



Our Precision, Your Advantage



KAYABA Group Report 2025

April 1, 2024– March 31, 2025

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Seeking to Increase Your Understanding of Our Company

The KAYABA Group Report has been published since FY2019 with the aim of deepening the understanding of investors, shareholders, and all stakeholders regarding the Group's management, financial, and business strategies, as well as our ESG initiatives.

We are committed to carrying our more than 100 years of history and corporate value into the future. As a corporate group in which we all take pride, we hope that readers will share our expectations for KYB's potential as we continue contributing to a prosperous future society.

The FY2024 edition has been compiled with a continued focus on ESG management, which forms the foundation of policy formulation at KYB. Key highlights include vision for creating the future through ESG management, the Action Plan for 2050, and a roundtable discussion with external directors. We hope this report helps readers gain a deeper understanding of the KAYABA Group and our wide-ranging initiatives aimed at contributing to a sustainable society.

We will continue to incorporate feedback from readers as we strive to improve this report and remain committed to timely and appropriate information disclosure. In addition to this report, we encourage you to visit the KYB website for press releases, corporate information on technology and environmental initiatives, and various reports available in the investor relations section.

KYB's Stance on Information Disclosure

KYB Website



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

Financial Information

Information on our IR activities such as management strategy, financial affairs, and performance.



Non-Financial Information

Information on activities related to solving environmental and social problems.



Other Information

Products



Motorsports (Japanese)



Social Media-Related

KYB's Official Social Media
(Available in Japanese only.)



Corporate account
Instagram・X



Official SNS
Instagram・X

Plant Introduction Video (YouTube)



Gifu North
Plant



Gifu South /
Gifu East Plants



Kumagaya
Plant



Sagami
Plant

For more information:



YouTube

Contents

Seeking to increase your understanding of our company 01
90 Years of Evolving Technology 03

Inspiring Dreams: The Future We Aim to Build as a 100-Year Company

Message from the CEO 05
Message from the CFO 09

Inspiring Dreams: The Future We Aim to Build Through Our Business Units

Three Mainstay Business Units 15
AC Operation 17
HC Operations 19
Special-Purpose Vehicles Division 21

Inspiring Dreams: The Future We Aim to Build Through Our Technology

The Technologies Behind KYB's Strength 23
Technology Development 23
Production Technology 24
Quality Management 25
Intellectual Property Strategies 27
Innovative Products Shaping the Next Generation 29

Inspiring Dreams: The Future We Aim to Build Through ESG Management

Vision for Creating the Future through ESG Management 31
ESG Management Based On the Long-Term Vision 31
ESG Promotion System 33
Instilling ESG within the Company 33
Environmental Activities 34
Action Plan for 2050 34
Contributing to Climate Action 35
FY2024 Activity Achievements 36
Environmental Management 38
Social Activities 40
Occupational Safety and Health 40
Basic Policy on Human Rights 42
Human Resources Strategy 42
Supply Chain Management 47
Governance Activities 49
Management Team 51
Officer Compensation 53
Roundtable Discussion with External Directors 55
Internal Control System 59
Risk Management 60

KYB Performance Highlights 61
Financial 61
Non-Financial 64
11-Years Financial Summary 67
KYB in Globe 69
External Evaluations (FY2024) 71
Company Overview / Stock Information 72

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Reporting Period

FY2024 (April 1, 2024 to March 31, 2025)

Note: Includes some activities and information from outside the above reporting period.

Scope

The report covers KYB Corporation and subsidiaries and affiliates in Japan and around the world.

Note: Environmental data is for KYB Corporation (Sagami Plant, Kumagaya Plant, Gifu North Plant, Gifu South Plant, Gifu East Plant, Mie Plant and Nagano Plant) unless otherwise annotated.

Date of Issue
December 2025

Forward-Looking Statements

This report includes plans and forecasts as of the issue date, and estimates based on our business plans and management policies. Forward-looking statements are based on information available at the time of report preparation, and actual results may differ depending on changes in relevant conditions.



Cover Design
The design expresses KYB's commitment to uniting our people as one team, taking on the challenge of creating future value filled with possibilities, and embarking on efforts to support the future of people's lives.

90 Years of Evolving Technology

Since its establishment, the KAYABA Group has consistently developed vibration control and power control technologies, building on the cornerstone of hydraulic technology. In recent years, this evolution has advanced further into cutting-edge system control through the integration of electronic control technologies.

Guided by our Corporate Spirit of "offering products and technologies that make people's lives safe and comfortable, and contributing to society," we are returning to the spirit of originality passed down from our founder. By continuing to evolve our core technologies while stabilizing business performance, the KAYABA Group aims to become an indispensable presence in society, supporting safety and comfort in the fields of mobility, infrastructure, and living environments.



1935 Shiro Kayaba, who had a passion for mechanical invention from an early age, founded the Kayaba Research Center in November 1919 with a desire to devote his abilities to national defense and world peace. In March 1935, he established Kayaba Manufacturing Co., Ltd.



1948 Established Kayaba Industry Co., Ltd.
1959 Listed shares on the Tokyo Stock Exchange.
1966 Announced a long-term management vision as "KYB of the World."
1976 Decided to introduce TQC (Total Quality Control). Established the Basic Research Laboratory and Materials Research Laboratory within the Technical Research Center.
1989 Received a commendation from the Agency for Natural Resources and Energy.
Established the Electronics Department.
1991 Established Production Technology R&D Center.

The evolution of hydraulic-based technology is poised to advance further through intelligent systems and AI. As the core of vibration, power, and electronic controls, KYB's technology will continue inspiring dreams and shaping the future.



Core technology supporting mobility comfort and social infrastructure
Optimal solutions from large to small power
Enabling optimal control and condition monitoring
Observing and analyzing conditions and motion
Actuators that can think, learn, and move like people



2015 The trade name was changed to KYB Corporation.
2016 Established Aircraft Components Division.
2017 Established the Motorsports Department within the Corporate Planning Division.
2019 Established the Business Support Center within the General Affairs & Human Resources Division to promote the employment of people with disabilities.
2022 Adopted "Kayaba" as the Company's common name in Japan.

Decided to withdraw from the Aircraft Components Business.
2023 Adopted "Kayaba" as the Company's trade name in Japan.
2024 Exhibited at IFPEX2024.
Hosted the Kayaba Legends Open.
2025 90th anniversary of the Company's founding.
Made Chita Kogyo Co., Ltd. a wholly owned subsidiary.

KYB's History ▶



Evolution of Technology ▶

1946 Received prototype orders for automotive shock absorbers.
1950 Produced dump truck bodies as part of special procurement demand.
1951 Developed oil dampers for railway vehicles.
1952 Developed front forks and oil cushion units for motorcycles.
1953 Started assembly and body installation of concrete mixer trucks.
1962 Received orders for hydraulic cylinders for hydraulic excavators.
Developed a fully hydraulic small concrete mixer truck.
1964 Developed a fully hydraulic tilting-drum concrete mixer truck.
1967 Started mass production of strut-type shock absorbers.
1969 Started mass production of stay dampers.

1979 Delivered an underway replenishment system for the supply ship Sagami.
1981 Developed a compact vane pump.
1983 Developed multi-layer seals for hydraulic cylinders.
1985 Developed an electronically controlled full air suspension system.
1993 Completed the high-productivity line (N09) for shock absorbers.
1998 All plants acquired ISO 9001 certification.

2009 Developed HARMOFREQ, a frequency-sensitive shock absorber.
2015 Developed and began mass production of the flow-control valve-less vane pump (7K3) for CVTs.
2019 Developed an ultra-low-speed valve (Swing Valve) for shock absorbers.
2020 Developed a smart road monitoring system.
2021 Developed KADS, an electronically controlled suspension system for motorcycles.
Developed the electronically controlled mixer truck (e-Mixer III).
2022 Registered the trademark "Smart Road Monitoring."

2023 Kayaba Rally Team entered the All Japan Rally Championship.
Unveiled SustainaLub™, an environmentally friendly hydraulic fluid, for the first time in the world.
Developed an oil condition diagnostic system for hydraulic equipment.
2024 Developed an oil leak detection sensor for hydraulic cylinders for construction machinery.
Started mass production on the SA Aftermarket Innovation Line.
Developed AI-based marking inspection technology.
Established CAE-based damping-force calculation technology for SA products using AI.
Orders began for the "VILLATOR" campervan.
2025



Shock Absorbers for Jeeps (1946)



Oil Damper for Railways (1951)



High-Low Type Concrete Mixers (1953)



High voltage cylinder KCH (1990)



Adjustable damping SA with proportional solenoid (2016)



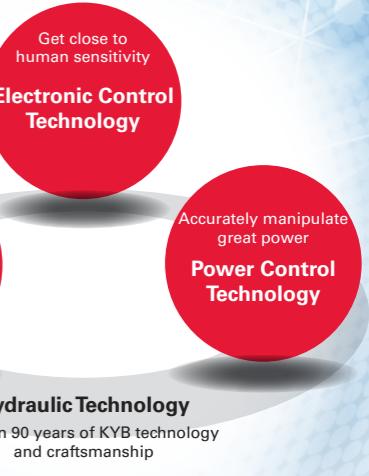
e-Mixer III (2021)



SustainaLub™, an environmentally friendly hydraulic fluid (2023)



VILLATOR campervan (2025)



Built on 90 years of KYB technology and craftsmanship

Message from the CEO

We strive to become a partner that supports the future of people's lives—an indispensable source of safety and comfort in mobility, infrastructure, and living spaces.

KYB Is Inspiring Dreams and Shaping the Future

Working to become a partner that supports people's lives and helps shape the lifestyles of the future

On March 10, 2025, KYB celebrated its 90th anniversary. I would like to express my deepest gratitude to all of our stakeholders—our customers who have chosen KYB products, our suppliers who have provided components and materials, our shareholders who have

continued to believe in us, and our employees who contribute their skills and dedication every day. Today, the business environment surrounding us is undergoing profound change. Mobility is evolving beyond a means of transportation to play a broader role in addressing social issues and creating new value. In the infrastructure field, the use of AI and IoT for data collection and analysis is also expected to enhance urban resilience.

To realize our aspiration of becoming an indispensable presence in society by supporting safety and comfort in mobility, infrastructure, and living spaces, the KAYABA



Representative Director, President, Chief Executive Officer (CEO)

M. Kaneko

Group has formulated a Long-term Vision toward 2035. In an era of accelerating technological innovation and rapidly changing values, we will continue contributing to society as a partner supporting the future of people's lives, looking ahead to our 100th anniversary and beyond.

There are three key pillars to achieving our Long-term Vision.

The first is "Vitality." By optimizing our business portfolio for the next generation and making priority investments in growth areas, we aim to revitalize the entire KAYABA Group. United by ambitious goals, we will harness the strength of our energetic teams to take on the challenge of creating value for the future.

The second is "Creativity." Building on our core technologies, we will work to create new businesses that are uniquely KYB's own. Guided by our vision of supporting safety and comfort, we will take on challenges in fields that offer long-term growth potential.

The third is "Harmony." This represents the evolution of manufacturing craftsmanship that supports business expansion and new initiatives. By integrating digital technologies with the on-site capabilities cultivated over 90 years, we will pursue next-generation manufacturing innovation that is kind to both people and the environment.

In the new Medium-Term Management Plan beginning in 2026, we position this period as a turning point for transforming our business model to achieve our

Long-term Vision, and we will actively undertake structural reforms.

Review of FY2024

Strengthening the Management Foundation for the Next Generation amid a Challenging Business Environment

In FY2024, under the slogan "Mastering Quality Management," we focused on strengthening our management foundation as the second year of the Medium-Term Management Plan, making full use of Total Quality Management (TQM).

Looking at the broader business environment, consumer spending recovered in countries around the world as inflationary pressures eased. However, concerns over an economic slowdown intensified due to factors such as tariff increases by the U.S. government, heightening uncertainty about the outlook.

Within the KAYABA Group's business environment, while demand in the automotive sector remained relatively steady, a significant decline in demand persisted in China, a major market for construction machinery, placing the Group in a challenging position. As a result, sales declined by 1.0% year on year, and segment profit decreased by 5.4% compared with the previous fiscal year.

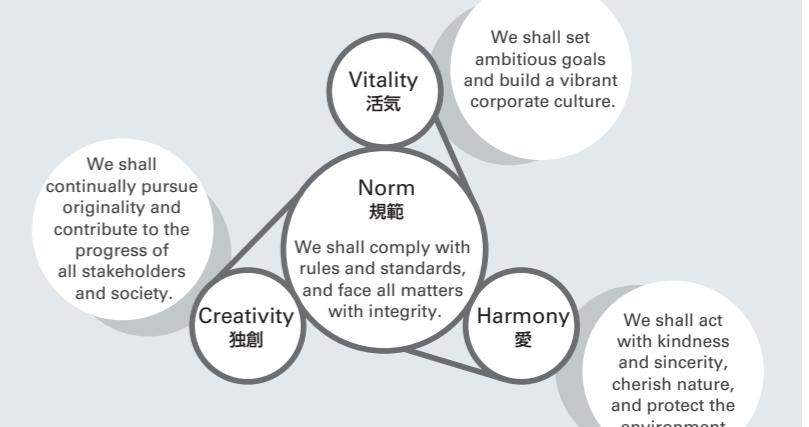


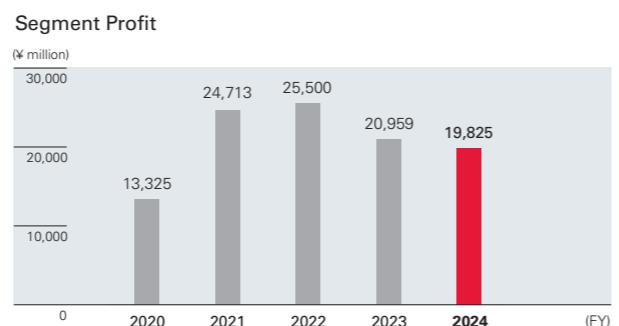
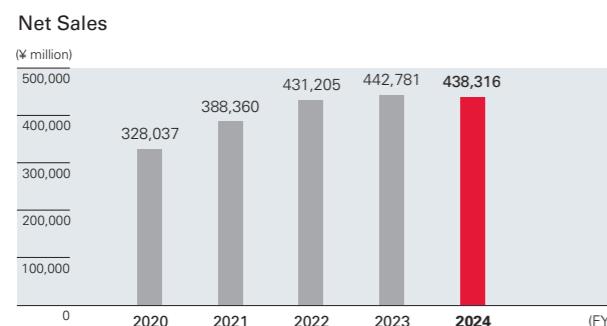
Long-Term Vision
Meeting Materials for Second Quarters (2Qs) of FY2025
→ https://www.kyb.co.jp/english/media/ir_20251113en.pdf

Our Mission

The KAYABA Group contributes to society by providing technologies and products that make people's lives safe and comfortable.

Our Values



Message from the CEO

Note: Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from net sales.

In addition, in April 2025, KYB received a recommendation from the Japan Fair Trade Commission under the Act against Delay in Payment of Subcontract Proceeds, Etc. We take this matter very seriously and will steadily implement corrective measures to prevent recurrence, including internal training and the strengthening of organizational systems. We sincerely apologize to our stakeholders for any concerns or inconvenience this may have caused.

Together with Regional Communities**Cooperation and Collaboration
with Local Communities**

In FY2024, the KAYABA Group continued to walk hand in hand with the regional communities in which we operate, engaging in a wide range of initiatives such as hosting local events and participating in volunteer activities.

During the summer, the KYB Museum took part in Science Kanagawa, an initiative promoted by Kanagawa Prefecture, offering elementary school students hands-on excavator-building experiences to introduce them to the fun and wonder of science. Looking ahead, we plan to expand the program in 2025 to include junior high and high school students, further fostering interest in science and technology.

In October, in support of the objectives of the senior tour organized by the Japan Ladies Professional Golfers' Association, we hosted the KYB Legends Open in Kani City, Gifu Prefecture. At the tournament, we also conducted a program in which elementary school students assisted with event operations as part of a field trip. We will continue to build strong bonds and nurture meaningful connections with our local communities.

**Delivering New "Delight"
to the Future****Contributing to Society through Value Creation
Driven by New Technologies**

At IFPEX2024, the triennial exhibition held in September 2024, KYB exhibited under the theme "Delivering New 'Delight' to the Future through Our Hydraulic DNA."

At the exhibition, we showcased new hydraulic-based technologies, including a stroke-sensing cylinder under development, a cylinder with a built-in load detection sensor, and an oil condition diagnostic system. During the event, we welcomed more than 1,000 visitors, clearly demonstrating the value created by these new technologies.

Going forward, we will continue to actively participate in a variety of events to share our proven technological capabilities with a broader audience and to communicate the new "delight" generated by the power control technologies we have cultivated over many years.

**Contributing to a Sustainable
Mobility Society****Pursuing Environmental Friendliness,
Efficiency, Comfort, Safety, and Convenience
to Deliver the Safest, Most Reliable,
and Most Comfortable Mobility Experience**

Under the theme of "Contributing to a Sustainable Mobility Society," we are advancing new product development from five perspectives—environmental friendliness, efficiency, comfort, safety, and convenience. We also remain focused on progress in the industry trends of connected, autonomous, shared, and electrification (CASE).

In the suspension field, we have completed development of a semi-active suspension that electronically controls damping force adjustment with solenoid valves, and a fully active electro-hydraulic suspension system. In steering systems, we are developing control technology with high redundancy to create actuators suitable for autonomous driving. And by coordinating the control of these systems, we aim to deliver the safest, most reliable, and most comfortable mobility experience.

Turning to environmental technology, we announced SustainaLub™, a biodegradable hydraulic fluid for shock absorbers, in 2023. In 2024, we provided it to TEAM JAOS, who competed in the 2024 SCORE BAJA 1000, one of the world's most punishing races. It was enhanced for performance and durability to meet race specifications and earned high praise from the team, contributing to their impressive class championship victory.

In 2025, the team plans to race with a new shock absorber that uses spent hydraulic fluid that has been recovered for reuse. This will further accelerate development to achieve both environmental performance and ride comfort.

**The Spirit to Achieve Dreams
That Underpins Our Challenges****Creating a Corporate Culture Where Employees
Feel Fulfilled and Experience Growth**

The spirit to achieve dreams is a critical driving force behind our continued challenges.

Our founder, Shiro Kayaba, once said: "Always pay attention to what's happening in the world. Never fall behind progress—lead it. Hold on to your dreams." These words remain deeply embedded at the core of

our company today. While proudly inheriting the strengths cultivated by the KAYABA Group, I believe it is essential to unite the power of the entire Group in order to continue contributing to the future of society while evolving with the times.

Since assuming the role of CEO, I have actively visited both domestic and overseas sites, placing great importance on face-to-face dialogue with employees. By March 2025, I had made a total of 47 visits to 10 domestic locations and 20 overseas locations. Hearing directly from those on the front lines has enabled me to gain a deeper understanding of challenges and progress in improvement efforts. At the same time, communicating my messages directly has led to positive changes in employee awareness and engagement.

The challenges of the KAYABA Group are ultimately supported by each individual's ambition to make their dreams come true. To foster this, it is essential to develop a strong human resources portfolio and create workplace environments where employees can fully realize their potential. I firmly believe that developing and retaining people with ambition is one of the most important responsibilities of leadership.

To Our Stakeholders**Continuing to Contribute to the Society
of the Future through New Challenges**

Rooted in our 90th anniversary slogan, "Make the Tomorrow of Your Dreams," our Long-term Vision toward 2035 expresses our determination to take on new challenges under the banner of "Inspiring Dreams, Shaping the Future."

Returning to the values cherished since our founding—Vitality, Creativity, and Harmony—and adding Norm, which represents adherence to rules and standards, we will unite as one Group to pursue new challenges and contribute to the society of the future as we move toward our 100th anniversary and beyond.

Our commitment to manufacturing craftsmanship—guided by the question of how KYB's technologies can stand alongside people's lives and help solve social issues—remains unchanged. Through ongoing dialogue with our stakeholders, we will continue to share our vision and direction while striving to enhance sustainable corporate value. We sincerely appreciate your continued support.

Message from the CFO

Proactively Pursuing Growth Investments While Carefully Balancing Capital Efficiency and Financial Soundness

Financial Targets for Achieving the Medium-Term Management Plan

Under the Medium-Term Management Plan, KYB is pursuing quality management while enhancing the overall quality of the Group and striving to increase corporate value.

We have set financial targets of achieving an ROE of 12.0% and a dividend payout ratio of 30% or higher by FY2025. These targets are intended to promote management that is conscious of capital costs and share price while advancing quality management. Despite challenging projections amid significant changes in the external environment, we are striving to achieve net sales of ¥470 billion and a segment profit ratio of 8.1% or higher.



Representative Director, Executive Vice President
Executive Officer, Chief Financial Officer (CFO)



Progress and Review of the 2023 Medium-Term Management Plan

Under the 2023 Medium-Term Management Plan, products for automobile manufacturers and aftermarket products for the repair market have generally remained firm. However, the prolonged slowdown of the Chinese economy has created a challenging market environment for Japanese manufacturers, leading to a significant decline in sales of construction machinery. In addition, increased costs caused by declining productivity in the Americas placed downward pressure on earnings.

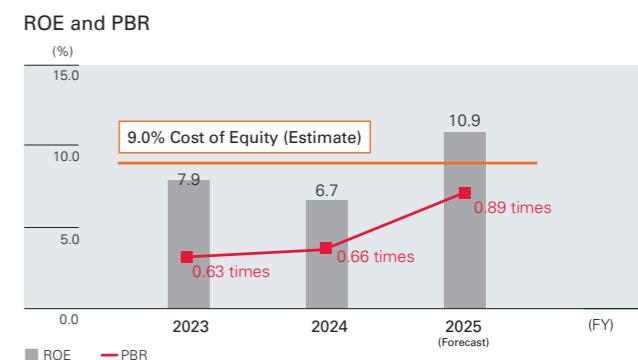
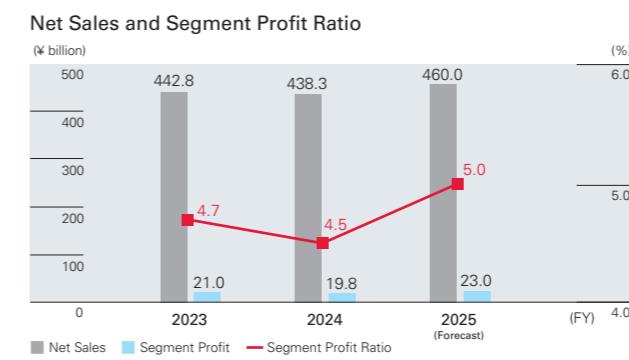
In light of these circumstances, we recognize the strengthening of governance, stabilization of quality and productivity, and enhancement of price competitiveness as urgent management priorities. In response to the Tokyo Stock Exchange's request for "management that is conscious of capital costs and share price," we clarified our improvement policy aimed at enhancing corporate value and achieving a price-to-book ratio (PBR) of 1.0x, and announced specific initiatives in May 2024 (see page 11).

In FY2024, segment profit declined by ¥1.1 billion year on year to ¥19.8 billion, and the segment profit ratio decreased by 0.2 percentage points to 4.5%, reflecting a ¥4.5 billion decline in sales and the continued impact of productivity deterioration in the Americas. While we promoted the sale of cross-shareholdings and the repurchase of treasury shares to enhance capital efficiency, ROE was 6.7%, below the cost of equity of 9.0%, and PBR stood at 0.66x.

In FY2025, although uncertainty existed at the outset due to factors such as U.S. tariffs, products for automobile manufacturers and aftermarket products have remained strong, and sales in the construction machinery segment have increased year on year. Based on current forecasts, we expect net sales of ¥460 billion, segment profit of ¥23.0 billion, and a segment profit ratio of 5.0%.

Including a ¥6.1 billion gain on negative goodwill arising from Chita Kogyo Co., Ltd. becoming a wholly owned subsidiary, ROE is expected to reach 10.9%, exceeding the cost of equity. PBR is estimated at 0.89 times, bringing us closer to our target of 1.0 times.

