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## FLASH REPORT

May. 9, 2017

Company name (official) : KYB Corporation

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

Stock listing : Tokyo Stock Exchange (First Section)

Code number : 7242

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The following statements are an English translation of the original Japanese language document for your convenience.  
In the case that there is any discrepancy between Japanese and English versions, Japanese version is assumed to be correct.

(All amounts are rounded to the nearest million yen, unless otherwise noted.)

### 1. Consolidated financial results for the fiscal year ended March 31, 2017 ( from April 1, 2016 to March 31, 2017 )

#### (1) Consolidated operating results

(Percentages indicate the year-on-year changes)

|                | Net sales       |       | Operating profit |        | Profit before taxes |        | Profit for the year |   |
|----------------|-----------------|-------|------------------|--------|---------------------|--------|---------------------|---|
| Year ended     | Millions of yen | %     | Millions of yen  | %      | Millions of yen     | %      | Millions of yen     | % |
| March 31, 2017 | 355,316         | (0.0) | 19,247           | 344.8  | 18,852              | 567.3  | 15,078              | — |
| March 31, 2016 | 355,320         | (4.1) | 4,327            | (70.1) | 2,825               | (81.0) | (2,622)             | — |

|                | Profit attributable to owners of the parent |   | Comprehensive income for the year |   | Basic earnings per share | Diluted earnings per share |
|----------------|---------------------------------------------|---|-----------------------------------|---|--------------------------|----------------------------|
| Year ended     | Millions of yen                             | % | Millions of yen                   | % | Yen                      | Yen                        |
| March 31, 2017 | 14,544                                      | — | 18,345                            | — | 56.93                    | —                          |
| March 31, 2016 | (3,161)                                     | — | (17,832)                          | — | (12.37)                  | —                          |

|                | Ratio of profit to equity attributable to owners of the parent | Ratio of profit before income taxes to total assets | Ratio of operating profit to sales |
|----------------|----------------------------------------------------------------|-----------------------------------------------------|------------------------------------|
| Year ended     | %                                                              | %                                                   | %                                  |
| March 31, 2017 | 9.3                                                            | 5.1                                                 | 5.4                                |
| March 31, 2016 | (2.0)                                                          | 0.8                                                 | 1.2                                |

Reference: Share of profit (loss) in investments accounted for using the equity method:

Fiscal year ended March 31, 2017: ¥1,016million

Fiscal year ended March 31, 2016: (¥1,292million)

#### (2) Consolidated financial position

|                | Total assets    | Total equity    | Equity attributable to owners of the parent | Ratio of equity attributable to owners of the parent to total assets | Equity attributable to owners of the parent per share |
|----------------|-----------------|-----------------|---------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------|
| As of          | Millions of yen | Millions of yen | Millions of yen                             | %                                                                    | Yen                                                   |
| March 31, 2017 | 381,326         | 169,771         | 164,299                                     | 43.1                                                                 | 643.15                                                |
| March 31, 2016 | 359,002         | 153,381         | 148,278                                     | 41.3                                                                 | 580.40                                                |

#### (3) Consolidated cash flows

|                | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of year |
|----------------|--------------------------------------|--------------------------------------|--------------------------------------|----------------------------------------------|
| Year ended     | Millions of yen                      | Millions of yen                      | Millions of yen                      | Millions of yen                              |
| March 31, 2017 | 31,153                               | (21,337)                             | (969)                                | 33,988                                       |
| March 31, 2016 | 19,958                               | (20,320)                             | (3,395)                              | 25,296                                       |

## 2. Cash dividends

|                | Annual cash dividends per share |                       |                      |          |       | Total cash dividends (Annual) | Payout ratio (Consolidated) | Ratio of dividends to equity attributable to owners of the parent (consolidated) |
|----------------|---------------------------------|-----------------------|----------------------|----------|-------|-------------------------------|-----------------------------|----------------------------------------------------------------------------------|
|                | End of first quarter            | End of second quarter | End of third quarter | Year-end | Total |                               |                             |                                                                                  |
| Year ended     | Yen                             | Yen                   | Yen                  | Yen      | Yen   | Millions of yen               | %                           | %                                                                                |
| March 31, 2016 | —                               | 5.00                  | —                    | 6.00     | 11.00 | 2,810                         | —                           | 1.8                                                                              |
| March 31, 2017 | —                               | 5.00                  | —                    | 7.00     | 12.00 | 3,066                         | 21.1                        | 2.0                                                                              |
| March 31, 2018 | —                               | 6.00                  | —                    | 65.00    | —     |                               | 34.3                        |                                                                                  |

\*We are going to carry out 1-for-10 reverse stock split on the effective date of October 1, 2017.

