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FLASH REPORT

August 5, 2021

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 three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(1) Consolidated operating results

(Percentages indicate the change of the same period of the previous year)

	Net sales		Segment profit		Operating profit		Profit before taxes	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2021	94,919	57.1	6,380	—	7,020	—	6,639	—
June 30, 2020	60,417	(40.6)	(1,631)	—	(3,196)	—	(3,396)	—

	Profit for the period		Profit attributable to owners of the parent		Comprehensive income for the period		Basic earnings per share	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
June 30, 2021	4,996	—	4,680	—	5,415	—	182.91	
June 30, 2020	(3,927)	—	(3,827)	—	(1,956)	—	(149.82)	

	Diluted earnings per share
Three months ended	Yen
June 30, 2021	—
June 30, 2020	—

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

(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
June 30, 2021	443,878	132,233	126,132	28.4	4,938.11
March 31, 2021	426,635	116,726	110,683	25.9	4,333.26

2. Cash dividends

	Annual cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Previous fiscal year	—	0.00	—	75.00	75.00
Current fiscal year	—				
Current fiscal year (forecast)		45.00	—	45.00	90.00

*The above table shows dividends on common shares. Please refer to "(Reference) Dividends for Class Shares" for information regarding dividends on class shares, which are unlisted and have different rights from common shares.

3. Forecasts for the current fiscal year (April 1, 2021 to March 31, 2022)

(Percentages indicate the change of the same period of the previous year)

	Net sales		Segment profit		Operating profit		Profit before taxes	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Current fiscal year	365,000	11.3	22,000	65.1	21,000	14.8	19,000	16.3

	Profit for the period		Profit attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Yen
Current fiscal year	16,500	(6.6)	16,000	(6.4)	626.39

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

(Reference) Dividends for Class Shares

Dividends per share related to Class Shares with different rights from those of common shares are as follows.

Class A Shares	Annual cash dividends per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Current fiscal year	—				
Current fiscal year (forecast)		1,952,054.80	—	3,739,726.00	5,691,780.80

* Number of Class A Shares issued are 125 shares. The Class A Shares were issued on 28 June 2021. The total dividend is planned to be 711 million yen.

Consolidated Statements of Financial Position

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	68,700	84,183
Trade and other receivables	98,898	98,850
Inventories	53,997	56,106
Other current financial assets	1,112	2,140
Other current assets	13,545	12,866
Total current assets	236,252	254,146
Non-current assets:		
Property, plant and equipment	160,308	160,161
Goodwill	248	245
Intangible assets	4,106	3,958
Investments accounted for using the equity method	4,924	5,289
Other non-current financial assets	15,647	15,037
Other non-current assets	3,375	3,290
Deferred tax assets	1,775	1,751
Total non-current assets	190,383	189,732
Total assets	426,635	443,878

(Unit: Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities and equity		
Current liabilities:		
Trade and other payables	74,437	73,506
Borrowings	70,010	73,550
Income tax payables	1,662	1,149
Other current financial liabilities	27,068	27,545
Provisions	28,466	28,987
Other current liabilities	2,837	2,111
Total current liabilities	204,480	206,849
Non-current liabilities:		
Borrowings	54,836	53,434
Liabilities for retirement benefits	6,715	6,669
Other non-current financial liabilities	30,152	30,958
Provisions	5,383	5,427
Other non-current liabilities	820	837
Deferred tax liabilities	7,523	7,471
Total non-current liabilities	105,430	104,796
Total liabilities	309,910	311,645
Equity		
Equity attributable to owners of the parent:		
Share capital	27,648	27,648
Capital surplus	29,414	39,745
Retained earnings	49,579	54,210
Treasury shares	(603)	(604)
Other components of equity	4,645	5,133
Total equity attributable to owners of the parent	110,683	126,132
Non-controlling interests	6,043	6,101
Total equity	116,726	132,233
Total liabilities and equity	426,635	443,878