	FY2023	FY2024	FY2025 (Forecast)
Net sales	¥442.8 billion	¥438.3 billion	¥460.0 billion
Segment profit	¥21.0 billion	¥19.8 billion	¥23.0 billion
Segment profit ratio	4.7%	4.5%	5.0%
Profit Attributable to Owners of the Parent	¥15.8 billion	¥14.9 billion	¥25.0 billion
Equity Attributable to Owners of the Parent	¥217.2 billion	¥225.5 billion	¥229.3 billion
ROE	7.9%	6.7%	10.9%
PBR	0.63 times	0.66 times	0.89 times



Message from the CFO

Targeted Initiatives to Improve PBR

With "Mastering Quality Management" as our basic policy, KYB is working to enhance corporate value with a strong awareness of capital costs. As PBR consists of ROE and PER, improvements in both are essential.

Initiatives to Improve ROE (Improving the Profit Ratio)
To improve profitability, we are reviewing our business portfolio, beginning with withdrawals from unprofitable businesses. In January 2025, we decided to dissolve a joint venture in India engaged in the manufacture and sale of concrete mixer trucks. In addition, we are gradually withdrawing from the aircraft components business, reallocating management resources to growth areas.

We are also accelerating investments in growth fields and the introduction of electrification-related products. In China, preparations are underway to further expand

EPS sales through a local joint venture, with performance reflected in equity-method investment income. In the United States, we are preparing to enter the premium aftermarket segment for SUVs and pickup trucks. We are also advancing local production for the rapidly growing Indian automotive market, while expanding defense-related business in the marine field through our system proposal capabilities.

Strengthening global price competitiveness is another critical initiative. Measures include the full acquisition of Chita Kogyo in the AC operations, expanded parts procurement from China in HC operations, reinforcement of premium aftermarket products, cost reductions, and the establishment of stable supply systems. We are also thoroughly implementing measures to improve our earnings structure, such as minimizing losses and appropriately passing on inflation-related cost increases.

Within HC operations, where profitability has declined, we have clarified strategies by product group. Products requiring cost competitiveness are positioned as "defensive" areas, while products requiring high performance are positioned as "offensive" areas, where we aim to enhance functionality and reduce weight to further increase added value.

**Initiatives to Improve ROE
(Enhancing Total Asset Turnover)**

To enhance total asset turnover, we are reducing cross-shareholdings. We announced a policy to sell more than ¥25.0 billion by the end of March 2026, based on market values as of September 2023, and are proceeding ahead of schedule. By the end of FY2024, cross-shareholdings had been reduced to 8.8% of equity. Funds generated are being used for share repurchases and growth investments. Preferred shares are scheduled for redemption in June 2026.

**Initiatives to Improve PER
(Reducing the Cost of Equity)**

To reduce the cost of equity, we are strengthening governance based on quality management and ESG initiatives. TQM is positioned at the core of company-wide activities. Regarding carbon neutrality, we have already achieved a 30% reduction in CO₂ emissions by FY2024 toward our 50% reduction target by FY2030. We are also strengthening human rights governance through the formulation and disclosure of our Human Rights Policy and the implementation of human rights due diligence.

In IR activities, we held three individual investor briefings in FY2024 and actively engaged in dialogue with institutional investors and analysts. We also enhanced corporate recognition through diverse PR activities, including exhibiting at the Japan Mobility Show, participating in rally events, and promoting camper vans.

Indicators and Items for Improvement		Main Measures	Progress Overview
PBR	ROE	Review of the business portfolio through withdrawal from unprofitable business	• Dissolution of the joint venture for concrete construction equipment in India
		Investment in growth areas and introduction of new electrification-compatible products	• Growth in EPS sales in the Chinese market and full-scale expansion into global markets • Launch of newly developed products in the premium aftermarket segment • Full-scale entry of the Four-Wheel Shock Absorber Business into the Indian market • Acquisition of business opportunities based on the Ministry of Defense's equipment and maintenance plans
		Maintain and improve global price competitiveness	• Conversion of Chita Kogyo Co., Ltd. into a wholly owned subsidiary • Cost reduction through a shift to procurement of construction machinery components from China • Consolidation of part of the travel motor production lines from China to Japan
	Total Assets Turnover	Minimization of losses and appropriate reflection of inflation costs	• Productivity decline at U.S. facilities has been resolved
		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
	PER	Reduction of production lead time and inventory assets	• Striving to achieve an inventory turnover target of 7.3
		Strengthening governance through quality management and ESG management promotion	• Achieved a 30% reduction in CO ₂ emissions compared to FY2018, as planned (FY2024)
	Cost of Equity	Enhancement of corporate value and brand value through IR and PR activities	• Holding of individual investor briefings (three sessions) • KYB OFFROAD PROJECT "OFF WE GO!" launched • Building a new image as 'KYB for Off-Road.'



Note: Share prices prior to the December 3, 2024 stock split have been retroactively adjusted for comparison purposes.

Striving to Raise Long-Term Corporate Value

At the financial results briefing on November 14, 2025, we announced our basic approach to enhancing long-term corporate value. In addition to our AC Operations, HC Operations, and Special-purpose

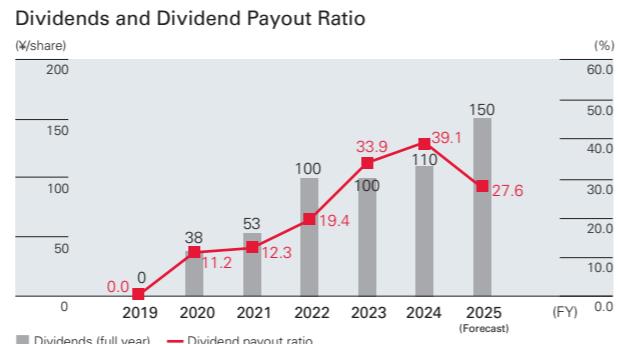
Vehicles Division, we aim to achieve growth by developing new business areas.

We anticipate approximately ¥300 billion in growth investments over the ten-year period beginning in April 2026. Details will be presented in our next Medium-Term Management Plan, and we will advance our capital policy to achieve sustainable growth.

Message from the CFO**Shareholder Returns**

KYB proactively provides shareholder returns while taking into consideration business performance and financial conditions.

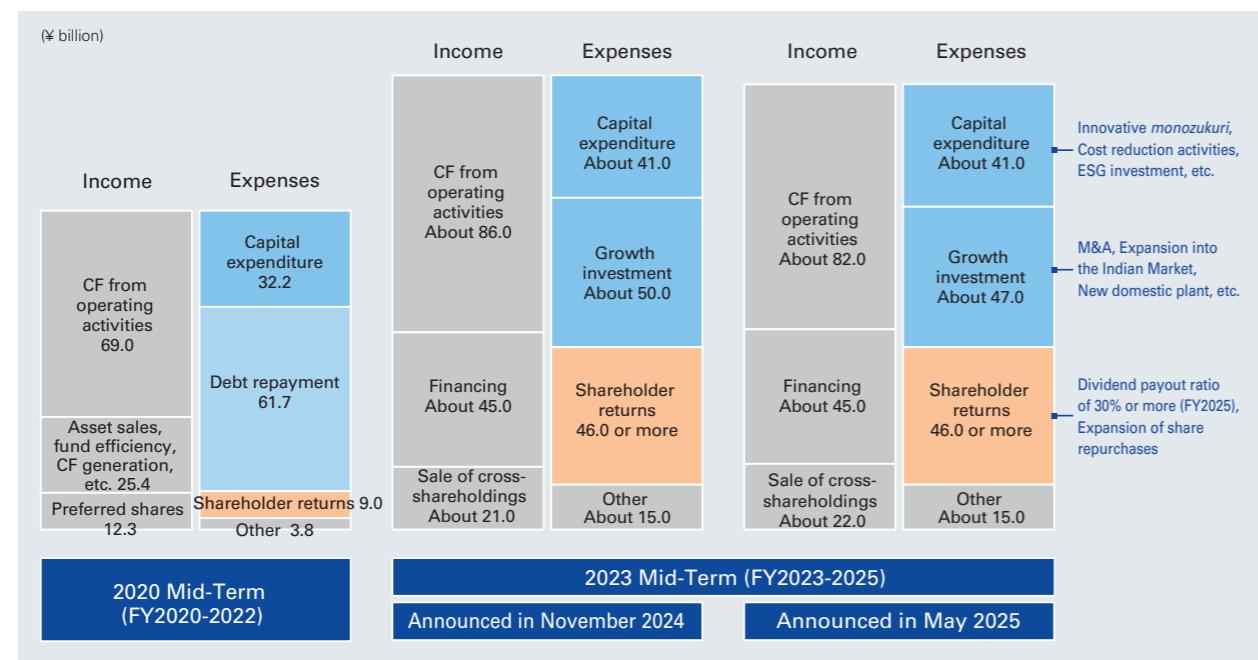
We strive to maintain a dividend payout ratio of 30% or higher, and we will also implement share repurchases in a flexible manner. The dividend for FY2024 is ¥110 per share (post-split basis). Using proceeds from the sale of cross-shareholdings, we have repurchased approximately ¥20 billion of shares as of the end of November 2025. For FY2025, we announced an interim dividend of ¥75 and a year-end dividend of ¥75, representing an increase of ¥40 from the previous year.



Note: Dividends (post-stock split basis) have been retroactively adjusted to reflect the two-for-one stock split effective December 3, 2024. Figures for prior periods are shown on a post-split basis (pre-split dividends $\times 1/2$).

Cash Allocation

At the start of the previous Medium-Term Management Plan (April 1, 2020), borrowings increased in connection with the response to nonconforming acts related to vibration control dampers, and the capital adequacy ratio stood at 18.1%. Thereafter, we allocated generated cash to the repayment of borrowings and worked to improve our financial position. As a result, the equity ratio recovered to 40.9% as of the end of March 2023.

**In Conclusion**

Since FY2023, balance sheet efficiency has improved through the reduction of cross-shareholdings and share repurchases, and the results of quality management through TQM have gradually materialized. As a result, PBR has improved into the 0.8x range since the second quarter of FY2025.

Looking ahead, we will steadily execute both offensive and defensive strategies in HC operations, further

optimize our business portfolio, and pursue new businesses leveraging our core technologies, such as thermal management and measurement solutions. We will also strengthen management focused on capital efficiency through initiatives such as the introduction of ROIC.

By our 100th anniversary in 2035, we aim to achieve an ROE of 11% or higher. As CFO, I will proactively promote growth and development investments while carefully balancing capital efficiency and financial soundness, striving to enhance corporate value.

The Year at KYB

KAYABA Rally Team



Development Product Testing Conference



Exhibited at Tokyo Auto Salon 2025



90th Anniversary Cerebration Ceremony

2024

April

Exhibited the Smart Road Monitoring at Embedded and Edge Computing Expo (ESEC) 2024

KRT Competed in the JRCA Japanese Rally Championship "Kuma Kogen Rally" and finished 6th

Developed hydraulic cylinders for medium- and large-sized construction machinery (20% reduction in cylinder tube thickness)

May

Financial Results Briefing

June

Shiro Kayaba Awards

July

Annual Shareholders' Meeting

August

Exhibited the Oil Condition Monitoring System at Maintenance & Resilience TOKYO 2024

Participated in Kanagawa Science Summer 2024

Developed a high-performance small-diameter inverted front fork for small motorcycles (30% improvement in bottom-shock absorption)

Purchasing Policy Briefing

September

The Oil Condition Analysis System was selected for the city of Sagamihara's Open Innovation Support Program for the second consecutive year

October

Exhibited at IFPEX2024 (International Fluid Power Exhibition)

Hosted the JLPGA-sanctioned Kayaba Legends Open

Development Product Testing Conference

November

Financial Results Briefing
Companywide Small Group Activity Presentation (Production Division-Related)
Small Group Activity Global Presentation Meeting

TEAM JAOS, supported by KYB, completed the SCORE BAJA1000 and won its class
Fluid pressure cylinder received the Minister of Education, Culture, Sports, Science and Technology Award at the 2024 Chubu Regional Invention Awards

December

Companywide Technology Presentation
Established CAE technology for SA damping-force simulation using AI (reducing operational workload by over 95%)

2025

January

Exhibited at Tokyo Auto Salon 2025
Companywide Small Group Activity Meeting & Presentation (Administration, Sales, and Management Departments)

Financial Results Briefing

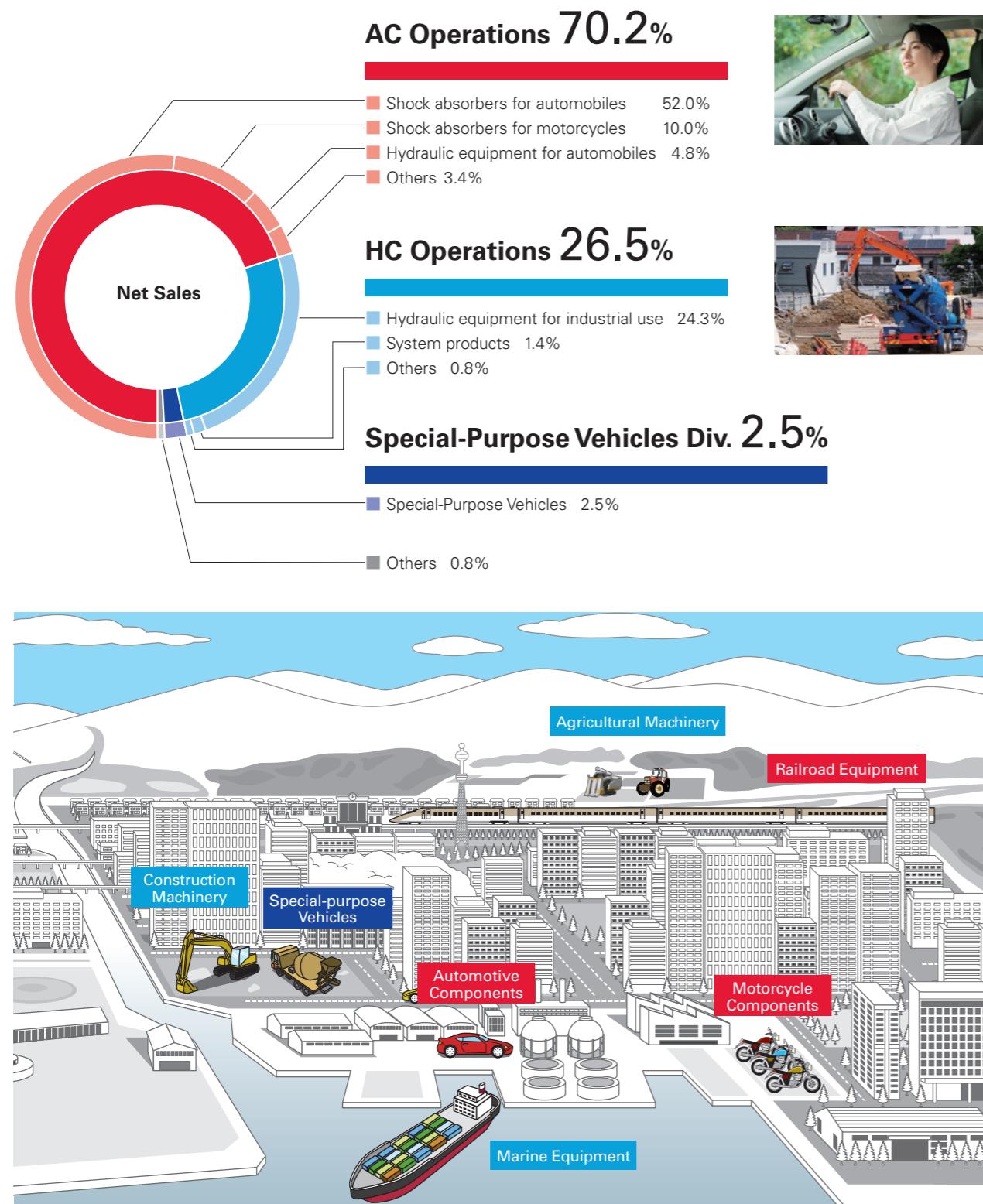
February

Certified as Health and Productivity Management Organization 2025

90th Anniversary Cerebration Ceremony (March 10)

Three Mainstay Business Units

Carrying on our founder's DNA of pursuing originality, we support modern lifestyles with various products rooted in our technological capabilities. Automotive Components (AC) Operations supports the means of transportation we use every day, while Hydraulic Components (HC) Operations and the Special-Purpose Vehicles Division support infrastructure for modern living. We concentrate our management resources on these three business units and will continue to create value by providing products that are indispensable to people's lives.

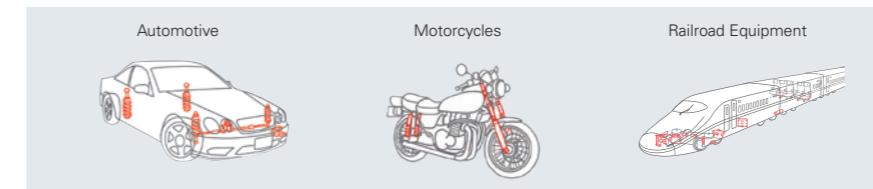


AC Operations



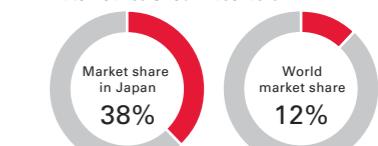
With vibration control technology at the core, this business unit develops and offers a wide range of products primarily for automobiles, motorcycles, and railway cars. AC Operations' products are at use in many situations where comfort, safety and maneuverability are required, from secure, comfortable drives with the family to withstanding the harsh conditions of motorsports.

Main machines that use KYB products

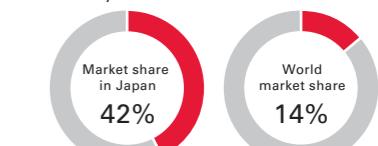


■ Market Share
Source: KYB data (As of March 31, 2025)

Automobiles Shock Absorbers



Motorcycle Front Forks

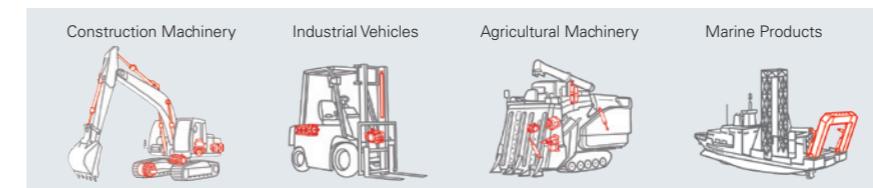


HC Operations



With power control technology at the core, this business unit develops and offers various kinds of hydraulic equipment for construction machinery and industrial vehicles. In addition, it expands the potential of hydraulics to new areas, such as for stage mechanisms that support theater productions. It deals in compact precision, digitization, and the creation of systems, thereby providing support at the sites where manufacturing takes place.

Main machines that use KYB products



■ Market Share
Source: KYB data (As of March 31, 2025)

Hydraulic cylinders for construction machinery (by excavator machine mass)



Special-Purpose Vehicles Div.



This business unit develops and manufactures specially equipped vehicles, mainly the concrete mixer trucks for which it enjoys the top domestic share. The products have a lineup that ranges from small to large sizes, and they increase work efficiency on construction sites with high kneading, discharge, and environmental performance.

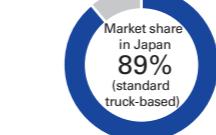
Main machines that use KYB products



■ Market Share

Source: KYB data (As of March 31, 2024)

Concrete Mixer Truck



Sports and social welfare products

We use our core technology to develop products used for sports and social welfare.



Note: KYB has been involved in the business of hydraulic equipment for aircraft since our establishment. However, as a result of a comprehensive reexamination of our business portfolio and in order to strengthen corporate competitiveness through the selection and concentration of management resources, we decided to withdraw from the aircraft components business in February 2022. We are in the process of phasing out all operations of the Aircraft Components Division, including repairs.

AC Operations



We continue forging ahead with our responsibilities to protect the environment while delivering the thrill of motorsports and striving to remain specialists.

Performance and Major Initiatives in FY2024

Sales of mainstay shock absorbers for automobiles remained stable, particularly for OEM customers in Europe, despite a decline in the number of automobiles produced in Japan. In addition, increased demand in the aftermarket in Eastern Europe and the Middle East, together with the positive impact of a weaker yen, contributed to higher sales.

Currently, we are focused on developing electronically controlled suspension systems for the aftermarket, with the aim of launching the products in the next fiscal year. Another priority is developing Steer-by-Wire (SBW), which we project will enjoy wide use in the future to increase safety with autonomous driving and coordinated control technologies.

Continuously variable transmissions (CVTs), one of our key products, continue to face a downward trend due to electrification. We are proceeding as planned with the consolidation of surplus production capacity. Sales of shock absorbers for motorcycles increased, driven by sales in China due to increased demand for the large-displacement motorcycles of local manufacturers, as well as growing demand in the Indian market, despite declines in Japan and Europe. We have confirmed our entry into the Indian market, where demand is expected to continue growing. We are currently selecting a site for operations.

As a result, net sales increased and segment profit also rose.

Strategic Policies for "Inspiring Dreams"

Under the 2023 Medium-Term Management Plan, AC Operations adopted the slogan "Take on New

Challenges!" In response to trends such as electrification and automation of base vehicles, we are pursuing initiatives aimed at enhancing earning power by promoting the development of new and improved products, and expanding into new domains while striving to meet the needs of all stakeholders.

Specifically, we aim to increase sales by expanding our lineup of high-performance, high-value-added electronically controlled products. A particular focus is on SBW technology, which is highly compatible with autonomous driving. We are also developing electric pumps for cooling and lubrication applications, as well as ride-height control systems for motorcycles.

Looking ahead, we are committed to advancing technologies that will make all forms of mobility more comfortable, including electro-hydraulic fully active suspensions and coordinated control of steering and suspension.

* Steer-by-wire (SBW): A steering system for the era of automatic driving that connects an automobile's tires and steering wheel with an electrical signal in a constant exchange of steering information and reaction force from the road surface.

Minoru Ishikawa
General Manager,
Automotive Components Operations,
Senior Managing Executive Officer



KYB's Strengths

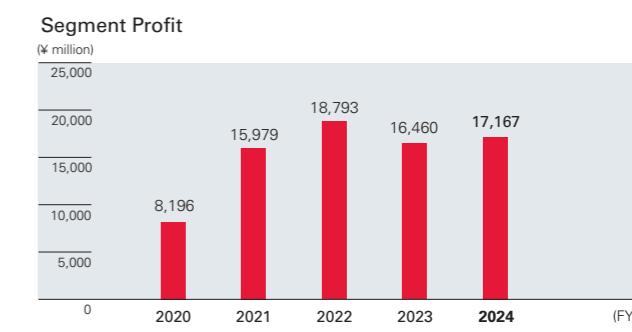
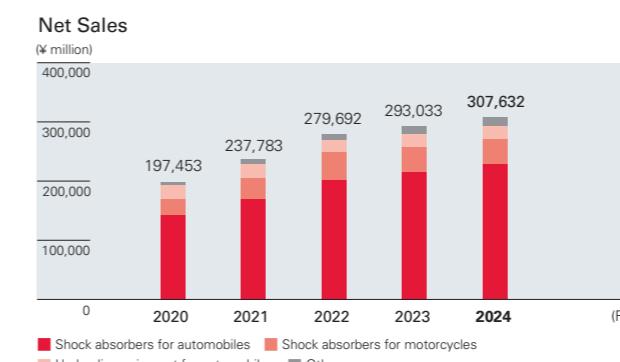
- 1) The ability to pursue proprietary development as an independent manufacturer while maintaining close relationships with customers
- 2) A globally integrated development structure
- 3) Synergies generated from accumulated know-how across the Group, including the HC Operations and Special-Purpose Vehicles Division
- 4) A Development Center equipped with its own test course
- 5) Participation in world-class motorsports events, which drives the advancement of our cutting-edge technologies



*KADS: KYB Actimatic Damper SystemTM

Main Products

SA for automobiles	Shock absorbers (original equipment, aftermarket), suspension systems
SA for motorcycles	Front forks (FF), rear cushion units (RCU)
Hydraulic equipments for automobiles	Vane pumps, vane pumps for continuously variable transmissions (CVT), hydraulic power steering systems, electric power steering (EPS)
Others	Stay damper, SA for all-terrain vehicles, free locks, railroad equipment (dampers, brakes, suspension systems)



Notes: 1. As a result of the review of segment management classification, railroad equipment that was previously categorized under the "HC Operation" is disclosed as part of the "AC Operations" from FY2022.
2. Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from net sales.

HC Operations



Using a vast amount of existing technological data and know-how to generate new added value

Performance and Major Initiatives in FY2024

Sales of our mainstay hydraulic equipment for construction machinery declined due to reduced demand in our major market of China, as well as in North America and other parts of Asia. This resulted in a decline in segment profit. As a result, both net sales and segment profit decreased.