As for cash dividends per share of fiscal year 2017, we disclose the amount after we take the reverse stock split into consideration.

And we disclose total annual cash dividends per share as "-". Without taking reverse stock split into consideration,

cash dividends per share at year-end will be 6.50 yen and total annual cash dividends per share will be 12.50 yen.

## 3. Forecasts for the fiscal year ending March 31, 2018 ( April 1, 2017 to March 31, 2018 )

(Percentages indicate the year-on-year changes)

|            | Net sales       |       | Operating profit |        | Profit before taxes |        | Profit attributable to owners of the parent |        | Basic earnings per share |
|------------|-----------------|-------|------------------|--------|---------------------|--------|---------------------------------------------|--------|--------------------------|
|            | Millions of yen | %     | Millions of yen  | %      | Millions of yen     | %      | Millions of yen                             | %      | Yen                      |
| First half | 176,000         | 1.8   | 7,100            | 3.3    | 6,600               | (3.0)  | 4,000                                       | (28.8) | 15.66                    |
| Full year  | 355,000         | (0.1) | 15,600           | (18.9) | 14,600              | (22.6) | 9,300                                       | (36.1) | 364.04                   |

\*As for basic earnings per share of full year, we calculate it taking the reverse stock split into consideration.

## Consolidated Statements of Financial Position

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

|                                                   | As of March 31, 2016 | As of March 31, 2017 |
|---------------------------------------------------|----------------------|----------------------|
| <b>Assets</b>                                     |                      |                      |
| Current assets:                                   |                      |                      |
| Cash and cash equivalents                         | 25,296               | 33,988               |
| Trade and other receivables                       | 87,999               | 92,653               |
| Inventories                                       | 48,291               | 49,640               |
| Other current financial assets                    | 954                  | 1,039                |
| Other current assets                              | 3,793                | 3,641                |
| Total current assets                              | 166,333              | 180,962              |
| Non-current assets:                               |                      |                      |
| Property, plant and equipment                     | 158,609              | 158,990              |
| Goodwill                                          | 318                  | 283                  |
| Intangible assets                                 | 4,424                | 5,850                |
| Investments accounted for using the equity method | 3,833                | 5,438                |
| Other non-current financial assets                | 18,999               | 23,169               |
| Other non-current assets                          | 622                  | 500                  |
| Deferred tax assets                               | 5,865                | 6,132                |
| Total non-current assets                          | 192,669              | 200,364              |
| <b>Total assets</b>                               | <b>359,002</b>       | <b>381,326</b>       |

(Unit: Millions of yen)

|                                                   | As of March 31, 2016 | As of March 31, 2017 |
|---------------------------------------------------|----------------------|----------------------|
| Liabilities and equity                            |                      |                      |
| Current liabilities:                              |                      |                      |
| Trade and other payables                          | 66,211               | 72,137               |
| Borrowings                                        | 50,492               | 50,983               |
| Income tax payables                               | 1,413                | 1,536                |
| Other current financial liabilities               | 18,416               | 18,274               |
| Provisions                                        | 5,313                | 3,754                |
| Other current liabilities                         | 978                  | 1,001                |
| Total current liabilities                         | 142,822              | 147,684              |
| Non-current liabilities:                          |                      |                      |
| Borrowings                                        | 38,348               | 39,962               |
| Liabilities for retirement benefits               | 13,893               | 11,589               |
| Other non-current financial liabilities           | 2,592                | 2,405                |
| Provisions                                        | 1,994                | 2,127                |
| Other non-current liabilities                     | 777                  | 56                   |
| Deferred tax liabilities                          | 5,194                | 7,732                |
| Total non-current liabilities                     | 62,799               | 63,871               |
| Total liabilities                                 | 205,621              | 211,555              |
| Equity                                            |                      |                      |
| Equity attributable to owners of the parent:      |                      |                      |
| Share capital                                     | 27,648               | 27,648               |
| Capital surplus                                   | 29,414               | 29,414               |
| Retained earnings                                 | 86,393               | 100,995              |
| Treasury shares                                   | (579)                | (587)                |
| Other components of equity                        | 5,402                | 6,829                |
| Total equity attributable to owners of the parent | 148,278              | 164,299              |
| Non-controlling interests                         | 5,103                | 5,472                |
| Total equity                                      | 153,381              | 169,771              |
| Total liabilities and equity                      | 359,002              | 381,326              |

