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Stock Exchange Code: 6407

(June 4, 2025)

Electronic provision measures commencement date: May 28, 2025

To Shareholders with Voting Rights:

Katsuhito Okuoka
President and Chief Executive Officer
CKD Corporation
250, Uji 2-chome, Komaki, Aichi, Japan

**NOTICE OF
THE 105TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

The 105th Annual General Meeting of Shareholders of CKD Corporation (the “Company”) will be held for the purposes described below. In convening the General Meeting of Shareholders, the Company has taken measures for electronic provision. Matters subject to the measures for electronic provision are posted on the following website on the Internet under the Notice of the 105th Annual General Meeting of Shareholders.

The Company’s website: <https://www.ckd.co.jp/en/ir/holdersinfo/meeting/>

In addition to the above, the information is also posted on the following website on the Internet:

Tokyo Stock Exchange (T.S.E.) website:

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

- To view the information, please access the T.S.E. website, input the issue name (company name) or securities code, click “Search,” and then click “Basic information” and select “Documents for public inspection/PR information.”

The Portal of Shareholders’ Meeting (Sumitomo Mitsui Trust Bank, Limited):

<https://www.soukai-portal.net>

- Please scan the Q.R. code on the enclosed Voting Rights Exercise Form or access the URL above and enter your I.D. and initial password on the Voting Rights Exercise Form.

* Each website may be temporarily inaccessible due to periodic maintenance, etc.

If you cannot view it, please refer to other websites or try again later.

If you cannot attend the meeting, you can exercise your voting rights by mailing the Voting Rights Exercise Form or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders contained in the matters subject to the measures for electronic provision and exercise your voting rights by 5:00 p.m. (Japan time) on Thursday, June 19, 2025, in accordance with the following procedures.

1. Date and Time: Friday, June 20, 2025, at 10:00 a.m. Japan time

2. Place: “Rose Room”
5th floor, ANA Crowne Plaza Hotel Grand Court Nagoya
1-1-1 Kanayama-Cho, Naka-ku, Nagoya, Aichi, Japan
(Please refer to the venue map at the end of this document.)

3. Meeting Agenda:

Matters to be reported:

1. The Business report, Consolidated Financial Statements for the Company’s 105th Fiscal Year (April 1, 2024 – March 31, 2025), and the results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the Company’s 105th Fiscal Year (April 1, 2024 – March 31, 2025)

Proposal to be resolved:

Proposal: Election of Six (6) Directors

- We ask for your understanding that we will be in light clothing (cool business attire) in consideration of the environment. Shareholders are also kindly requested to attend the meeting in light clothing.
- Should the matters subject to the measures for electronic provision require revisions, the revised versions will be posted on the respective websites where the matters are posted.

Reference Documents for the General Meeting of Shareholders

Proposal 1: Election of Six (6) Directors

The terms of office of all six (6) Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Therefore, we propose to elect six (6) Directors. The candidates for Director are as follows:

| No. | Name | Position and Responsibilities in the Company | Status of attendance at Board of Directors meetings |
|-----|---|---|---|
| 1 | Kazunori Kajimoto (Re-election) | Director Chairperson of the Board of Directors | 100% (12/12) |
| 2 | Katsuhito Okuoka (Re-election) | President and Chief Executive Officer (CEO) | 100% (12/12) |
| 3 | Yoshiyuki Amano (Re-election) | Director and Executive Officer In charge of Administration | 100% (10/10) |
| 4 | Stefan Sacré (Re-election) (External Director candidate) (Independent Director candidate) | Director | 100% (12/12) |
| 5 | Koichi Hayashi (Re-election) (External Director candidate) (Independent Director candidate) | Director | 100% (12/12) |
| 6 | Hiroko Shimada (Re-election) (External Director candidate) (Independent Director candidate) | Director | 100% (12/12) |

* The attendance of Mr. Yoshiyuki Amano shows the number after his appointment as a Director on June 21, 2024.