While the business environment remains as challenging as in the previous year, we anticipate demand for construction machinery to begin recovering from 2025. We plan to improve profitability by steadily capturing signs of market recovery, strengthening product competitiveness, and reviewing our cost structure.

Strategic Policies for "Inspiring Dreams"

HC Operations adopted the slogan "Restarting Growth Based on Unshakable Trust" under the 2023 Medium-Term Management Plan. We are currently pursuing our business based on two pillars: strengthening our existing businesses and developing new businesses that will become our next-generation mainstay products.

In existing businesses, we aim to maintain market share and sales levels while transferring products to highly competitive production sites. At the same time, we are promoting optimization initiatives and implementing thorough cost reductions to secure profitability.

In new businesses, based on advanced technological capabilities and reliability cultivated over many years, we are expanding beyond the construction machinery field into new markets such as compact track loaders (CTLs), mining machinery, and agricultural and forestry equipment. Also, we will proactively work to increase sales to overseas customers. We plan to launch local sales of products for agricultural and construction machinery by the end of FY2025, particularly in the rapidly growing Indian market.

Amid growing needs for decarbonization and energy efficiency, we are also moving toward automation and

electrification. We launched mass production of electronic control valves in 2024, and we are expanding our lineup of electrification-compatible LS valves and pumps, which will be introduced to the market sequentially.

Furthermore, we are developing oil condition monitoring systems and construction machinery cylinders equipped with oil leak detection capabilities to reduce downtime caused by customer equipment failures and enhance productivity and safety. Also, we have completed proof of concept testing for the oil condition monitoring system, and mass production is scheduled to begin in 2026.

In the defense business, we aim to grow the business by strengthening maritime system products and customer services, supported by an expanding defense budget. Also, we are advancing entry into new defense domains, including ground-based applications.

In response to Japan's declining birthrate and aging population, we are also working to improve productivity and minimize labor requirements in internal processes through the use of IoT, AI, and DX. By advancing the introduction of automated guided systems and image recognition technologies, we are building a sustainable manufacturing structure while creating a safe and secure workplace environment for our employees.

Even amid a challenging business environment, HC Operations will continue to develop next-generation technologies, strengthen global sales capabilities, enhance production systems, and steadily establish a foundation for medium- to long-term growth.



Tomoki Takaoka
General Manager,
Hydraulic Components
Operations,
Senior Managing
Executive Officer

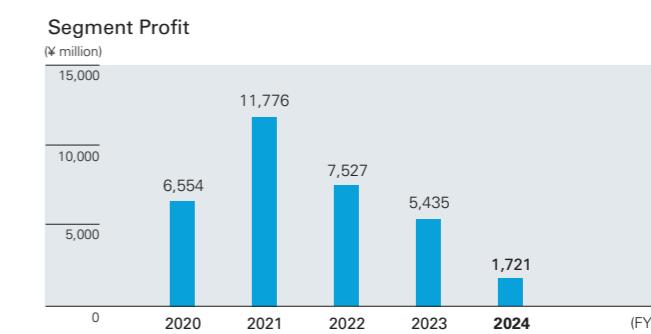
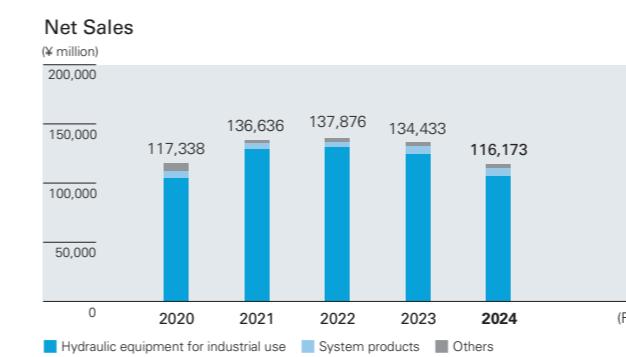
KYB's Strengths

- 1) A pioneer in hydraulic equipment that led Japanese technology in the 1960s
- 2) Continuously evolving through the inheritance of extensive data and expertise
- 3) High product quality and efficient production processes
- 4) Capable of developing, designing, and manufacturing all hydraulic components (including pumps, control valves, motors, and cylinders)
- 5) Ability to propose optimal systems that shorten OEMs' development lead time and contribute to energy efficiency



Main Products

Hydraulic equipment for industrial use	Cylinders, valves, pumps, motors, mini-motion packages (MMP), hydrostatic transmissions (HST), seal
Others	Auditorium and stage control systems, tunnel boring machines



Notes: 1. As a result of the review of segment management classification, systems products that was previously categorized under the "Special-Purpose Vehicles Division" is disclosed as part of the "HC Operations" from FY2021.
2. As a result of the review of segment management classification, railroad equipment that was previously categorized under the "AC Operations" from FY2022.
3. Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from net sales.

Special-Purpose Vehicles Div.



Aiming to be the leading mixer truck manufacturer with our strengths in after service and high value-added products

Performance and Major Initiatives in FY2024

In the Special-Purpose Vehicles Division, our basic strategy is to "aspire to become the undisputed leading mixer truck manufacturer" by creating value from the customer's perspective.

We are reliably capitalizing on construction demand driven by urban redevelopment projects, the Linear Chuo Shinkansen, and ongoing infrastructure development. At the same time, we are preparing to launch a redesigned large mixer trucks that incorporates customer needs, including reduced drum weight to increase payload capacity, enhanced safety measures for concrete placement operations, and improved usability. To strengthening after-sales service, we are updating our parts catalogs and promoting initiatives to enhance service capabilities through closer collaboration with service plants located in each prefecture of Japan, enabling faster response times.

Furthermore, to reduce the industry's environmental impact, we are addressing key challenges toward achieving carbon neutrality. These efforts include advancing the development of EV-compatible mixer trucks, promoting technological development and human resource cultivation, and offering environmentally friendly mixer trucks that achieve zero CO2 emissions and low noise levels.

As we work toward medium-term growth, we are expanding sales of the e-Mixer III, our latest low noise, low fuel consumption mixer truck that is designed to reduce environmental impact. Also, we will develop business for our campervan, which was developed in collaboration with AC and HC Operations. At Tokyo Auto Salon 2025, we launched sales of the VILLATOR campervan, which brings together KYB's cutting-edge technology.

In addition, we will continue to expand sales of existing products that meet societal demands for SDGs and carbon neutrality, including tilting mixers and our pruned tree shredder trucks.

Strategic Policies for "Inspiring Dreams"

The VILLATOR campervan was launched in January 2025. We began sales under the concepts of "a campervan that awakens a sense of adventure and delivers the pure joy of driving" and "bringing your vacation home with you." Its distinctive, one-of-a-kind design sets it apart from conventional campervans and has been well received by customers.

While there are many challenges to achieving stable business growth—including expanding the product lineup and strengthening production capabilities—we are determined to meet and exceed expectations as KYB takes on this new challenge and advances its future initiatives.



Manabu Akasaka
General Manager,
Special Purpose Vehicles Division

KYB's Strengths

- 1) Providing new added value by incorporating a wide range of customer needs—identified through regular customer visits—into our products
- 2) Ensuring stable and reliable product operation



Concrete mixer trucks



Granule carriers



Pruned tree shredder trucks



Tilting drum mixing machines

Main Products

Special-purpose Vehicles Concrete mixer trucks, granule carriers, pruned tree shredder trucks, specialfunction vehicles

COLUMN

KYB's Mixer Trucks

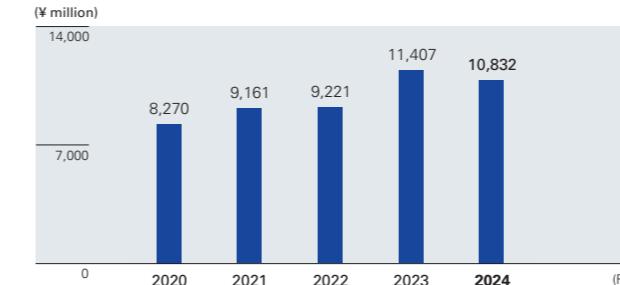
The mixer truck business operates in a format closer to B2C, as our products are delivered directly to end users. Over the years, we have responded swiftly to evolving market needs by developing products that integrate electronic control and hydraulic technologies, including environmentally friendly "e-Mixer" models and lightweight designs.



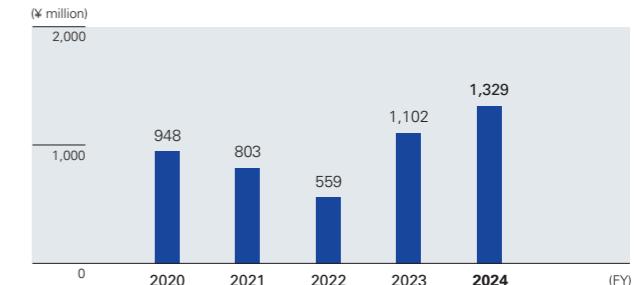
We continue to customize each truck during production to meet individual customer requirements. With a focus on safety, high performance, and comprehensive after-sales service, we now hold over 85% of the domestic market and have produced more than 120,000 units.



Net Sales



Segment Profit

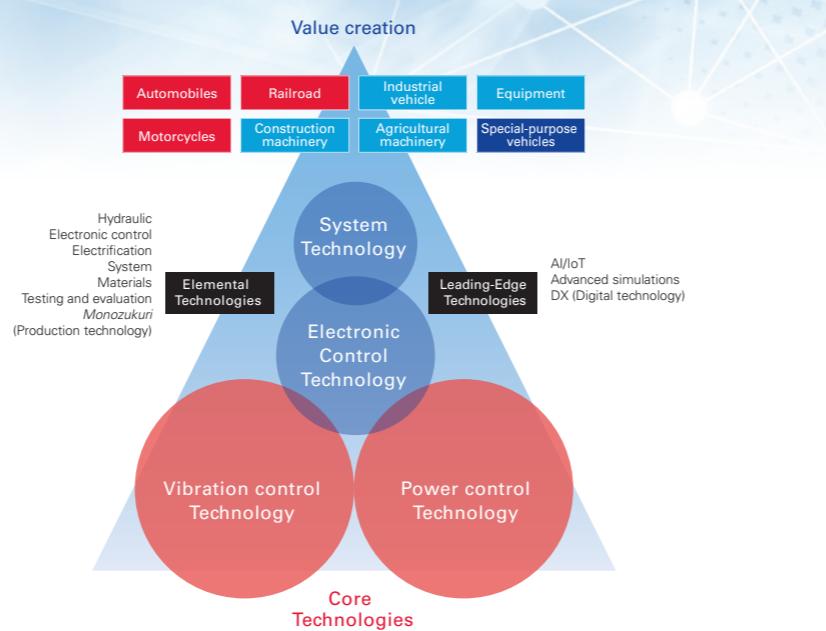


Notes: 1. As a result of the review of segment management classification, systems products that was previously categorized under the "Special-Purpose Vehicles Division" is disclosed as part of the "HC Operations" from FY2021.

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

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

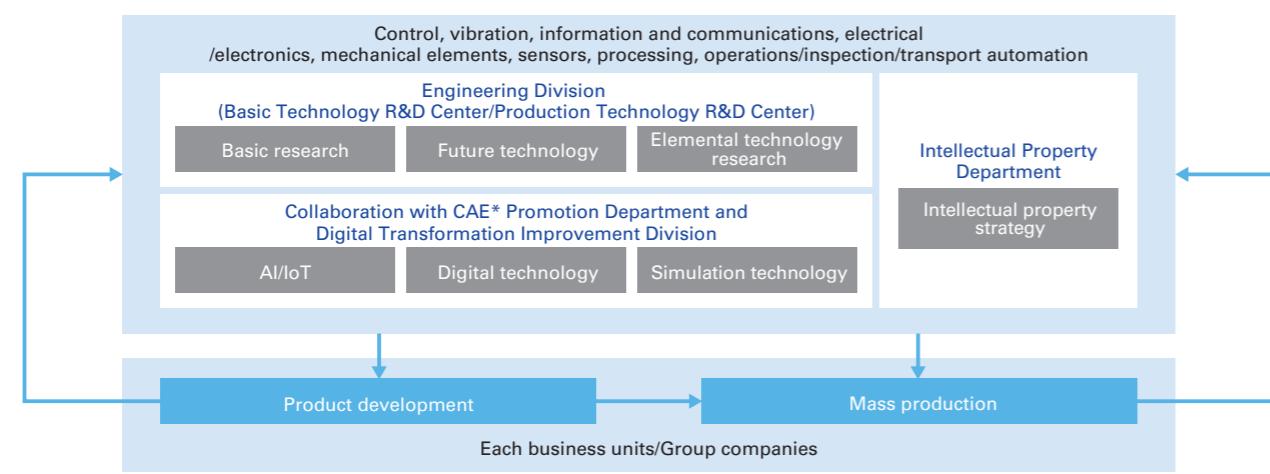
Technological development at KYB is led by the Basic Technology R&D Center and the Production Technology R&D Center. Leveraging digital and simulation technologies, these teams conduct research on foundational, future, and elemental technologies. We apply the outcomes of this research to product development 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

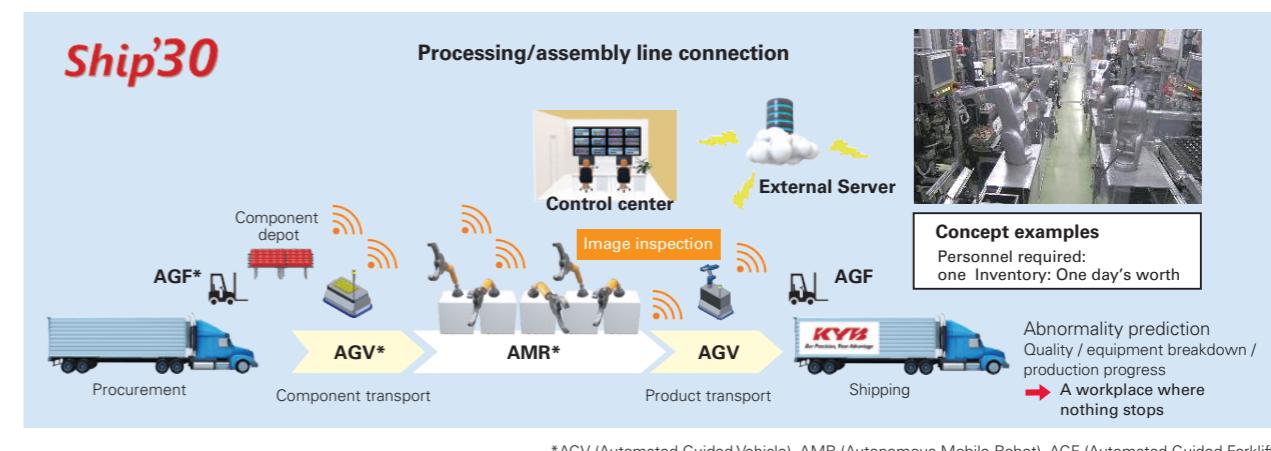
KYB is working on our Ship'30 project, aimed at achieving the next generation of monozukuri. Centered on the concept of a continuous, integrated production from machining to assembly, ensuring a seamless flow of items throughout the plant, we envision a plant in which materials move smoothly without 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.

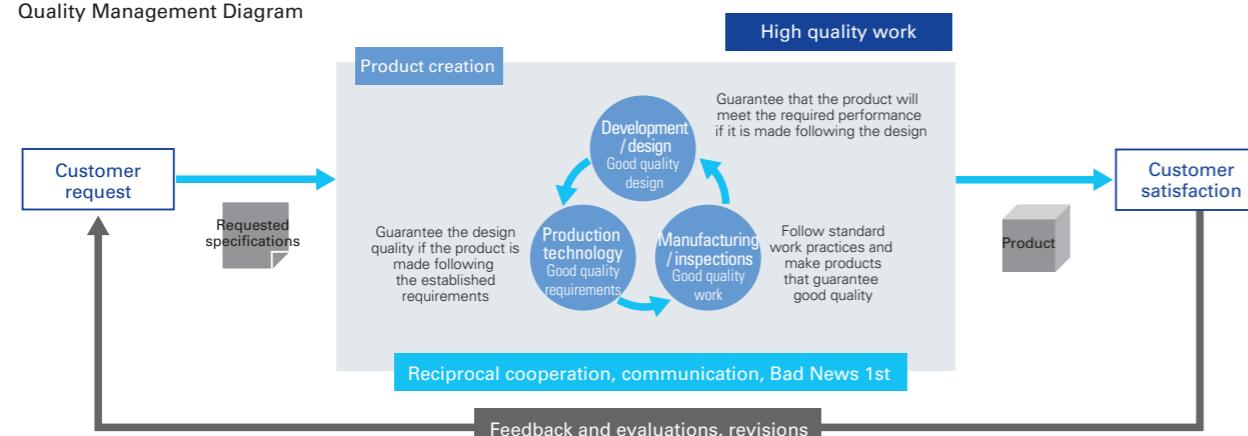
The KAYABA Group shall:

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.

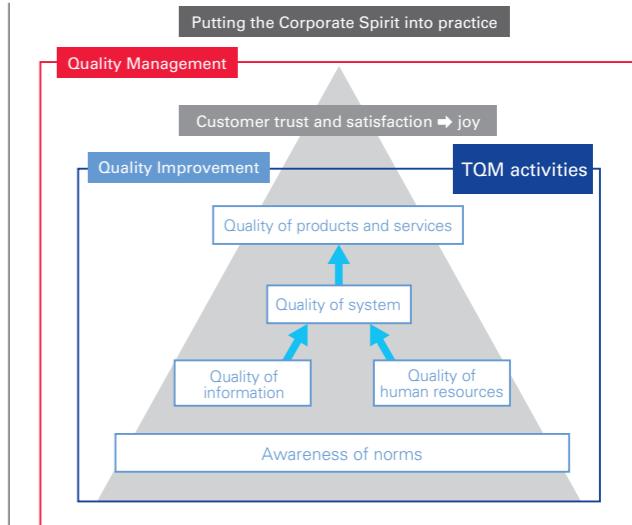
Through these initiatives, we deliver products that our customers can trust and rely on.

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.

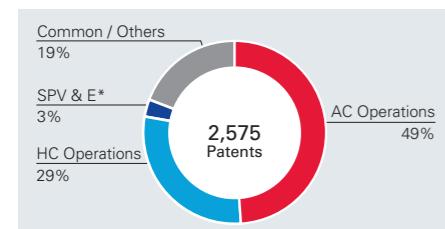
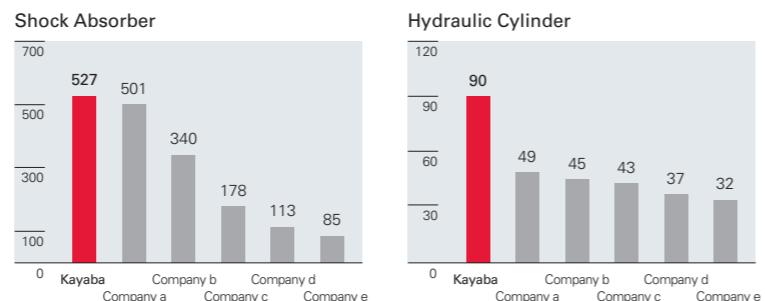
In product development, we generate inventions using structured frameworks that help establish competitive advantage, and we continue to build a patent portfolio aligned with our development strategy. In parallel, we are pursuing IP landscape initiatives* aimed

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.

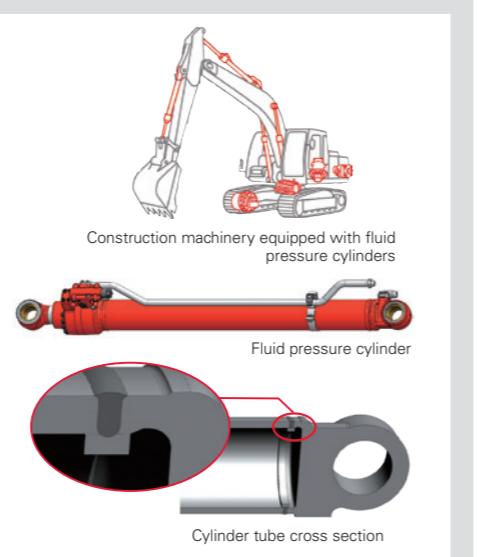
Patent Portfolio
(As of March 31, 2025)Number of related patents retained
(current as of August 14, 2025, based on our company's information)

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.



Vision for Creating the Future through ESG Management

In an era of rapidly changing social values and technological innovation—such as smart mobility, advanced motorization, and smart cities—the KAYABA Group develops its policies with ESG management as the foundation and has established a comprehensive vision for value creation, encompassing our values, business model, sustainability, and growth potential. While continuing to advance technologies rooted in hydraulics, we will build strong brand value toward 2035 under our Long-term Vision of “a partner that supports the future of people’s lives.”

Guided by our Corporate Spirit of “offering products and technology that make people’s lives safe and comfortable, and contributing to society,” we will promote business activities aimed at addressing environmental and social challenges, thereby contributing to the realization of a sustainable future society.



SUSTAINABLE DEVELOPMENT GOALS

- The 2030 problem (human resource shortage from decreasing birthrate and aging population)
- Circular economy (recycling economy)
- GX League Phase 2 (introduction of emissions transactions)
- Expansion of non-financial information disclosure (CSRD, SSBD)

2025

Medium-Term Management Plan

2026 Structure Reforms

2029 Growth Acceleration

2032 New Business Expansion

Plant the seeds for the creation of business

Establishment of a business model

Expand the mainstays of the portfolio

2030

Ship'30

KAYABA's target:
15% global renewable energy adoption rate

KAYABA's target:
50% reduction in CO₂ emissions compared to 2018

2035

KAYABA's target:
71% reduction in CO₂ emissions compared to 2018

100th Anniversary

Long-term Vision

A partner that supports the future of people’s lives

Become a company indispensable to society by supporting the safety and comfort of mobility, infrastructure, and living spaces

Decarbonized society

- Achieving carbon neutrality (Japan)

2050

KAYABA's target:
Carbon neutrality



ESG Management Based On the Long-Term Vision

Amid mid- to long-term trends such as climate change, a shrinking labor force, and the restructuring of international agreements, companies face an increasingly complex operating environment.

To realize its Long-term Vision, KYB has identified the key priority issues shown on the right and is committed to addressing them. Recognizing that the promotion of ESG management is indispensable, we will focus our efforts on achieving our goals based on the core principles of each initiative.