## Consolidated Statements of Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

|                                              | For the fiscal year<br>ended March 31, 2016<br>(Apr. 1, 2015 through Mar. 31, 2016) | For the fiscal year<br>ended March 31, 2017<br>(Apr. 1, 2016 through Mar. 31, 2017) |
|----------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Net sales                                    | 355,320                                                                             | 355,316                                                                             |
| Cost of sales                                | 283,247                                                                             | 282,886                                                                             |
| Gross profit                                 | 72,073                                                                              | 72,430                                                                              |
| Selling, general and administrative expenses | 54,485                                                                              | 53,806                                                                              |
| Equity in earnings (losses) of affiliates    | (1,292)                                                                             | 1,016                                                                               |
| Other income                                 | 2,671                                                                               | 2,036                                                                               |
| Other expenses                               | 14,640                                                                              | 2,430                                                                               |
| Operating profit                             | 4,327                                                                               | 19,247                                                                              |
| Finance income                               | 561                                                                                 | 593                                                                                 |
| Finance costs                                | 2,062                                                                               | 988                                                                                 |
| Profit before taxes                          | 2,825                                                                               | 18,852                                                                              |
| Income tax expenses                          | 5,447                                                                               | 3,774                                                                               |
| Profit (loss) for the year                   | (2,622)                                                                             | 15,078                                                                              |
| Profit attributable to:                      |                                                                                     |                                                                                     |
| Owners of the parent                         | (3,161)                                                                             | 14,544                                                                              |
| Non-controlling interests                    | 539                                                                                 | 533                                                                                 |
| Profit (loss) for the year                   | (2,622)                                                                             | 15,078                                                                              |
| Earnings per share                           |                                                                                     |                                                                                     |
| Basic earnings per share (in yen)            | (12.37)                                                                             | 56.93                                                                               |

## Consolidated Statements of Comprehensive Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

|                                                                                           | For the fiscal year<br>ended March 31, 2016<br>(Apr. 1, 2015 through Mar. 31, 2016) | For the fiscal year<br>ended March 31, 2017<br>(Apr. 1, 2016 through Mar. 31, 2017) |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Profit (loss) for the year                                                                | (2,622)                                                                             | 15,078                                                                              |
| Other comprehensive income:                                                               |                                                                                     |                                                                                     |
| Items that will not be reclassified to profit or loss:                                    |                                                                                     |                                                                                     |
| Net changes in financial assets measured at fair value through other comprehensive income | (2,415)                                                                             | 3,342                                                                               |
| Remeasurements of defined benefit plans                                                   | (6,660)                                                                             | 1,705                                                                               |
| Share of other comprehensive income of investments accounted for using the equity method  | (465)                                                                               | 17                                                                                  |
| Total                                                                                     | (9,540)                                                                             | 5,064                                                                               |
| Items that may be reclassified to profit or loss:                                         |                                                                                     |                                                                                     |
| Exchange differences on translation of foreign operations                                 | (5,729)                                                                             | (1,509)                                                                             |
| Effective portion of the net changes in the fair value of cash flow hedges                | 58                                                                                  | (85)                                                                                |
| Share of other comprehensive income of investments accounted for using the equity method  | —                                                                                   | (203)                                                                               |
| Total                                                                                     | (5,670)                                                                             | (1,797)                                                                             |
| Total other comprehensive income                                                          | (15,210)                                                                            | 3,267                                                                               |
| Comprehensive income for the year                                                         | (17,832)                                                                            | 18,345                                                                              |
| Comprehensive income for the year attributable to:                                        |                                                                                     |                                                                                     |
| Owners of the parent                                                                      | (17,828)                                                                            | 17,708                                                                              |
| Non-controlling interests                                                                 | (4)                                                                                 | 636                                                                                 |
| Comprehensive income for the year                                                         | (17,832)                                                                            | 18,345                                                                              |