Consolidated Statements of Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the three months ended June 30, 2020 (Apr. 1 through Jun. 30, 2020)	For the three months ended June 30, 2021 (Apr. 1 through Jun. 30, 2021)
Net sales	60,417	94,919
Cost of sales	50,839	75,281
Gross profit	9,578	19,638
Selling, general and administrative expenses	11,209	13,259
Equity in profit of affiliates	49	91
Other income	608	1,076
Other expenses	2,221	527
Operating profit (loss)	(3,196)	7,020
Finance income	432	320
Finance costs	633	702
Profit (loss) before taxes	(3,396)	6,639
Income tax expenses	531	1,643
Profit (loss) for the period	(3,927)	4,996
Profit (loss) attributable to:		
Owners of the parent	(3,827)	4,680
Non-controlling interests	(101)	316
Profit (loss) for the period	(3,927)	4,996
Earnings (loss) per share		
Basic earnings (loss) per share (in yen)	(149.82)	182.91

Consolidated Statements of Comprehensive Income

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the three months ended June 30, 2020 (Apr. 1 through Jun. 30, 2020)	For the three months ended June 30, 2021 (Apr. 1 through Jun. 30, 2021)
Profit (loss) for the period	(3,927)	4,996
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	1,526	(333)
Remeasurements of defined benefit plans	(2)	(18)
Share of other comprehensive income of investments accounted for using the equity method	7	(3)
Total	1,532	(354)
Items that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	832	510
Share of other comprehensive income of investments accounted for using the equity method	(393)	263
Total	439	773
Total other comprehensive income	1,971	419
Comprehensive income for the period	(1,956)	5,415
Comprehensive income for the period attributable to:		
Owners of the parent	(1,972)	5,119
Non-controlling interests	15	296
Comprehensive income for the period	(1,956)	5,415

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, 2020	27,648	29,414	19,617	(602)
Comprehensive income for the period:				
Loss for the period	—	—	(3,827)	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	(3,827)	—
Transactions with owners:				
Contributions by and distributions to owners in their capacity as owners:				
Issuance of preference shares	—	—	—	—
Share issuance costs	—	—	—	—
Transfer of share capital to capital surplus	—	—	—	—
Acquisition of treasury shares	—	—	—	(0)
Dividends of surplus	—	—	—	—
Transfer to retained earnings	—	—	13	—
Total contributions by and distributions to owners in their capacity as owners	—	—	13	(0)
Changes in equity interest of subsidiaries:				
Dividends of surplus	—	—	—	—
Total changes in equity interest of subsidiaries	—	—	—	—
Total transactions with owners	—	—	13	(0)
Balance at June 30, 2020	27,648	29,414	15,803	(602)
Balance at April 1, 2021	27,648	29,414	49,579	(603)
Comprehensive income for the period:				
Profit for the period	—	—	4,680	—
Other comprehensive income	—	—	—	—
Total comprehensive income for the period	—	—	4,680	—
Transactions with owners:				
Contributions by and distributions to owners in their capacity as owners:				
Issuance of preference shares	6,250	6,250	—	—
Share issuance costs	—	(254)	—	—
Transfer of share capital to capital surplus	(6,250)	6,250	—	—
Acquisition of treasury shares	—	—	—	(0)
Dividends of surplus	—	(1,916)	—	—
Transfer to retained earnings	—	—	(49)	—
Total contributions by and distributions to owners in their capacity as owners	—	10,330	(49)	(0)
Changes in equity interest of subsidiaries:				
Dividends of surplus	—	—	—	—
Total changes in equity interest of subsidiaries	—	—	—	—
Total transactions with owners	—	10,330	(49)	(0)
Balance at June 30, 2021	27,648	39,745	54,210	(604)

