Our Precision, Your Advantage

February 17, 2025
KYB Corporation
Code number: 7242 (Tokyo Stock Exchange)

Meeting Material 3Qs of FY2024 Briefing—Question and Answer Session

Date: Monday, February 17, 2025

KYB panel: Masahiro Kawase, Representative Director, President Chief Executive Officer (CEO)
Takashi Saito, Member of the Board of Directors, Executive Vice President Executive Officer, Chief Financial Officer (CFO)
Minoru Ishikawa, Senior Managing Executive Officer
Tomoki Takaoka, Senior Managing Executive Officer
Kenji Yazaki, Deputy Managing Executive Officer

1. Regarding Dividends

Q. What is the rationale behind the decision to increase dividends while keeping the earnings forecast unchanged?
Furthermore, based on this payout, can we expect further dividend growth in the coming fiscal year?

A. There has been no downward revision to our initial performance forecast, and we have confirmed that results remain broadly in line with expectations. While we had already announced a share buyback as part of our efforts to enhance shareholder returns, we have decided to further strengthen these returns by increasing the dividend by 5 yen.

If next year's performance remains at a similar level, we will maintain this dividend. However, our dividend policy will be determined through multi-year simulations. At this stage, we remain committed to maintaining a payout ratio of at least 30%, affirming our dedication to enhancing shareholder returns.

2. Regarding U.S. Tariffs

Q. What impact do U.S. tariffs on Mexico, Canada, and China have?

A.
- Our plant in Mexico exports OEM and some aftermarket products to the U.S. For OEM, the key factor is whether the price increase can be passed on to automakers.
- Since we do not have a plant in Canada, there is currently no direct impact. However, we export OEM products from our U.S. plant to Japanese automakers' plants in Canada. Therefore, we must closely monitor the possibility of Canada implementing countermeasures against the U.S.
- Low-cost aftermarket shock absorbers have been imported into the U.S. from China. However, if tariffs drive up the prices of Chinese products in the U.S. market, the price gap will narrow, and our higher-performance products may be reevaluated, which we believe

would be beneficial.

3. HC Operations Profitability Improvement

Q. In HC operations, you mentioned reducing costs by using Chinese components. However, is the cost difference significant enough to be competitive? Would a joint venture, like in the case of electric power steering, be a viable option for success?

A. While a joint venture is not entirely out of the question, our mother machine manufacturers strongly expect us to continue production in Japan, given potential future risks in China. Naturally, improving profitability is a fundamental business challenge, and we are currently exploring various options.