## Consolidated Statements of Changes in Equity

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

|                                                                                | Share capital | Capital surplus | Retained earnings | Treasury shares |
|--------------------------------------------------------------------------------|---------------|-----------------|-------------------|-----------------|
| Balance at April 1, 2015                                                       | 27,648        | 29,544          | 97,931            | (573)           |
| Comprehensive income for the year:                                             |               |                 |                   |                 |
| Loss for the year                                                              | —             | —               | (3,161)           | —               |
| Other comprehensive income                                                     | —             | —               | —                 | —               |
| Total comprehensive income for the year                                        | —             | —               | (3,161)           | —               |
| Transactions with owners:                                                      |               |                 |                   |                 |
| Contributions by and distributions to owners in their capacity as owners:      |               |                 |                   |                 |
| Acquisition of treasury shares                                                 | —             | —               | —                 | (6)             |
| Disposal of treasury shares                                                    | —             | 0               | —                 | 0               |
| Dividends of surplus                                                           | —             | —               | (3,066)           | —               |
| Transfer to retained earnings                                                  | —             | —               | (5,311)           | —               |
| Total contributions by and distributions to owners in their capacity as owners | —             | 0               | (8,377)           | (6)             |
| Changes in equity interest of subsidiaries:                                    |               |                 |                   |                 |
| Acquisition of non-controlling interests                                       | —             | (130)           | —                 | —               |
| Dividends of surplus                                                           | —             | —               | —                 | —               |
| Total changes in equity interest of subsidiaries                               | —             | (130)           | —                 | —               |
| Total transactions with owners                                                 | —             | (129)           | (11,539)          | (6)             |
| Balance at March 31, 2016                                                      | 27,648        | 29,414          | 86,393            | (579)           |

|                                                                                |        |        |         |       |
|--------------------------------------------------------------------------------|--------|--------|---------|-------|
| Balance at April 1, 2016                                                       | 27,648 | 29,414 | 86,393  | (579) |
| Comprehensive income for the year:                                             |        |        |         |       |
| Profit for the year                                                            | —      | —      | 14,544  | —     |
| Other comprehensive income                                                     | —      | —      | —       | —     |
| Total comprehensive income for the year                                        | —      | —      | 14,544  | —     |
| Transactions with owners:                                                      |        |        |         |       |
| Contributions by and distributions to owners in their capacity as owners:      |        |        |         |       |
| Acquisition of treasury shares                                                 | —      | —      | —       | (8)   |
| Disposal of treasury shares                                                    | —      | —      | —       | —     |
| Dividends of surplus                                                           | —      | —      | (2,810) | —     |
| Changes of scope of equity method                                              | —      | —      | 1,175   | —     |
| Changes due to business combination                                            | —      | —      | (45)    | —     |
| Transfer to retained earnings                                                  | —      | —      | 1,737   | —     |
| Total contributions by and distributions to owners in their capacity as owners | —      | —      | 57      | (8)   |
| Changes in equity interest of subsidiaries:                                    |        |        |         |       |
| Dividends of surplus                                                           | —      | —      | —       | —     |
| Total changes in equity interest of subsidiaries                               | —      | —      | —       | —     |
| Total transactions with owners                                                 | —      | —      | 14,602  | (8)   |
| Balance at March 31, 2017                                                      | 27,648 | 29,414 | 100,995 | (587) |

