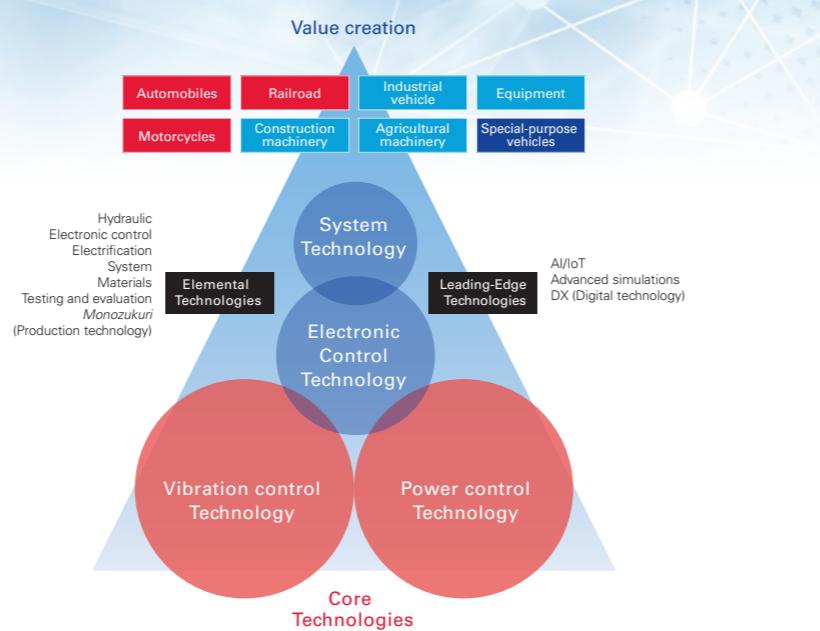


Technologies that Support KYB

Throughout every era, the KAYABA Group has continued advancing toward the realization of the ultimate riding comfort and environmentally conscious technologies. By evolving our technical development and manufacturing capabilities, we will remain committed to pursuing sustainable technologies that meet the needs of the times.



Technology Development

Technology Development System

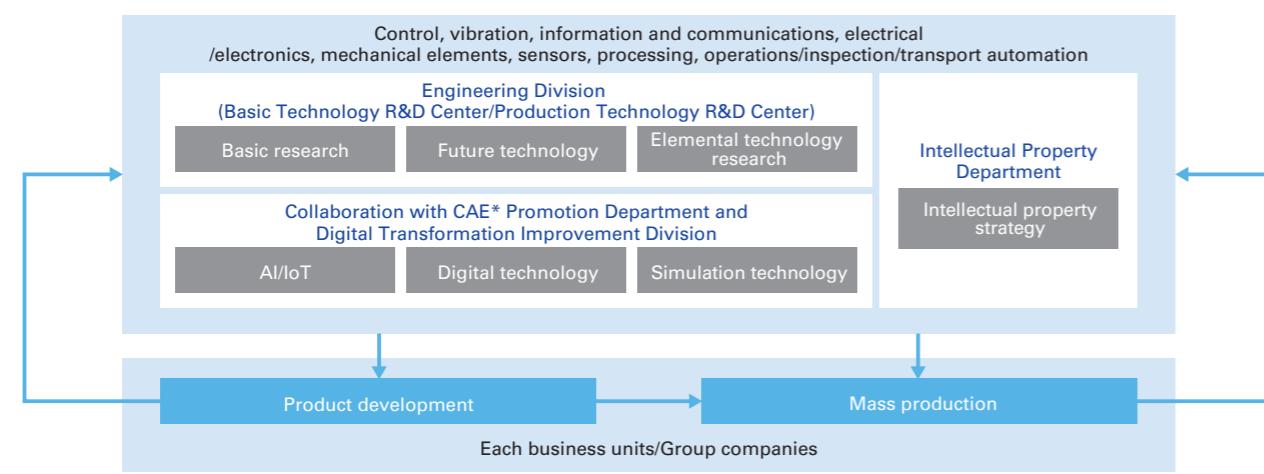
Technological development at KYB is led by the Basic Technology R&D Center and the Production Technology R&D Center. Leveraging digital and simulation technologies, these teams conduct research on foundational, future, and elemental technologies. We apply the outcomes of this research to product development and mass production within our business units and Group companies, creating a cycle that strengthens our technological capabilities across the organization. At the same time, we pursue invention creation through an intellectual property strategy that contributes to enhancing corporate value.