(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	Total other components of equity			
Balance at April 1, 2020	2,120	—	(4,103)	(1,983)	74,094	5,721	79,815
Comprehensive income for the period:							
Loss for the period	—	—	—	—	(3,827)	(101)	(3,927)
Other comprehensive income	1,526	7	322	1,855	1,855	116	1,971
Total comprehensive income for the period	1,526	7	322	1,855	(1,972)	15	(1,956)
Transactions with owners:							
Contributions by and distributions to owners in their capacity as owners:							
Issuance of preference shares	—	—	—	—	—	—	—
Share issuance costs	—	—	—	—	—	—	—
Transfer of share capital to capital surplus	—	—	—	—	—	—	—
Acquisition of treasury shares	—	—	—	—	(0)	—	(0)
Dividends of surplus	—	—	—	—	—	—	—
Transfer to retained earnings	(6)	(7)	—	(13)	—	—	—
Total contributions by and distributions to owners in their capacity as owners	(6)	(7)	—	(13)	(0)	—	(0)
Changes in equity interest of subsidiaries:							
Dividends of surplus	—	—	—	—	—	(285)	(285)
Total changes in equity interest of subsidiaries	—	—	—	—	—	(285)	(285)
Total transactions with owners	(6)	(7)	—	(13)	(0)	(285)	(285)
Balance at June 30, 2020	3,640	—	(3,780)	(141)	72,122	5,451	77,573

Balance at April 1, 2021	3,805	—	840	4,645	110,683	6,043	116,726
Comprehensive income for the period:							
Profit for the period	—	—	—	—	4,680	316	4,996
Other comprehensive income	(333)	(20)	793	440	440	(21)	419
Total comprehensive income for the period	(333)	(20)	793	440	5,119	296	5,415
Transactions with owners:							
Contributions by and distributions to owners in their capacity as owners:							
Issuance of preference shares	—	—	—	—	12,500	—	12,500
Share issuance costs	—	—	—	—	(254)	—	(254)
Transfer of share capital to capital surplus	—	—	—	—	—	—	—
Acquisition of treasury shares	—	—	—	—	(0)	—	(0)
Dividends of surplus	—	—	—	—	(1,916)	—	(1,916)
Transfer to retained earnings	28	20	—	49	—	—	—
Total contributions by and distributions to owners in their capacity as owners	28	20	—	49	10,330	—	10,330
Changes in equity interest of subsidiaries:							
Dividends of surplus	—	—	—	—	—	(238)	(238)
Total changes in equity interest of subsidiaries	—	—	—	—	—	(238)	(238)
Total transactions with owners	28	20	—	49	10,330	(238)	10,092
Balance at June 30, 2021	3,501	—	1,633	5,133	126,132	6,101	132,233

Consolidated Statements of Cash Flows

KYB Corporation and its Consolidated Subsidiaries

(Unit: Millions of yen)

	For the three months ended June 30, 2020 (Apr. 1 through Jun. 30, 2020)	For the three months ended June 30, 2021 (Apr. 1 through Jun. 30, 2021)
Cash flows from operating activities:		
Profit (loss) before taxes	(3,396)	6,639
Depreciation and amortization	4,530	4,682
Impairment losses	211	78
Reversal gain of impairment losses	(20)	(32)
Gain on sales of fixed asset	(24)	(2)
Increase (decrease) in assets and liabilities for retirement benefits	(41)	(50)
Increase (decrease) in provisions for product warranties	(4,091)	(2,333)
Finance income	(432)	(320)
Finance costs	633	702
Equity in profit of affiliates	(49)	(91)
(Increase) decrease in trade and other receivables	17,950	511
(Increase) decrease in inventories	(746)	(1,541)
Increase (decrease) in trade and other payables	(14,091)	(1,159)
Other	3,578	1,686
Subtotal	4,013	8,771
Interest received	42	65
Dividends received	859	202
Interest paid	(416)	(420)
Income taxes (paid) return	(499)	(1,762)
Payments of loss associated with the Anti-Trust law	—	(425)
Net cash from operating activities	3,999	6,430
Cash flows from investing activities:		
Payment into time deposits	(531)	(1,000)
Proceeds from withdrawal of time deposits	303	—
Payment for purchases of property, plant and equipment	(3,644)	(2,226)
Proceeds from sales of property, plant and equipment	296	53
Payment for purchases of other financial assets	(0)	(10)
Proceeds from sale of other financial assets	8	211
Other	(184)	(16)
Net cash flows from investing activities	(3,753)	(2,988)

(Unit: Millions of yen)