(Unit: Millions of yen)

|                                                                                | Other components of equity                                                                |                                         |                                                           |                                                                            |                                  | Comprehensive income for the year attributable to owners of the parent | Non-controlling interests | Total equity |
|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------|------------------------------------------------------------------------|---------------------------|--------------|
|                                                                                | Net changes in financial assets measured at fair value through other comprehensive income | Remeasurements of defined benefit plans | Exchange differences on translation of foreign operations | Effective portion of the net changes in the fair value of cash flow hedges | Total other components of equity |                                                                        |                           |              |
| Balance at April 1, 2015                                                       | 8,697                                                                                     | —                                       | 5,963                                                     | 97                                                                         | 14,757                           | 169,307                                                                | 5,949                     | 175,256      |
| Comprehensive income for the year:                                             |                                                                                           |                                         |                                                           |                                                                            |                                  |                                                                        |                           |              |
| Loss for the year                                                              | —                                                                                         | —                                       | —                                                         | —                                                                          | —                                | (3,161)                                                                | 539                       | (2,622)      |
| Other comprehensive income                                                     | (2,415)                                                                                   | (6,627)                                 | (5,688)                                                   | 63                                                                         | (14,667)                         | (14,667)                                                               | (543)                     | (15,210)     |
| Total comprehensive income for the year                                        | (2,415)                                                                                   | (6,627)                                 | (5,688)                                                   | 63                                                                         | (14,667)                         | (17,828)                                                               | (4)                       | (17,832)     |
| Transactions with owners:                                                      |                                                                                           |                                         |                                                           |                                                                            |                                  |                                                                        |                           |              |
| Contributions by and distributions to owners in their capacity as owners:      |                                                                                           |                                         |                                                           |                                                                            |                                  |                                                                        |                           |              |
| Acquisition of treasury shares                                                 | —                                                                                         | —                                       | —                                                         | —                                                                          | —                                | (6)                                                                    | —                         | (6)          |
| Disposal of treasury shares                                                    | —                                                                                         | —                                       | —                                                         | —                                                                          | —                                | 0                                                                      | —                         | 0            |
| Dividends of surplus                                                           | —                                                                                         | —                                       | —                                                         | —                                                                          | —                                | (3,066)                                                                | —                         | (3,066)      |
| Transfer to retained earnings                                                  | (1,315)                                                                                   | 6,627                                   | —                                                         | —                                                                          | 5,311                            | —                                                                      | —                         | —            |
| Total contributions by and distributions to owners in their capacity as owners | (1,315)                                                                                   | 6,627                                   | —                                                         | —                                                                          | 5,311                            | (3,072)                                                                | —                         | (3,072)      |
| Changes in equity interest of subsidiaries:                                    |                                                                                           |                                         |                                                           |                                                                            |                                  |                                                                        |                           |              |
| Acquisition of non-controlling interests                                       | —                                                                                         | —                                       | —                                                         | —                                                                          | —                                | (130)                                                                  | (573)                     | (703)        |
| Dividends of surplus                                                           | —                                                                                         | —                                       | —                                                         | —                                                                          | —                                | —                                                                      | (269)                     | (269)        |
| Total changes in equity interest of subsidiaries                               | —                                                                                         | —                                       | —                                                         | —                                                                          | —                                | (130)                                                                  | (842)                     | (971)        |
| Total transactions with owners                                                 | (3,730)                                                                                   | —                                       | (5,688)                                                   | 63                                                                         | (9,355)                          | (21,029)                                                               | (846)                     | (21,875)     |
| Balance at March 31, 2016                                                      | 4,967                                                                                     | —                                       | 275                                                       | 160                                                                        | 5,402                            | 148,278                                                                | 5,103                     | 153,381      |



