



Representative Director, CEO  
Masao Ono

KYB Corporation (7242)



## Company Information

Market	TSE Prime Market
Industry	Equipment for transportation
Representative Director, CEO	Masao Ono
HQ Address	World Trade Center Building South Tower.28F, 4-1, Hamamatsu-cho 2-chome, Minato-ku, Tokyo
Year-end	End of March
HOME PAGE	<a href="https://www.kyb.co.jp/english/">https://www.kyb.co.jp/english/</a>

## Stock Information

Share Price	Number of shares issued		Total market cap	ROE Act.	Trading Unit
¥4,850	25,748,431 shares		¥124,879million	16.2%	100 shares
DPS Est.	Dividend yield Est.	EPS Est.	PER Est.	BPS Act.	PBR Act.
200.00	4.1%	¥746.16	6.5x	¥6,658.30	0.7x

\* Share price as of closing on June 27. Each figure is from the financial results for the fiscal year ended March 2023.

## Earnings Trends

Fiscal Year	Net Sales	Operating Income	Pretax Income	Net Income	EPS	DPS
March 2019 (results)	412,214	-28,496	-29,510	-24,757	-969.18	0.00
March 2020 (results)	381,584	-40,298	-41,419	-61,879	-2,422.53	0.00
March 2021 (results)	328,037	18,297	16,340	17,087	668.95	75.00
March 2022 (results)	388,360	30,001	28,817	22,549	854.96	105.00
March 2023 (results)	431,205	32,547	31,770	27,210	1,028.40	200.00
March 2024 (estimate)	450,000	29,800	27,900	20,000	746.16	200.00

\* Unit: Million yen. IFRS adjustment. Net income is profit attributable to owners of the parent. DPS is a dividend for common stock.

This Bridge Report presents details of KYB earnings results for the fiscal year ended March 2023 and so on.

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## Key Points

- Sales increased 11.0% year on year, and segment profit rose 3.2% year on year in the fiscal year ended March 2023, reaching record highs. Sales of the AC, HC, and Aircraft Components businesses increased due to recovery from the coronavirus crisis and shortage of semiconductors, as well as strong demand for construction machinery in North America and the yen depreciation. Regarding performance in each region, sales in the United States and Southeast Asia grew significantly. In terms of profit, the profit of the HC business decreased due to the sluggish demand in China and the impact of inflation. On the other hand, the AC and the aircraft businesses were the driving force for the increase in profit. Net income increased 20.7% due to temporary factors. The term-end dividend was 130 yen/share, and the annual dividend was 200 yen/share, up 95 yen/share from the previous term.
- Sales are expected to increase 4.4% and segment profit 9.8% in the fiscal year ending March 2024. While global demand is expected to recover, there are concerns about the risk of production cutbacks and soaring raw material and transportation costs. Thus, the unpredictable situation is forecast to continue. The AC business is predicted to continue its gradual recovery, so sales are projected to increase. In the HC business, despite the continued slump in the Chinese market, demand in North America, Asia, and Japan is expected to remain unchanged from the previous term, and sales are expected to rise. Operating income is projected to decrease 8.4% year on year to 29.8 billion yen, and net income to decline 26.5% year on year to 20 billion yen, as the temporary increase in profits in the previous term will disappear. For common shares, the company plans to pay 100.00 yen/share for both interim and term-end dividends, for 200.00 yen/share per year. The expected dividend payout ratio is 26.8%.
- In the fiscal year ended March 2023, there were many causes for concern, including the impact of the spread of COVID-19, the shortage of semiconductors, soaring raw material prices, and a slowdown in the European economy. However, the segment profit reached the medium-term management plan, hitting a record high. The company launched a new medium-term management plan with an emphasis on improving profit margin. We take this as a strong determination to expand profits in the future. Sales growth is somewhat unsatisfactory, but we would like to pay close attention to initiatives for electrification. The company showed some initiative to improve PBR. Going forward, it is likely that the company will adopt a management strategy that places greater emphasis on shareholders. PBR is still well below 1, but it is likely to be reviewed as the company gets closer to achieving the medium-term management plan.

## 1. Company Overview

The largest manufacturer of independent hydraulic equipment in Japan. Based on hydraulic technology, the company offers products and technologies in a wide range of fields such as "automobiles", "motorcycles", "construction machinery", "industrial vehicles", "aircraft", "railroads" and "special purpose vehicles".

KYB has a high market share with many products. For instance, shock absorbers for automobiles account for 38% of the domestic market and 13% of the global market.

### 【1-1 Corporate history】

The roots come from "Kayaba Research Center", which was established by Shiro Kayaba, who is an inventor and a founder, in November 1919.

In January 1927, a self-employed enterprise, Kayaba Seisakusho, was established for manufacturing hydraulic dampers, catapults, etc. for aircraft.

In March 1935, Kayaba Manufacturing Co., Ltd. was established.

After the end of World War II, in June 1956, Kayaba Auto Service Co., Ltd. was established for offering products and services.

In October 1959, company's stocks were listed on the Tokyo Stock Exchange.

In July 1974, KYB Corporation of America was established in the United States in order to enter the North American commercial market. Then, the company actively entered foreign markets such as Asia and Europe.

In October 1985, the company name "Kayaba" was changed from kanji (Chinese characters) to katakana (Japanese Characters).

In October 2015, the trade name was changed from Kayaba Manufacturing Co., Ltd. to KYB Corporation in order to further strengthen the brand image.

In April 2022, KYB got listed on the Prime Market of TSE through the market restructuring.

### 【1-2 Corporate Philosophy/Management Philosophy】

#### ©KYB Corporate Symbol

As they changed the corporate name from "Kayaba Manufacturing Co., Ltd." to "KYB Corporation" in 2015, they aim to popularize the KYB brand on a global basis.

Therefore, as shown below, the logo "KYB" has the meaning and spirit



(Taken from KYB's website)

#### (What the logo means)

Slanted slits in each letter represent comfortable sunlight cast through the trees and sunbeams illuminating the road ahead. The logo represents an image of unconstrained growth and flexible response to the trends of the era. The right side of the letter "B" represents liquid pressure indicating the origin of KYB. Using italic letters expresses a sense of speedy movement, progressiveness, growth potential, innovativeness.

#### (What the corporate color means)

The corporate color, red stands for love, enthusiasm and passion, etc. and it gives the image of a sun's warmth, heat and power to grow life that realize an epoch-making society. Red is also a positive color and represents manufacturing that goes the extra mile.

(Taken from KYB's website)

## ©Corporate Statements

### *Our Precision, Your Advantage*

The characteristics of products such as precise quality and reliable technology are expressed with the statement.

It means that not only providing reliable quality to general consumers and business partners leads to stakeholders' "advantage (superiority)", but also the joy of manufacturing, which enables each employee to realize that they can change the world with sure quality, becomes "advantage (merit)."

## ©Corporate Spirit

It reflected on the improper act revealed in Oct. 2018, and revised its Corporate Spirit and Corporate Guiding Principles.

### (Corporate Spirit)

"KYB Group, which contribute to society by providing technologies and products for making the living of people safe and comfortable,"

We shall follow all rules and face all issues with honesty.
We shall build 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.

### (Management Vision)

<b>Human Resources Development</b>	<b>To cultivate the talent to achieve the objectives with a thorough understanding of the principles and the strategy.</b>
<b>Technology and product development</b>	<b>To provide products that are impressive, comfortable and reliable to customers throughout the world.</b>
<b>Monozukuri (Manufacturing expertise)</b>	<b>To make our plants enjoyable, dynamic places to work, and at the same time full of discipline based on the field priority doctrine, in order to produce products satisfactory to the customer.</b>
<b>Management</b>	<b>Always keep social responsibilities of the corporation in mind and provide efficient group management.</b>

### (Corporate Guiding Principles)

See the following URL:

<https://www.kyb.co.jp/english/company/guidelines.html>

## 【1-3 Environment Surrounding the Company】

### (1) Market Environment

The automobile market and the construction machinery market have a great effect on KYB's performance.

KYB recognizes the current and future situations of the two markets as follows.

#### ①Automobile Market

The global demand for automobiles, including hybrids and EVs, is expected to increase in the medium to long term. The production output of automobiles dropped temporarily due to the novel coronavirus and recovered later, but the shortage of semiconductors became a bottleneck, so Toyota Motor suspended production at some factories in Japan. Like this, the business environment is uncertain despite the recent recovery trend.

KYB supplies shock absorbers (SA) for new vehicles directly to automobile manufacturers as Tier 1, and also supplies them to auto parts stores, repair shops, etc. through agencies for aftermarket as well. The company calls the former "OEM" and the latter "marketed". Japanese cars are popular in Asia, the Middle East and others, and the commercial market is important for KYB.

## ②Construction Machinery Market

While the Chinese markets are expected to slow down, demand is forecasted to be strong despite the uncertainty in the short term due to the impact of COVID-19.

### (2) Competitors

#### ①AC Business

KYB's domestic competitors include Hitachi Astemo, Ltd. (unlisted).

Its global competitors consist of ZF in Germany, Tenneco in the U.S., and so on. ZF has a long history and intimate relationships with European automobile manufacturers.

The company's share in the commercial product market is slightly less than 20%. Monroe (a commercial brand of Tenneco), and Sachs, etc. are competitors in global.

KYB competes with Hitachi Astemo, Ltd. in the market of shock absorbers for motorcycles, and with JTEKT Corporation (6473, TSE Prime Market) and NSK Ltd. (6471, TSE Prime Market) in the steering market.

#### ②HC Business

In the market of cylinders, which are the parts with the highest sales ratio in KYB, Chinese manufacturers and the like are extending their influences.

KYB's competitors include Nabtesco (6268, TSE Prime Market) in the market of control valves for which KYB has the advanced technology, and Nabtesco and Nachi-Fujikoshi (6474, TSE Prime Market) in the market of travel motors.

In addition, the largest construction machinery manufacturer in Japan manufactures a number of parts internally.