In our R&D activities, we analyze long-term environmental changes and the accompanying shifts in societal and customer needs, developing roadmaps to guide our growth strategies toward future technologies. For

example, in basic research, we are advancing the development of electronic control devices and electrification-ready equipment, as well as integrated systems that combine these technologies—initiatives aligned with our roadmaps for electrification and autonomous driving.

We are also enhancing and streamlining product design through AI-based data analytics. In addition to developing and deploying advanced inspection technologies—such as AI-driven image processing for appearance inspection and defect detection—we are working to establish efficient operational management systems within our factories and to strengthen workforce development. These efforts are contributing to improvements in both productivity and quality.

KAYABA's technology development process



*CAE (Computer-Aided Engineering): The use of computer simulations to resolve issues faced by technical departments.

Production Technology

Innovation in Production Processes and Equipment Management

Environmental 3 | Governance 4

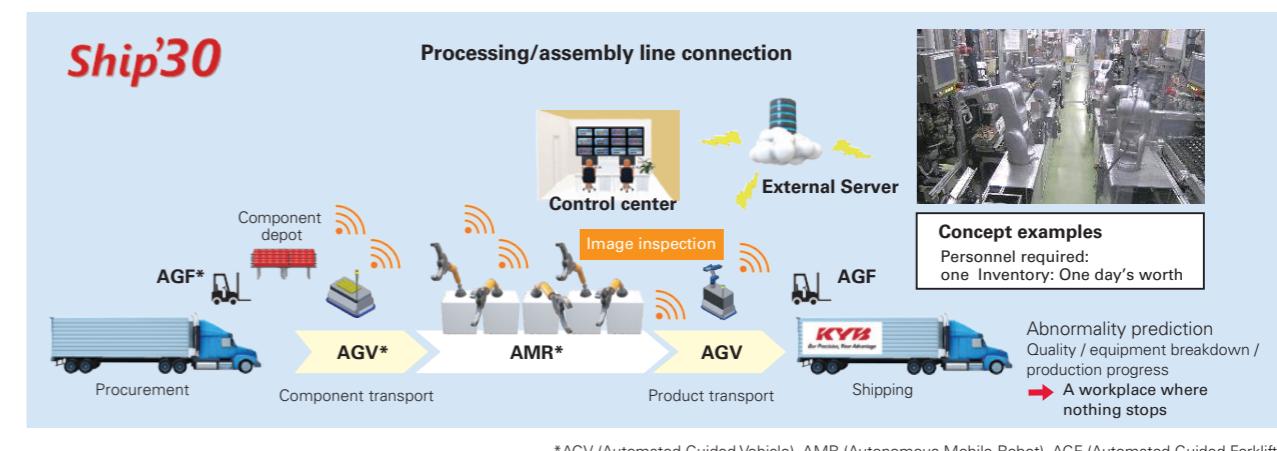
KYB is working on our Ship'30 project, aimed at achieving the next generation of monozukuri. Centered on the concept of a continuous, integrated production from machining to assembly, ensuring a seamless flow of items throughout the plant, we envision a plant in which materials move smoothly without stagnation, minimizing transportation, inventory, and manual work through production process innovation. Our goal is to build highly efficient production sites grounded in digital technologies by 2030.

We are also reforming equipment management by automating human tasks through the use of inspection AI and collaborative robots. At the same time, we are building a next-generation Total Product Maintenance (TPM) system capable of managing this advanced

equipment. In addition, we recognize that this transformation requires upgrading the skills of people who can operate the latest, most advanced machines, and we emphasize the importance of basic machine operation training for every employee.

Under the FY2023 Mid-term Plan, we promoted the development of elemental technologies utilizing IoT and digital transformation (DX), aiming to build an innovative concept production line. These actions accelerated both the development and deployment of highly reliable equipment.

In the next Medium-Term Management Plan, we will build on the technologies developed thus far and advance their implementation in a structured and strategic manner.



Innovating Processes that Generate Future Value

KYB is automating daily control and operational processes, seeking to shift to processes that will generate future value. Centered on our Digital Transformation Improvement Div., we are promoting DX in our indirect

Step 1 Digitization

Moving from physical (manpower, labor) to digital

Step 2 Digitalization

Innovative operations using digitalization and data

Step 3 DX

Moving toward future projects based on data and activities that generate value

departments through the following three steps.