|                                                                                |       |         |         |      |         |         |       |         |
|--------------------------------------------------------------------------------|-------|---------|---------|------|---------|---------|-------|---------|
| Balance at April 1, 2016                                                       | 4,967 | —       | 275     | 160  | 5,402   | 148,278 | 5,103 | 153,381 |
| Comprehensive income for the year:                                             |       |         |         |      |         |         |       |         |
| Profit for the year                                                            | —     | —       | —       | —    | —       | 14,544  | 533   | 15,078  |
| Other comprehensive income                                                     | 3,342 | 1,702   | (1,796) | (83) | 3,164   | 3,164   | 103   | 3,267   |
| Total comprehensive income for the year                                        | 3,342 | 1,702   | (1,796) | (83) | 3,164   | 17,708  | 636   | 18,345  |
| Transactions with owners:                                                      |       |         |         |      |         |         |       |         |
| Contributions by and distributions to owners in their capacity as owners:      |       |         |         |      |         |         |       |         |
| Acquisition of treasury shares                                                 | —     | —       | —       | —    | —       | (8)     | —     | (8)     |
| Disposal of treasury shares                                                    | —     | —       | —       | —    | —       | —       | —     | —       |
| Dividends of surplus                                                           | —     | —       | —       | —    | —       | (2,810) | —     | (2,810) |
| Change of scope of equity method                                               | —     | —       | —       | —    | —       | 1,175   | —     | 1,175   |
| Changes due to business combination                                            | —     | —       | —       | —    | —       | (45)    | —     | (45)    |
| Transfer to retained earnings                                                  | (35)  | (1,702) | —       | —    | (1,737) | —       | —     | —       |
| Total contributions by and distributions to owners in their capacity as owners | (35)  | (1,702) | —       | —    | (1,737) | (1,687) | —     | (1,687) |
| Changes in equity interest of subsidiaries:                                    |       |         |         |      |         |         |       |         |
| Dividends of surplus                                                           | —     | —       | —       | —    | —       | —       | (267) | (267)   |
| Total changes in equity interest of subsidiaries                               | —     | —       | —       | —    | —       | —       | (267) | (267)   |
| Total transactions with owners                                                 | 3,307 | —       | (1,796) | (83) | 1,427   | 16,021  | 369   | 16,390  |
| Balance at March 31, 2017                                                      | 8,274 | —       | (1,521) | 77   | 6,829   | 164,299 | 5,472 | 169,771 |

## Consolidated Statements of Cash Flows

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

|                                                                       | For the fiscal year<br>ended March 31, 2016<br>(Apr. 1, 2015 through Mar. 31, 2016) | For the fiscal year<br>ended March 31, 2017<br>(Apr. 1, 2016 through Mar. 31, 2017) |
|-----------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Cash flows from operating activities:                                 |                                                                                     |                                                                                     |
| Profit before taxes                                                   | 2,825                                                                               | 18,852                                                                              |
| Depreciation and amortization                                         | 17,075                                                                              | 15,922                                                                              |
| Impairment losses                                                     | 4,049                                                                               | 147                                                                                 |
| Increase (decrease) in assets and liabilities for retirement benefits | (70)                                                                                | 149                                                                                 |
| Increase (decrease) in provisions for product warranties              | (1,772)                                                                             | (1,495)                                                                             |
| Finance income                                                        | (561)                                                                               | (593)                                                                               |
| Finance costs                                                         | 1,215                                                                               | 988                                                                                 |
| Equity in earnings (losses) of affiliates                             | 1,292                                                                               | (1,016)                                                                             |
| (Increase) decrease in trade and other receivables                    | 6,010                                                                               | (5,052)                                                                             |
| (Increase) decrease in inventories                                    | (3,574)                                                                             | (1,889)                                                                             |
| Increase (decrease) in trade and other payables                       | (3,645)                                                                             | 6,640                                                                               |
| Loss associated with the Anti-Trust law                               | 8,152                                                                               | 700                                                                                 |
| Reversal of foreign currency transaction adjustment                   | (64)                                                                                | —                                                                                   |
| Other                                                                 | 1,928                                                                               | 2,209                                                                               |
| Subtotal                                                              | 32,860                                                                              | 35,562                                                                              |
| Interest received                                                     | 109                                                                                 | 94                                                                                  |
| Dividends received                                                    | 782                                                                                 | 1,072                                                                               |
| Interest paid                                                         | (1,283)                                                                             | (1,003)                                                                             |
| Income taxes paid                                                     | (4,450)                                                                             | (3,815)                                                                             |
| Refund of income taxes                                                | 34                                                                                  | —                                                                                   |
| Payments of loss associated with the Anti-Trust law                   | (8,095)                                                                             | (757)                                                                               |
| Net cash from operating activities                                    | 19,958                                                                              | 31,153                                                                              |
| Cash flows from investing activities:                                 |                                                                                     |                                                                                     |
| Payment into time deposits                                            | (332)                                                                               | (237)                                                                               |
| Proceeds from withdrawal of time deposits                             | 665                                                                                 | 255                                                                                 |
| Payment for purchases of property, plant and equipment                | (21,967)                                                                            | (19,734)                                                                            |
| Proceeds from sales of property, plant and equipment                  | 350                                                                                 | 31                                                                                  |
| Payment for purchases of other financial assets                       | (702)                                                                               | (1)                                                                                 |
| Proceeds from sale of other financial assets                          | 2,942                                                                               | 178                                                                                 |
| Other                                                                 | (1,275)                                                                             | (1,830)                                                                             |
| Net cash flows from investing activities                              | (20,320)                                                                            | (21,337)                                                                            |