Code	Corporate name	Sales	Growth rate	Operating income	Growth rate	Operating income rate	ROE	Market cap	PER	PBR
5994	Fine Sinter	40,000	+0.8%	800	-	2.0%	-	5,273	52.5	0.3
6268	Nabtesco	339,000	+9.8%	26,200	+44.0%	7.7%	3.9%	393,579	20.0	1.5
6471	NSK	990,000	+5.5%	41,500	+26.0%	4.2%	3.0%	472,050	16.5	0.7
6473	JTEKT	1,800,000	+7.3%	75,000	+19.7%	4.2%	5.3%	411,771	11.7	0.6
6474	Nachi-Fujikoshi	260,000	+0.7%	17,500	+2.8%	6.7%	8.8%	97,310	7.3	0.6
7212	F-Tech	287,000	+9.9%	5,600	+174.7%	2.0%	3.6%	16,354	10.8	0.3
7242	<b>KYB</b>	450,000	+4.4%	29,800	-8.4%	6.6%	16.2%	117,670	6.1	0.6

\*The sales and growth rates are forecasts for this term estimated by the company with the unit being million yen. ROE is the results from the previous term.

The aggregate market capitals are the closing price on June 9. The unit is million yen. PER (estimates) and PBR (results) are based on the closing price on June 9 with the unit being times. KYB's operating income is segment profit (calculated by deducting cost of sales and SG&A expenses from net sales).

## 【1-4 Business contents】

### (1) Segments

KYB's business segments are composed of the following three segments: the "AC Business" consisting of hydraulic shock absorbers for automobiles and motorcycles, power steering, etc., the "HC Business" including hydraulic equipment for industrial use mainly for construction machinery, and the "Aircraft components business," which produces devices for take-offs and landings of aircrafts, steering components, control devices, etc. It also has the "Others" segment which handles special purpose vehicles, electronics, and the like.

As a result of a review of the business management classification of System Products which produces theater equipment, equipment for military vessels and vibration suppression devices, etc. in accordance with the reorganization of the Group, it included in the HC business from the second quarter of the term ending Mar. 2022.

**Fiscal Year ended March 2023 results**

	Sales	Composition Ratio	Segment profit	Profit rate
AC Business	278,511	64.6%	18,681	6.7%
HC Business	137,876	32.0%	7,507	5.4%
Aircraft components business	4,416	1.0%	-1,426	-
Others	10,402	2.4%	675	6.5%
Total	431,205	100.0%	25,500	5.9%

\*Unit: million yen

**① AC(Automotive Components)Business**

This segment consists of shock absorbers for automobiles and motorcycles, hydraulic equipment for automobiles, and other products.

Composition ratio for Fiscal Year ended March 2023

Product	Sales	Composition ratio	Major products
Shock absorbers for automobiles	202,161	72.6%	Shock absorbers
Shock absorbers for motorcycles	45,904	16.5%	Front forks, rear cushion units
Hydraulic equipment for automobiles	21,045	7.6%	Vane pumps, CVT pumps, EPS
Others	9,401	3.4%	Shock absorbers for ATVs, Stay dumpers
Total	278,511	100.0%	-

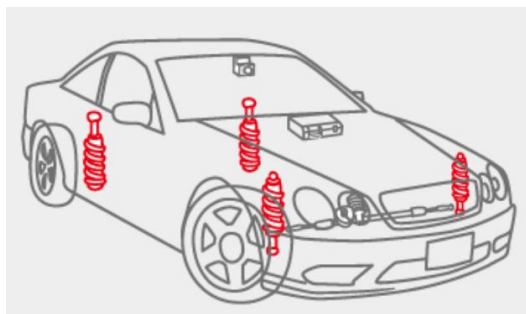
\*unit: million yen

**<Major Products>**

**◎Automobiles**

**(Shock absorbers)**

A shock absorber is a device that absorbs vibration of the car body, being mounted between the body and the tires together with a spring.



(Taken from KYB's website)

Each automobile is equipped with a “suspension” which is the system that improves riding comfort and operational stability.

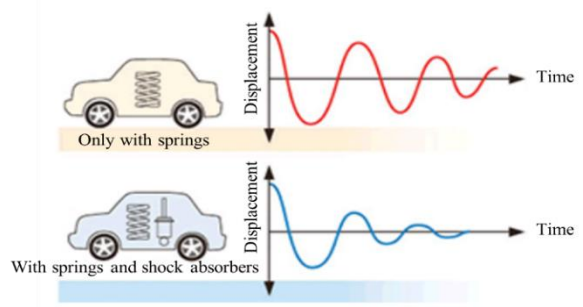
Suspensions have two main functions; one is, as buffers, to prevent transmission of rough road profiles to the car body and another is to set the position of the wheels and axles and press the wheels down on the roads.

Basically, a suspension is composed of a suspension arm which fixes the wheel position, a spring which supports the car weight and absorbs vibration, and a shock absorber (damper) which dampens vibration of the spring.

Automobiles absorb shock caused by uneven road profiles by contracting the springs, but due to their characteristics, the springs rebound to get back to their original position after the contraction.

The top of a spring is connected to the car body and the bottom is coupled with a suspension that includes the heavy tires and brake, which results in, due to inertia, repetition of expansion and contraction of a spring in a range wider than one necessary for returning to its original position.

The role of shock absorbers is to reduce the above-mentioned excess vibration as soon as possible in order to stabilize the car body.



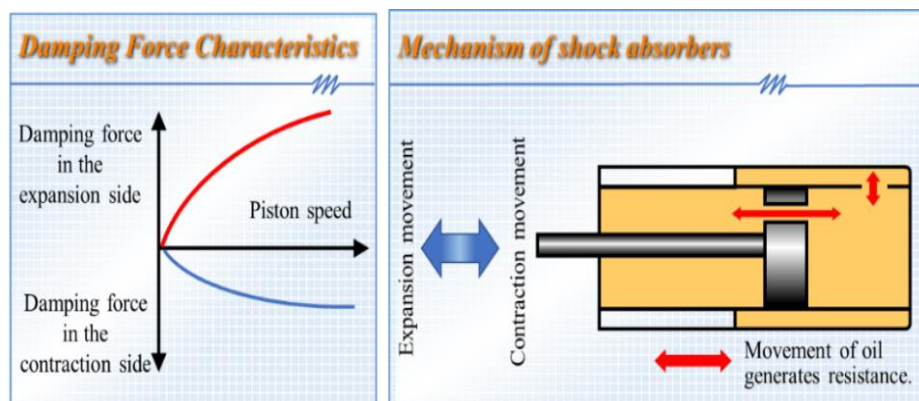
(Taken from KYB’s website)

The vehicle in which the shock absorber is functioning properly achieves the following, making a comfortable driving experience possible

- ☆ Reduction in unnecessary movement of springs to secure riding comfort
- ☆ Improvement of the brake performance
- ☆ Smoothness in taking corners

The force that controls expansion and contraction of springs and reduce vibration is called “damping force.” The “hydraulic technology,” which KYB has cultivated and improved since its inauguration, plays a significant role in generating “damping force.”

A piston has holes through which oil passes when the piston moves following vibration, and the resistance of the oil generates “damping force.” In addition, the moving speed of pistons varies with the degree and velocity of vibration from the car body, and the faster a piston moves, the larger “damping force” becomes. This is called “damping force characteristics.”



(Taken from KYB’s website)

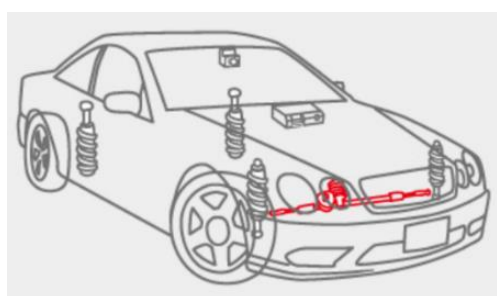
KYB's shock absorbers developed based on its sophisticated technology has earned reputation from a number of automobile manufacturers worldwide, leading to the large market share as mentioned below.

Furthermore, it is said that shock absorbers usually need to be replaced after 5 years from the date of first registration or when the travel distance reached 70,000 km as they deteriorate due to various factors including travel distance and lapse of time and the function decreases.

This replacement demand, which in other words is the commercial product market, is one of the greatest business opportunities for the company.

**(Steering)**

It is the steering system that provides “the function of taking curves,” one of the three basic functions of automobiles including “driving,” “taking curves,” and “stopping.”



(Taken from KYB's website)

KYB's steering components include the “hydraulic power steering (PS)” that uses the hydraulic power assist unit to support turning of the steering wheel done by drivers and steer the tires, and the “electric power steering (EPS)” that uses the electric power assist unit composed of a motor, a controller, a torque sensor, etc. to support turning of the steering wheel and steer the tires.

The “PS” enables steering operation by a mere movement thanks to hydraulic force and is an indispensable component for safe driving because of its ability to expeditiously avert risks, whereas the “EPS” whose power source is a battery improves fuel efficiency compared to the “PS” whose power source is the engine of a car.

\*High-performance EPS actuator



\*Hydraulic power steering vane pump for passenger vehicles



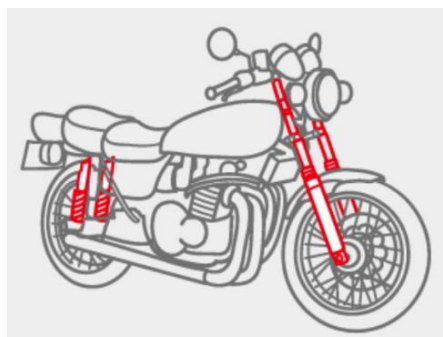
(Taken from KYB's website)



## ◎ Motorcycles

### (Suspensions)

Suspensions minimize shock to the car body regardless of road surface conditions, pursuing comfort.



(Taken from KYB's website)

### \*Rear cushion unit (RCU)

The company's RCUs boost riding comfort by maintaining the posture of vehicles and absorbing vibration and shock from the road surfaces.



