	15.0 [ 3.4% ]	(4.8)
Operating profit	22.7	22.5	(0.2)
Profit attributable to owners of the parent	14.9	17.5	2.6
Dividend (¥) <sup>*2</sup> (Adjusted for the stock split)	110 (Including commemorative dividend 5)	120	10
FOREX (Average) (¥)			
JPY/ US\$	152.57	135.00	
JPY/ EUR	163.73	155.00	

\*1 Segment profits correspond to operating income in JGAAP.

\*2 Dividends (adjusted for the stock split) are stated based on the 2-for-1 stock split on December 3, 2024, and retroactively adjusted for FY2023 (pre-split dividend X 1/2)

## FY2025 Net Sales and Segment Profits Forecast

(¥ Billion)	Net Sales			Segment Profits		
	FY2024 actual	FY2025 forecast	Differences	FY2024 actual	FY2025 forecast	Differences
AC	307.6	314.8	7.2	17.2	13.2	(4.0)
HC	116.2	113.6	(2.6)	1.7	0.9	(0.8)
Aircraft Components	3.7	5.1	1.4	(0.4)	0.0	0.4
Others	10.8	6.5	(4.3)	1.3	0.8	(0.5)
Total	438.3	440.0	1.7	19.8	15.0	(4.8)

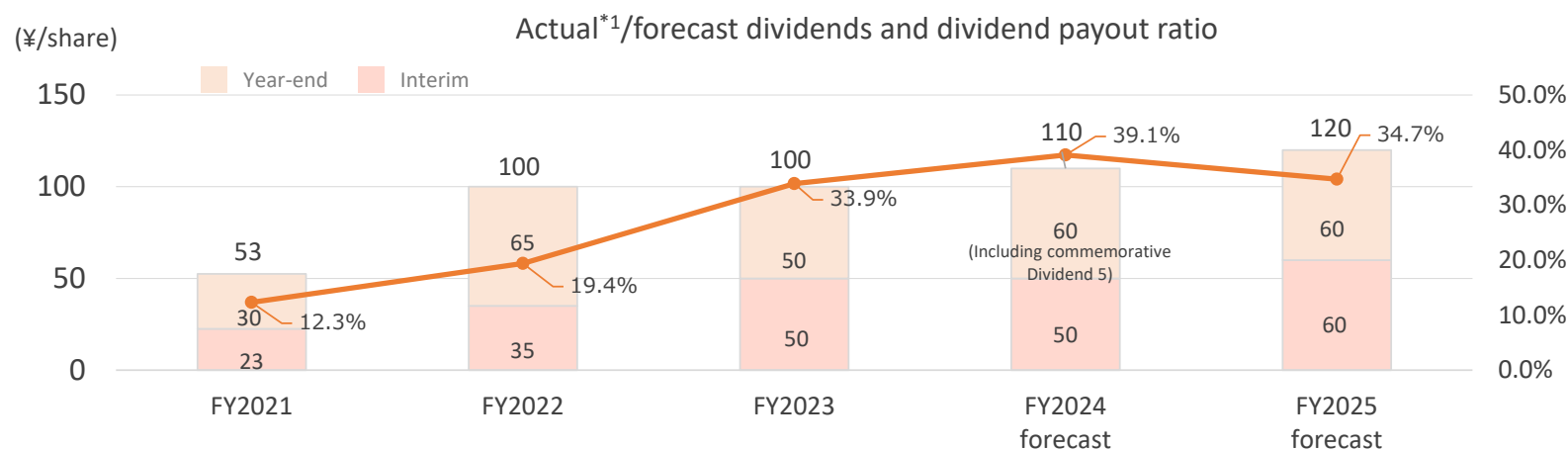
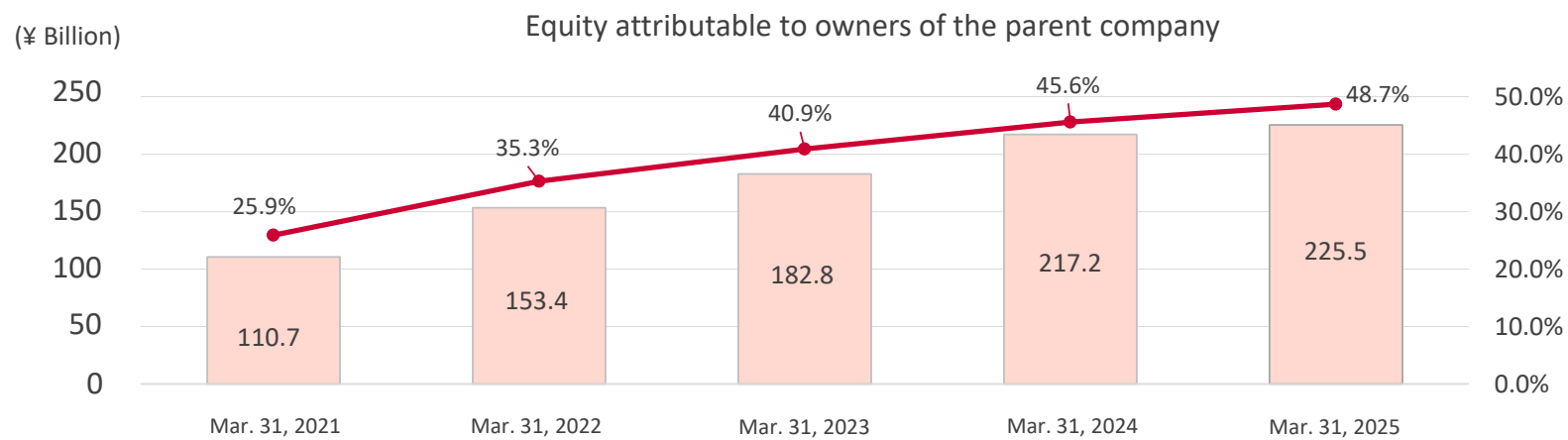
AC: Automotive Components

HC: Hydraulic Components

Others: Special-purpose vehicles, etc.