Important Issues	
Environment	Conduct environmental initiatives (carbon neutrality, resource circulation)
Social	Strengthen the supply chain
Social	Promote human capital management
Social	Instillation and strengthening of respect for human rights and health management
Governance	Strengthen governance
Management	Ensure global price competitiveness
Management	Expand footprint in the Global South
Management	Thoroughly manage capital efficiency
Technology	Drive innovative <i>monozukuri</i>
Technology	Automation, electrification, unmanned operations, digitalization Providing safe, comfortable lifestyles

ESG Sector	Initiatives	Goals
Environment 	Five Initiatives of Environmental Activities ► P. 34	2027: Achieve carbon neutrality at Developmental Center and R&D Center 2035: 71% reduction in CO ₂ emissions volume (compared to 2018) 2050: Achieve carbon neutrality Certification as a Nationally Certified Sustainably Managed Natural Site by the Ministry of the Environment and natural environment conservation (harmony with nature at the Developmental Center)
Social 	Six Initiatives of Social Activities ► P. 40	A safe, welcoming workplace where human rights are respected Implementation of a human asset portfolio and human capital management Construction of an ethical, resilient supply chain
Governance 	Five Initiatives of Governance Activities ► P. 49	Broadly instill awareness of norms, conduct business operations with thorough governance on a Groupwide level

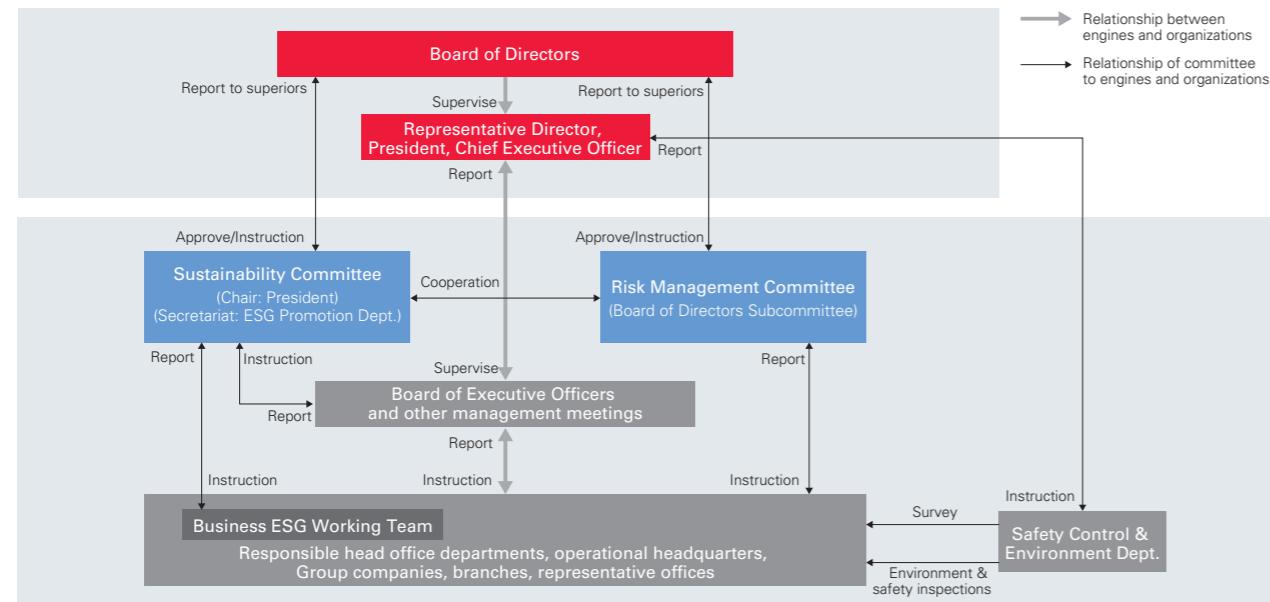
Vision for Creating the Future through ESG Management

It is necessary to strongly promote ESG initiatives related to creating a sustainable society. Therefore, we organized the ESG Promotion Department and CN Promotion Section under the Corporate Planning Div. The ESG Promotion Department acts as the secretariat for the Sustainability Committee, an organization that coordinates the entire Company and which holds discussions on initiatives related to sustainability. The matters discussed by the Sustainability Committee are submitted/reported to the Board of Directors, and we work on the planning of policies and activities as well as providing support and follow-up for the activities of all departments with the cooperation of all committees and functional divisions shown in the chart below. Also,

the Business ESG Working Team identifies risks and opportunities related to climate change as well as countermeasures, and reports to the Sustainability Committee. Regarding individual sustainability themes, the lead department (each functional department, each business unit/plant) receives deliberation on issues that should be addressed and activity plans from each expert committee, and cooperates with the relevant departments in working on the initiatives.

Moving forward, we will continue to prioritize dialogue with stakeholders both inside and outside the organization, embed ESG initiatives at the core of our management, and contribute to the realization of a sustainable society.

Chart of Organizations Related to Sustainability



Instilling ESG within the Company

The active commitment of each employee is essential to advancing ESG management. To raise awareness, we regularly disseminate ESG-related information through internal newsletters and our intranet, including bulletin boards and other communication channels.

Since FY2023, we have offered company-wide e-learning programs on ESG, providing all employees with opportunities to learn the fundamentals of ESG and the SDGs, as well as KYB's related initiatives. In FY2024, the program achieved a 100% completion rate.

Awareness building activities	<ul style="list-style-type: none"> • Corporate website • Providing information on the in-house intranet
Education for promoting understanding	<ul style="list-style-type: none"> • Training for new employees • Training when being promoted • E-learning for all employees (100% participation)



Environmental Activities

Environmental Activities

Balancing Global Environment Efforts with Sustainable Development

Outline of Environmental Activities

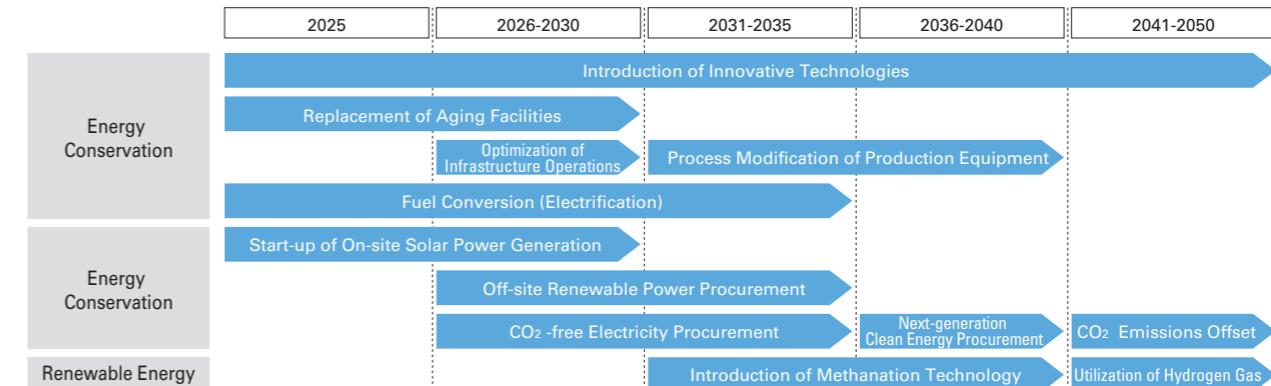
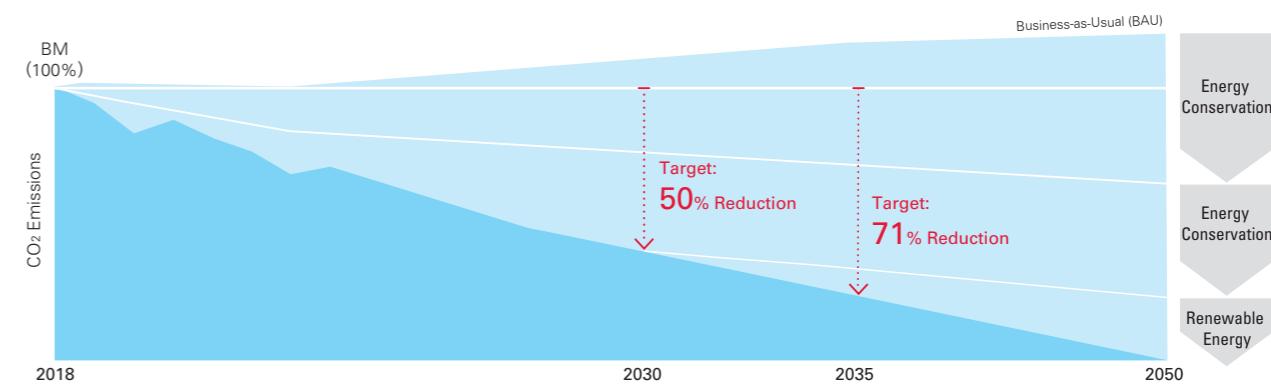
Based on our Corporate Spirit of cherishing nature and caring for the environment, we aim to achieve carbon neutrality by 2050 with a focus on the future global environment, and to contribute to global environmental conservation as well as the achievement of a sustainable society.

Five Initiatives of Environmental Activities

1. Develop products that contribute to environmental preservation: Develop environmentally friendly products that can contribute to society
2. Reduce environmental burden of products: Reduce CO₂ emissions of all products, from the procurement of materials to design, use and disposal/recycling
3. Reduce environmental burden in monozukuri: Promote reductions of discharges in manufacturing activities (CO₂, waste matter) and resource circulation
4. Environmental preservation activities: Preservation of the natural environment and biodiversity, carry out SDGs
5. Environmental management: Manage and prevent environmental risks, promote continuous improvements

Action Plan for 2050

KYB has declared its commitment to achieving carbon neutrality by FY2050. To reach this goal, we are promoting initiatives across all business activities that focus on reducing energy consumption (energy conservation), expanding the use of renewable energy, and preparing for the future introduction of innovative technologies.





Contributing to Climate Action

The KAYABA Group's goal is to achieve carbon neutrality by 2050. We are undertaking initiatives to reduce greenhouse gas emissions, implement measures to minimize environmentally hazardous substances in our products, and develop low-CO₂ and energy-efficient solutions. With respect to climate-related risks and the business opportunities arising from their impacts, we define a major financial impact as a situation in which a decline

in orders or a suspension of plant operations could occur. These risks are classified by likelihood, magnitude of impact, and qualitative implications to clarify their potential severity. We assess these impacts using the scenario analysis shown in the table below and incorporate the findings into our business strategy and management plans.

Risk category		Specific Risk		Effort/countermeasure
Physical	Emergency	Intensification of natural disasters caused by climate change	In July 2010, there were concentrated severe rainfalls in the Tokai region of Japan. The rivers near a KAYABA plant overflowed, causing water damage. The risk of damage from flooding is growing as global climate change is causing large typhoons, higher tides, and other concerns. In addition, analysis using the WRI Aqueduct tool has revealed that there is a certain level of risk.	Considering past large-scale flood damage and future projections, we are implementing annual, systematic measures to prevent flooding within plant premises and enhance drainage capacity in anticipation of heavy rainfall. We are also advancing disaster-preparedness initiatives, such as establishing standardized evacuation procedures based on river water levels. In the long term, achieving carbon neutrality in response to climate change will be essential. To contribute to this goal, we will use CO ₂ emissions from our production activities (Scopes 1 and 2) as key indicators to track progress toward meeting this target.
Transition	Regulation	Tightening of regulations concerning greenhouse gas emission reductions	As the shift toward decarbonization accelerates and the automotive industry transitions to electric vehicles, the required specifications for shock absorbers are becoming increasingly diverse. This includes addressing a wider range of customer requirements, reducing CO ₂ emissions at the component level, achieving weight reduction to offset battery-related increases in vehicle mass, and meeting heightened expectations for quieter—or near silent—operation in line with the overall noise reduction of EVs. If we fail to respond to these evolving needs, there is a risk of losing competitiveness and being left behind in the market.	We are advancing our technology strategy by ensuring compatibility with next-generation automotive platforms and further strengthening our core competencies in vibration control and power control. To address the industry's increasing demand for lighter vehicles, we are pursuing material substitution—such as high-tensile steel, aluminum, and resin—along with structural innovations that contribute to weight reduction. In addition, we use CO ₂ emissions generated during product manufacturing (Scopes 1 and 2) as key performance indicators, and we plan to establish Scope 3 emissions—representing CO ₂ emissions across the entire product life cycle—as an additional metric going forward.

Opportunity category	Specific opportunity		Initiative/countermeasure
Product/service	Increased sales caused by growth in demand for products and services	As automakers and construction machinery manufacturers accelerate their shift toward electrification, new opportunities are emerging for technologies, products, and services that enhance energy efficiency and reduce greenhouse gas emissions. In addition, demand is growing for products and systems that enable predictive and preventive maintenance—areas where KAYABA can leverage its core technological strengths.	KYB is advancing the development of higher-value offerings such as SustainaLub, an environmentally friendly hydraulic fluid made from plant-derived base oils. We are also developing an oil condition diagnostic system that provides real-time monitoring of hydraulic fluid in construction machinery and industrial equipment. By enhancing product value through these innovations, we aim to strengthen differentiation, secure competitive advantage, and deliver solutions that meet customer expectations. Looking ahead, we plan to adopt Scope 3 emissions—representing CO ₂ emissions across the entire product lifecycle—as a key management indicator. This will guide our efforts to further reduce environmental impact and support the transition toward a decarbonized society.

Metrics and Targets

The targets and actual results regarding climate change for KAYABA and its subsidiaries' production bases are as follows.

Index	Target		FY2024 (Actual results)	
	Fiscal year	Numerical target	Results	Evaluation
CO ₂ total emissions (Scope 1, 2)	2024	207,312 tCO ₂	189,069 tCO ₂	Accomplish
	2030	138,578 tCO ₂		(Initiative ongoing)
	2035	80,375 tCO ₂		(Initiative ongoing)
	2050	0 tCO ₂ Carbon neutral		(Initiative ongoing)
Renewable energy adoption rate	2025	15%	15.8%	(Initiative ongoing)

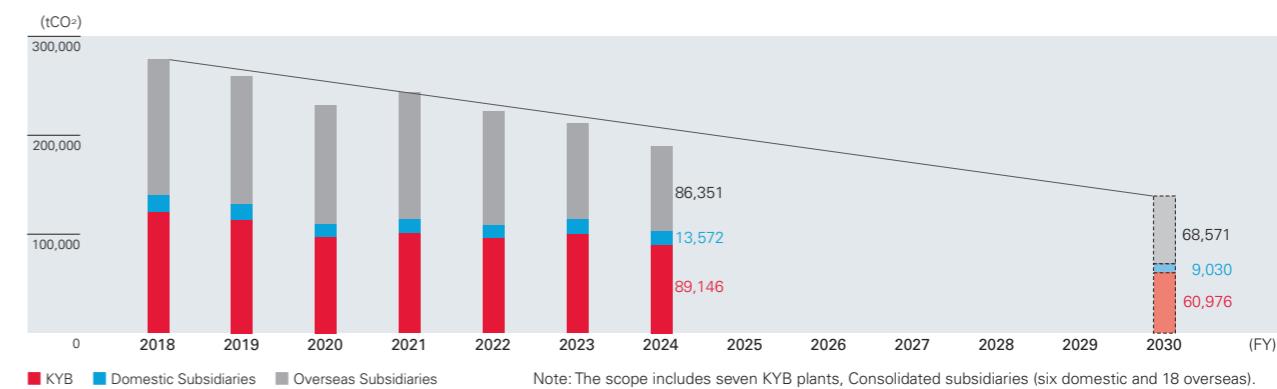
Note 1) The figures shown are internal estimates as of the end of May 2025. Actual emissions will be finalized once third-party assurance has been obtained. For the finalized emission data, please refer to the CO₂ emissions information available on our website (https://www.kyb.co.jp/company/csr/env_climatechange.html).

Manufacturing Toward Carbon Neutrality

Environmental 3

The CN Promotion Section leads our initiatives to reduce greenhouse gas emissions across all Group locations, including production sites, offices, and sales companies. We share energy-saving best practices—such as proper lighting control, optimized air-conditioning settings, and enhanced efficiency of production equipment—and support their steady implementation, along with the planning of renewal programs for aging facilities.

In addition, with future electricity procurement in mind, we are studying the introduction of renewable energy sources such as solar, biomass, and hydropower. We also promote resource circulation by minimizing waste. Through these efforts, we are implementing action plans tailored to the conditions of each site and each country in which we operate.



FY2024 Activity Achievements

Environmental Vision	Initiative	Specific Activities	Selected FY2024 Achievements
1. Develop products that contribute to environmental preservation	Develop products that contribute to the reduction of CO ₂ emissions (electric products)	Product development for e-Axle (AC)	Development of electric pump for lubrication and cooling (pump + motor + ECU)
		Development of electric pump unit (HC)	Concept study
		Development of energy saving hydraulic excavator system (HC)	System design / control algorithm design, principle prototyping started
		Development of electromagnetic proportional control valves (HC)	Production of electromagnetic proportional control valves for three-to-four-ton excavators Continued development on electromagnetic proportional control valve for uses other than excavators
		Development of hydraulic cylinders for medium- and large-sized construction machinery (HC)	Achieved product weight reduction through a 20% decrease in cylinder tube wall thickness
		Development of CAE technology with AI-based simulation of shock absorber damping force (AC)	Improved vehicle development efficiency by providing automotive manufacturers with a fast and highly accurate shock absorber model
		Development of high-performance small-diameter inverted front forks for small motorcycles (AC)	Enhanced ride comfort by improving bottom-shock absorption performance by 30%
2. Develop products for a circular economy	Develop biodegradable hydraulic fluid (AC)	Continue supplying biodegradable hydraulic fluid for racing dampers Started mass production specification plans using knowledge and technology gained from competing in races	
	Optimum maintenance and breakdown prediction using sensors (HC)	Continued development on oil leak detection cylinder Continued development on oil condition diagnosis sensor/system	
2. Reduce environmental burden of products	Reduction of CO ₂ in lifecycle	Calculation of CO ₂ emissions	Calculated Scope 3 CO ₂ emissions for 46 sites, including manufacturing and other facilities Obtained warranty from third-party verification
		Reduction of CO ₂ emissions from raw materials	Promoted electric furnace material supply Raised resin recycling rate

Vision for Creating the Future through ESG Management

Environmental Activities



FY2024 Activity Achievements (continued)

Environmental Management

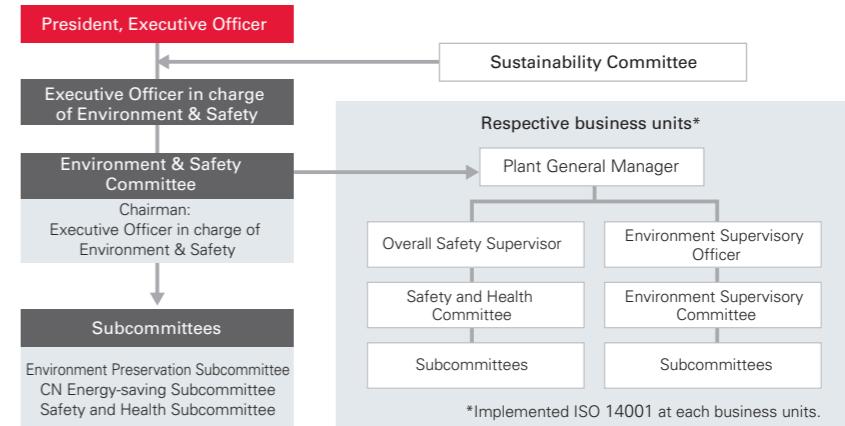
Environmental 5

Environmental Vision	Initiative	Specific Activities	Selected FY2024 Achievements
2. Reduce environmental burden of products	Cooperation with business partners	Share information on carbon neutrality initiatives	Conducted business partner survey on carbon neutrality awareness Conducted briefing and survey on CO ₂ emissions survey Requested carbon neutrality efforts at purchasing policy briefing and other meetings
3. Reduce environmental burden in monozukuri		Reduction of CO ₂ in corporate activities	Made progress with switching company cars to EVs, promoted web meetings and remote work
	Promotion of energy conservation initiatives	Energy conservation initiatives according to the six rules	Weekend power reduction: CO ₂ reduction of 1,236 tCO ₂ Elimination of air leaks: CO ₂ reduction of 977 tCO ₂ Lowering compressor supply pressure: CO ₂ reduction of 702 tCO ₂ Thermal insulation of piping and tanks: CO ₂ reduction of 264 tCO ₂ Optimization of operating conditions: CO ₂ reduction of 523 tCO ₂ Conversion to LED lighting: CO ₂ reduction of 306 tCO ₂
	Promote capital investments in energy conservation	Production technology development	Increased speed of heat treatment (under development) Shortened coating drytime (under development) Reduced excess plating layers (under development)
		Upgrade aging equipment	Gifu North Plant cogeneration system started: CO ₂ reduction of 3,906 tCO ₂ Renewal of aging compressors: CO ₂ reduction of 96 tCO ₂
	Promotion of renewable energy	Renewal of aging production equipment	Energy saving and high efficiency equipment: CO ₂ reduction of 221 tCO ₂
		Introduction of photovoltaic power generation system	Power generation of 16,975 MWh: CO ₂ reduction of 8,870 tCO ₂ Country installed: Japan, Spain, China, Thailand, Vietnam, Malaysia, Indonesia
	Promotion of resource circulation	Reduction of waster matter volume	Volume reduction of waste liquid from AL painting booths (KMS): CO ₂ reduction of 0.67tCO ₂
		Promote recycling	Recycling of PET materials (Component trays) (Gifu North Plant): CO ₂ reduction of 0.35 tCO ₂ Reduction of waste through the return of used pail cans (Nagaoka): CO ₂ reduction of 0.044 tCO ₂ Recycling of waste plastics (Injection-mold scrap, PET trays, returnable boxes) (Kanayama): CO ₂ reduction of 9.7 tCO ₂
4. Environmental preservation activities	Offset through CO ₂ absorption	Increase the volume of CO ₂ absorption through planting trees	Tree-planting activities (Thailand, Indonesia, Vietnam, India, Czech Republic, Mexico)
	Efforts to preserve biodiversity	Approval for initiative	Endorsed the Keidanren Initiative for Biodiversity since FY2023
		Enhancement of habitats for wild birds	Installation of bird boxes (Czech Republic)
		Conservation of near-threatened species <i>Lespedeza tomentosa</i> (Developmental Center)	Ongoing vegetation management and regular monitoring of habitat conditions (700 m ²)
		Protection of rare plant species (Indonesia)	Cultivation of multiple species of rare orchids within plant premises.
		Composting of wood chips	Initiated pilot testing of composting wood chips produced from pruned branches. Application of the resulting compost is planned for rice and soybean cultivation fields in January 2025
		Donations for nature conservation	Contributions and sponsorships supporting forest conservation, biodiversity preservation, and broader environmental protection activities
	In-house education and awareness	Cleanup activities	Conducted cleanup initiatives around plant premises and surrounding green areas (two KYB sites and four Group company sites).
		Human resources training	Continued ESG training for all employees (FY2024 participants: 3,905 via e-learning; 1,883 via on-site group training)
			Continued offering environment-related elective programs as part of the corporate training curriculum (FY2024 participants: 143)
	Educational and awareness activities		Provided ESG information on the intranet and in company newsletters
5. Environmental management	Actively disclose environmental information	External evaluation	CDP score: B on climate change, B on water security Toyo Keizai CSR survey: 337th EcoVadis: 52%
	Introduce environmental management	Obtainment of ISO 14001 certification	100% of domestic companies and 94% of overseas subsidiaries (up 1% YoY)
	Legal compliance and prevention of environmental accidents	Management and reduction of environmentally hazardous substances	Zero prohibited substance use
		Environmental safety audits	Confirm the environmental activities of plants through environmental safety audits on 31 global plants

Environment & Safety Management System

In our efforts for the environment and safety, we work to unify the direction of each workplace through the Environment & Safety Committee, which is led by the Director in Charge of CSR and safety. Also, all worksites have obtained the international standard ISO14001 for environmental management, and we are systematically rolling out efforts for environmental preservation.

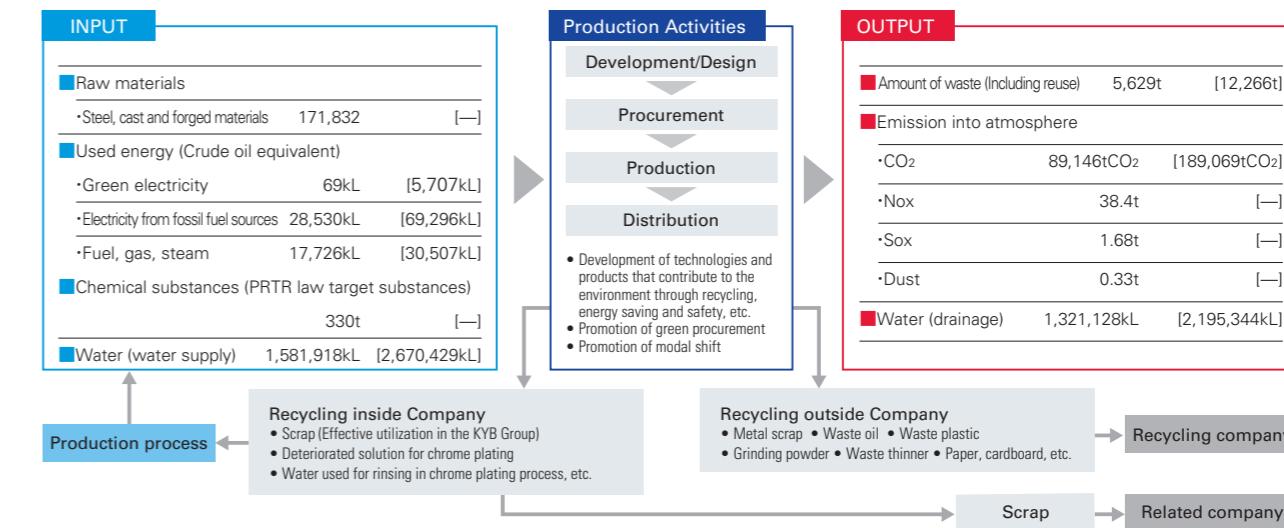
Furthermore, we monitor and revise our activities through conducting environmental and safety audits.



Resource Circulation and Consideration of Environmental Burden

The raw materials and water that KYB uses in its manufacturing activities are limited resources. Therefore, the Company is promoting resource circulation at its own facilities. For example, 1,000 tons of scrap material is reused within the Group every year, and the chrome wastewater treatment facility in our plating process reuses 33,000 kiloliters of water.