(Taken from KYB's website)

## ② HC (Hydraulic Components) Business

The HC Business consists of hydraulic equipment for industrial use and other products.

Composition ratio for the Fiscal Year ended March 2023

Products	Sales	Composition ratio	Major products
Hydraulic equipment for industrial use	130,346	94.5%	Cylinders, valves, pumps, motors
System Products	4,028	2.9%	theater equipment, equipment for military vessels and vibration suppression devices, etc.
Others	3,502	2.5%	Railroad dampers, railroad brakes
Total	137,876	100.0%	-

\* unit: million yen

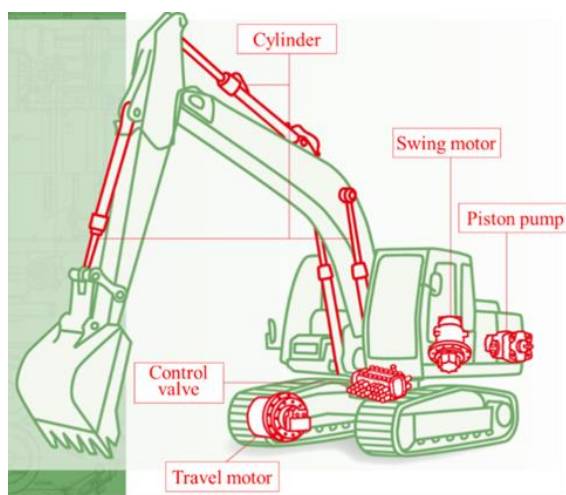
<Major Products>

The mechanism of the drive system of construction machinery such as shovels consists of various parts as shown below, including control valves, piston pumps, travel motors, swing motors, and cylinders; it is the control valve, which is the “brain” of construction machinery, that controls a variety of actuators (a drive unit which converts energy to translational or rotary motion through hydraulic pressure and electric motors) to enable smooth movement of driving, turning, and bending and stretching of the arms.

KYB’s control valves have realized more advanced control by combining electric control with its special hydraulic technology.

In addition, KYB is one of the few manufacturers that manufacture all of the above-mentioned parts.

KYB’s competitive edge is that it can make suggestion to construction machinery manufacturers because its manufacturers all kinds of parts as just mentioned.



\*Control valve for shovels

\*Travel motor

\*Hydraulic cylinder



(Taken from KYB’s website)

③ Segments other than the AC Business and the HC Business

Fiscal Year ended March 2023

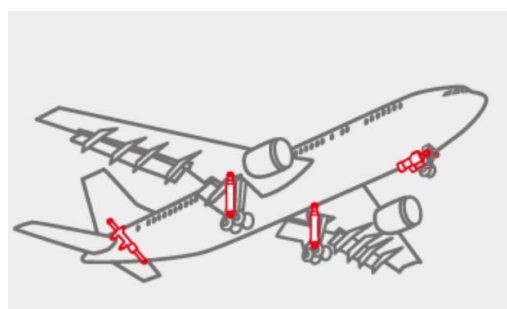
Segments	Sales	Major products
Aircraft components business	4,416	Devices for take-off and landing of aircrafts and its steering components, control devices, and emergency equipment
Others (special purpose vehicles, electronics, and the like)	10,402	Concrete mixer trucks, granule carriers, special purpose vehicles, and electronic devices

\* unit: million yen

KYB’s concrete mixer trucks have high mixing and emission performance, accounting for 85% of the domestic market share.

It offers highly reliable products for aircraft, including various actuators, weight-saving accumulators, and wheel brakes.

Regarding the aircraft business, the company intends to withdraw from the business while selecting businesses and concentrating resources on specific businesses.



**(2) Clients and sales channels**

**◎Clients**

The following is a list of KYB’s major clients.

Its shock absorbers are mounted on about 60% of automobiles manufactured by Toyota globally. They are also adopted to about 30% and about 10% of automobiles manufactured by Nissan group and Honda, respectively, contributing to KYB’s large market share.

	Japanese	Non-Japanese
<b>AC Business</b>	Toyota Motor Yamaha Motor Nissan Motor JATCO Suzuki Motor Honda Motor Daihatsu Motor SUBARU Isuzu Mitsubishi Motors Hino Motors	Stellantis Renault Volkswagen Daimler
<b>HC Business</b>	Hitachi Construction Machinery Kubota Sumitomo Construction Machinery Kobelco Construction Machinery Takeuchi Mfg Yanmar Komatsu	Caterpillar Sany Heavy Industry Doosan Japan Sunward Trasmital Bonfiglioli

**◎Sales channels**

As previously mentioned, KYB supplies its shock absorbers through 2 sales channels including the OEM production system for new vehicles and sale on the market for used vehicles.

Although sales of OEM products are higher, its commercially-available products sold as its private brand show great profitability and thus the company will expand the business to the global markets

KYB’s commercially-available shock absorbers can be mounted on about 90% of Japanese, American, and European automobiles used worldwide today.

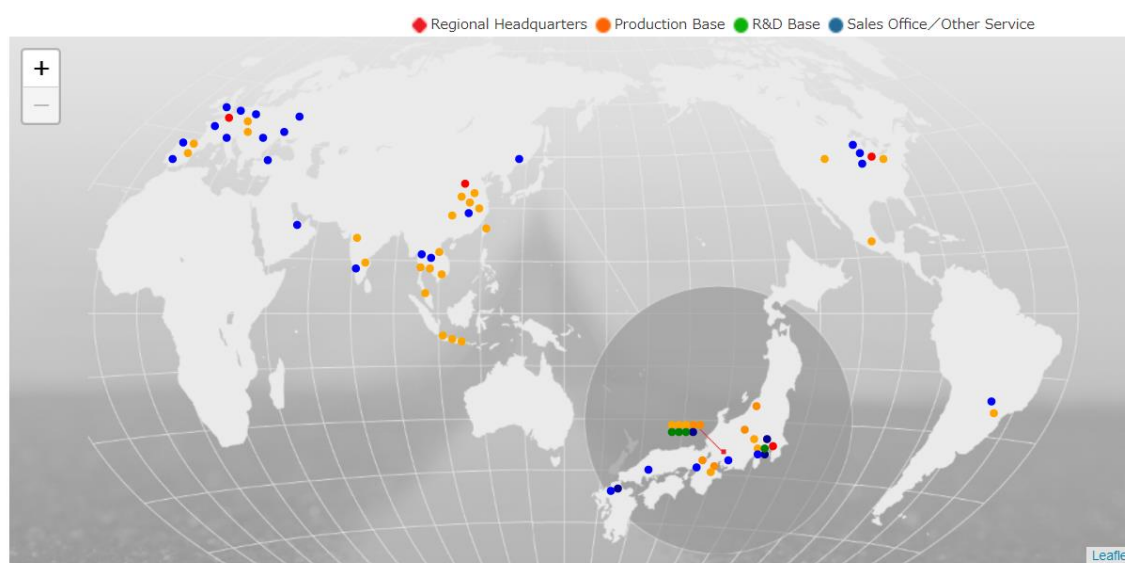
What is behind such a high coverage rate is the strong relationships KYB has with major automobile manufacturers including Toyota.

**(3) Global network**

In 23 countries worldwide including Japan, KYB has 41 group companies, establishing strong global networks.

	No. of Countries	No. of group companies
Japan	1	10
Asia	7	18
Europe	12	7
America	3	6
Total	23	41

(As of March, 2023)



(Taken from KYB’s website)

**(4) Research and Development**

(Structure)

KYB has established a global and optimum research and development (R&D) structure by setting R&D bases in 2 regions, Japan and Europe.

While the R&D bases in regions other than Japan basically engage in development of model products and development for enhancing product appeal such as performance improvement and cost reduction, R&D from the long-term perspectives are carried out mainly in Fundamental Technology R&D Center (Sagamihara-shi, Kanagawa) and Production Technology R&D Center (Kani-shi, Gifu) in Japan and R&D of highly unique prior art, etc are performed.

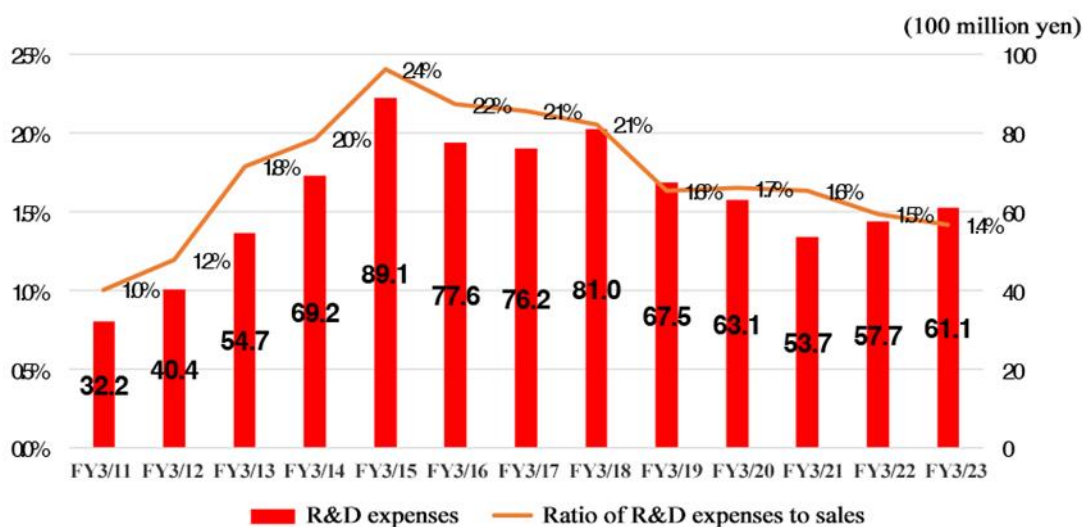
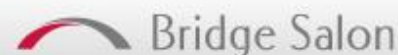
In addition, the know-how about production equipment designing which has been cultivated in Production Technology R&D Center and each plant is gathered in Machine Tools Center (Kani-shi, Gifu) in order to strengthen and propel internal manufacturing of equipment, jigs, and tools for which KYB has strived to boost innovative spirit and reliability.