## Changes in Equity and Dividends



\*1 Dividends (adjusted for the stock split) are stated based on the 2-for-1 stock split on December 3, 2024, and retroactively adjusted for FY2021 (pre-split dividend X 1/2)



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**Cautionary Statement**

This report contains forward-looking statements, including KYB's plans and strategies, as well as statements that report historical results. Forward-looking statements involve such known and unknown risks and uncertainties as economic conditions; currency exchange rates; laws, regulations, and government policies; and political instability in principal markets.

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## Appendix FY2024 Net Sales and Segment Profits



(¥ Billion)	Net Sales			Segment Profits		
	FY2023 actual	FY2024 actual	Differences	FY2023 actual	FY2024 actual	Differences
AC	293.0	307.6	14.6	16.5	17.2	0.7
Shock absorbers for automobiles	214.9	227.9	13.0	—	—	—
Shock absorbers for motorcycles	41.3	43.8	2.4	—	—	—
Hydraulic equipment for automobiles	22.7	21.1	(1.7)	—	—	—
Others	14.1	14.9	0.8	—	—	—
HC	134.4	116.2	(18.3)	5.4	1.7	(3.7)
Hydraulic equipment for industrial use	124.6	106.4	(18.2)	—	—	—
System products	6.6	6.3	(0.3)	—	—	—
Others	3.3	3.5	0.2	—	—	—
Aircraft Components	3.9	3.7	(0.2)	(2.0)	(0.4)	1.6
Others	11.4	10.8	(0.6)	1.1	1.3	0.2
Total	442.8	438.3	(4.5)	21.0	19.8	(1.1)

AC: Automotive Components

HC: Hydraulic Components

Others: Special-purpose vehicles, etc.

## Appendix Net Sales by Region

(¥ Billion)		FY2023				FY2024			
		AC	HC	Others	Total	AC	HC	Others	Total
Japan	1H	38.5	47.1	4.8	90.5	35.2	40.0	4.4	79.6
	2H	38.9	49.0	5.3	93.2	38.4	40.1	5.6	84.1
	Full year	77.4	96.1	10.1	183.7	73.6	80.1	10.0	163.7
Europe	1H	30.5	4.2	0.0	34.7	36.5	3.7	0.0	40.1
	2H	34.5	3.3	0.0	37.8	40.6	3.6	0.0	44.2
	Full year	65.0	7.5	0.0	72.5	77.1	7.3	0.0	84.3
America	1H	20.5	4.9	0.2	25.6	21.6	3.8	0.1	25.5
	2H	22.1	4.4	0.1	26.7	22.9	3.8	0.1	26.9
	Full year	42.6	9.4	0.3	52.3	44.5	7.6	0.3	52.4
China	1H	7.9	4.7	0.0	12.6	7.8	4.7	0.0	12.5
	2H	7.5	4.1	0.0	11.6	7.9	3.9	0.0	11.9
	Full year	15.4	8.8	0.0	24.2	15.7	8.6	0.0	24.3
Southeast Asia	1H	13.9	2.6	0.0	16.4	12.3	2.1	0.0	14.4
	2H	13.8	2.2	0.0	15.9	13.9	2.2	0.0	16.0
	Full year	27.6	4.7	0.0	32.4	26.2	4.3	0.0	30.5
Others	1H	31.5	4.4	2.2	38.1	34.5	4.0	2.7	41.3
	2H	33.4	3.5	2.7	39.6	36.0	4.3	1.5	41.8
	Full year	64.9	7.9	4.9	77.7	70.5	8.3	4.2	83.0
Total	1H	142.8	67.9	7.2	217.9	148.0	58.2	7.3	213.5
	2H	150.2	66.6	8.1	224.9	159.7	58.0	7.2	224.9
	Full year	293.0	134.4	15.3	442.8	307.6	116.2	14.5	438.3

## Appendix Financial Data

### Capital Expenditure, Depreciation

(¥ billion)	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Capital Expenditure	22.7	21.5	13.1	14.0	14.0	30.8	20.3
Depreciation Exp.	17.6	20.6	18.6	18.3	18.7	18.9	18.7

### Interest-bearing Debt

(¥ billion)	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Interest-bearing Debt	108.6	154.6	160.3	124.9	114.7	101.5	108.2

### R&D Expenses

(¥ billion)	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
R&D Expenses	6.8	6.3	5.4	5.8	7.1	7.6	7.8

### Cash flows

(¥ billion)	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Cash flows from operating activities	17.1	(5.0)	20.8	24.3	23.9	39.9	43.8
Cash flows from investing activities	(13.6)	(21.5)	(6.3)	(10.9)	(13.5)	(23.5)	(34.1)
Cash flows from financing activities	10.4	22.6	1.2	(32.7)	(20.2)	(15.0)	(9.1)

### Number of Employees

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Number of Employees	15,427	15,439	14,718	14,472	13,920	13,634	12,951

### Foreign Exchange Rate

(¥)	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	Estimate FY2025
Average FOREX Rate - JPY/USD	110.91	108.74	106.06	112.38	135.48	144.62	152.57	135.00
Average FOREX Rate - JPY/EUR	128.40	120.81	123.69	130.56	140.97	156.78	163.73	155.00



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