In Step 1, we are steadily streamlining indirect operations by leveraging digital technologies such as no-code/low-code development tools and RPA. In Step 2, we are driving further process innovation by introducing widely used standard applications and aligning our workflows with their built-in functions.

Through these initiatives, we aim to strike a high-level balance between "customer trust and satisfaction" and "employee motivation and engagement," thereby contributing to the Company's sustainable growth.

*RPA (Robotic Process Automation)

Digital Talent We Should Aim For

In developing our talent, we aim to cultivate digital talent equipped with both the technical skills to utilize digital technologies and the business transformation capabilities needed to drive change. Led by the Digital Transformation

Improvement Division, we have established an in-house training curriculum that covers a wide range of topics—from the fundamentals of IT and DX to the practical application of AI. As a result, we are now seeing cases in

Technologies that Support KYB

which cloud services and AI technologies are being applied directly to real-world operations.

At the same time, we are working to raise the overall level of DX literacy across the Company. This includes

reviewing and refining the structure and content of our training programs to ensure that all employees acquire the competencies necessary to thrive in a digitalized business environment.

Quality Management

At the KAYABA Group, "quality management" means striving to improve the quality of all our business processes in order to provide reliable products and services that satisfy our customers. Quality education for all employees serves as the foundation, and since the previous fiscal year we have been implementing quality awareness reforms to ensure a customer-focused approach to monozukuri in every business process. We understand that it is essential to achieve continuous daily improvement by embedding a quality management mindset in each individual's work.

We take a "Bad News 1st"** stance that calls for the immediate report of quality defects and concerns, and feedback is given to the reporter after we take measures and improvements, creating a cyclical process.

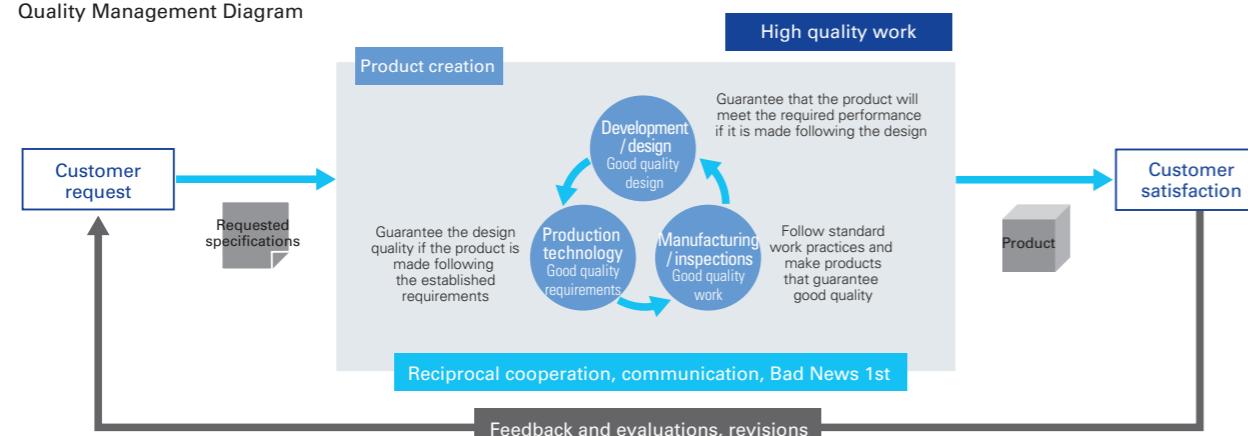
The KAYABA Group shall:

1. Address quality improvement with honesty driven by the belief that quality is the basis for business.
2. Deliver safe and secure products in compliance with promises to customers as well as with laws and regulations.

Therefore, it is important to create an open workplace in which our employees know they can ask for consultations at any time and for any reason. We will master quality management while working to improve daily communication, and thereby put our Corporate Spirit into practice.

*Bad News 1st: Quickly report when any abnormality occurs

Quality Management Diagram



COLUMN

Mastering Quality Management

In our company-wide TQM activities, all employees are encouraged to maintain constant awareness of the PDCA cycle in every situation. By applying QC methods, we identify and analyze issues and challenges and then implement improvements. To ensure that these improvements are sustained, we review the actions taken and standardize the resulting best practices.

We also foster a "Bad News 1st" culture, which emphasizes the immediate sharing of abnormalities and prompt feedback.