Regarding high-functionality and systematization of its products, KYB, in addition to independent development, propels joint research and development with its clients or related equipment manufacturers. The company is also endeavoring proactively to developing advanced technology through industry-academia collaboration.

(Variation in R&D expenses)

Since the term ended Mar. 2013, the awareness of R&D costs with respect to sales has been raised, and it is currently around 1.5%. However, R&D costs are currently declining because of the incident of the nonconforming seismic isolation/mitigation oil dampers. It will be necessary to make aggressive investments again to achieve longer-term and sustainable growth.

## BRIDGE REPORT



(Area of focus)

KYB is propelling the development of products by dealing with performance improvement, high functionality, and systematization and considering eco-friendliness with respect to energy and environmental issues through weight saving, energy saving, reduction in environmentally hazardous substances. At the same time, it is striving to strengthen its production technology capabilities.

In addition, following the accelerated globalization, it aims to set up a strategic and global production, sales, and technological structure, including development of human resources with global outlooks and establishment of a standardized management system.

Lately, the company has focused on product development related to autonomous driving systems.

One example is the technology that integrates EPS (electronic steering) and shock absorbers.

KYB considers that the technology, which enables more comfortable and smoother driving in any road surface conditions independently of the drivers' skills and judgment, is definitely indispensable for automobiles with the autonomous driving system.

Furthermore, KYB deems the "steering by wire" system is another technology whose importance will grow in the future.

In the conventional steering operation, movement is transmitted to the steering gear box and tires through the steering shaft, whereas the "steering by wire" system conveys steering movement via electronic signals.

Some of the system's advantages include the capability of relieving drivers' fatigue due to less vibration from the tires, and the capability of automatically adjusting sideslips of the car body due to strong winds which conventionally needed to be adjusted through an intentional steering operation by drivers. In addition, thanks to the "steering by wire" system, the steering wheel may not necessarily be mounted on the right front of a car, and therefore, the system's potential for considerably changing the way automobiles are, including the design and functions, has attracted much attention.

Although several issues still exist, KYB is further brushing up the system as its unique EPS technology.

### **【1-5 Characteristics and strengths】**

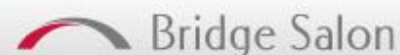
#### **◎ Large shares in various product markets**

KYB has earned a large market share of multifarious products, with the domestic share of OEM shock absorbers for automobiles being 38% and its global share being 13%, the global share of hydraulic cylinders for construction machinery being 22%, the domestic share of concrete mixer trucks being 85%.

#### **◎ Superior core technology**

Such large market shares are attributed to the great trust in its products from clients as indicated by the fact that KYB has about 60% share on a global basis in Toyota Motor which vies with Volkswagen and GM for the position of the world's largest automobile manufacturer. The basis of the clients' trust is nothing else but the superior "hydraulic" technology that KYB has cultivated and enhanced for the past 100 years since its foundation.

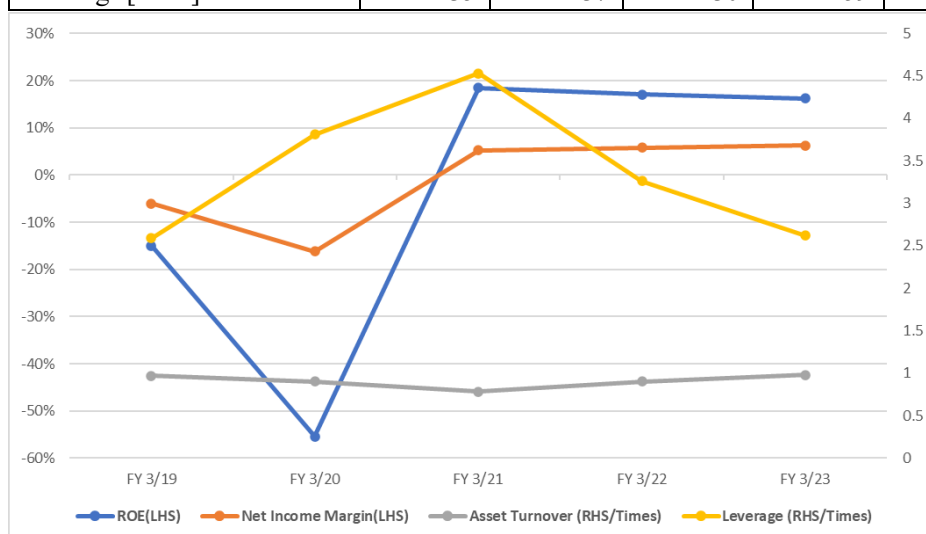
## BRIDGE REPORT



KYB's two core technologies, the "vibration control technology" represented by its shock absorbers and oil dampers for seismic isolation and vibration suppression and the "power control technology" typified by its control valves for shovels and electric power steering, have gained high reputation from clients and thus are used in diverse circumstances.

## 【1-6 ROE analysis】

	FY 3/16	FY 3/17	FY 3/18	FY 3/19	FY 3/20	FY 3/21	FY 3/22	FY3/23
<b>ROE [%]</b>	<b>-2.0</b>	<b>9.3</b>	<b>8.8</b>	<b>-15.0</b>	<b>-55.4</b>	<b>18.5</b>	<b>17.1</b>	<b>16.2</b>
Net income margin [%]	-0.89	4.09%	3.87	-6.01	-16.22	5.21	5.81	6.31%
Total asset turnover [times]	0.95	0.96	0.99	0.97	0.90	0.78	0.90	0.98
Leverage [times]	2.35	2.37	2.30	2.59	3.81	4.53	3.26	2.62



\*Produced by Investment Bridge Co., Ltd. with reference to disclosed material.

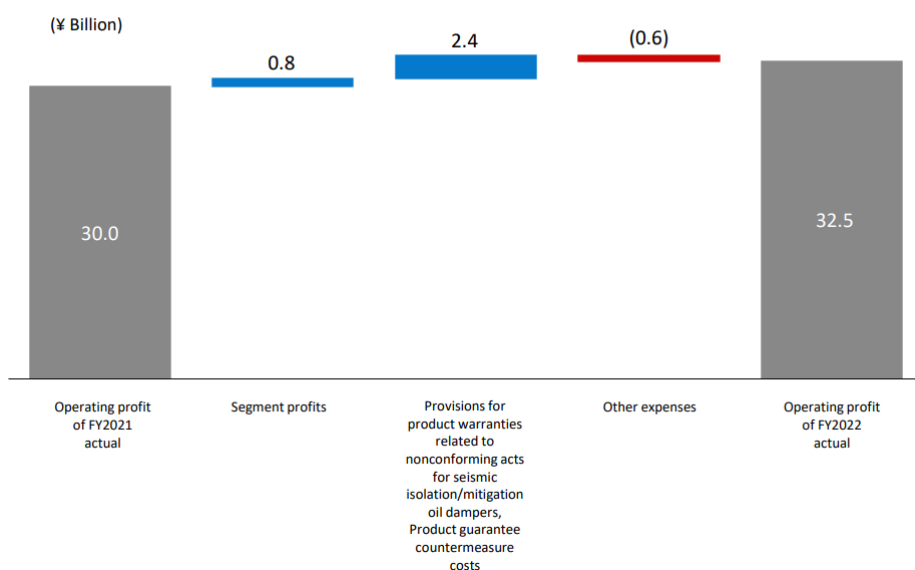
## 2. Fiscal Year ended March 2023 Earnings Results

### (1) Overview of consolidated results

	FY3/22	Composition ratio	FY3/23	Composition ratio	YoY	Company Forecast	Change from the forecast
Sales	388,360	100.0%	431,205	100.0%	+11.0%	442,000	-2.4%
Gross Profit	78,759	20.3%	85,248	19.8%	+8.2%	-	-
SG&A Expenses	54,046	13.9%	59,748	13.9%	+10.6%	-	-
Segment Profit	24,713	6.4%	25,500	5.9%	+3.2%	26,500	-3.8%
Operating Profit	30,001	7.7%	32,547	7.5%	+8.5%	29,700	+9.6%
Profit before Taxes	28,817	7.4%	31,770	7.4%	+10.2%	28,900	+9.9%
Quarterly Profit	388,360	100.0%	431,205	100.0%	+11.0%	442,000	-2.4%

\* Unit: million yen. Segment profit corresponds to the operating income in the Japanese standard. Profit is the profit attributable to the owner of the parent company.

**FY2022 Changes in Operating Profit**  
(Comparison with previous period)



(Taken from financial Results)

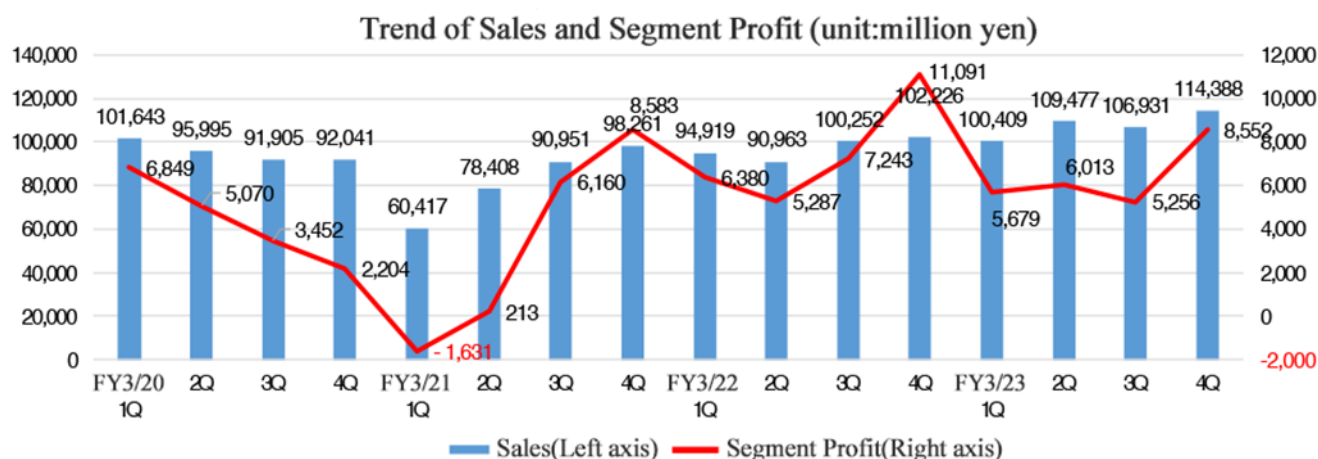
**Sales grew 11.0%, and segment profit rose 3.2%.**

Sales increased 11.0% year on year to 431.2 billion yen. Sales of the AC, HC, Aircraft Components, and other businesses increased due to recovery from the coronavirus crisis and shortage of semiconductors, as well as the strong demand for construction machinery in North America and the yen depreciation. Regarding performance in each region, sales in the United States and Southeast Asia grew significantly.