To minimize the environmental burden caused by corporate activities, we conduct risk assessments and implement appropriate safety measures for chemical substances with potential hazards or toxicity. Additionally, starting in FY2023, we are addressing the latest revisions to the chemical substance regulations under the Industrial Safety and Health Act by promoting internal awareness and conducting inspections.



Note: [] refers to the KAYABA Group (seven KYB plants, six domestic subsidiaries, and 18 overseas subsidiaries).



Product Compatibility with Environmental Regulations

Legal frameworks such as the REACH Regulation, the ELV Directive, and the RoHS Directive are showing clear trend of being tightened every year. KYB is responding by incorporating this into our technology development plan.

Also, in addition to responding to regulations on chemical substances, we are conducting initiatives for a low-carbon society and designing products with recycling in mind.

*1 REACH Regulations: REACH stands for Registration, Evaluation, Authorisation and Restriction of Chemicals. It is an EU law intended to protect human health and the environment while fostering competitiveness within the European chemical industry.

*2 ELV Directive: A directive that came into effect in the EU in October 2000 to reduce environmental impact caused by end-of-life vehicles.

*3 RoHS Directive: A directive that came into effect in the EU in July 2006 that restricts the use of specific hazardous substances found in electrical and electronic products.

COLUMN

Initiatives Toward Carbon Neutrality at Overseas Locations

Efforts to achieve carbon neutrality are accelerating not only at our domestic sites but also across our overseas locations. Each site is addressing its unique challenges and implementing measures to reduce CO₂ emissions. The main initiatives and resulting CO₂ reductions at key overseas sites are as follows.

Location	Initiatives	CO ₂ reduction
KIMZ (China)	Energy savings through lowering compressor pressure and addressing air leaks → AC Plant: 0.67 → 0.60 MPa HC Plant: 0.65 → 0.53 MPa	533 tCO ₂ /year (Scope 2)
KWT (China)	Power savings through replacing aging compressors → Annual power reduction: 155,620 kWh Annual cost reduction: ¥2.1 million	155 tCO ₂ /year (Scope 2)
KYBT (Thailand)	Power savings through compressor renewal → Annual reduction: 392.27 MWh, Annual cost reduction: approx. ¥7 million	183 tCO ₂ /year (Scope 2)
TVC (Vietnam)	Conversion of cooling system exhaust fan to inverter control → Reduces system electricity consumption by approx. 30%	49 tCO ₂ /year (Scope 2)
KMSB (Malaysia)	Power savings through the implementation of a smart air system → Achieved a 14.2% reduction in electricity usage through automatic optimization of compressor supply pressure	136 tCO ₂ /year (Scope 2)
KAC (America)	Reducing electricity used for lighting and air conditioning → The installation of 1,500 LED lighting units and the replacement of 28% of the air conditioning systems	282 tCO ₂ /year (Scope 2)
TAC (America)	Reducing electricity consumption during manufacturing → Annual electricity reduction of 240,152 kWh	85 tCO ₂ /year (Scope 2)
KMB (Brasil)	Energy conservation initiatives in the manufacturing processes, including waste heat recovery from drying furnaces and boiler renewal → Approx. 27,702 m ³ /year of natural gas and 15.6 tons/year of propane gas reduced	162 tCO ₂ /year (Scope 1) 520 tCO ₂ /year (Scope 2)

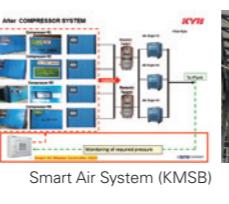
* KIMZ: KYB Industrial Machinery (Zhenjiang) Ltd. KWT: Wuxi KYB Top Absorber Co., Ltd. KYBT: KYB (Thailand) Co., Ltd. TVC: Takako Vietnam Co., Ltd. KMSB: KYB-UMW Malaysia Sdn. Bhd. KAC: KYB Americas Corporation TAC: Takako America Co., INC. KMB: KYB Manufacturing do Brasil Fabricante de Autopecas S.A.



Inverter-controlled compressor (KWT)



Exhaust fans (TVC)



Smart Air System (KMSB)



High efficiency LED lighting (KAC)



Heat exchanger (KMB)

Social Activities

Maintaining the Work Environment and Contributing to Society

Outline of Social Activities

Based on our Corporate Spirit of building a corporate culture full of vitality and contributing to the prosperity of society, we aim to help develop society by respecting human rights, creating comfortable workplaces, and contributing to the local community.

Six Initiatives of Social Activities

1. Develop products that contribute to society: Develop vibration and power control products that can contribute to society
2. Occupational health and safety: Create comfortable workplaces that protect the mental and physical health of employees in a safe and clean working environment
3. Respect for human rights: Creating an internal environment and supply chain in which human rights are respected
4. Diversity of human resources: Promote the creation of workplaces where diverse human resources can play an active role while working a comfortable working environment
5. Social contribution activities: Contribute to local communities through proactively getting involved in volunteer activities, local events, and reconstruction assistance
6. Fair business practices: Conduct transparent, legitimate transactions with free competition based on mutual trust

Occupational Safety and Health

Social 2

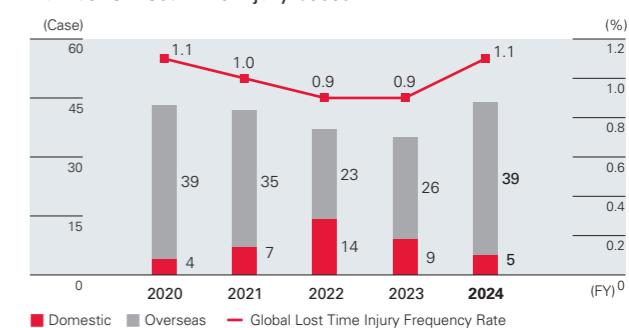
Creating a Safe, Secure Working Environment

With the slogan "Safety is the top priority," the KAYABA Group works as one to achieve zero occupational accidents. Also, our Corporate Guiding Principles state that we will always think about safety first and engage, with all employees participating, in activities aimed at prevention of industrial accidents and occupational diseases and the creation of an accident-and-risk-free work environment.

Since its establishment in 2018, the Global Safety Promotion Committee has been working to enhance safety initiatives under the leadership of the President. In addition, the Environmental & Safety Committee, chaired by the Director in charge of CSR and Safety, deliberates on safety-related measures across the

KAYABA Group and promotes the creation of a safe and secure working environment.

Number of Lost-Time Injury Cases

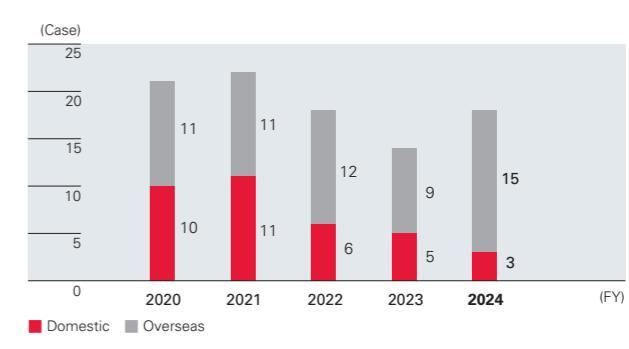


Plant Fire Prevention Activity

Fire prevention is critically important to the KAYABA Group—not only to avoid causing inconvenience to our business partners and neighboring communities, but also to safeguard the safety of our employees. In addition to inspecting and maintaining fire protection equipment as required by law, we conduct continuous assessments and improvements of our fire prevention systems. Manufacturing facilities with higher fire risk are inspected regularly using dedicated checklists to prevent incidents before they occur.

To raise fire-prevention awareness among employees, we have designated the first operating day of each month as "Fire Prevention Day," during which all employees participate in fire prevention activities.

Annual Number of Fires (Cumulative Total)





Health and Safety Activities

At the KAYABA Group, we carefully observe all laws and regulations related to occupational safety and health, always put safety first, and aim to create a sound work environment in which our employees can work safely and where health problems and occupational injuries are prevented.

To eliminate occupational injuries, we promote the strengthening of risk assessments and management including for chemical substances, share information within the Group related to occupational safety and health, and conduct internal audits.

Occupational Safety and Health Management System

Occupational Safety and Health Management System To systematically expand and strengthen our Group-wide occupational health and safety management framework, we have introduced ISO 45001* and the Occupational Safety and Health Management System (OSHMS). Beginning with the Gifu North Plant in

FY2004, major plants and affiliate companies obtained certification by FY2022. We continue to advance initiatives that promote safer and healthier working environments across the Group.

*ISO 45001: International standard for occupational safety and health management systems

Certified Sites (as of April 2025)

KYB Corporation (OSHMS)

Kumagaya Plant, Sagami Plant (Including Basic Technology R&D Center), Gifu North Plant, Gifu South Plant (Including Gifu East Plant, Production Technology R&D Center, Machine Tools Center), Mie Plant, Nagano Plant

Domestic Consolidated Subsidiaries (OSHMS)

KYB Nagaoka Co., Ltd.

KYB Kanayama Co., Ltd.

KYB Motorcycle Suspension Co., Ltd.

Takako Industries, Inc.

Overseas Consolidated Subsidiaries (ISO45001)

China	KYB Industrial Machinery (Zhenjiang) Ltd., Wuxi KYB Top Absorber Co., Ltd., Hubei Henglong & KYB Automobile Electric Steering System Co., Ltd., Changzhou KYB Leadrun Vibration Reduction Technology Co., Ltd.
Taiwan	KYB Manufacturing Taiwan Co., Ltd.
Thailand	KYB Steering (Thailand) Co., Ltd., KYB (Thailand) Co., Ltd.
Indonesia	PT. KYB Hydraulics Manufacturing Indonesia, PT. Kayaba Indonesia
Vietnam	KYB Manufacturing Vietnam Co., Ltd., Takako Vietnam Co., Ltd.
Malaysia	KYB-UMW Malaysia Sdn. Bhd.
India	KYB Motorcycle Suspension India Pvt. Ltd.
Spain	KYB Suspensions Europe, S.A.U., KYB Advanced Manufacturing Spain, S.A.U.
Czech Republic	KYB Manufacturing Czech, s.r.o., KYB CHITA Manufacturing Europe, s.r.o.
America	KYB Americas Corporation, Takako America Co., INC.
Mexico	KYB Mexico S.A. de C.V.
Brazil	KYB Manufacturing do Brasil Fabricante de Autopecas S.A.

Basic Policy on Human Rights

Social 3

The KAYABA Group conducts its business activities based on its Corporate Spirit of "offering products and technologies that make people's lives safe and comfortable, and contributing to society." We seek to be a company that is relied upon by society and earns the trust of its stakeholders. The KAYABA Group considers respect for human rights to be an essential part of its corporate social responsibility. Accordingly, the KAYABA Group Basic Policy on Human Rights was approved by the Board of Directors and enacted in March 2025. This policy is positioned as the highest-level policy governing

all human rights-related regulations within the Group, and includes the establishment of a human rights consultation desk.

Beginning in FY2025, we have launched human rights due diligence and are taking concrete steps to ensure respect for human rights throughout our business activities.



For details, see "Respect for human rights" on the website
https://www.kyb.co.jp/english/company/csr/soc_human_rights.html

COLUMN

Human Rights Initiatives Required of Corporations

As corporate activities increasingly extend across national borders, human rights issues—particularly those related to working conditions and labor environments—have become more visible. In developing countries, poor working environments and child labor continue to be serious concerns. In response, the Guiding Principles on Business and Human Rights¹ were adopted by the United Nations in 2011, establishing that corporations must fulfill their responsibility to prevent and mitigate adverse human rights impacts through three key actions:

As part of the KAYABA Group's responsibilities, we formulated our Basic Policy on Human Rights in March 2025 to ensure that our business activities consistently respect human rights. Beginning in FY2025, we will implement human rights due diligence across all of our plants, offices, Group companies, and business partners. In addition, the KAYABA Group has established a whistleblowing system to help detect and correct illegal or inappropriate activities at an early stage.

¹1 Guiding Principles on Business and Human Rights: A global standard that all governments and corporations are expected to follow, consisting of (1) the state duty to protect human rights, (2) the corporate responsibility to respect human rights, and (3) access to remedy.

²2 Human rights due diligence: A series of processes used by corporations to identify, prevent, and mitigate potential human rights risks in their operations—including supply chains—and to disclose the effectiveness of their actions.

Overview of Corporate Human Rights Initiatives

- 1. Policy commitment
- 2. Human rights due diligence
- 3. Remediation

Source: Adapted from the Ministry of Justice publication "Corporate Responsibility to Respect Human Rights: What Is Expected of Companies Today."

Human Resources Strategy

The KAYABA Group understands that diversity of human resources is a key initiative to achieve sound management. In addition to building a workplace that respects diverse values, cultures, and customs and provides job satisfaction, we aim to develop a corporate culture with

a flexible management strategy and product development as well as open communication. We are striving to raise employees' job satisfaction and engagement so that each person who works at the KAYABA Group can display their respective strengths to the fullest.

Improving the Quality of Human Resources

To develop human resources who can contribute to realizing the four key values of our Corporate Spirit—Norm, Vitality, Harmony, and Creativity—the KAYABA Group has defined ten core pillars for human resource

development, consisting of eight essential qualities and two areas of knowledge and skills.

To enable employees to acquire these pillars, we have clearly defined the qualities and skills required at each

Vision for Creating the Future through ESG Management

Social Activities

career level and for specific objectives, and have systematically structured our education and training programs. These programs include group-based training, on-the-job training (OJT), and other learning opportunities.

With regard to fostering awareness of norms and ethics, we continuously refine training content and materials each year in order to instill a strong sense of ethical awareness in every employee and promote open and transparent workplaces. We conduct annual refresher training for all employees each October, as well as ethics training at the time of promotion.

In the 2023 Medium-Term Management Plan, Total Quality Management (TQM) activities were positioned as the foundation of all initiatives. In line with this approach, we provided basic TQM training by employee level in FY2023. In FY2024, we conducted practical TQM training, in which all business and functional divisions engaged in problem-solving activities together

with external instructors. In FY2025, we are implementing TQM confirmation sessions to ensure that TQM practices are firmly embedded. Through these initiatives, we are working toward the goal of enabling all employees to effectively apply TQM in their work.

In the area of global education, we operate two main programs. The first is pre-assignment training for overseas site managers, designed to help them manage their assigned locations appropriately by learning about local conditions and effective approaches to addressing and resolving issues across various fields, using practical case studies. The second is foundational education for all KAYABA Group employees, both in Japan and overseas. This program uses a unified curriculum at all locations and covers essential topics such as the Corporate Spirit, quality, safety, environmental initiatives, *monozukuri* (manufacturing excellence), and core competencies, ensuring a shared understanding across the Group.

10 Pillars Required to Bring the Corporate Spirit to Life (Eight qualities and two skills)

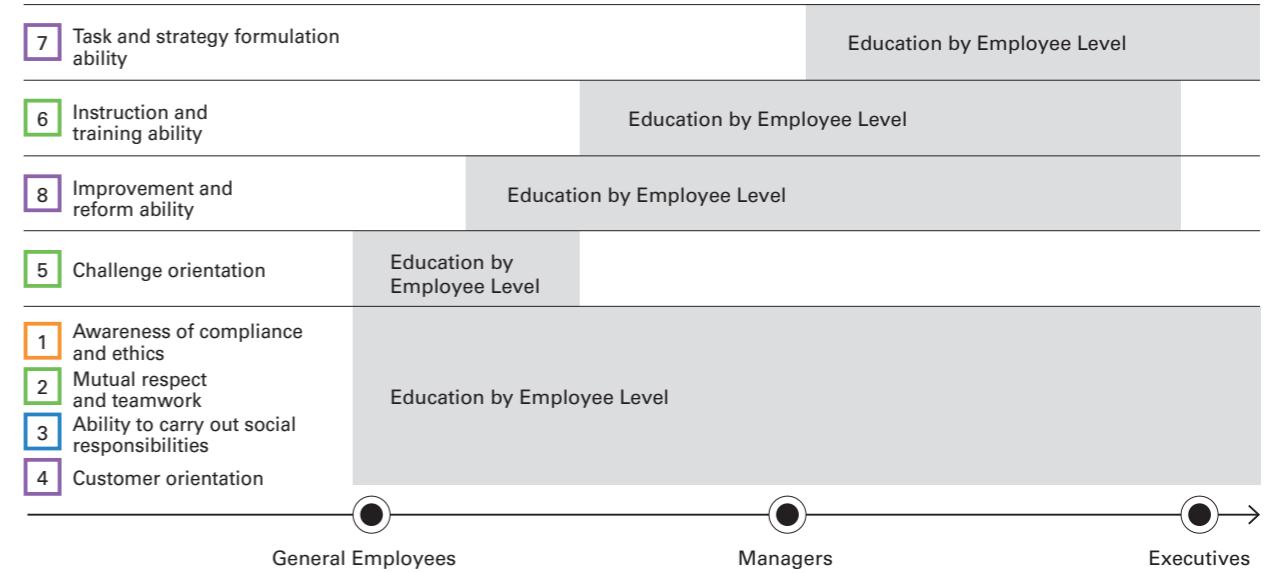
Relationship with the Corporate Spirit

- We shall follow all rules and face all issues with **honesty**.
- We shall built a corporate culture full of **vitality**, and hold high goals.
- We shall value **sincerity**, cherish nature, care for the environment.
- We shall constantly pursue **creativity**, contribute to the prosperity of customers, shareholders, suppliers and society.

Eight qualities	Definition
1 Awareness of compliance and ethics	<ul style="list-style-type: none"> • Observes the rules of society and the Company, makes the right judgement (choice) as a person in any case. • Knows the right thing from an ethical viewpoint without being influenced by their surroundings, and points it out without hesitation even to an executive in a superior position.
2 Mutual respect and teamwork	<ul style="list-style-type: none"> • Can put themselves in the position of others rather than thinking solely about their own intentions. • Beyond official position and duties, uses speech and actions that show respect as a human being for the other person.
3 Ability to carry out social responsibilities	<ul style="list-style-type: none"> • Even while pursuing business for profit, plans and enforces policies that take into consideration social impacts. • Can understand the relationship between their work and the goals and efforts of the SDGs, and can take action in the course of their work that fulfills their social responsibility.
4 Customer orientation	<ul style="list-style-type: none"> • Can build relationships of trust with business partners and cooperate and coordinate in accomplishing business duties. • Executes policies that exceed the anticipations of customers not only for existing customers, but also future customers and end users.
5 Challenge orientation	<ul style="list-style-type: none"> • Rather than being satisfied with the current situation, takes on new challenges with a strong sense of curiosity. • Takes the lead in difficult assignments for the customer or within the Company, without hesitation due to failure or uncertainty. • Motivated to engage in efforts even for complex, difficult problems.
6 Instruction and training ability	<ul style="list-style-type: none"> • Can train human resources that enthusiastically accomplish goals, deploy and assign human resources in accordance with policies and strategies. • Can contribute to instructing subordinates and younger workers and create a corporate culture in which people can grow.
7 Task and strategy formulation ability	<ul style="list-style-type: none"> • Logically and systematically analyze information with limited time and management resources to make the optimum decisions. • Generates and pursues ideas that are not bound by the conventional way of thinking or constraints in order to overcome difficult issues and establish new challenges.
8 Improvement and reform ability	<ul style="list-style-type: none"> • Has responsibility regarding making efforts toward established targets and subjects, and works tenaciously until completion. • Carries out reformations that are not bound by the conventional way of thinking or constraints in order to overcome difficult issues and establish new strategies. • Can generate effective ideas and improvements that lead to increases in quality, safety, and productivity.

Two skills	Definition
9 Basic knowledge and skills	<ul style="list-style-type: none"> • Has knowledge related to the laws, in-house rules, and risks that are relevant to the business they oversee. • Understands the necessary quality standard in order to ensure the credibility, consistency, accuracy of products and services. • Has all the kinds of knowledge and skills necessary to accomplish their duties.
10 Specialized knowledge and skills	<ul style="list-style-type: none"> • Has knowledge related to the laws, in-house rules, and risks that are relevant to their area of specialization. • Has all the kinds of knowledge and skills necessary to conduct highly specialized operations, or carry out high-level improvements and reformations.

Education in the Eight Qualities by Employee Levels



Efforts for Diversity

Encouraging the Active Participation of Women

KYB embraces and respects diverse values, and we believe that fostering a corporate culture with flexibility in management strategy and product development is essential. Based on this belief, we are promoting various initiatives to increase the number of women appointed to management positions. Our goal is to raise the proportion of female managers to a level equivalent to that of male managers. In 2023, KYB received the Eruboshi public certification, which is awarded to companies that demonstrate excellence in implementing initiatives to promote the advancement of women.



One challenge we face is the limited number of female candidates for

Item	FY2024	FY2025 Target
Ratio of women managers	3.8%	4.7%

Note: The scope is for KYB Corporation.

Social 4

management positions, partly due to a decline in the number of female employees aspiring to such roles. To address this issue, we are proactively recruiting women managers from outside the Company and implementing initiatives aimed at raising awareness and encouraging internal promotion of female employees.

With regard to external recruitment, and in recognition of the potential for unconscious bias in the workplace, we began conducting Diversity & Inclusion (D&I) training for managers in FY2024, alongside mid-career recruitment activities.

Since FY2024, we have also been holding career roundtable discussions among female employees, including women managers, to encourage dialogue and awareness regarding management career paths. From FY2025 onward, we plan to further expand these efforts by hosting lectures and opinion-exchange sessions led by KYB's female external directors and female external auditors.

Vision for Creating the Future through ESG Management

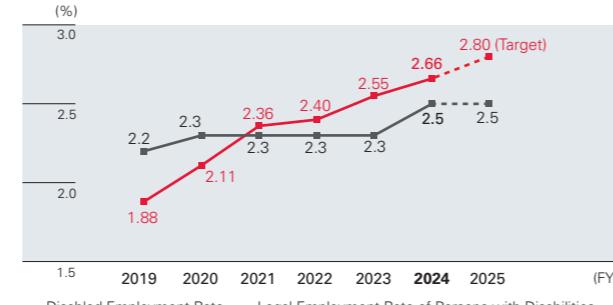
Social Activities

Employment of people with disabilities

We are progressing with initiatives aimed at the creation of a workplace where people with disabilities and those without disabilities can work and enjoy job satisfaction. We are widening the scope of the work that people with disabilities conduct as well as increasing the workplaces they can enter, thereby raising the hiring rate of people with disabilities. In September 2019, KYB established the Work Support Center, which conducts activities aimed at promoting employment and increasing the retention rate in cooperation with each department within the Company, government offices, schools, and various associations. At the end of March 2019, the disabled employment rate was 1.88%, and it has risen to 2.66% as of the end of March 2025. This surpasses the legal employment rate of 2.50%, which

came into effect on April 1, 2024. Going forward, we will continue our efforts to hire people with disabilities.

Disabled Employment Rate / Legal Employment Rate of Persons with Disabilities (%)



Note: The scope is for KYB Corporation.

Increase Job Satisfaction/Engagement

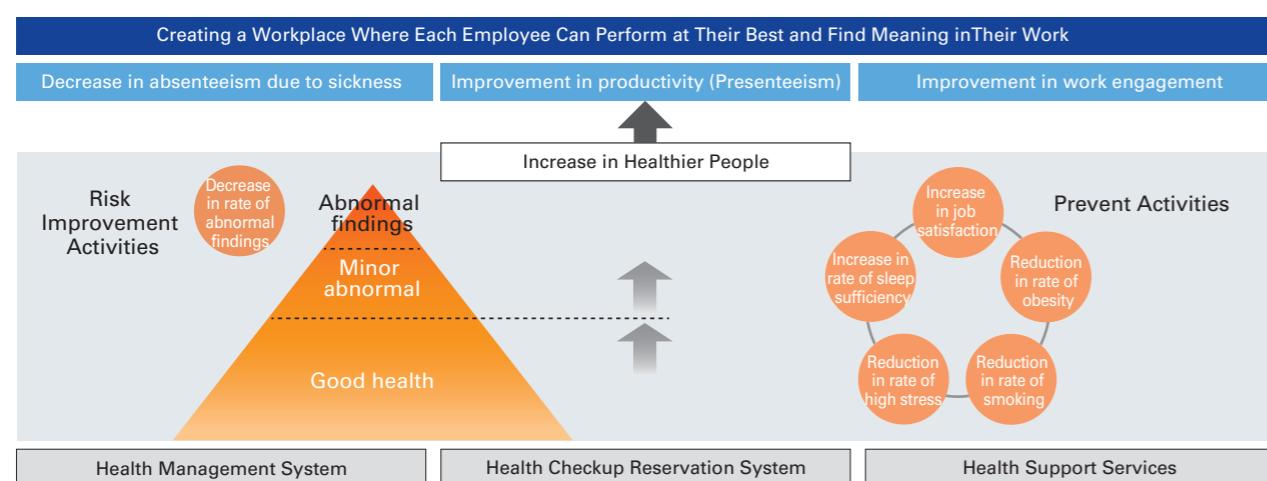
Social 2

Health Management

Since 2019, under the leadership of top management, KYB has promoted health management through an integrated framework involving the Human Resources Department, Health Support Center, Health Insurance Association, and the KYB Labor Union. As a result, KYB has been certified for six consecutive years as a Certified Health & Productivity Management Outstanding Organization (Large Enterprise Category).