	For the three months ended June 30, 2020 (Apr. 1 through Jun. 30, 2020)	For the three months ended June 30, 2021 (Apr. 1 through Jun. 30, 2021)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	1,832	2,759
Repayments of lease liabilities	(1,250)	(1,483)
Proceeds from long-term borrowings	21,842	10,941
Repayment of long-term borrowings	(2,648)	(12,297)
Proceeds from sale and lease back	709	1,351
Proceeds from issuance of preference shares	—	12,402
Payment for borrowing fee	(45)	—
Payments for purchase of treasury shares	(0)	(0)
Dividends paid	—	(1,916)
Dividends paid to non-controlling interests	(285)	(238)
Net cash flows from financing activities	20,156	11,519
Effect of changes in foreign exchange rates	597	523
Net increase (decrease) in cash and cash equivalents	20,999	15,484
Cash and cash equivalents at beginning of period	50,423	68,700
Cash and cash equivalents at end of period	71,421	84,183

Segment Information

KYB Corporation and its Consolidated Subsidiaries

For the three months ended June 30, 2020

(Unit: Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Automotive components	Hydraulic components	System Products	Aircraft Components	Subtotal				
Net sales:									
Outside customers	31,749	24,369	1,454	1,079	58,651	1,766	60,417	—	60,417
Intersegment sales and transfers	138	249	12	—	399	22	421	(421)	—
Total	31,887	24,618	1,466	1,079	59,050	1,788	60,837	(421)	60,417
Segment profit (loss)	(1,544)	(131)	242	(279)	(1,712)	59	(1,654)	23	(1,631)
Equity in earnings of affiliates	35	14	—	—	49	—	49	—	49
Other income and expenses (net)	164	48	(1,759)	(48)	(1,595)	(19)	(1,614)	—	(1,614)
Operating profit (loss)	(1,344)	(70)	(1,516)	(327)	(3,258)	39	(3,218)	23	(3,196)
Finance income and costs (net)									(201)
Loss before taxes									(3,396)

Notes: 1. "Others" includes "Special-purpose Vehicles" and "Electronic Equipment" that are not included in the four of reportable segment.

2. ¥23 million of adjustment of segment profit is the elimination of intersegment transactions.

For the three months ended June 30, 2021

(Unit: Millions of yen)

	Reportable segment					Others (Note 1)	Total	Adjustment (Note 2)	Consolidated
	Automotive components	Hydraulic components	System Products	Aircraft Components	Subtotal				
Net sales:									
Outside customers	56,812	33,495	1,148	1,016	92,472	2,447	94,919	—	94,919
Intersegment sales and transfers	555	213	9	—	777	21	798	(798)	—
Total	57,368	33,708	1,157	1,016	93,249	2,468	95,717	(798)	94,919
Segment profit (loss)	3,156	3,304	109	(526)	6,044	332	6,377	3	6,380
Equity in earnings (loss) of affiliates	125	(34)	—	—	91	—	91	—	91
Other income and expenses (net)	828	9	(256)	(2)	579	(30)	550	—	550
Operating profit (loss)	4,109	3,280	(146)	(528)	6,715	302	7,017	3	7,020
Finance income and costs (net)									(381)
Profit before taxes									6,639

Notes: 1. "Others" includes "Special-purpose Vehicles" and "Electronic Equipment" that are not included in the four of reportable segment.

2. ¥3 million of adjustment of segment profit is the elimination of intersegment transactions.

First Quarter of FY2021 Financial Results Supplementary Information

1. Breakdown of sales

	FY2020 1Q		FY2021 1Q		Differences	
	Sales (¥ million)	composition ratio	Sales (¥ million)	composition ratio	Sales (¥ million)	composition ratio
Automotive Components	31,749	52.5%	56,812	59.9%	25,064	78.9%
Shock absorber for automobiles	23,823	39.4%	41,067	43.3%	17,244	72.4%
Shock absorber for motorcycles	3,716	6.2%	8,260	8.7%	4,543	122.3%
Hydraulic equipment for automobiles	3,687	6.1%	6,391	6.7%	2,704	73.3%
Others	523	0.9%	1,095	1.2%	572	109.4%
Hydraulic Components	24,369	40.3%	33,495	35.3%	9,125	37.4%
Hydraulic equipment for industrial use	22,485	37.2%	31,204	32.9%	8,719	38.8%
Others	1,885	3.1%	2,291	2.4%	406	21.5%
System products	1,454	2.4%	1,148	1.2%	△ 306	-21.0%
System products	1,454	2.4%	1,148	1.2%	△ 306	-21.0%
Aircraft Components	1,079	1.8%	1,016	1.1%	△ 62	-5.8%
Aircraft Components	1,079	1.8%	1,016	1.1%	△ 62	-5.8%
Special-purpose Vehicles and Electronic Equipment, etc.	1,766	2.9%	2,447	2.6%	682	38.6%
Special-purpose Vehicles	1,622	2.7%	2,170	2.3%	548	33.8%
Electronic Equipment, etc.	143	0.2%	277	0.3%	133	93.0%
Total	60,417	100.0%	94,919	100.0%	34,503	57.1%