Gross profit rose 8.2% year on year. Segment profit increased 3.2% year on year, reaching a record high. Profit decreased in the HC business due to sluggish demand in China and increased costs associated with inflation, but overall profit increased due to an increase in profit in AC business and a decrease the loss of aircraft business. Operating income increased 8.5% year on year due to the return of provision for product warranties. Income before tax increased 10.2% due to a decrease in financial expenses, and net income rose 20.7% due to a decrease in tax burden.

The term-end dividend was 130 yen/share, and the annual dividend was 200 yen/share, up 95 yen/share from the previous term.

※AC: Automotive Components Business HC: Hydraulic Components Business



**BRIDGE REPORT**



**◎Sales Trends in each region**

Region	FY3/22	FY3/23	YoY
Japan	1,646	1,741	+5.8%
Europe	659	665	+0.8%
America	355	479	+35.1%
China	378	368	-2.7%
Southeast Asia	289	359	+24.2%
Others	557	700	+25.7%
<b>Total</b>	<b>3,883</b>	<b>4,312</b>	<b>+11.0%</b>

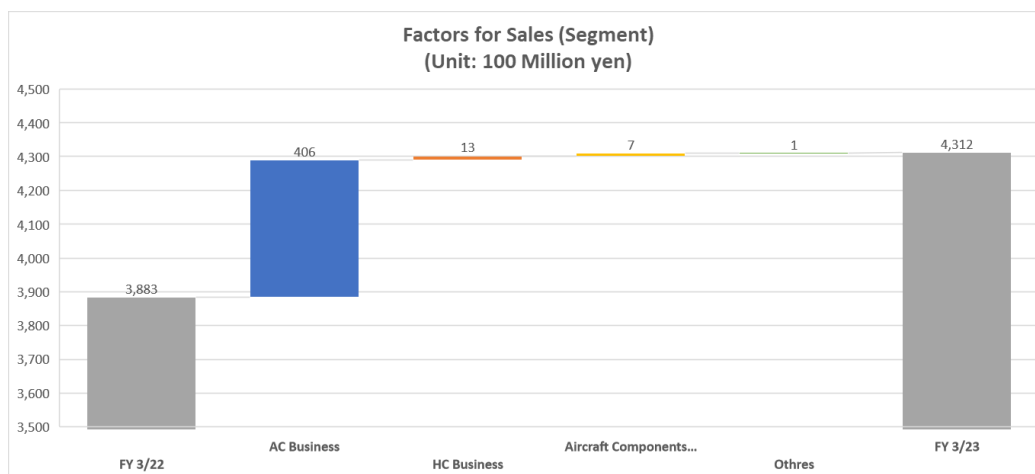
\* unit: 100 million yen. Each value is from the consolidated financial results.

Sales increased in all regions. Overseas sales ratio increased 3.2% from the previous year 57.6% to 59.6%.

**2) Trend in each segment**

Sales	FY3/22	Composition ratio	FY3/23	Composition ratio	YoY
AC business	237,783	61.2%	278,511	64.6%	+17.1%
HC business	136,636	35.2%	137,876	32.0%	+0.9%
Aircraft Components business	3,655	0.9%	4,416	1.0%	+20.8%
Others	10,286	2.6%	10,402	2.4%	+1.1%
<b>Total</b>	<b>388,360</b>	<b>100.0%</b>	<b>431,205</b>	<b>100.0%</b>	<b>+11.0%</b>
<b>Segment profit</b>					
AC business	15,989	6.7%	18,681	6.7%	+16.8%
HC business	11,782	8.6%	7,507	5.4%	-36.3%
Aircraft Components business	-3,960	-	-1,426	-	-
Others	919	8.9%	675	6.5%	-26.6%
Adjustment	-17	-	62	-	-
<b>Total</b>	<b>24,713</b>	<b>100.0%</b>	<b>25,500</b>	<b>100.0%</b>	<b>+3.2%</b>

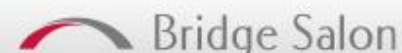
\* Unit: million yen. The composition ratio for profit is a profit margin.



(Taken from financial Results)



## BRIDGE REPORT



## ① AC Business

Product	Sales	Composition ratio	YoY
Shock Absorbers for Automobiles	202,161	72.6%	+19.5%
Shock Absorbers for Motorcycles	45,904	16.5%	+31.6%
Hydraulic Equipment for Automobiles	21,045	7.6%	-11.9%
Others	9,401	3.4%	-4.9%
Total	278,511	100.0%	+17.1%

\* Unit: million yen. Each value is from the consolidated financial results.

Region	Sales	Composition ratio	YoY
Japan	700	25.1%	+11.3%
Europe	583	20.9%	+1.6%
America	382	13.7%	+38.4%
China	225	8.1%	+5.1%
Southeast Asia	319	11.5%	+24.6%
Others	576	20.7%	+34.9%
Total	2,785	100.0%	+17.1%

\* Unit: 100 million yen. Each value is from financial Results

The performance of hydraulic shock absorbers for automobiles and hydraulic shock absorbers for motorcycles continued to recover from the coronavirus crisis and the shortage of semiconductors, and sales increased.

Sales improved in all regions, with significant growth in the United States, Southeast Asia, and other regions.

## ② HC Business

Products	Sales	Composition ratio	YoY
Hydraulic Equipment for Industrial Use	130,346	94.5%	+1.3%
System Products	4,028	2.9%	-13.1%
Others	3,502	2.5%	+6.6%
Total	137,876	100.0%	+0.9%

\* Unit: million yen. Each value is from the consolidated financial results.

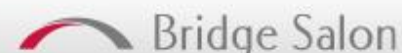
Region	Sales	Composition ratio	YoY
Japan	942	68.3%	+2.4%
Europe	82	5.9%	-3.5%
America	92	6.7%	+27.8%
China	142	10.3%	-12.9%
Southeast Asia	40	2.9%	+21.2%
Others	81	5.9%	-12.0%
Total	1,379	100.0%	+1.0%

\* Unit: 100 million yen. Each value is from financial results.

Sales of industrial hydraulic equipment increased due to strong demand in the North American market, despite a decline in demand in China.

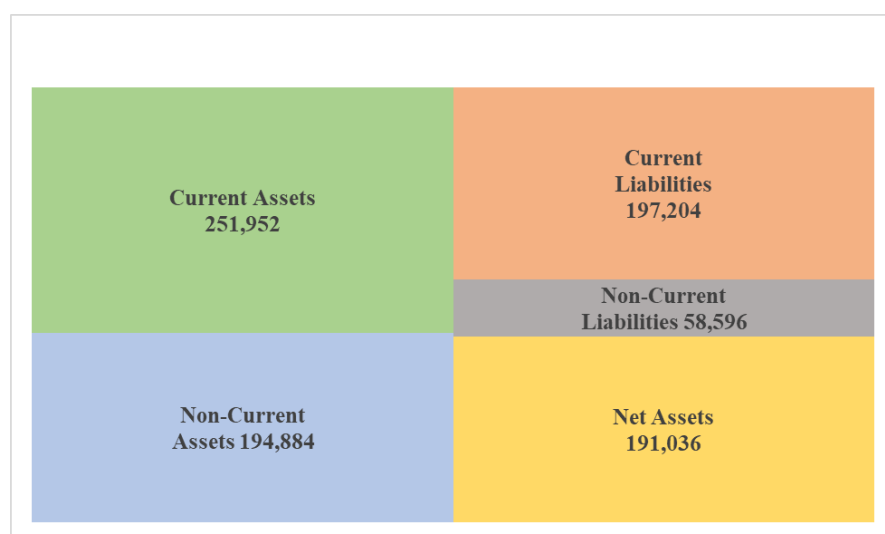
Significant growth also occurred in Southeast Asia.

## BRIDGE REPORT

**(3) Financial standing and cash flows****◎ Major BS**

	End of Mar. 2022	End of Mar. 2023	Increase /Decrease		End of Mar. 2022	End of Mar. 2023	Increase /Decrease
Current Assets	240,421	251,952	+11,531	Current Liabilities	198,371	197,204	-1,167
Cash, etc.	52,118	43,585	-8,533	Trade Payables	81,737	84,114	+2,377
Trade Receivables	108,823	120,247	+11,424	Short-term Favorable Sub Liabilities	65,815	69,053	+3,238
Inventories	66,114	70,535	+4,421	Noncurrent Liabilities	74,902	58,596	-16,306
Noncurrent Assets	193,766	194,884	+1,118	Long-term Favorable Sub Liabilities	25,041	15,490	-9,551
Property, Plant and Equipment	159,803	158,360	-1,443	Total Liabilities	273,273	255,800	-17,473
Intangible Assets	3,549	3,218	-331	Net Assets	160,914	191,036	+30,122
Other Financial Assets	14,545	16,205	+1,660	Retained Earnings	76,007	98,492	+22,485
Total assets	434,187	446,836	+12,649	Total Liabilities and Net Assets	434,187	446,836	+12,649

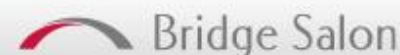
\* Unit: million yen. "Cash, etc." means cash and cash equivalents. "Trade receivables" means trade receivables and other receivables. "Trade payables" mean trade payables and other payables



\*Produced by Investment Bridge Co., Ltd. with reference to disclosed material.