KYB's goal is to create a workplace where employees can perform at their best and feel fulfilled. To this end, we emphasize reducing illness-related absences, improving productivity during working hours, and enhancing work engagement.

KYB's Health Management Strategy Diagram



Work-Life Balance

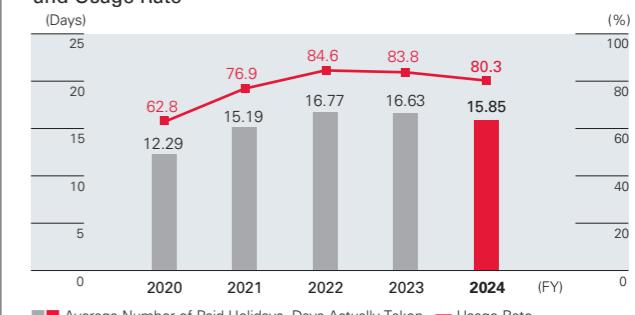
To create a workplace environment in which employees can work with peace of mind and to support a healthy work-life balance, KYB has introduced a range of systems, including telework, flextime, childcare and nursing care leave, short-time working arrangements, and leave for employees whose spouses are transferred to another location. By promoting understanding of these systems, we are fostering workplaces that enable more diverse and flexible ways of working. At the same time, we are improving productivity through business process rationalization and curbing long working hours by encouraging the use of annual paid leave, thereby enhancing employee engagement.

With regard to childcare-related systems in particular, we are promoting active participation by male employees in childcare. Initiatives include the preparation and dissemination of a "Guidebook for Childbirth and Childcare" tailored for female employees, male employees, and managers, as well as the establishment of consultation desks at each worksite. As a result of these efforts, the childcare leave utilization rate among eligible male employees reached 93% in FY2024.

In addition, we are working to reduce total working hours for employees in indirect departments by promoting fundamental business process reforms based on

the principles of "eliminate," "reduce," and "change," rather than adhering to conventional processes. These reforms include business automation using robotic process automation (RPA) and efficiency improvements through the active use of business improvement applications.

Average Number of Paid Holidays, Days Actually Taken and Usage Rate



Note: The scope is for KYB Corporation.

Item	FY2024	FY2025 Target
Degree of Job Satisfaction	59.8%	60% or more

Note: The scope is for KYB Corporation.

COLUMN

KYB's Social Contribution Activities:
Science Kanagawa and Summer Vacation Parent-Child Workshop

Social 5

Each year, we invite elementary school students to the "Science Kanagawa" event, where they have the opportunity to learn about hydraulic mechanisms, Pascal's principle, and tribology*. They also enjoy hands-on activities such as building syringe-powered excavators, operating mini excavators, and using an electron microscope. In FY2025, we held our first program for junior high and high school students, offering experiences such as feeling damping force and participating in assembly workshops. We also host an annual craft workshop for employees' children. At the Sagami Plant, we provided programs such as lunchtime in the plant cafeteria and a special plant tour arranged as part of the Sagami Plant Renovation Project. These activities were designed to give children a closer look at their parents' workplace and the nature of their work, making the event both enjoyable and meaningful for the participants.



*Tribology: The study of the science of friction



Supply Chain Management

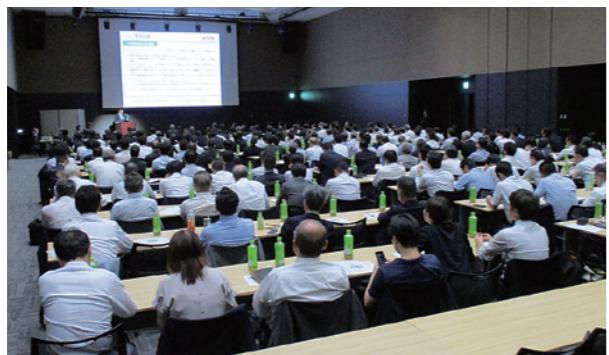
We will further make demonstrable increases to the responsibilities of the companies in our supply chain in conducting efforts to uphold human rights, prevent child labor and forced labor, procure minerals responsibly, and achieve carbon neutrality. KYB will further strengthen its 11-item supply policy, fulfil our corporate social responsibility together with the business partners who are important to the manufacture of our products, and promote the creation of a sustainable society.



For policy details, see "Supply information" on the website
→ https://www.kyb.co.jp/english/company/supply_information.html

Relationships with Business Partners

KYB conducts a Purchasing Policy Briefing for the management of our business partners. The purpose of the briefing is to help them build a strong understanding of our corporate policy, supply policy, quality policy, the policies of each business unit, and our ESG efforts such as those for carbon neutrality as well as our stance on efforts to respect human rights.



Consideration for Business Partners

KYB has worked to ensure compliance with appropriate business practices, including fair transactions with our business partners. However, following an on-site inspection conducted by the Fair Trade Commission, we received a recommendation indicating that certain aspects of our efforts were insufficient and not fully

Supply Basic Policy

1. Supply activities with the aim of mutual existence and prosperity with customers
2. Legal compliance
3. Quality first
4. Safety and health, human rights and labor
5. Continuous cost price reduction activities
6. Scheduled delivery
7. Care for the natural environment
8. Construction of global supply systems
9. Crisis management
10. Management of confidential information
11. Prevention of corruption

| Social 6

Engaging with Carbon Neutrality

KYB aims to achieve carbon neutrality by 2050. In addition to holding explanatory meetings to increase the understanding of our business partners, we take

surveys to understand how much CO₂ we are emitting, and strive to release the necessary information in a timely manner.

Initiatives to Prevent Human Rights Violations in the Supply Chain

Based on the UK Modern Slavery Act 2015, the KAYABA Group is taking measures to prevent slave labor and human trafficking within our business operations and throughout our supply chain.

We conduct surveys of our 709 domestic Tier 1 suppliers to assess their efforts related to corporate social responsibility—including environmental and human rights issues, as well as responsible mineral sourcing. During our 2021 review, we identified that many suppliers lacked explicit internal rules addressing the Modern Slavery Act. We requested corrective action, and many suppliers subsequently revised their internal policies. We have also observed improved awareness of supply chain responsibility, with many

suppliers actively promoting awareness among their Tier 2 suppliers.

Led by the CSR & Safety Control Division, we are implementing wide-ranging and specialized CSR initiatives. These include prohibiting human rights violations, forced labor, and child labor within the KAYABA Group, as well as clearly defining our opposition to forced labor and child labor across the supply chain in our Corporate Code of Conduct.

Going forward, we will continue strengthening collaboration with relevant departments, monitoring supplier initiatives, and promoting education and awareness activities related to preventing human rights violations and modern slavery.

Responsible Mineral Sourcing

To avoid any involvement—direct or indirect—in human rights violations or the financing of armed groups, the KAYABA Group conducts annual surveys in cooperation with our suppliers, in line with the intent of the Dodd-Frank Act.* We compile the results and report them to customers who request such information, and we respond promptly to any follow-up inquiries.

For these assessments, we use the survey templates issued by the Responsible Minerals Initiative (RMI), an organization that promotes responsible mineral sourcing. In addition, reflecting the growing global awareness of human rights issues, we also conduct cobalt-related surveys—although not required by regulation—and provide the results to our customers using the RMI's questionnaire.a

FY2024 Suppliers targeted for gold (3TG): 254
Suppliers targeted for cobalt: 105

*The Dodd-Frank Act is a U.S. financial regulatory act that aims to indirectly cut off trade in mineral resources mined in the Democratic Republic of the Congo and nine neighboring countries because of concerns that these mineral resources are the source of funding for armed groups that are responsible for environmental destruction and human rights violations.

Target minerals: tin, tantalum, tungsten, gold (3TG)

Note: The target suppliers are selected based on IMDS (International Material Data System) information.

compliant with the Subcontract Act and fair transaction practices. We take this recommendation very seriously. To prevent any future violations of the Subcontract Act, we are promptly implementing the required corrective measures, strengthening our internal compliance framework, and working diligently to prevent recurrence.

Governance Activities

Raising Awareness of Norms, Strengthening Group Governance

Outline of Governance Activities

Based on our Corporate Spirit of following all rules and facing all issues with honesty, we will endeavor to raise awareness of norms, further strengthen group governance, and conduct highly transparent and efficient Group management.

Five Initiatives of Governance Activities

1. Compliance, instilling awareness of norms: Enhance performance and observe laws and models through education on awareness of norms and other forms of education
2. Group governance: Transparent, high-quality management through strengthening internal controls to agree with the corporate governance code
3. Governance of product development: Improve development quality through reliable oversight of critical junctures
4. Governance of monozukuri: Offer products and services of suitable quality through the observance and improvement of rules
5. Risk management, BCP: Continuous business activities through identifying and dealing with risks at an early stage, Preparation for and business continuity when faced with natural disasters and cyber attacks

Basic Approach

KYB's basic approach is to respond to the expectations of stakeholders through achieving sustainable growth and improving corporate value, as well as fulfilling our corporate social responsibility by contributing to society. We seek to build a speedy, efficient management

system centered on the Board of Directors and to establish a fair, highly transparent management supervisory function. And we work to strengthen and enhance corporate governance based on the following basic policy.

Corporate Spirit

Contributing to society by providing technologies and products that make people's lives safer and more comfortable.

By providing technologies and products that make people's lives safe and comfortable, the Kayaba Group contributes to society

1. We shall follow all rules and face all issues with honesty.
2. We shall build a corporate culture full of vitality, and hold high goals.
3. We shall value kindness and sincerity, cherish nature and care for the environment.
4. We shall constantly pursue creativity to contribute to the prosperity of customers, shareholders, suppliers and society.

Basic Policies

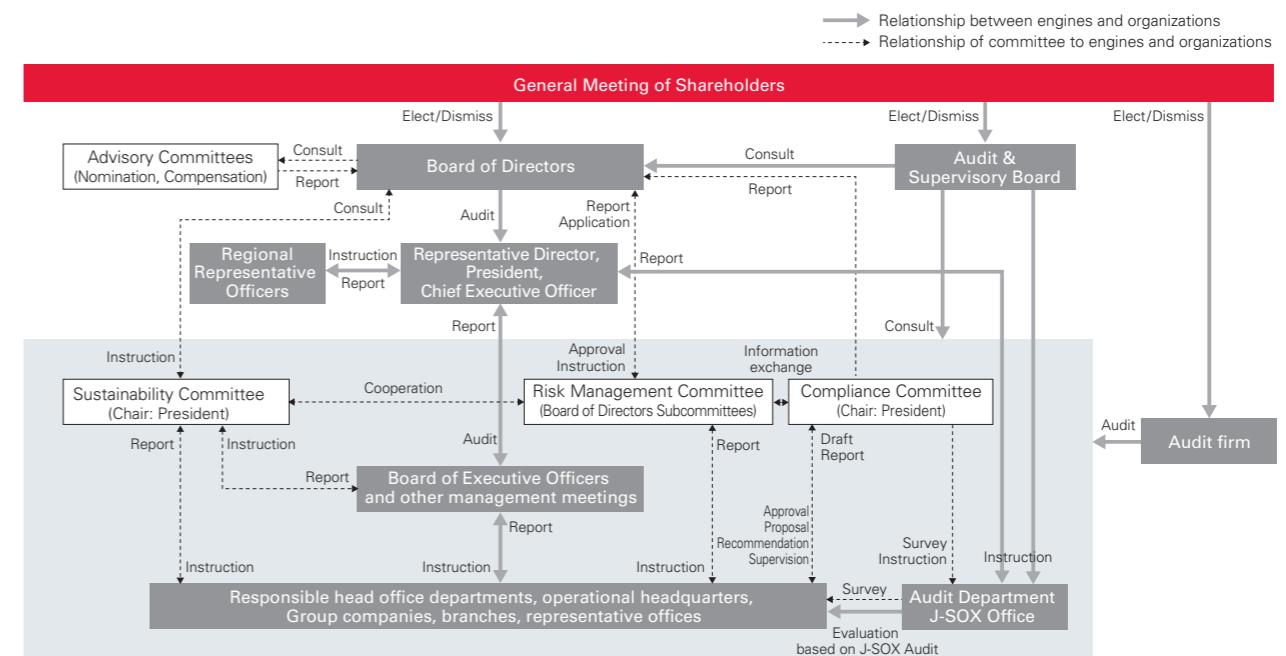
1. We shall respect the rights of shareholders, and ensure the equal and fair treatment of all shareholders.
2. We shall take the benefits of stakeholders into consideration and endeavor to appropriately cooperate with those stakeholders.
3. We shall disclose not only information on compliance with the relevant laws and regulations, but also actively provide important and/or useful information to stakeholders for their well-informed decision making.
4. The Board of Directors shall be cognizant of its fiduciary responsibility and accountability to shareholders, and shall appropriately fulfill its roles and responsibilities in order to promote sustainable and stable corporate growth and increase corporate value, profitability, and capital efficiency.
5. We shall engage in constructive dialogue with shareholders, and make efforts to obtain shareholders' support regarding the Company's business policies and also reflect shareholders' opinions and concerns in the improvement of management.

Corporate Governance Structure

Governance 2

KYB is a company with an Audit & Supervisory Board as described under the organizational design stipulated by the Companies Act of Japan, and has a system of corporate governance in place that centers on the Board

of Directors and Auditors / the Audit & Supervisory Board. Also, we have adopted the Executive Officer System, seeking to increase the speed of decision making and optimize corporate management.



Board of Directors

The Board of Directors consists of seven members, four of whom are external directors. The Board meets once a month, in principle. The board makes decisions based on laws, the articles of incorporation, and company regulations. The board also deliberates on policies and other important management matters. The Board also oversees the management of business operations. Additionally, four external directors are registered as independent officers.

Board of Executive Officers

The Board of Executive Officers reports directly to the Board of Directors and deliberates on important management matters from a Company-wide perspective.

Other Management Committees

KYB has established several other management committees. At the Domestic Affiliated Companies Management Committee meeting, functional and business divisions/departments report on business

execution status. The President and other full-time directors are responsible for personally visiting each plant and group company workplace under the Operational Review with the President Committee to follow up on matters related to policy development and important manufacturing issues. In the Debriefing of the Overseas Headquarters Company Committee, the president regularly supervises management execution at overseas group companies. Through these activities, we seek to strengthen the management oversight system of the entire KAYABA Group.

Audit & Supervisory Board:

The Audit & Supervisory Board consists of three full-time members and one part-time member. One full-time and one part-time member are outside members. Through audits by these members, we expect to achieve effective management oversight, and we have concluded that an effective governance system is in place. Additionally, two outside Audit & Supervisory Board members are registered as independent officers.



Management Team (As of November 1, 2025)

* Independent Directors and Auditors

Directors



Masahiro Kawase
Representative Director,
President, Chief Executive
Officer (CEO)



Takashi Saito
Representative Director,
Executive Vice President
Executive Officer
Chief Financial Officer (CFO)



Tomoki Takaoka
Member of the Board of
Directors, Senior Managing
Executive Officer

Appointment of directors	June 2022	June 2023	June 2025
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Masakazu Sakata*
Member of the Board of
Directors (External)



Akemi Sunaga*
Member of the Board of
Directors (External)



Chizuko Tsuruta*
Member of the Board of
Directors (External)



Yukimitsu Sanada*
Member of the Board of
Directors (External)

Appointment of directors	June 2020	June 2022	June 2023	June 2025
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Directors' Expertise and Experience (Skill Matrix)

KYB arranges for the expertise and experience necessary to embody the corporate spirit and achieve the Group's Medium-Term Management Plan. Going forward, we will continue to update the skill matrix as necessary so that the Board of Directors and other

functions can fully demonstrate their abilities. The following skill matrix indicates the specific skills expected of each director candidate but does not represent all of their knowledge.

Name	Title	Corporate management	Global	Financial affairs and accounting	Legal affairs / compliance	Sales, procurement, marketing	Monozukuri (manufacturing, technology, product development)	IT / DX
Masahiro Kawase	Representative Director, President, Chief Executive Officer (CEO)	○	○		○	○	○	
Takashi Saito	Representative Director, Executive Vice President Executive Officer, Chief Financial Officer (CFO)	○	○	○	○			
Tomoki Takaoka	Member of the Board of Directors, Senior Managing Executive Officer	○	○			○		
Masakazu Sakata	Member of the Board of Directors (External)	○		○		○	○	
Akemi Sunaga	Member of the Board of Directors (External)	○		○				
Chizuko Tsuruta	Member of the Board of Directors (External)			○				
Yukimitsu Sanada	Member of the Board of Directors (External)		○	○		○		

Audit & Supervisory Board Members



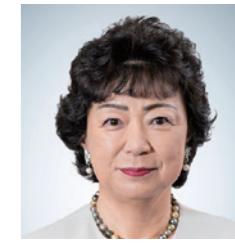
Osamu Kunihara
Audit & Supervisory
Board Member



Masahiko Sagara*
Audit & Supervisory
Board Member (Outside)



Ichio Nemoto
Audit & Supervisory
Board Member



Junko Watanabe*
Audit & Supervisory
Board Member (Outside)

Executive Officers

Senior Managing Executive Officer	Minoru Ishikawa	In Charge of Automotive Components Operations, China Operations; General Manager, Automotive Components Operations, and Suspension Headquarters
Managing Executive Officer	Shozo Amano	In Charge of Production and Quality, KPS Promotion; General Manager, Production Division, Quality Division
	Masaru Tsuboi	In Charge of Safety Control & Environment
	Manabu Akasaka	General Manager, Finance & Accounting Division and Special Purpose Vehicles Division
Deputy Managing Executive Officers	Minoru Tamai	General Manager, Nagano Plant, Hydraulic Components Operations
	Toshimichi Izeki	General Manager, Sagami Plant, Hydraulic Components Operations
	Kenji Yazaki	In Charge of Global Corporate Planning, Domestic Affiliated Companies, TQM Promotion, ESG Promotion, Cybersecurity Measures; General Manager, Corporate Planning Division, Digital Transformation Improvement Division
	Atsushi Fujii	In Charge of Engineering; General Manager, Engineering Division, Deputy General Manager, Hydraulic Components Operations
	Atsushi Okubo	In Charge of Sales, Purchasing & Logistics; Managing Director, KYB India Private Limited
	Fumihiko Izumi	In Charge of European Operations; President, KYB Europe GmbH
	Yukio Yamabe	In Charge of Aircraft Components Division; General Manager, Aircraft Components Division

Members of Major Committees

Title	Name	Board of Directors	Board of Executive Officers	Domestic Affiliated Companies Management Meeting	Audit & Supervisory Board
Representative Director, President, Chief Executive Officer (CEO)	Masahiro Kawase	○	○	○	
Representative Director, Executive Vice President Executive Officer, Chief Financial Officer (CFO)	Takashi Saito	○	○	○	
Member of the Board of Directors, Senior Managing Executive Officer	Tomoki Takaoka	○	○	○	
Member of the Board of Directors (External)	Masakazu Sakata	○			
Member of the Board of Directors (External)	Akemi Sunaga	○			
Member of the Board of Directors (External)	Chizuko Tsuruta	○			
Member of the Board of Directors (External)	Yukimitsu Sanada	○			
Audit & Supervisory Board Member (Full Time)	Osamu Kunihara	○		○	
Audit & Supervisory Board Member (Full Time)	Ichio Nemoto	○		○	
Audit & Supervisory Board Member (Full Time / Outside)	Masahiko Sagara	○		○	
Audit & Supervisory Board Member (Outside)	Junko Watanabe	○		○	
11 executive officers	—	—	—	—	—

Note: ○ denotes the chairperson



For details, see "Outside directors and outside Audit & Supervisory Board Members" on the website
<https://www.kyb.co.jp/english/company/governance.html>



Officer Compensation

(1) Compensation Structure

Officer compensation consists of fixed monthly compensation (basic compensation) according to position and responsibilities, and performance-linked compensation (bonus) that varies depending on the Company's business results. Outside directors and Audit &

Supervisory Board members only receive fixed compensation according to their respective roles, and in view of their independence do not receive performance-linked compensation.

Type of Compensation	Eligible Officers	Maximum Total Compensation	Date of Resolution of the General Meeting of Shareholders	Calculation Process
Fixed compensation (Basic compensation)* ¹	Directors	¥30 million per month (¥360 million per year)	June 27, 1997, 75th Ordinary General Meeting of Shareholders	Consultation with Compensation Committee
	Audit & Supervisory Board members	¥10 million per month (¥120 million per year)	June 23, 2022, 100th Ordinary General Meeting of Shareholders	—
Performance-linked compensation (Bonus (monetary))* ²	Directors (Excluding external directors)	40% or less and ¥200 million per year of total compensation (Fixed compensation + Performance-linked compensation)	June 23, 2022, 100th Ordinary General Meeting of Shareholders	Consultation with Compensation Committee
Performance-linked compensation (Bonus in shares)* ³	Directors (Excluding external directors)	Within 40,000 shares per year (¥75 million per year)	June 23, 2022, 100th Ordinary General Meeting of Shareholders	Consultation with Compensation Committee

*1. The limit on total fixed remuneration for Directors does not include salaries paid to Directors who concurrently serve as employees..

*2. With respect to remuneration for Directors and Audit & Supervisory Board Members, the number of Directors and Audit & Supervisory Board Members at the time the above resolutions were adopted was as follows:

- 20 Directors at the 75th Ordinary General Meeting of Shareholders held on June 27, 1997

- 10 Directors and 5 Audit & Supervisory Board Members at the 100th Ordinary General Meeting of Shareholders held on June 23, 2022

*3. Under the resolution of the 100th Ordinary General Meeting of Shareholders held on June 23, 2022, the annual upper limit on the number of shares granted as performance-linked compensation (bonus in shares) was set at 20,000 shares. However, the Company conducted a two-for-one stock split of its common shares effective December 3, 2024. Accordingly, after adjustment to reflect the stock split, the upper limit is stated above as 40,000 shares.

(2) Compensation Decisions

For director compensation, the discretionary Compensation Committee—composed of the Representative Director and External Directors—reviews the appropriateness of the criteria used to calculate both fixed and performance-linked compensation, and reports its findings to the Board of Directors. Fixed compensation for Directors is determined by a resolution of the Board of Directors, based on the Committee's report and within the total remuneration limit approved at the General Meeting of Shareholders. Performance-linked compensation for Directors

(excluding External Directors) is determined according to the degree of achievement of the indicators that form the basis of calculation. The amount is finalized by a resolution of the Board of Directors, following a report from the Compensation Committee, and within the total remuneration limit approved at the General Meeting of Shareholders. Fixed remuneration for Audit & Supervisory Board Members is determined through consultation among the Audit & Supervisory Board Members, within the total remuneration limit approved at the General Meeting of Shareholders.

(3) Calculation and Determination of Performance-Linked Compensation

1) Indicators Used as the Basis for Performance Evaluation, Relevant Results, and Reasons for Their Selection

Performance-linked compensation is calculated based on the level of achievement of the following two indicators during the fiscal year prior to the performance-linked compensation payment year ("reference fiscal year").

To align with overall company performance and enhance medium- to long-term corporate value, profit or

loss attributable to owners of the parent—which reflects all operating results and represents final profitability—has been selected as one indicator.

Additionally, to promote the creation of medium- to long-term value and strengthen our commitment to sustainability, a sustainability KPI (CO₂ emissions) was selected as the second indicator.