2. FOREX Rate

(¥)

Average FOREX Rate	FY2020				FY2021
	Apr-Jun 2020	Apr-Sep 2020	Apr-Dec 2020	Full year	Apr-Jun 2021
JPY/USD	107.62	106.91	106.11	106.06	109.49
JPY/EUR	118.47	121.29	122.37	123.69	131.95
JPY/CNY	15.16	15.26	15.44	15.67	16.95
JPY/THB	3.37	3.38	3.39	3.42	3.49
JPY/RUB	1.49	1.46	1.43	1.43	1.47

(¥)

FOREX Rate prevailing at the end of quarter	FY2020				FY2021
	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021
JPY/USD	107.74	105.81	103.52	110.72	110.61
JPY/EUR	121.05	124.16	126.99	129.76	131.63
JPY/CNY	15.23	15.54	15.89	16.86	17.12
JPY/THB	3.49	3.34	3.44	3.54	3.45
JPY/RUB	1.53	1.33	1.40	1.46	1.52

3. Segment sales

(¥ million)

	FY2020				FY2021
	1Q	2Q	3Q	4Q	1Q
Automotive Components	31,749	50,078	55,732	59,894	56,812
Hydraulic Components	24,369	24,231	30,613	32,135	33,495
System Products	1,454	1,064	1,082	2,390	1,148
Aircraft Components	1,079	819	1,036	924	1,016
Special-purpose Vehicles and Electronic Equipment, etc.	1,766	2,216	2,489	2,918	2,447
Total	60,417	78,408	90,951	98,261	94,919

4. Segment operating income (*1)

(¥ million)

	FY2020				FY2021
	1Q	2Q	3Q	4Q	1Q
Automotive Components	△ 1,532	237	3,471	6,020	3,158
Hydraulic Components	△ 122	287	2,628	2,709	3,305
System Products	243	40	141	628	110
Aircraft Components	△ 279	△ 549	△ 369	△ 1,264	△ 526
Special-purpose Vehicles and Electronic Equipment etc.	59	198	289	491	333
Total	△ 1,631	213	6,161	8,583	6,380

5. Capital Expenditure, Depreciation

(¥ million)

	FY2020				FY2021
	1Q	2Q	3Q	4Q	1Q
Capital Expenditure	2,672	2,919	2,497	4,964	4,217
Depreciation Expenses	4,530	4,665	4,654	4,784	4,713

6. R&D Expenses

(¥ million)

	FY2020				FY2021
	1Q	2Q	3Q	4Q	1Q
R&D Expenses	1,355	1,325	1,348	1,341	1,289

7. Foreign Exchange gain or loss (*2)

(¥ million)

	FY2020				FY2021
	1Q	2Q	3Q	4Q	1Q
Other Income / Other Expenses	△ 210	△ 446	380	934	678
Finance Income / Finance Costs	124	60	232	△ 275	65
Total	△ 86	△ 386	612	659	743

(*1) "Segment operating income", which is described above, is different from "Segment profits (losses)" which is described in "Segment Information" section in the Flash Report. "Segment operating income" amount includes "Adjustment" amount, which is described in the Flash Report.

(*2) "Foreign Exchange Gain or Loss", which is described above, comes from the amount of foreign exchange gain or loss in "Other income", "Other expense", "Finance income" and "Finance costs" in the Consolidated Statements of Income. Foreign exchange gain is written as plus and foreign exchange loss is written as minus.