

## **Meeting Material of FY2024 Briefing—Question and Answer Session**

Date: Friday, May 23, 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

### **Regarding the structural reform of the HC Operations**

Q. Regarding the "Product Group Strategy for Hydraulic Excavators" on page 5 of the presentation materials, could you please clarify the following: Does "Protect" apply to cylinders and travel motors with a focus on cost reduction, and does "Expand" apply to pumps and valves with a focus on expanding sales? Could you provide more detail?

A. For cylinders, we plan to shift production to China to reduce costs, but we will not transfer everything. Some specialized cylinders with unique structures will remain in Japan because only our company can manufacture them. We will address both cost reduction and price increases for these products.

For valves and pumps, which fall under the "Expand" domain, we aim to increase their added value by meeting customer needs through enhanced functionality. In particular, we have a significant technological advantage with valves. We are looking to capture in-house production by OEMs and expand the lower-cost models for emerging markets.

Q. The image of stabilizing profitability shows an improvement of +4% in the profit ratio. Does this mean that the segment profit ratio will be 4% in FY2028, or does it mean it will improve by 4% compared to the current ratio?

A. It means a +4% improvement compared to the segment profit ratio in FY2024.

Q. We understand that it is difficult to raise prices, but will you aim for even higher profit margins in the future?

A. We are developing a business strategy to further improve our profit margins.