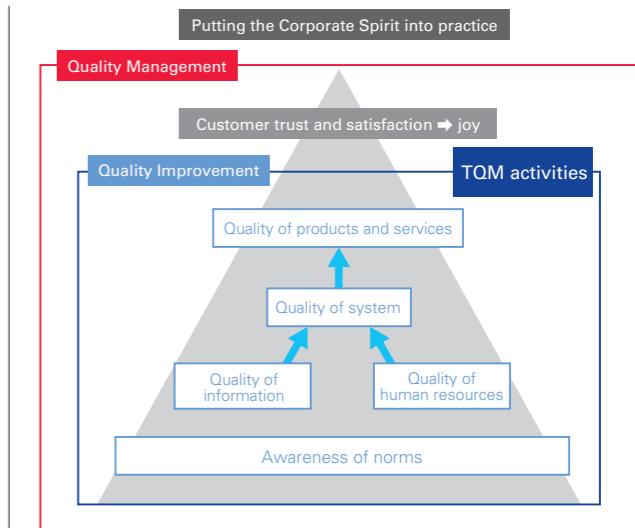
Through these initiatives, we deliver products that our customers can trust and rely on.

TQM Initiatives in which All Employees Participate

In the 2023 Mid-term Management Plan, we are promoting initiatives to raise the quality of products and services by raising the quality of human resources, information, and work based on the business management method of TQM initiatives.

As an initiative aimed at changing the make-up of the KAYABA Group, learning is acquired through basic TQM education for all employees, covering topics such as how to view and think about PDCA cycles and matters of quality control. We review operations with three initiatives (policy management, daily management, and the Small Group Improvement Activity), and work to make improvements.

Through practical, hands-on training, we aim to strengthen employees' ability to apply TQM effectively and ensure they can successfully address the priority challenges required to achieve our FY2025 goals. By enhancing the quality of daily work through these activities, we will further reinforce the foundation of our quality management practices.



Quality Assurance System

Governance 3 4

We have set up and operate a quality assurance system that is based on the ISO9001 standard, which emphasizes the quality of work processes along with the quality of products and services, and we work daily to improve these aspects. At KYB, we incorporate the process guarantee concept, and conduct three-stage evaluations—which involves evaluations from advanced development of products to the launch of mass production in three steps—on a product-by-product basis. In order to respond to the quality required from customers and the market, we carry out initiatives to raise our technological capacities to pursue high-quality products and achieve our target costs. Also, we hold meetings for each step of the evaluations, in which experts who

specialize in the targeted product participate. We apply a great deal of knowledge gained from examples of past defects and abundant experience in discussions on evaluation items and contents.

Also, we are working to maintain quality globally. At our overseas production locations, we conduct quality improvement measures based on the leadership of location managers and plant general managers, and make effective use of three-stage evaluations along with our efforts to reduce defects. Furthermore, we follow this system when transferring individual products in small quantities and production locations, ensuring quality in our mass-produced products.

Step	Details	Goal of the Three Steps
Prior and model development	Development quality	Implementation of commercialization (Description and evaluation of development quality)
Order development	Quality of production start	Implementation of mass production (Description and evaluation of development quality)
Mass-production development and production preparations	Mass-production quality	Implementation of achieving quality requirements (Demonstration and evaluation of start quality)
Mass production Initial flow management	Bad News 1st Execute (until the reporter receives feedback) When abnormalities arise: Stop, Call, Wait	
Quality Safety Audit	Check the workplace, products, and data to confirm that there are no quality problems and that production and shipping are safe, including the manufacturing process.	

* DR: Design Review

Technologies that Support KYB

At the KAYABA Group, the research and development divisions work in close cooperation with the intellectual property divisions to actively create intellectual property, including holding regular Intellectual Property Strategy Meetings. We conduct intellectual property activities with the aim of achieving business growth and increasing corporate value by appropriately protecting and leveraging our in-house products and technologies.

The results of research and development themes are thoroughly reviewed to ensure that no potential inventions are overlooked. As a result of actively applying for patents and securing rights, we hold the highest number of patents worldwide for protecting our core products, such as shock absorbers and hydraulic cylinders.