Type of Compensation	Target	Results
Profit or loss attributable to owners of the parent	¥13,500 million	¥14,899 million
CO ₂ emissions	207,312 tCO ₂	189,069 tCO ₂

2) Calculation of Total Amount Paid (Monetary Compensation)

The upper limit on the total amount of performance-linked monetary compensation is set at 1.0% of profit attributable to owners of the parent. However, the proportion of performance-linked monetary compensation must not exceed 40% of the total remuneration (fixed compensation plus performance-linked monetary compensation) for Directors (excluding External Directors).

The actual payout amount is calculated by multiplying the upper limit by the applicable payout ratio, which corresponds to the number of indicators achieved as described in item (1). In the event that a loss attributable to owners of the parent is recorded, no performance-linked monetary compensation will be awarded.

3) Calculation of Total Amount Paid (Stock Compensation)

Performance-linked stock compensation is provided through a post-delivery, performance-based share compensation plan (the Performance Share Unit system; hereinafter "the Plan"). The purpose of the Plan is to incentivize Eligible Directors (excluding External Directors) to enhance the Company's corporate value and to further promote value sharing with shareholders.

Under the Plan, Eligible Directors are granted a number of shares of the Company's common stock as compensation. The number of shares granted is determined based on the payout ratio, which corresponds to the number of performance indicators achieved as described in item (1).

Activities of the Nomination and Compensation Committees

Nomination Committee

During the fiscal year under review, the Nomination Committee consisted of six members, including four External Directors. The committee is designed to enhance the objectivity and transparency of the Board of Directors, earn the trust of shareholders and other stakeholders, and contribute to the Company's

sustainable growth and medium- to long-term enhancement of corporate value.

The committee meets at least once per year and additionally as necessary, and submits its recommendations to the Board of Directors. During the fiscal year under review, the committee met three times.

Compensation Committee

During the fiscal year under review, the Compensation Committee consisted of six members, including four External Directors. The committee is designed to increase the objectivity and transparency of executive compensation, build trust with shareholders and other stakeholders, and support the Company's sustainable

growth and long-term enhancement of corporate value. The committee meets at least once per year and additionally as necessary, and submits its recommendations to the Board of Directors. During the fiscal year under review, the committee met twice.



Roundtable Discussion with External Directors

Defining Future Value Creation and Our Role at KYB

What Brought Us to KYB

Sakata: Seeing as all four of KYB's external directors are here today, this is a great chance to go over our own origins and points of view regarding creating future value. First, let's talk about how we became involved with KYB. I'll answer briefly. My previous position involved conducting management transformations across multiple domains, such as strategy, new businesses, human resource system reform, branding, and IT. During that time, I became acquainted with Advisor Ohno, and was appointed as an external director in 2020. At the first Board of Directors meeting that I attended, I felt that the individual agenda items were

well-considered and of high quality, but their connection to the overall plan was weak. I sensed that the Company would see more growth if we connected these to the bigger picture. That was the start for me.

Sanada: I started in the 2000s. I exchanged ideas about the business environment with Advisor Ohno, and we connected over a sincerity toward engineering and a commitment to monozukuri. I sensed that KYB was a company that has remained consistently unchanged in those regards. So, when I was approached to serve as an external director, I knew that my role would involve building significance for the next era upon the base of those values.

Sunaga: In my case, I was introduced by someone who I'd known for a long time. My impression of KYB at

that time was that they had impressive skills, but they could still improve a great deal by strengthening their governance and management systems. That's why I felt it would be possible to contribute to raising their value as an external director that offers an independent point of view.

Tsuruta: As for myself, I first started by being involved with setting up the Special Audit Committee for Non-Compliance Risks. As a lawyer, I have many years of experience with internal inspections and non-compliance inspections, and my first impression was that the Company could change if they faced their issues straight on. It was a corporation that was ripe for transformation, and I think that's truly valuable.

Sakata: One thing that occurs to me after listening to the three of you speak is that all four of us undertook our positions when we saw potential in the Company, such as the room for improvement or the ability to change. This is my sixth year with the Company, and I feel certain that it has been steadily transforming. The roles of the executives and the management have started becoming clearer. A structure for discussions has come into place. There's leeway to think about and talk about the future. I think that represents a major change.

Sunaga: I felt that there hadn't been many discussions that took an overview of the entire operation, but now ideals and an awareness of the future are starting to align.

Tsuruta: More energy is being put into discussions focused on the future with people from outside the Company. That in and of itself will form the foundation for future value.

Sakata: I agree. A framework for discussing future value has finally begun to take shape. The matter from here is how that will lead to actual results in the future. Next, let's think about what role we play in future value

creation in our capacity as external directors. I'd like to explore that topic in detail.

Sanada: While I have only recently joined KYB, I have found the quality of discussions here to be very high.

Our Role in Creating Future Value as External Directors

Sakata: I believe the greatest responsibility we have as external directors at the Company is to continue asking questions with a future perspective. That's because it's common for people in the workplace to get wrapped up in dealing with everyday tasks and improvement efforts. But future value is not created by focusing on the now and simply carrying on with one's present work. It's critical to have someone who continuously plans the necessary framework for the future. That's us, the external directors.

Sanada: I believe my role is to continue asking about the Company's long-range purpose from the viewpoint of international economics, finance, and the capital market. Manufacturing companies often have pride in the "depth" of their technology, but it's extremely important to answer the question of what significance that technology holds for society, and verify that it is being converted into value. It's about whether a company will be necessary to society in 10, 20 years—not about short-term profit. And I feel that future value is what makes that happen.

Sunaga: I believe that explainability and transparency are critical for future value. That not only applies to the capital market, but also to the decisions made by employees. That is the most important factor that leads to future value, and it's why the quality of prerequisites, understanding of the framework, and transparency of information are extremely important. External directors help companies avoid making major decisions under ambiguous circumstances through our role of driving discussions that involve questioning and structuring.

Tsuruta: My role is to create a system in which compliance does not impede the Company in taking on challenges that will shape the future. Compliance is not just about following the rules, it's about allowing the Company to step forward to its next challenge in safety. As an external director, I want to provide support by making a framework in which it can do that boldly.

Sakata: That is an extremely important perspective. I often think that future value is not technology in and of

From left: Masakazu Sakata, Akemi Sunaga, Chizuko Tsuruta, Yukimitsu Sanada



Masakazu Sakata

Important Concurrent Positions

Planet, Inc.
Representative Director,
President and Chief Executive
Officer
Co-Creation Value Institute
Advisor



Roundtable Discussion with External Directors

itself. Rather, it begins from the moment when a technology becomes incorporated into society. In short, it's necessary to strengthen the plan to turn it into value. Our diversity as external directors will be effective on that matter. We bring together Sanada's perspective on international economics and capital markets, Sunaga's expertise in accounting and investor relations, Tsuruta's background in legal affairs and internal controls, and my own experience in management, IT, and business model design. These four perspectives are not merely different areas of specialization, but complementary axes that help bring abstract future value into the real world.

Sanada: Perhaps our role is not simply to offer individual opinions, but to integrate them in order to identify optimal solutions for the future.

Sunaga: And it's critical that those solutions be discussed in the same venues where execution is discussed.

Tsuruta: The presence of external directors helps narrow the gap between the Company's internal logic and society's expectations. I believe that in itself forms the foundation for future value.

Sakata: And that's the reason why we need to continue acting as a "corrective pull" from outside of the



Akemi Sunaga

Important Concurrent Positions

Sunaga Certified Public Accountant Office President (Head of Office)

Marunouchi Business Consulting Co., Ltd. Representative Director and President

Marunouchi Business Consulting Tax Corporation Representative Partner

Marunouchi Audit Corporation Representative Partner

Ushio Inc. Outside Director (Audit & Supervisory Committee Member)

Yomeishu Seizo Co., Ltd. Outside Director (Audit and Supervisory Committee Member)

Prima Meat Packers, Ltd. Outside Corporate Auditor

Lion Corporation External Audit & Supervisory Board Member

Chizuko Tsuruta

Important Concurrent Positions

Tsuruta Rokuro Law Office Attorney-at-Law



Company regarding the design of the future. The future won't get better on its own. That won't happen unless we lay the plans to make it happen. And by constantly reminding the organization that they need to act on that intent, I believe that we as external directors play an essential role. Next, let us discuss how specifically to achieve future value by discussing the direction KYB should head in now as well as our expectations for the Company.

Expectations for KYB— Future Value Across Human Capital, Technology, Business, and Culture

Sakata: I believe that where and how KYB creates future value ultimately comes down to making structural choices for the future. Simply strengthening the extension of what exists today will not be enough. This is the time to more proactively reshape how we approach future markets, how we define the meaning of our technologies, and how we optimize our business structure. For example, KYB possesses world-class hydraulic control technology. The question is how far we can evolve that technology toward the future. We need to think early and strategically about positioning ourselves in next-generation fields such as robotics, space-related applications and exploration, and deep-sea domains.

Sanada: From a long-term perspective, the key to future value lies, above all, in human capital. Becoming a company that competes through quality rather than quantity. Developing specialized professionals with distinctive perspectives who can compete globally. The idea of being "small but elite" is not about adapting to constraints of the times—it is a necessity for creating

future value. An organization in which each employee has the confidence and pride to compete on the global stage through technology. I believe that is the fundamental source of future value.

Sunaga: I believe that diversity of perspectives in new business creation is a major source of future value. To expand future value, it is essential to incorporate the user's perspective and to develop technologies rooted in everyday life value. The theme of "safety and comfort in living spaces" is, to me, a powerful symbol of connecting life value with technological value. It is not merely an extension of core technologies, but a transformation in meaning. I would like to see KYB accelerate this kind of new market creation.

Tsuruta: As I mentioned earlier, I believe the foundation of future value is an environment in which people feel confident saying, "It's okay to take on challenges." Rather than refraining from action to avoid non-compliance or violations, it is about properly understanding risks and then being able to act. Governance and compliance should not hinder challenges, but rather enable them. When this mindset takes root within an organization, it leads directly to future competitiveness.

Sakata: Exactly. Future value is created by a corporate culture that does not search for reasons not to act. The question is which technologies to refine, which markets to pursue, and what kind of organizational culture to cultivate for the future. Decision-making itself should be optimized toward those objectives.

Sanada: Future value also means becoming an entity that society continues to need over time. That is not simply a matter of scale.

Sunaga: Yes. It is essential to embed the premise of "value that will continue to be needed by future society" into business planning.

Yukimitsu Sanada

Important Concurrent Positions

Tama Shinkin Bank Outside Auditor (Non-member)

The Musashino Bank, Ltd. Outside Director

Kaetsu University Vice President and Professor

Aichi Shukutoku University Professor Emeritus Professor, Faculty of Business / Graduate School of Communication Studies (concurrently)



Tsuruta: The future cannot be created through imagination alone. Only companies that continue to execute can truly claim the future.

Sakata: That is why we must move beyond merely imagining the future to designing it. Becoming a company that can share this stance across the entire organization—that is what I expect most from KYB. Now, to conclude, let us each share a message for our stakeholders.

To All Our Stakeholders

Sakata: I would like our stakeholders to know that we are engaged in the process of evolving KYB into a company that designs future value. Future value does not simply accumulate with the passage of time; it is created intentionally and through deliberate choices. As external directors, we remain firmly focused on helping to make that a reality.

Sunaga: I am fully committed to my role of overseeing whether the Company continues to make decisions that lead to sustainable growth in corporate value over the long term. With explainability and transparency as core principles, I will continue to raise questions oriented toward the future, fulfilling my responsibilities so that KYB can remain a company we can be proud of even ten years from now.

Tsuruta: From the perspectives of compliance and internal control, I aim to create an environment that does not constrain the future, but instead enables the Company to move forward with confidence. As KYB approaches its 100th anniversary, I hope to support the determination and execution required to see challenges through to completion.

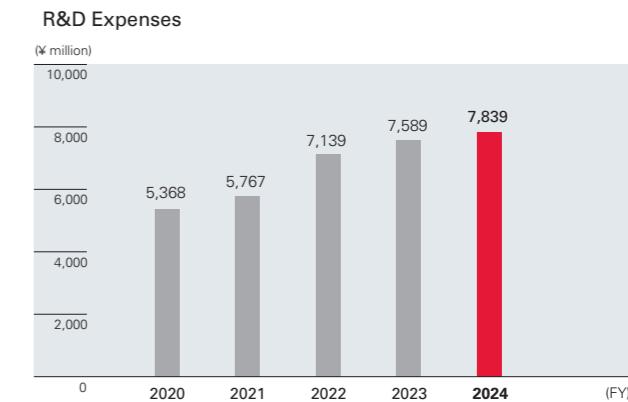
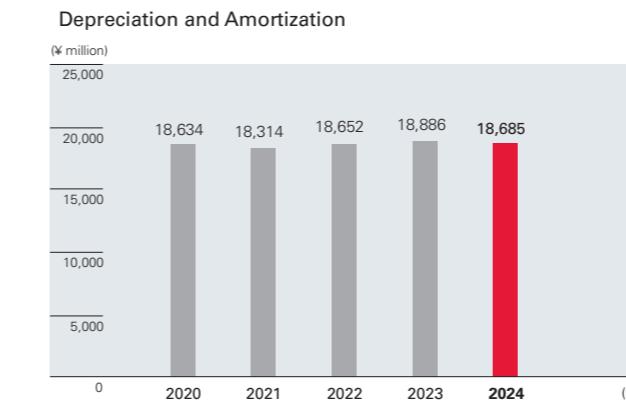
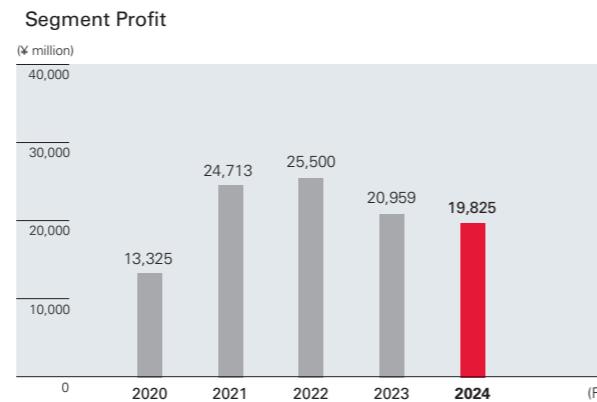
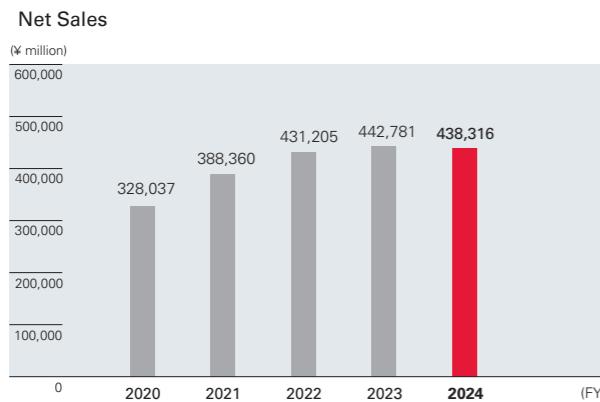
Sanada: KYB's value on the global stage is built upon the judgments and actions of each individual employee, and the steady accumulation of those efforts creates the future. I will continue to provide support from the perspectives of economics and finance, so that KYB can stay ahead of global change and deliver value that only KYB can offer.

Sakata: What matters most for KYB going forward is not merely envisioning the future, but designing it. To that end, we will continue to ask questions, refine organizational structures, and support decision-making that is oriented toward the future. Together with our stakeholders, KYB will continue moving forward—expanding value and contributing to the realization of a better society.

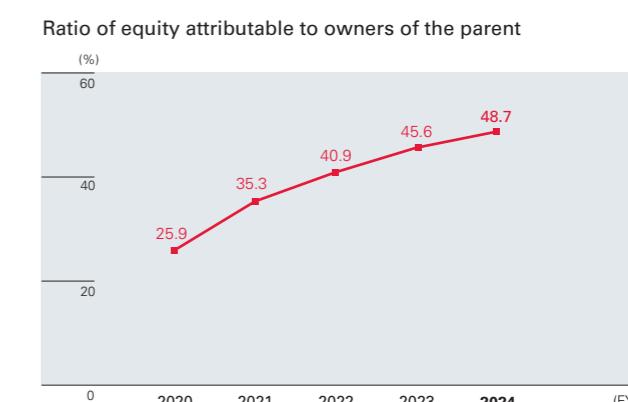
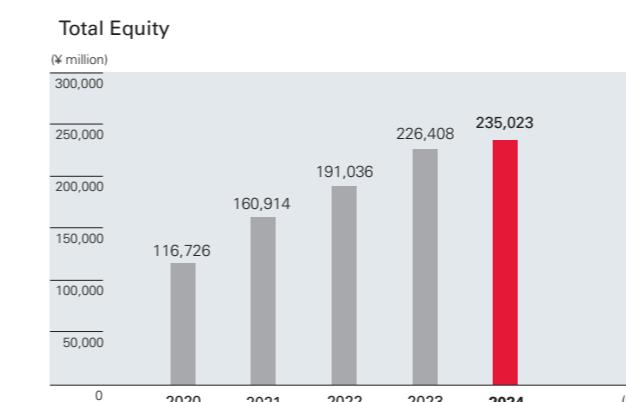
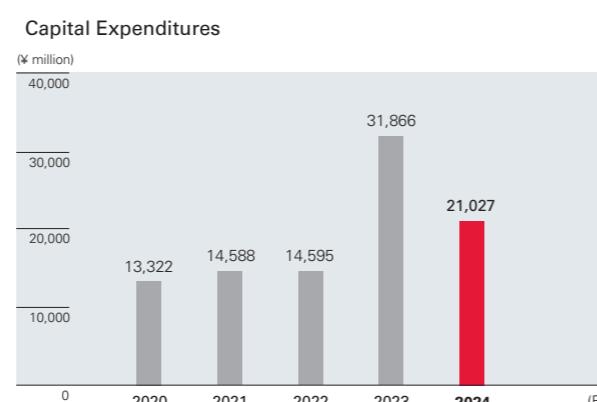
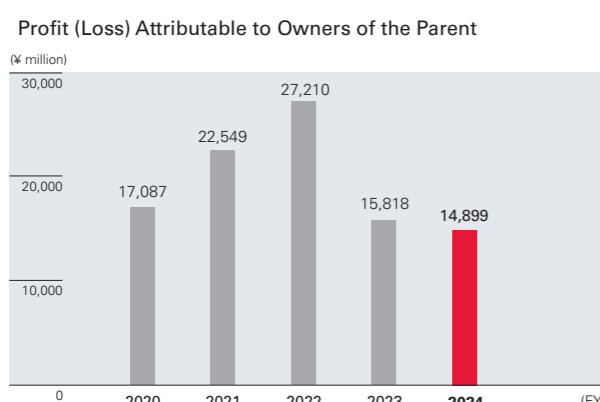
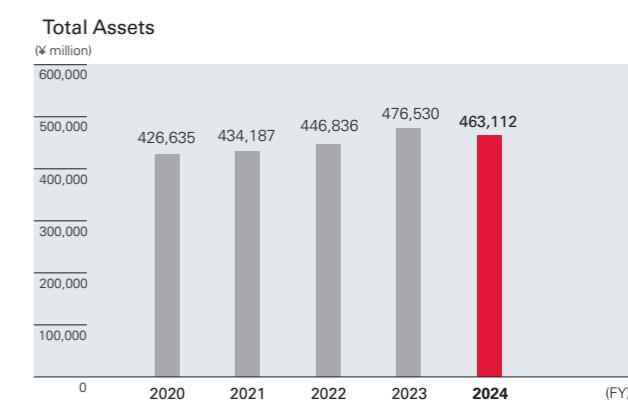
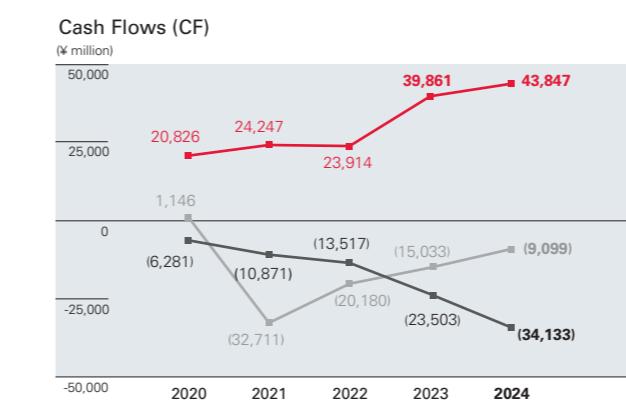
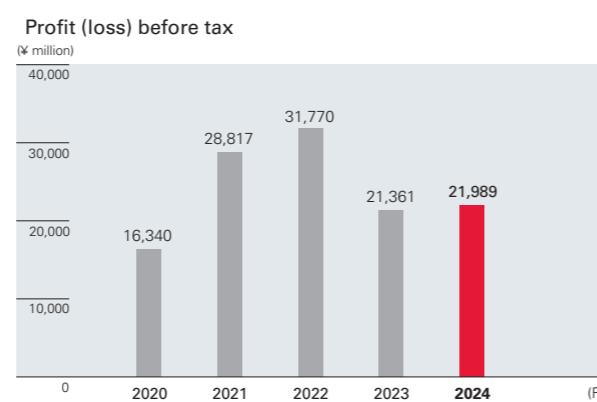
KYB Performance Highlights

Financial

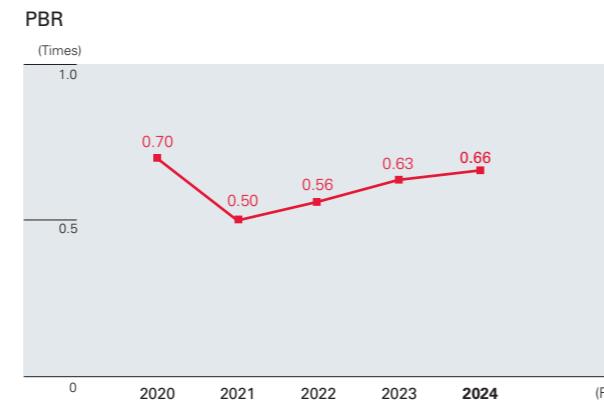
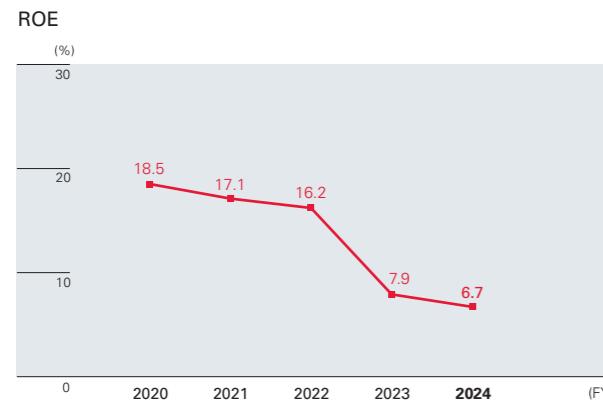
Net sales for the KAYABA Group were ¥438.3 billion, a decrease of ¥4.5 billion from the previous fiscal year. Operating profit was ¥22.7 billion, up from ¥22.4 billion in the previous fiscal year. Profit before tax was ¥22.0 billion, up from ¥21.4 billion in the previous fiscal year. Profit attributable to owners of the parent was ¥14.9 billion, compared with ¥15.8 billion in the previous fiscal year.



Note: Segment profit is calculated by deducting cost of sales and selling, general and administrative expenses from net sales.