Total assets increased 12.6 billion yen YoY to 446.8 billion yen, mainly due to an increase in trade receivables and inventories, despite a decrease in cash. Total liabilities decreased 17.4 billion yen YoY to 255.8 billion yen, mainly due to decreases in long-term interest-bearing debt and provisions, etc. Total shareholders' equity increased 30.1 billion yen YoY to 191 billion yen, mainly due to an increase in retained earnings. As a result, the ratio of equity attributable to owners of the parent rose 5.6 percentage points from the end of the previous period to 40.9%.

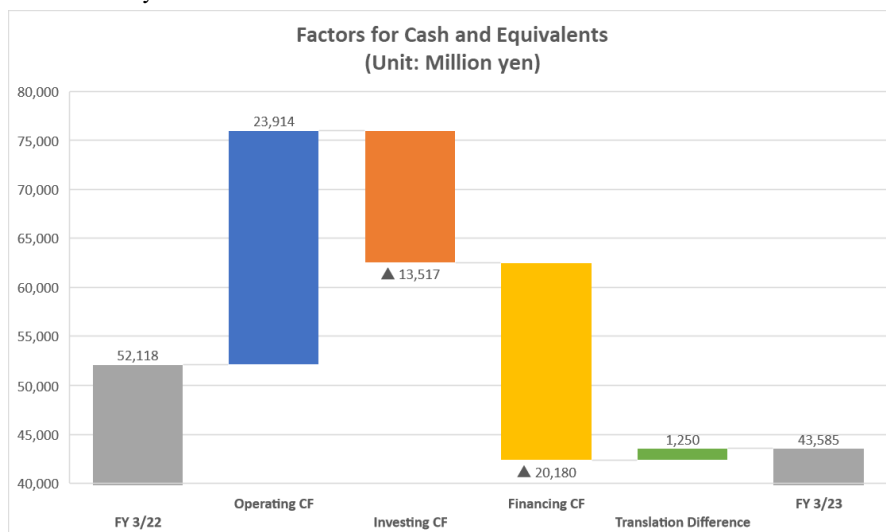
## BRIDGE REPORT



## ◎ Cash Flow

	FY3/22	FY3/23	Increase/decrease
Operating CF	24,247	23,914	-333
Investing CF	-10,871	-13,517	-2,646
Free CF	13,376	10,397	-2,979
Financing CF	-32,711	-20,180	12,531
Cash and equivalents	52,118	43,585	-8,533

\* Unit: million yen



\*Produced by Investment Bridge Co., Ltd. with reference to disclosed material.

Operating CF slightly decreased. The cash outflow from investing activities augmented due to the increase in the purchase of property, plant, and equipment, etc.

The cash outflow from financing activities reduced, due to the decrease in repayment of long-term debt, etc. Cash position declined.

## (4) Topics

## ◎ The Progress in the adaption of seismic isolation/mitigation oil dampers

## (Overview)

In October 2018, it was revealed that the performance inspection records for seismic isolation/mitigation oil dampers products, which are manufactured and sold by KYB and its subsidiary named Kayaba System Machinery Co., Ltd., were falsified and then the products that do not comply with the criteria approved by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) or clients' specs were attached to buildings.

## (Response and Progress)

Of the 991 subject buildings, 977 properties, or 98.6% of the eligible buildings, have been brought into compliance as of the end of April 2023. A total of 9 (0.9%) are under construction, awaiting construction (adjusting construction schedule), or waiting for production to meet the construction schedule, 2 buildings under administrative adjustment (0.2%) and 3 (0.3%) are undergoing detailed coordination with the parties concerned for conformity, indicating that completion is nearing.

### 3.Fiscal Year ending March 2024 Earnings Estimates

#### Full-year earnings forecast

	FY3/23	Composition ratio	FY3/24 Forecast	Composition ratio	YoY
Sales	431,205	100.0%	450,000	100.0%	+4.4%
Segment profit	25,500	5.9%	28,000	6.2%	+9.8%
Operating profit	32,547	7.5%	29,800	6.6%	-8.4%
Profit before taxes	31,170	7.4%	27,900	6.2%	-12.2%
Net profit	27,210	6.3%	20,000	4.8%	-26.5%

\* Unit: million yen. The forecast was announced by the company. Segment income corresponds to the operating income in the Japanese standards. Net income is profit attributable to owners of the parent.

#### Sales are expected to increase 4.4% and segment income is 9.8%.

Sales are expected to increase 4.4% year on year to 450 billion yen, and segment profit is forecast to rise 9.8% year on year to 28 billion yen. While global demand is expected to recover, there are concerns about the risk of production cutbacks and soaring raw material and transportation costs. Thus, the unpredictable situation is projected to continue.

The AC business is forecast to continue its gradual recovery, so sales are expected to increase. In the HC business, although market conditions in China will continue to stagnate, demand in regions such as North America, Asia, and Japan is most likely to remain at the same level as in the current consolidated fiscal year, and sales are expected to grow. Due to the disappearance of the temporary factors that increased profits in the previous fiscal year, operating income is projected to decrease 8.4% year on year to 29.8 billion yen. Income before tax is projected to decline 12.2% year on year to 27.9 billion yen, and net income to fall 26.5% year on year to 20 billion yen.

As the dividend for common shares, the company plans to pay an interim dividend of 100.00 yen/share and a term-end dividend of 100.00 yen/share for an annual dividend of 200.00 yen/share. The expected payout ratio is 26.8%. For class-A preferred shares, the company has paid an interim dividend of 3,750,000.00 yen/share and plans to pay a term-end dividend of 3,750,000.00 yen/share for an annual dividend of 7,500,000.00 yen/share.

#### ◎Earnings forecast by segments

Sales	FY3/23	FY3/24 Forecast	YoY
AC business	278,511	283,300	+1.7%
HC business	137,876	146,500	+6.3%
Aircraft Components business	4,416	6,000	+35.9%
Others	10,402	14,300	+37.5%
Total	431,205	450,000	+4.4%
Segment profit			
AC business	18,681	19,700	+5.5%
HC business	7,507	8,100	+7.9%
Aircraft Components business	-1,426	-800	-
Others	675	900	+33.3%
Total	25,500	28,000	+9.8%

\* Unit: million yen.

## 4. Medium-term management plan

### [Review of the 2020 Medium-Term Management Plan]

#### (1) Overview

Let's regain trust and pride

Preventing the recurrence of inappropriate acts and realizing a highly profitable structure

1. Improving governance by reorganizing group companies
2. Selection of businesses and concentration of resources on specific business areas
3. Improving profitability through cost-reduction activities
4. Meeting social demand (activities related to sustainability, such as SDGs)
5. Strengthening the financial base

**Restoring the trust of customers by implementing all key measures that should be implemented**

Under the slogan of "Regain Trust and Pride," the company will implement various measures to regain the trust of its customers.

#### (2) Financial targets and results

Financial targets and results for the fiscal year ended March 2023 are as follows.

	FY3/20 Act.	FY3/23 Goal	FY3/23 Act.
Sales	3,816	3,780	4,312
AC business	2,321	2,290	2,785
HC business	1,253	1,300	1,379
Segment profit	176	250	255
Segment profit ratio	4.6%	6.6%	5.9%
Capital adequacy ratio	18.1%	34%	40.9%

\* Unit: 100 million yen.

Sales of the AC and HC businesses exceeded their targets, and the segment profit and capital adequacy ratio also exceeded their targets. The segment's profit margin did not reach the target mainly due to an increase in costs because of inflation.

### [2023 Medium-Term Management Plan]

#### (1) Ideal states

To master quality management

(Improvement of quality of personnel/information → Improvement of quality of work → Improvement of quality of products/services)

1. Growth Strategy: Electrified products and entering new markets
2. Innovative manufacturing
3. Continuous cost reduction activities
4. Sustainability activities such as those for attaining SDGs
5. Improving capital efficiency and strengthening the financial structure

**Mastering quality management, achieving greater trust and satisfaction from stakeholders, and improving corporate value**

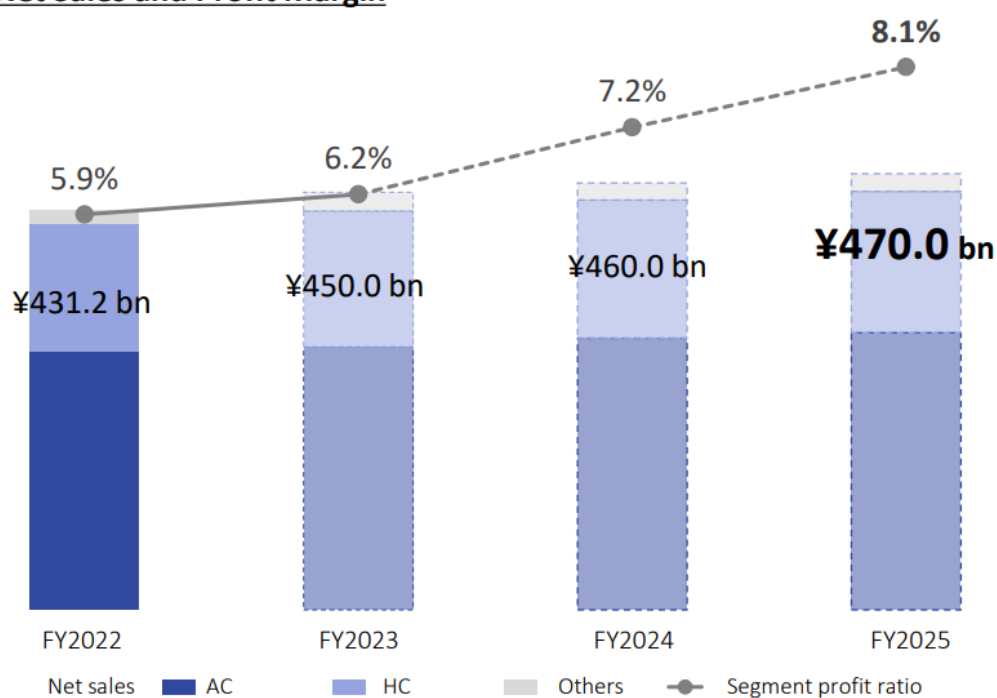
**(2) Financial targets**

The financial targets for the fiscal year ending March 2026 are as follows.