(Unit: Millions of yen)

|                                                                                                                         | For the fiscal year<br>ended March 31, 2016<br>(Apr. 1, 2015 through Mar. 31, 2016) | For the fiscal year<br>ended March 31, 2017<br>(Apr. 1, 2016 through Mar. 31, 2017) |
|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Cash flows from financing activities:                                                                                   |                                                                                     |                                                                                     |
| Net increase (decrease) in short-term borrowings                                                                        | 2,839                                                                               | 5,207                                                                               |
| Repayments of lease obligations                                                                                         | (615)                                                                               | (456)                                                                               |
| Proceeds from long-term borrowings                                                                                      | 14,548                                                                              | 15,294                                                                              |
| Repayment of long-term borrowings                                                                                       | (16,164)                                                                            | (17,928)                                                                            |
| Payments for purchase of treasury shares                                                                                | (6)                                                                                 | (8)                                                                                 |
| Proceeds from sales of treasury shares                                                                                  | 0                                                                                   | —                                                                                   |
| Dividends paid                                                                                                          | (3,066)                                                                             | (2,810)                                                                             |
| Dividends paid to non-controlling interests                                                                             | (269)                                                                               | (267)                                                                               |
| Payments from changes in ownership interests in subsidiaries<br>that do not result in changes in scope of consolidation | (663)                                                                               | —                                                                                   |
| Net cash flows from financing activities                                                                                | (3,395)                                                                             | (969)                                                                               |
| Effect of changes in foreign exchange rates                                                                             | (1,458)                                                                             | (160)                                                                               |
| Net increase (decrease) in cash and cash equivalents                                                                    | (5,215)                                                                             | 8,687                                                                               |
| Cash and cash equivalents at beginning of year                                                                          | 30,510                                                                              | 25,296                                                                              |
| Increase (decrease) in cash and cash equivalents resulting<br>from merger with unconsolidated subsidiaries              | —                                                                                   | 5                                                                                   |
| Cash and cash equivalents at end of year                                                                                | 25,296                                                                              | 33,988                                                                              |

## Segment Information

KYB Corporation and its Consolidated Subsidiaries

For the fiscal year ended March 31, 2016

(Unit: Millions of yen)

|                                           | Reportable segment       |                         |          | Others<br>(Note 1) | Total    | Adjustment<br>(Note 2) | Consolidated |
|-------------------------------------------|--------------------------|-------------------------|----------|--------------------|----------|------------------------|--------------|
|                                           | Automotive<br>components | Hydraulic<br>components | Subtotal |                    |          |                        |              |
| Net sales:                                |                          |                         |          |                    |          |                        |              |
| Outside customers                         | 240,903                  | 88,024                  | 328,926  | 26,394             | 355,320  | —                      | 355,320      |
| Intersegment sales and transfers          | 136                      | 2,944                   | 3,080    | 1,824              | 4,904    | (4,904)                | —            |
| Total                                     | 241,039                  | 90,968                  | 332,006  | 28,218             | 360,224  | (4,904)                | 355,320      |
| Segment profit (Note 3)                   | 15,484                   | 444                     | 15,928   | 1,631              | 17,559   | 30                     | 17,588       |
| Equity in earnings (losses) of affiliates | (1,320)                  | 28                      | (1,292)  | —                  | (1,292)  | —                      | (1,292)      |
| Other income and expenses (net)           | (8,944)                  | (3,311)                 | (12,255) | 286                | (11,969) | —                      | (11,969)     |
| Operating profit (loss)                   | 5,220                    | (2,839)                 | 2,381    | 1,917              | 4,297    | 30                     | 4,327        |
| Finance income and costs (net)            |                          |                         |          |                    |          |                        | (1,502)      |
| Profit before taxes                       |                          |                         |          |                    |          |                        | 2,825        |
| Depreciation and amortization             | 10,224                   | 6,012                   | 16,236   | 845                | 17,081   | (5)                    | 17,075       |
| Impairment loss                           | 463                      | 3,478                   | 3,941    | 108                | 4,050    | (1)                    | 4,049        |
| Increases of non current-assets (Note 4)  | 15,070                   | 4,518                   | 19,588   | 1,712              | 21,300   | —                      | 21,300       |