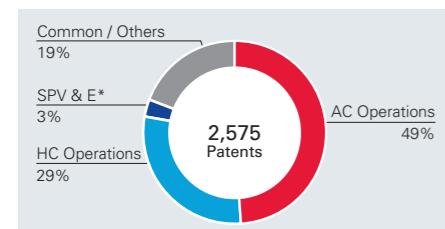
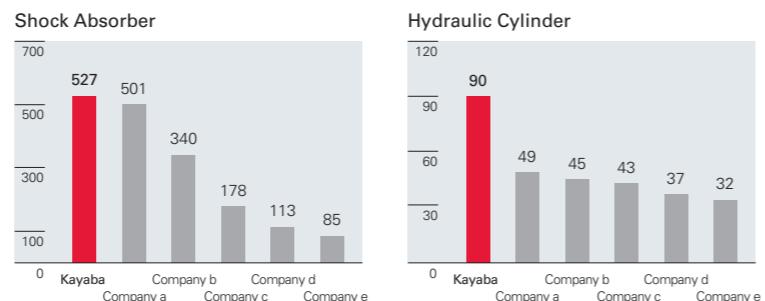
In product development, we generate inventions using structured frameworks that help establish competitive advantage, and we continue to build a patent portfolio aligned with our development strategy. In parallel, we are pursuing IP landscape initiatives* aimed

at creating new businesses that address social challenges and generate new value for future growth. These initiatives are designed to enhance corporate value from a medium- to long-term perspective.

In recent years, our efforts have focused on Smart Road Monitoring™, a solution that supports municipal road management and contributes to maintaining safe and comfortable road environments. As part of this initiative, we have filed 22 patent applications and obtained trademark rights for both the standard characters and the logo, positioning us to maximize future business opportunities in this field.

We respond to imitation trademark applications, particularly in China, in ways such as making formal objections, and exercise our trademark rights against counterfeit products such as shock absorbers, protecting and raising the value of the KYB brand.

*IP landscaping: To create proposals for strategies that contribute to intellectual property management by analyzing intellectual property information.

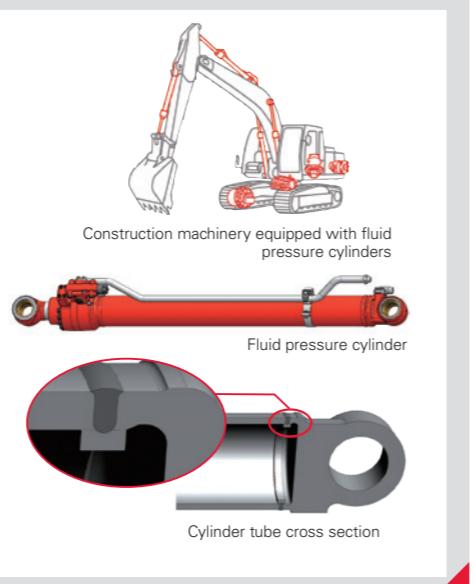
Patent Portfolio
(As of March 31, 2025)Number of related patents retained
(current as of August 14, 2025, based on our company's information)

COLUMN

Receiving the Minister of Education, Culture, Sports, Science and Technology Award and Implementation Achievement Award at the Chubu Regional Invention Awards

At the FY2024 Chubu Regional Invention Awards hosted by the Japan Institute of Invention and Innovation, four of our engineers received the highest honor—the Minister of Education, Culture, Sports, Science and Technology Award—for their invention of a fluid pressure cylinder (Patent No. 6530800) used mainly in construction machinery. In addition, Masahiro Kawase, Representative Director, President and CEO, received the Implementation Achievement Award as the representative of the implementing company.

The cylinder was developed to achieve thinner tubing while maintaining high fatigue durability under high-pressure conditions. By incorporating a groove near the welded joint, stress is reduced, enabling both cost reduction and resource-efficient, environmentally friendly manufacturing.



COLUMN

Supporting the Safety of a "Mobility Society"

Supporting the Safety of a "Mobility Society" Having dealt with a wide range of automobile related products such as hydraulic jacks, hydraulic reclining equipment, and ceramic metal brake pads, KYB started manufacturing seat belts in the early 1970s. This initiative expanded the Company's business domain beyond hydraulic-related products to include safety components, based on a clearly set forth corporate strategy of becoming a "comprehensive manufacturer of automotive safety components." Following that, the business was integrated into hydraulic-related products, and our concept of supporting people's lifestyles and making transportation safe remains unchanged to this day.

Currently, we are going beyond the boundaries of manufacturing. We are making efforts to expand the business of our Smart Road Monitoring™, which uses AI and IoT technology, as a business that "provides experiences" which resolve our customers' issues. This product is anticipated to function as a support measure to reduce the burden of work for local governments that are grappling with labor shortages, thereby contributing to society through reinforcing road safety. It also expresses the social contribution mission of the KAYABA Group: solving social issues with our proprietary technological capabilities and offering technologies and products that make people's lives safer and more comfortable.