	FY3/23 Act.	FY3/26 Goal
Sales	4,312	4,700
Segment profit	255	380
Segment profit ratio	5.9%	8.1%
Capital adequacy ratio	40.9%	45.0%
Dividend payout ratio	19.4%	30.0%
ROE	16.2%	12.0%

\* Unit: 100 million yen.

**Net Sales and Profit Margin**



(Taken from financial Results)

**(3) Basic Policy**

Growth strategy	Development and release of electrified products Acquiring new customers, entry to new markets and business fields
Innovative manufacturing	Production innovation activities (Ship'30*): Realization of automated production, transport, and inspection Visualization of the information of the manufacturing sites using AI/IoT
Continuous cost reduction activities	Selection of global areas optimal for production that respond to changes
Environmental initiatives	Sustainability activities such as activities for attaining SDGs

To improve capital efficiency and strengthen the financial structure

Initiatives to improve PBR (improve ROE) and strengthen shareholder returns

\*Ship'30: "Self-handling innovation plant 2030" is an initiative to realize an autonomous innovation factory in 2030

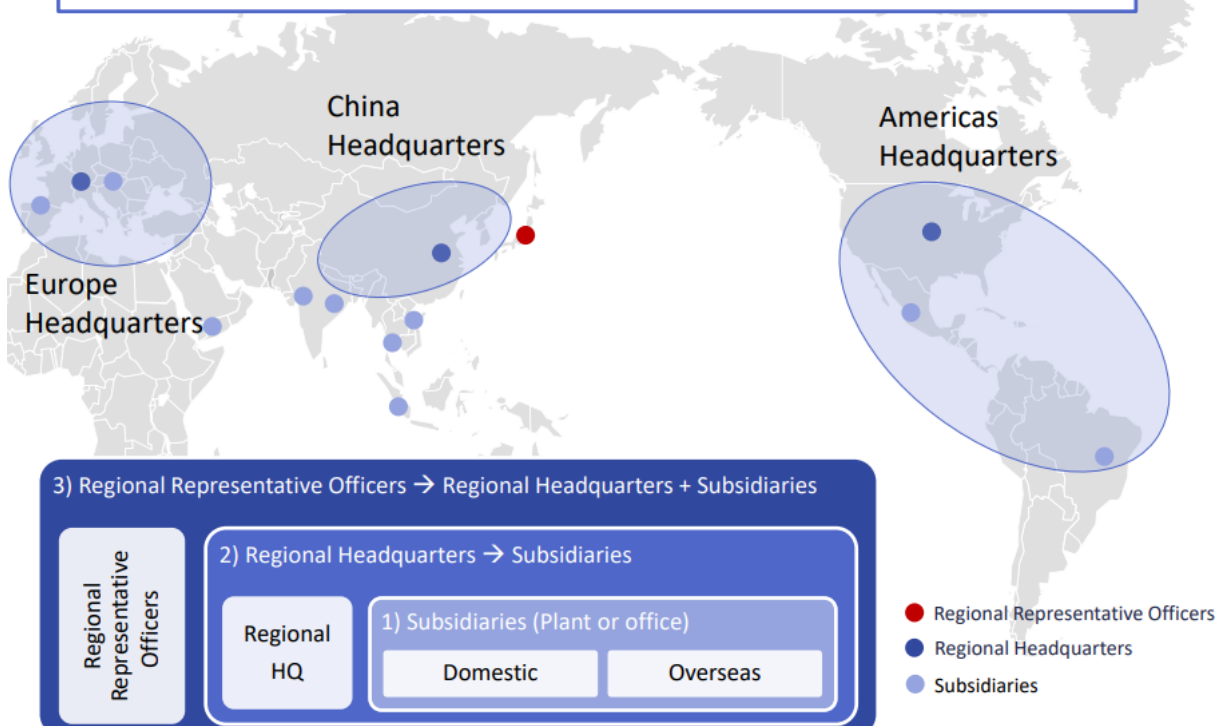
**(4) Growth strategy by area**

<b>India</b>	<ul style="list-style-type: none"> <li>• AC: Entry into new markets</li> <li>• HC: To expand sales of products for agricultural machinery</li> </ul>	<b>Europe</b>	<ul style="list-style-type: none"> <li>• AC: Increasing IDC and SA production capacity</li> <li>• AC: Innovative manufacturing</li> </ul>
<b>China</b>	<ul style="list-style-type: none"> <li>• AC: Entry into ethnic manufacturers</li> <li>• HC: Cost rationalization that can compete with local suppliers</li> </ul>	<b>ASEAN</b>	<ul style="list-style-type: none"> <li>• AC: Main production base for motorcycles</li> <li>• Common: In-house production or local procurement of parts</li> </ul>
<b>Americas</b>	<ul style="list-style-type: none"> <li>• AC: Premium retail</li> <li>• HC: Meeting the demand for construction machinery locally</li> </ul>	SA: Shock absorber IDC: Intelligent damping control	

**(5) Global governance system**

In important areas (Europe, the Americas, and China), risks are managed according to the region in three levels: bases → regional control companies → regional officers

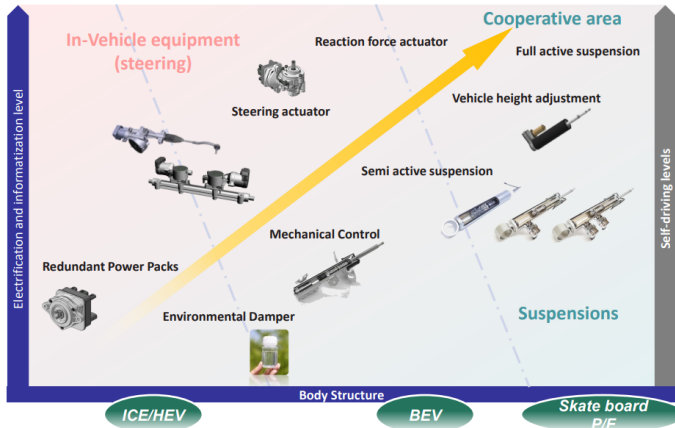
For key areas (Europe, Americas, China), manage region-specific risks in three stages: Subsidiaries → Regional headquarters → Regional representative officers



(Taken from financial Results)

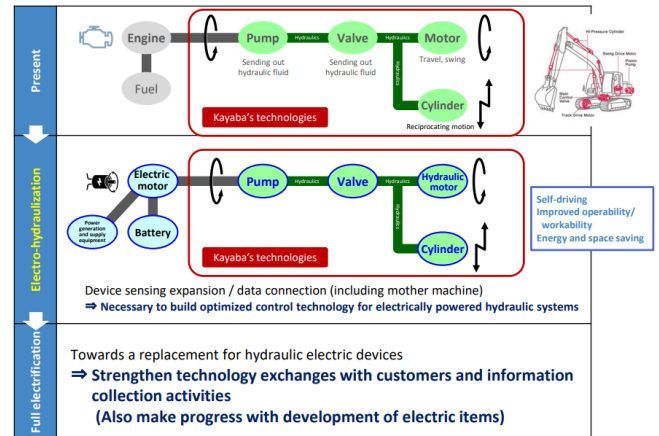
**(6) Electrification Initiatives**

**AC Business**



(Taken from financial Results)

**HC Business**



**(7) Environmental initiatives**

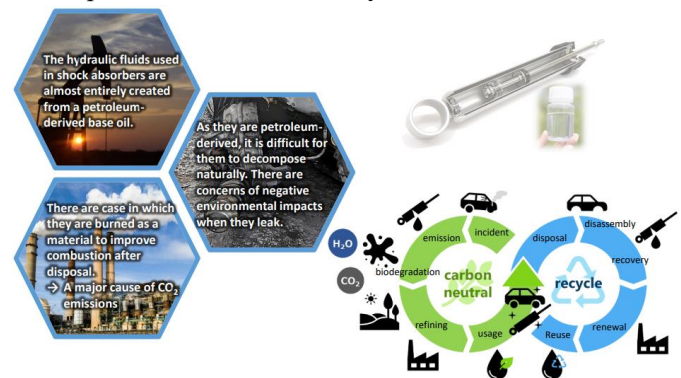
**Utilization of wood chips**



Contributing to environmental issues with wood chips produced using the company's products

(Taken from financial Results)

**Development of Environmental Hydraulic Fluids**



Breaking away from petroleum-based materials → Environmentally friendly hydraulic oil for shock absorbers

**5. Conclusions**

In the fiscal year ending March 2023, there were many causes for concern, such as the spread of COVID-19, the shortage of semiconductors, soaring raw material prices, and an economic slowdown in Europe due to the situation in Ukraine. However, segment profit reached a record high. Although the profit margin fell short of the 2020 Medium-term Management Plan due to soaring prices of raw materials and fuel, the increase in sales made up for it, and segment profit exceeded the target because of the yen depreciation.