Notes: 1. "Others" includes "Special-purpose Vehicles", "Aircraft Components" and "System Products and Electronic Equipment" that are not included in the two of reportable segment.

2. ¥30 million of adjustment of segment profit is the elimination of intersegment transactions.

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

4. Non current-assets don't include investments accounted for using the equity method, other non-current financial assets and deferred tax assets.

For the fiscal year ended March 31, 2017

(Unit: Millions of yen)

|                                          | Reportable segment       |                         |          | Others<br>(Note 1) | Total   | Adjustment<br>(Note 2) | Consolidated |
|------------------------------------------|--------------------------|-------------------------|----------|--------------------|---------|------------------------|--------------|
|                                          | Automotive<br>components | Hydraulic<br>components | Subtotal |                    |         |                        |              |
| Net sales:                               |                          |                         |          |                    |         |                        |              |
| Outside customers                        | 231,036                  | 96,316                  | 327,352  | 27,964             | 355,316 | —                      | 355,316      |
| Intersegment sales and transfers         | 577                      | 2,336                   | 2,913    | 1,812              | 4,725   | (4,725)                | —            |
| Total                                    | 231,613                  | 98,652                  | 330,265  | 29,776             | 360,041 | (4,725)                | 355,316      |
| Segment profit (Note 3)                  | 11,135                   | 6,583                   | 17,719   | 834                | 18,553  | 71                     | 18,624       |
| Equity in earnings of affiliates         | 639                      | 377                     | 1,016    | —                  | 1,016   | —                      | 1,016        |
| Other income and expenses (net)          | (324)                    | (123)                   | (447)    | 53                 | (394)   | —                      | (394)        |
| Operating profit (loss)                  | 11,451                   | 6,837                   | 18,288   | 887                | 19,175  | 71                     | 19,247       |
| Finance income and costs (net)           |                          |                         |          |                    |         |                        | (395)        |
| Profit before taxes                      |                          |                         |          |                    |         |                        | 18,852       |
| Depreciation and amortization            | 9,938                    | 5,206                   | 15,144   | 784                | 15,928  | (6)                    | 15,922       |
| Impairment loss                          | 80                       | 37                      | 116      | 30                 | 147     | —                      | 147          |
| Increases of non current-assets (Note 4) | 14,733                   | 3,804                   | 18,537   | 2,037              | 20,575  | 4                      | 20,578       |

Notes: 1. "Others" includes "Special-purpose Vehicles", "Aircraft Components" and "System Products and Electronic Equipment" that are not included in the two of reportable segment.

2. ¥71 million of adjustment of segment profit is the elimination of intersegment transactions.

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

4. Non current-assets don't include investments accounted for using the equity method, other non-current financial assets and deferred tax assets.

\*With regard to the changes of reportable segment

Since the first quarter of this fiscal year, we reconsidered the business segment of "Aircraft components" which had been included in "Hydraulic components" and isolated it as "Aircraft components division" for the reinforcement and expansion of the management foundation. With regard to the "Aircraft components division", we considered the quantitative criteria of reportable segment, it has been included in "Other" and disclosed.

With regard to the information for the previous fiscal year, we disclose the information in which we take into account the change above.