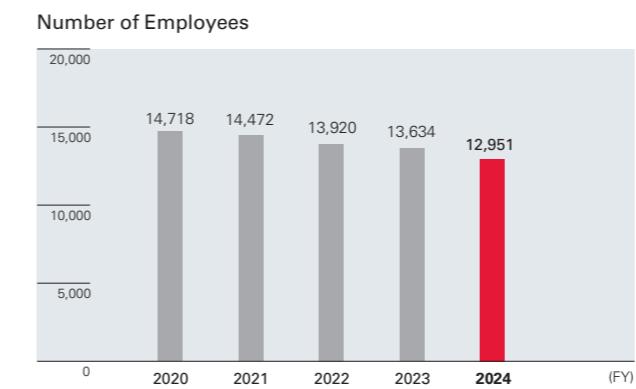
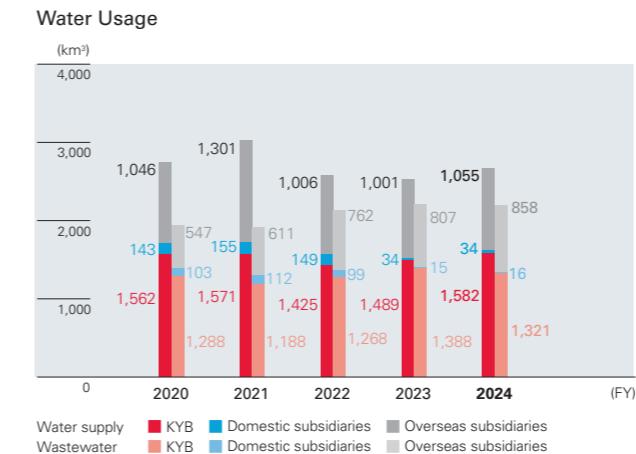
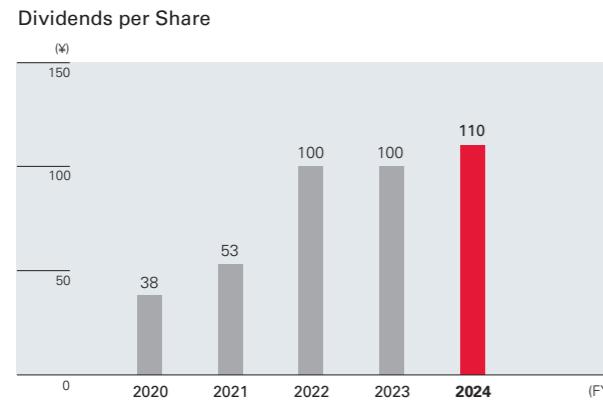
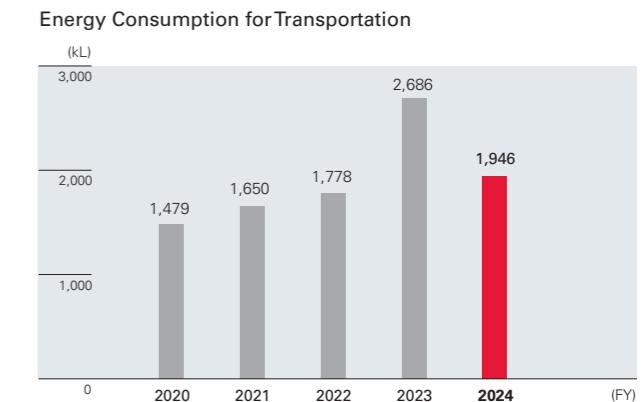
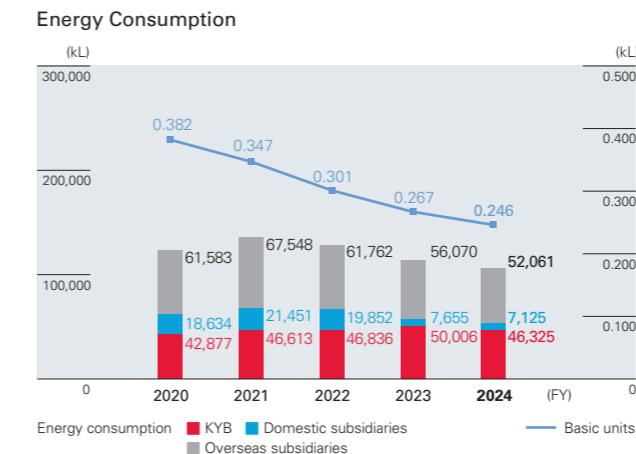


Financial



Non-financial

During the product manufacturing phase, the KAYABA Group consumed 105,511 kL of crude oil equivalent, which is a 7.2% year-on-year reduction. The energy intensity was 0.246 kL per million yen, which is a 7.9% year-on-year reduction. Regarding industrial waste, we prioritized reducing volume and promoting in-house recycling. This resulted in contractor-treated emissions of 16,394 tons (a 6.6% year-on-year reduction) and a basic unit of 38.3 kg per million yen (a 7.0% year-on-year reduction).



OSHMS/ISO 45001 Certification Acquisition (As of March 31, 2025)

Seven KYB Plants: **100%** Global: **94%**

ISO14001 Certification Acquisition (As of March 31, 2025)

Seven KYB Plants: **100%** Global: **93%**

KYB Performance Highlights

CO₂ Emissions

CO ₂ emission category		KYB (Seven plants)	Domestic subsidiaries (Six companies)	Overseas subsidiaries (18 companies)	Total
Scope 1		34,942 tCO ₂	2,112 tCO ₂	27,378 tCO ₂	64,433 tCO ₂
Scope 2		54,204 tCO ₂	11,459 tCO ₂	58,973 tCO ₂	124,636 tCO ₂
Scope 3	Purchased Goods and Services	1,206,916 tCO ₂	137,340 tCO ₂	1,157,917 tCO ₂	2,502,172 tCO ₂
	Capital Goods	48,502 tCO ₂	5,704 tCO ₂	152,726 tCO ₂	206,932 tCO ₂
	Fuel- and Energy-Related Activities Not Included in Scope 1 or Scope 2	16,932 tCO ₂	2,387 tCO ₂	12,395 tCO ₂	31,714 tCO ₂
	Upstream Transportation and Distribution	5,654 tCO ₂	403 tCO ₂	10,348 tCO ₂	16,405 tCO ₂
	Waste Generated in Operations	5,143 tCO ₂	462 tCO ₂	13,542 tCO ₂	19,148 tCO ₂
	Business Travel	1,075 tCO ₂	346 tCO ₂	1,127 tCO ₂	2,548 tCO ₂
	Employee Commuting	3,350 tCO ₂	1,460 tCO ₂	3,741 tCO ₂	8,551 tCO ₂
	Upstream Leased Assets	0 tCO ₂	0 tCO ₂	0 tCO ₂	0 tCO ₂
	Downstream transportation and Distribution	416 tCO ₂	105 tCO ₂	3,967 tCO ₂	4,488 tCO ₂
	Processing of Sold Products	0 tCO ₂	0 tCO ₂	0 tCO ₂	0 tCO ₂
	Use of sold products	315,700 tCO ₂	0 tCO ₂	0 tCO ₂	315,700 tCO ₂
	End-of-Life Treatment of Sold Products	19,610 tCO ₂	0 tCO ₂	0 tCO ₂	19,610 tCO ₂
	Downstream Leased Assets	0 tCO ₂	0 tCO ₂	0 tCO ₂	0 tCO ₂
	Franchises	0 tCO ₂	0 tCO ₂	0 tCO ₂	0 tCO ₂
	Investments	11,470 tCO ₂	0 tCO ₂	0 tCO ₂	11,470 tCO ₂

The coverage of Scope 1, 2, and 3 contains seven KYB Plants and the Company's affiliates (six domestic subsidiaries, 18 overseas subsidiaries) for the entire KAYABA Group's performance in 2022. The calculation method for each Scope is in conformity with the guidelines released by Japan's Ministry of the Environment, and the method for overseas plants is essentially the same. However, Scope 2 uses the market standards for CO₂ emissions factors.

Materials cited for calculations

Scope 1: Manual for the Calculation and Reporting of Greenhouse Gas Emissions and GHG Protocol, Ministry of the Environment

Scope 2: Emission Factors by Electric Utility Operator (used to calculate emissions volumes of greenhouse gas by designated emitters), Ministry of the Environment and Ministry of Economy, Trade and Industry; IEA Emission factors; and Ministry of Ecology and Environment of People's Republic of China (China plants) (In cases where the market standard was unclear, a location basis was substituted.)

Scope 3, Category 1: Environmental Impact Factors with Consideration for the Global Supply Chain, announced by Incorporated Administrative Agency the National Institute for Environmental Studies, and use of basic units based on the results of domestic calculations at overseas plants

Scope 3, Categories 2 to 15: Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain, announced by the Ministry of the Environment and Ministry of Economy, Trade and Industry. Category 10 is under investigation, Categories 11 and 12 are applicable to the mixer trucks in our Special-purpose Vehicles Division, and Category 14 is not applicable.

Evaluation of FY2024 Activities

		Global (KYB (seven plants), Consolidated subsidiaries (six domestic, 18 overseas))			KYB (seven plants)		
Theme		Numerical target	FY2024 achievements	Evaluation	Numerical target	FY2024 achievements	Evaluation
Climate change counter-measures	CO ₂ emissions	200,098 tCO ₂ or less	189,069 tCO ₂	○	94,220 tCO ₂ or less	89,146 tCO ₂	○
	CO ₂ emissions per basic unit	(Ref.) 0.473 tCO ₂ /¥ million or less	0.442 tCO ₂ /¥ million	—	(Ref.) 0.456 tCO ₂ /¥ million or less	0.451 tCO ₂ /¥ million	—
	Energy consumption	(Ref.) 125,907 kL or less	105,511 kL	—	(Ref.) 57,162 kL or less	46,325 kL	—
	Energy consumption per basic unit	0.283 kL/¥ million or less	0.246 kL/¥ million	○	0.251 kL/¥ million or less	0.234 kL/¥ million	○
Reduction of industrial waste	General waste	(Ref.) 2,600 t or less	2,556 t	—	(Ref.) 453 t or less	377 t	—
	General waste per basic unit	6.10 t/¥ million or less	5.97 kg/¥ million	○	2.17 kg/¥ million or less	1.91 kg/¥ million	○
	Metal scrap	(Ref.) 39,412 t or less	33,977 t	○	(Ref.) 20,566 t or less	17,164 t	—
	Metal scrap per basic unit	88.5 t/¥ million or less	79.4 kg/¥ million	—	90.4 kg/¥ million or less	86.8 kg/¥ million	○
	Industrial waste	(Ref.) 18,167 t or less	16,394 t	—	(Ref.) 7,073 t or less	5,841 t	—
	Industrial waste per basic unit	41.4 kg/¥ million or less	38.3 kg/¥ million	○	31.7 kg/¥ million or less	29.5 kg/¥ million	○
Recycling	Plastic waste matter	—	—	—	(Ref.) 469 t or less	495 t	—
	Recycling rate	—	—	—	76.5% or more	76.8%	○
	Final disposal volume	—	—	—	2.2% or less	2.7%	×

Note: Energy refers to the total of crude oil conversion, such as electricity and fuel. Regarding the decrease of industrial waste, the calculations exclude valuable materials (recycling or reuse) generated by initiatives to promote recycling.
Output level are calculated based on KYB's regulations, which take shipping into account.

Environmental Accounting

The amounts of investment and cost were calculated with reference to the Environmental Accounting Guidelines, 2005, provided by the Ministry of the Environment.2005, provided by the Ministry of the Environment.

FY2024 Results (Seven KYB Plants)

Cost Type	Major Contents	Invested Amount	Cost
(1) Business area cost	(1)-1 Pollution prevention cost	Air pollution and water pollution prevention activities Maintenance and inspection of pollution prevention facilities Analysis and measurement of atmosphere and water quality	268.8 202.2
	(1)-2 Global environmental conservation-cost	Energy conversion Energy-saving activities (Investments, etc.)	51.0 9.2
	(1)-3 Resource circulation cost	Recycling of plant waste Reduction of industrial waste	9.7 351.1
(2) Upstream/downstream cost			0.0 0.0
(3) Management activity cost		Maintenance and management of ISO 14001, etc. Monitoring of environmental impact and employee education	6.4 68.7
(4) R&D cost		Environmentally friendly product development Lightweight products and products containing less hazardous chemical substances	17.0 219.2
(5) Social activity cost		Support of non-profit environmental protection Afforestation and maintenance of scenery around plants	0.0 0.2
(6) Environmental remediation cost		Internal environmental conservation	0.0 0.0
(7) Other cost		Welfare conservation	0.0 84.8
		Subtotal	352.9 935.3
		Grand total	1,288.2

Note: Classification and Definition of Environmental Conservation Costs

Invested amount: Expense for the purpose of environmental conservation during the target period with effect that continues for a number of terms and running cost for those periods. Cost: Cost or loss generated from expenditure of finances/services for the purpose of environmental conservation.

11-Years Financial Summary

													(Millions of yen)
FY	2014	2015	2016		2017	2018	2019	2020	2021	2022	2023	2024	
Accounting standards applied	IFRS	IFRS	IFRS		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
Net sales	370,327	355,320	355,316		393,743	412,214	381,584	328,037	388,360	431,205	442,781	438,316	
Segment profit* ¹	15,506	17,588	18,624		22,949	22,010	17,575	13,325	24,713	25,500	20,959	19,825	
Operating profit (loss)	14,461	4,327	19,247		20,885	(28,496)	(40,298)	18,297	30,001	32,547	22,417	22,671	
Profit (loss) before tax [Income (loss) before income taxes]	14,892	2,825	18,852		20,881	(29,510)	(41,419)	16,340	28,817	31,770	21,361	21,989	
Profit (loss) attributable to owners of the parent [Net income (loss)]	8,036	(3,161)	14,544		15,202	(24,757)	(61,879)	17,087	22,549	27,210	15,818	14,899	
Capital expenditures	30,087	21,300	20,578		20,956	25,345	23,347	13,322	14,588	14,595	31,866	21,027	
Depreciation and amortization	15,191	17,075	15,922		16,988	17,581	20,615	18,634	18,314	18,652	18,886	18,685	
R&D expenses	8,910*	7,760	7,621		8,102	6,750	6,312	5,368	5,767	7,139	7,589	7,839	
Cash flows from operating activities	22,335	19,958	31,153		29,252	17,047	(4,999)	20,826	24,247	23,914	39,861	43,847	
Cash flows from investing activities	(30,658)	(20,320)	(21,337)		(16,386)	(13,616)	(21,505)	(6,281)	(10,871)	(13,517)	(23,503)	(34,133)	
Cash flows from financing activities	(555)	(3,395)	(969)		(4,482)	10,418	22,576	1,146	(32,711)	(20,180)	(15,033)	(9,099)	
Cash and cash equivalents at end of period	30,510	25,296	33,988		42,702	56,092	50,423	68,700	52,118	43,585	46,637	47,428	
Total assets	387,877	359,002	381,326		412,493	441,074	410,454	426,635	434,187	446,836	476,530	463,112	
Interest-bearing debt* ²	92,448	91,685	93,563		94,641	108,634	154,608	160,278	124,874	114,706	101,526	108,224	
Total equity [Total net assets]	175,256	153,381	169,771		186,651	155,643	79,815	116,726	160,914	191,036	226,408	235,023	
Diluted earnings per share [Net income (loss) per share]* ^{3,4} (Yen)	31.45	(12.37)	56.93		595.09	(969.18)	(2,422.53)	334.47	427.48	514.20	294.79	281.13	
Basic earnings per share [Net income (loss) per share]* ^{3,4} (Yen)	—	—	—		—	—	—	—	—	514.03	294.75	281.08	
Cash dividends per share applicable to the year* ^{3,4} (Yen)	12.00	11.00	12.00		150.00	0.00	0.00	38.00	53.00	100.00	100.00	110.00	
Return on equity attributable to owners of the parent [Return on equity] (ROE; %)	5.1	(2.0)	9.3		8.8	(15.0)	(55.4)	18.5	17.1	16.2	7.9	6.7	
Ratio of equity attributable to owners of the parent [Equity ratio] (%)	43.6	41.3	43.1		43.7	33.9	18.1	25.9	35.3	40.9	45.6	48.7	
P/E ratio (Times)	14.0	—	10.2		8.5	—	—	4.5	3.5	3.9	8.8	10.5	
Number of employees	13,732	13,796	14,350		14,754	15,427	15,439	14,718	14,472	13,920	13,634	12,951	

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

*2: Interest-bearing debt = Short-term borrowings + Current portion of long-term borrowings + Current lease obligations + Corporate bonds + Long-term debt + Non-current lease obligations + Guarantee deposits received (Corporate bonds have been added since FY2021)

*3: The Company carried out 1-for-10 reverse stock split on the effective date of October 1, 2017.

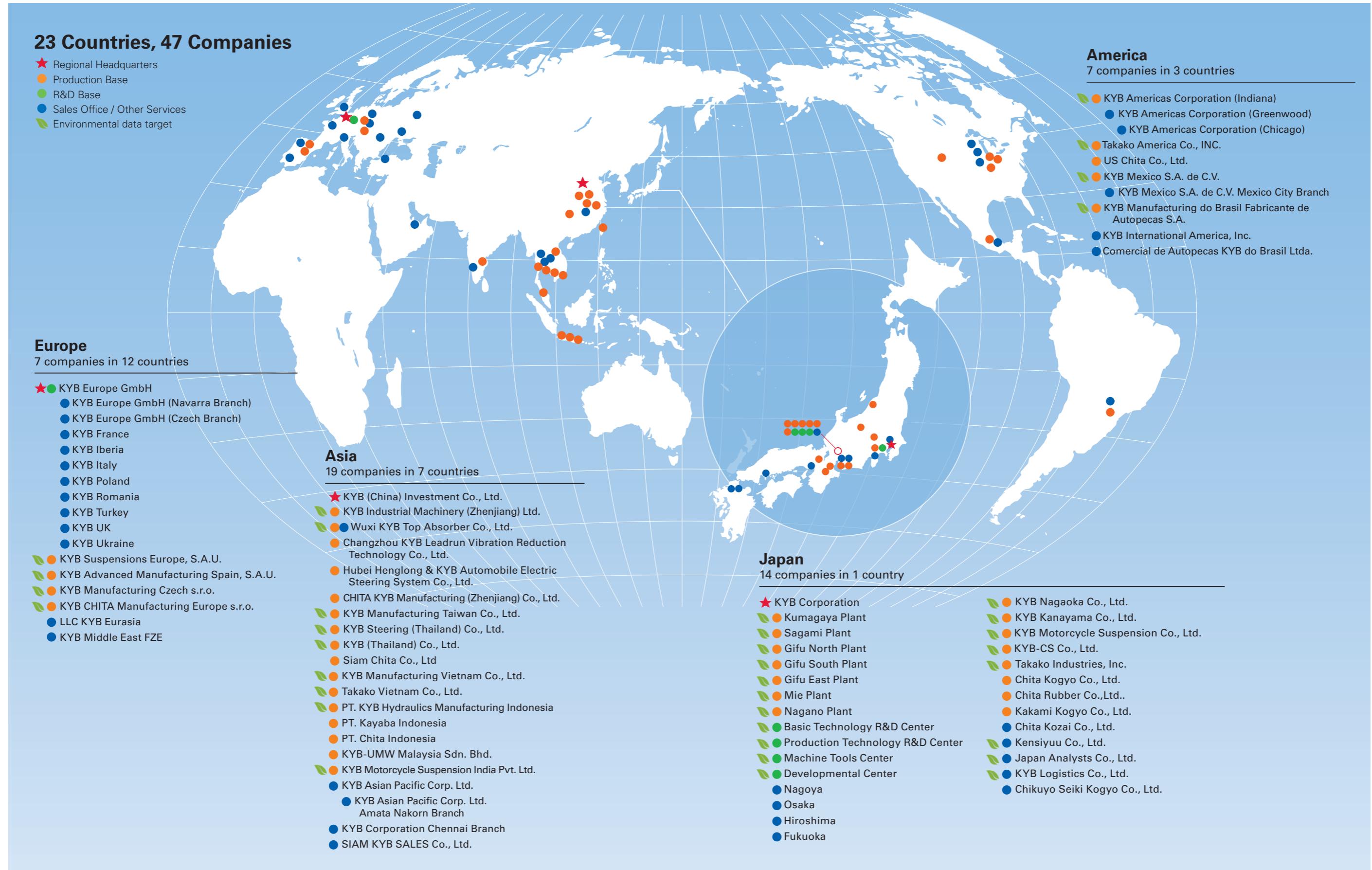
*4: On December 3, 2024, the Company implemented a 2-for-1 stock split. For comparison purposes, cash dividends per share applicable to the year, as well as basic and diluted earnings per share, have been calculated on the assumption that the stock split had been effective at the beginning of FY2020 and have been retroactively adjusted.

* JGAAP

Note: KYB Corporation and Consolidated Subsidiaries

KYB in Globe

(As of November 1, 2025)



External Assessments

(FY2024)

Awards List

Year and Month	Name of Award/Certification	Awards Side	Notes	Awarded
April 2024	SER (Excellent)	Caterpillar		KYB
	Kitaichi Evaluation (Rank A)	Toyota Latin America and Caribbean	In categories such as safety, quality, delivery, customer relations, operations management, and TPS	KMB (Brazil)
August 2024	Supplier Quality Excellence Award 2023	General Motors	QPR5 (Quality Performance Requirements Level 5)	KMB (Brazil)
September 2024	ASEAN Regional Quality Award Chassis Category	Nissan Motor Thailand	Number one in the ASEAN region	KST (Thailand)
October 2024	Gifu Prefecture Excellent New Product Encouragement Award (Gold Award)	Gifu Inventors Exhibition	Patent related to electric power steering	KYB
November 2024	Minister of Education, Culture, Sports, Science and Technology Award at the Chubu Regional Invention Awards	Invention Association		KYB
	Invention Encouragement Award at the Kanto Regional Invention Awards	Invention Association		KYB
January 2025	Master Niigata Health Management Promotion Company 2025	Niigata Prefecture	Three consecutive years	KYB Nagaoka
February 2025	Best Quality Award	Boon Siew Honda		KMSB (Malaysia)
March 2025	Activity Award	SMC	Efforts to reduce energy consumption by lowering pneumatic operating pressure at the plant and minimizing losses caused by air leaks	KYBSE (Spain)
	Certificate of Appreciation	JR West and JR Central	Presented to companies with outstanding contributions	KYB

Note: KMB: KYB Manufacturing do Brasil Fabricante de Autopecas S.A., KST: KYB Steering (Thailand) Co., Ltd., KMSB: KYB-UMW Malaysia Sdn. Bhd., KYBSE: KYB Suspensions Europe, S.A.U.



SER (Excellent)
(April 2024)



Supplier Quality Excellence Award 2023 (August 2024)



ASEAN Regional Quality Award Chassis Category (September 2024)



Best Quality Award
(February 2025)



Activity Award
(March 2025)

Corporate Information

(As of September 30, 2025)



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

Company Name	KYB Corporation
Head Office	World Trade Center Bldg., South Tower 28F, 4-1, Hamamatsu-cho 2-chome, Minato-ku, Tokyo 105-5128, Japan Tel: +81-3-3435-3511 Fax: +81-3-3436-6759

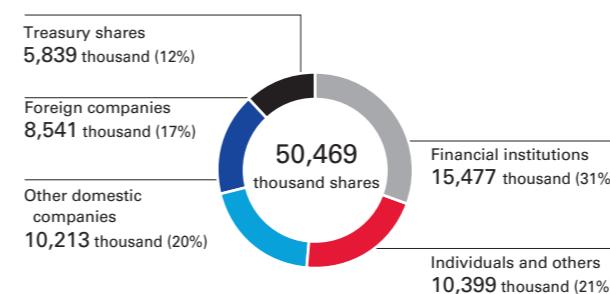
Date of Establishment	March 10, 1935
Fiscal Year	April 1 to March 31
Paid-in Capital	¥27,647.6 million
Number of Employees	13,310 (Consolidated basis)
Securities Traded	Prime Market of Tokyo Stock Exchange

Shareholder Information

(As of September 30, 2025)

Common Stock Issued	Common stock : 50,468,662 Class A preferred stock : 125
Number of Shareholders	Common stock : 11,583 Class A preferred stock : 8
Transfer Agent and Registrar	Mizuho Trust & Banking Co., Ltd. 3-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8241, Japan

Composition of Shareholders (Common Stock)



Major Shareholders

Name	Shareholding (Thousands)	Percent of Total Shares Issued (%)
The Master Trust Bank of Japan (Trust Account)	4,999,800	11.2
Toyota Motor Corporation	2,938,834	6.6
Custody Bank of Japan, Ltd. (Trust Account)	2,206,800	4.9
Suppliers' stock ownership	2,130,400	4.8
Meiji Yasuda Life Insurance Company	2,009,300 [15]	4.5
Hitachi Construction Machinery Co., Ltd.	1,784,000	4.0
Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	1,223,000	2.7
Ogaki Kyoritsu Bank, Ltd.	1,182,866 [10]	2.7
Employee Stock Ownership	1,115,830	2.5
STATE STREET BANK AND TRUST COMPANY 505223	1,003,674	2.2

Note: The percent of total shares issued is calculated after the deduction of own shares (5,839,187 shares). [1] is the number of Class A preferred shares.

Monthly Stock Price Range (Tokyo Stock Exchange)



Other Assessments



"B" ratings on climate change and on water security (2024)



Selected as constituents of the JPX Nikkei Index 400 and the JPX Nikkei Small- and Mid-cap Indexes (2024)



Certified Health and Productivity Management Organization 2025



Certified as an "Eruboshi" Company (2024)