Seat belts

30 tons hydraulic jacks

Smart Road Monitoring™



This service supports local governments in administrative tasks for road maintenance. Local government patrol cars are equipped with specialized sensors that automatically detect the behavior of the vehicle while on patrol and road condition from peripheral images. It makes efficient, quantitative road management possible.

The logo depicts an elephant—an animal that has the ability to detect sounds from far away through the soles of its feet—noticing an abnormality on the road.



Smart Road Monitoring Logo

Future-Driven Products

In the development of technology and products, we have used a forecast-based product roadmap to meet customer needs in a timely manner by supplying ever-better products to the market. Now, it has become necessary to respond to changes in the social environment, such as calls for carbon neutrality and SDG compliance. We have begun developing our technology roadmaps by envisioning our desired future state and backcasting from that vision to determine what we should be doing now to develop new technologies and products, as well as generate new business.

In our AC Operations, we aim to increase sales by expanding our lineup of high-performance, high-value-added semi-active suspension systems, focusing on steer-by-wire technology, which is key to autonomous driving. We are also developing electric pumps for cooling and lubricating e-Axle components—which package the motor, gears, and inverters needed to operate EVs—as well as a height control system for

motorcycles. For future prospects, we are committed to developing technologies that will make all travel comfortable, such as fully active suspensions and coordinated control of steering and suspension, delivering the ultimate in ride comfort and safety to all passengers.

In HC Operations, we are accelerating cost-reduction initiatives for pumps, valves, cylinders, and motors, while also pursuing developments that enhance our competitiveness, such as improving energy efficiency. In addition, we are developing new value-added products—including electronic control valves, sensing technologies, electrically powered hydraulic pump units, and energy-saving systems—to address emerging demands from OEMs for automation, remote operation, condition monitoring, and electrification.

We are also exploring new markets that leverage our core technologies, and continuing our efforts to develop solution-based offerings such as our oil condition diagnosis systems.

AC Operations

ActRideTM—Innovation That Enhances the Value of Mobility

A new era has arrived—now you can choose your driving style and ride comfort with your smartphone. The electronically controlled suspension system ActRide allows drivers to easily adjust suspension settings using a smartphone app, making it possible to choose the driving feel and ride comfort that suits their mood or driving situation.

Using a built-in ECU integrated with a six-axis IMU sensor, ActRide detects vehicle behavior in real time and automatically controls



four-wheel damping force. Drivers can also adjust 100 distinct levels of three control settings: ride comfort, handling, and speed adaptation. It is equipped with proportional solenoid dampers that achieve a level of damping force precision that was once unattainable. The system offers excellent responsiveness while minimizing operation noise during damping force adjustment, ensuring a quiet and comfortable cabin environment.

ActRide reconciles the opposing values of drive comfort and handling stability in a wide range of scenarios, from everyday driving to long-distance travel.



HC Operations

Oil Condition Diagnosis System

We are developing an IoT-based service that monitors the condition of hydraulic oil used in hydraulic systems for construction machinery, public infrastructure, and plant equipment. The system detects deterioration in advance and notifies users accordingly. Using KYB's proprietary oil condition sensors, the service continuously collects operational data, which is analyzed through our unique algorithms. By identifying early signs of abnormal fluid degradation, the solution contributes to improved maintenance efficiency and reduced waste oil volume, supporting both operational reliability and environmental sustainability.

It is necessary to periodically exchange the fluid in hydraulic equipment. However, an oil condition

diagnosis system will enable real time analysis through sensors and algorithms, allowing for maintenance at optimum timing.



Special-Purpose Vehicles Div.

KYB Campervan VILLATOR

Based on the FIAT Ducato, the VILLATOR offers the new value of being a recreational vehicle that is fun to drive—a difficult feat to achieve, but now made possible by this campervan of the future. KYB's suspension system technology offers the fun of driving with full control in any situation, whether driving on a highway, a mountain road, or in the city.

The name "Villator" was created by combining the Latin words "viator," which means "traveler" and "villa," which means "vacation home." It's a campervan that speaks to the adventurous heart, and brings the fun of driving to its owners. Its concept is to be a "portable villa," a vacation house that its owners can bring with them.

We are promoting the comfort of the VILLATOR through exhibitions at the Japan Camping Car Show, the KYB booth at the All Japan Rally Championship, GOOD DAY PARK!, and other events.