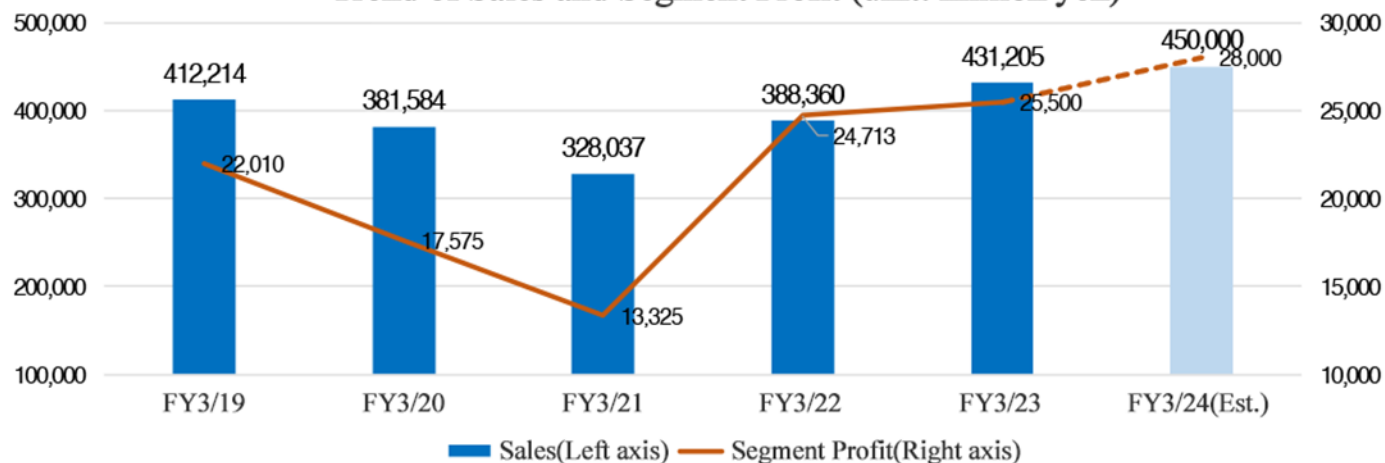
A new medium-term management plan has started. The plan emphasizes improving profit margins. We view this as a strong determination to expand profits in the future. On the other hand, sales growth is somewhat unsatisfactory. The uncertain competitive environment in the industry for electrified products, which the company is currently strengthening, is likely to be a factor. Conversely, if it can demonstrate strong competitiveness, it may be able to surpass it. We want to keep an eye on their efforts toward electrification.

The new medium-term management plan also indicates the company's efforts to improve PBR, specifically, to improve ROE



and strengthen shareholder returns. Going forward, it is likely that the company will adopt a management strategy that places greater emphasis on shareholders. PBR is still well below 1, but it is expected to be reviewed as the company gets close to achieving the medium-term management plan.

Trend of Sales and Segment Profit (unit: million yen)



## <Reference: Regarding Corporate Governance>

### ◎ Organization type and the composition of directors and auditors

Organization type	Company with auditors
Directors	8 directors, including 4 outside ones
Auditors	5 auditors, including 3 outside ones

### ◎ Corporate Governance Report

Last update date: October 7, 2022

#### <Basic approach>

In order to respond to the expectations of the stakeholders through realization of sustainable growth and corporate value improvement as well as fulfill the corporate social responsibility of contributing to society, it is our basic approach to pursue the development of a rapid and efficient management structure centered on the Board of Directors and establishment of fair and transparent management supervision functions and work on strengthening and enhancing corporate governance based on the following management philosophy and basic policies.

In the new medium-term management plan starting in fiscal 2020, the company is striving to prevent the recurrence of inappropriate events in seismic isolation/mitigation oil dampers and other products, and to transform itself into a highly profitable organization under the slogan "Restore trust and pride" while placing awareness of norms and compliance as part of corporate culture reform at the core of management.

#### (Management philosophy)

“Kayaba group contributes to the society, by serving technologies and products that make people’s life safe and comfortable.”

1. Handle all matters with sincerity while adhering to the normative consciousness.
2. We shall build a corporate culture that holds high goals and full of vitality.
3. We shall maintain kindness and sincerity, cherish nature and care for the environment.
4. We shall constantly pursue creativity and contribute to the prosperity of customers, shareholders, business partners and society.

#### (Corporate Governance Basic policies)

1. We shall respect the rights of shareholders and ensure their equality.
2. We shall take the benefits of stakeholders including our shareholders into consideration and endeavor to appropriately collaborate with those stakeholders.

3. We shall disclose not only the information in compliance with the relevant laws and regulations, but also actively provide the important and/or useful information to the stakeholders for their well-informed decision making.
4. The Board of Directors shall be aware of its fiduciary responsibility and accountability to the 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. The company shall promote constructive dialogues with shareholders to obtain their understandings of the company's management policies, etc., and shall strive to take appropriate actions, such as utilizing their opinions of the company for improving management.

As for our company's sustainability, it is indicated in our management philosophy.

#### <Reasons for Non-compliance with the Principles of the Corporate Governance Code (Excerpts)>

These are based on the Corporate Governance Code revised in June 2021, including the provisions for the Prime Market, which have been applied from April 2022.

Principles	Reasons for not implementing the principles
(Principle 2-4-1 Promotion of women, non-Japanese nationals, and mid-career workers to managerial posts, promotion of core personnel, etc.)	<p>We have actually promoted some women, mid-career workers, and non-Japanese nationals to managerial posts, although we have not disclosed the number of them.</p> <p>In particular, we focus on measures for increasing female managers. While increasing the number of female employees at posts to be promoted to executives, we conduct activities for enriching training systems and obtaining public qualifications, such as Kurumin and Eruboshi, to motivate female employees to aim to become a manager and develop an environment for them.</p> <p>Our basic policy is to evaluate personnel based on their abilities and performances regardless of nationality and gender. In parallel with the expansion of our business and corporate scale, we will discuss the disclosure of actual numbers.</p>
(Supplementary Principle 3-1-3 Initiatives for sustainability, etc.)	<p><b>【Initiatives for sustainability】</b></p> <p>While the environment surrounding our company regarding ESG (environment, society, and governance) is changing considerably, we established ESG Promotion Division in July 2021 and CN Promotion Division in January 2022, and are proceeding with ESG initiatives, including those for carbon neutrality. Furthermore, in March 2022, we established a Sustainability Committee, which is chaired by the president, to discuss medium and long-term issues in the ESG field and improve our business administration. From now on, ESG-oriented management will be the base for formulating policies.</p> <p>In particular, we recognize the response to climate change as the most important issue our corporate group should address. We are preparing for the start of full-scale activities following the recommendations from TCFD by the end of this fiscal year, and will clarify risks and opportunities arising out of climate change, and analyze their impact on our financial standing.</p> <p><b>【Initiatives for investment in human capital】</b></p> <p>Our corporate group defined the purpose of education as “the development of human resources who can contribute to the realization of our corporate ethos,” and educates necessary skills and qualification to personnel through programs for respective classes ranging from new employees (or mid-career workers) to executives, programs for personnel who have been promoted, e-learning, correspondence courses, etc.</p> <p><b>【Initiatives for investment in intellectual property】</b></p> <p>Through the cooperation between the R&amp;D Department and the Intellectual</p>

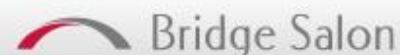
	<p>Property Department, our corporate group implements intellectual property strategies based on technological strategies, actively creates intellectual property for securing global business competitiveness, and carries out the appropriate protection and utilization of intellectual property rights and corporate brands. In addition, in order to further grow our business, we utilize intellectual property information for R&amp;D and engage in activities for developing new technologies. We recognize the investment in intellectual property as an important issue for improving corporate value, so we will continue such investment.</p> <p>For further information on sustainability, please refer to the integrated report.  <a href="https://www.kyb.co.jp/company/integrated_report.html">https://www.kyb.co.jp/company/integrated_report.html</a></p>
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### <Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

These are based on the Corporate Governance Code revised in June 2021, including the provisions for the Prime Market, which have been applied from April 2022.

Principles	Reasons for not implementing the principles
Principle 1-4【So-called strategically held shares】	<p>(1.) Policy on strategic shareholding            From the perspective of medium to long-term improvement of corporate value, our company, when judging as necessary, strategically holds shares through which the relationship of trust and the business relationship are expected to be maintained or strengthened regarding business strategies and operations after comprehensively judging the growth potential and economic rationality of such shares. With regard to strategically held shares, we check the rationality of continued holdings in consideration of whether or not the benefits of holdings are commensurate with the Company's cost of capital, etc., at a meeting of the board of directors every year. We plan to sell shares when we consider that the rationality in holding them has weakened.</p> <p>(2.) Policy on exercise of voting rights            Before exercising the voting rights of shares that our company strategically holds, we consider for each case whether the strategic shareholding contributes to medium to long-term improvement of our corporate value and increase in shareholder return and make judgment after giving thorough consideration to the management policies and business strategies of the company that issues relevant shares.</p>
Principle 5-1【 Policy on constructive dialogue with shareholders】	<p>In order to promote constructive dialogue with shareholders, our company has appointed an officer in charge of public relations and IR to supervise such dialogue, and the public relations and investor relations office handles correspondence with shareholders and investors. In order to enhance dialogue, the public relations and investor relations office works with related departments within our company to establish a system that can meet the needs of the investors and shareholders appropriately.</p> <p>Our company holds financial results briefings for analysts and institutional investors once every half year, in which the president and the officer in charge of public relations and investor relations explain management strategies and financial conditions. In addition to responding to individual interviews as needed, our company is actively communicating with overseas shareholders and institutional investors through participation in domestic and overseas conferences and individual overseas IR activities.</p> <p>To share information, the Board of Directors and the management regularly</p>

## BRIDGE REPORT



receive feedback about opinions and requests received through IR activities. In dialogue with shareholders and investors, our company pays close attention to the handling of insider information so as not to inflict any disadvantage on either side. Thus, the period from one week before the closing date to the date of announcement of financial results is a silent period, during which our company restricts dialogue with shareholders and investors and thoroughly manages information within our company.

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