| No. | Name (Date of birth) | Experience, positions, and responsibilities | | Number of shares of the Company held |
|-----|---|---|--|--|
| 1 | <p>Kazunori Kajimoto (November 22, 1956)</p> <p>Re-election</p> <p>Years in office as Director: 21 years (At the conclusion of this Annual General Meeting of Shareholders)</p> <p>Status of attendance at Board of Directors meetings 100% (12/12)</p> | <p>April 1980 June 2004 June 2005 June 2008 June 2021 June 2024</p> | <p>Joined the Company Director & Executive Officer General Manager, Sales and Marketing Division Director & Managing Executive Officer General Manager, Sales and Marketing Division President Representative Director Chairperson of the Board of Directors and Chief Executive Officer (CEO) Director Chairperson of the Board of Directors (to present)</p> <p>Reason for selection as a candidate for Director Mr. Kazunori Kajimoto has long experience in overseeing sales divisions and abundant experience and broad insight as a corporate executive. Therefore, we propose his re-election as Director because he will contribute to our management by utilizing the above.</p> | 95,310 |
| 2 | <p>Katsuhito Okuoka (August 23, 1967)</p> <p>Re-election</p> <p>Years in office as Director: 9 years (At the conclusion of this Annual General Meeting of Shareholders)</p> <p>Status of attendance at Board of Directors meetings 100% (12/12)</p> | <p>April 1991 June 2016 June 2018 June 2019 June 2020 June 2021 June 2022 June 2024</p> | <p>Joined the Company Director & Executive Officer In charge of Quality and Safety General Manager, Components Business Division Director & Managing Executive Officer In charge of Quality Management General Manager, Components Business Division Representative Director and Senior Managing Executive Officer In charge of Quality and Environment General Manager, Components Business Division Representative Director and Senior Managing Executive Officer In charge of Administration General Manager, Corporate Planning Department President and Executive Officer Chief Operating Officer (COO) President and Chief Operating Officer (COO) President and Chief Executive Officer (CEO) (to present)</p> <p>Reason for selection as a candidate for Director Mr. Katsuhito Okuoka has long experience in overseeing production divisions, as well as abundant experience and broad insight as a manager. Therefore, we propose his re-election as Director because he will contribute to our management by utilizing the above.</p> | 41,182 |

| No. | Name (Date of birth) | Experience, positions, and responsibilities | Number of shares of the Company held |
|-----|--|---|--|
| 3 | <p>Yoshiyuki Amano (April 3, 1963)</p> <p>Re-election</p> <p>Years in office as Director: 1 year (At the conclusion of this Annual General Meeting of Shareholders)</p> <p>Status of attendance at Board of Directors meetings 100% (10/10)</p> | <p>April 1987 Joined Nippon Telegraph and Telephone Corporation</p> <p>July 2010 Senior Vice President General Manager, Network Business Department General Manager, Data Center Business Department, NTT PC Communications Incorporated</p> <p>July 2015 Senior Vice President (CTO) Senior Vice President, Service Creation Division Senior Vice President, Technology and Operations Development Division, NTT PC Communications Incorporated</p> <p>July 2018 Executive Counselor, Corporate Planning Department, the Company</p> <p>July 2019 General Manager, Information Resource Management Department</p> <p>June 2020 Executive Officer General Manager, Information Resource Management Department General Manager, Business Advancement Center</p> <p>January 2021 Executive Officer General Manager, Digital Strategy Department</p> <p>June 2024 Director and Executive Officer In charge of Administration (to present)</p> <p>Reason for selection as a candidate for Director Mr. Yoshiyuki Amano has long experience in overseeing mainly the departments for technology development and service improvement and abundant experience and broad insight as a manager. Therefore, we propose his re-election as Director because he will contribute to our management by utilizing the above.</p> | 4,124 |
| 4 | <p>Stefan Sacré (March 9, 1963)</p> <p>Re-election External Director candidate Independent Director candidate</p> <p>Years in office as Director: 4 years (At the conclusion of this Annual General Meeting of Shareholders)</p> <p>Status of attendance at Board of Directors meetings 100% (12/12)</p> | <p>May 1991 Received Ph. D (Engineering) from the Technical University of Berlin</p> <p>August 1998 Representative Director, SICK Optic-Electronic K.K. (Japan)</p> <p>January 2006 President, Bosch Rexroth Corporation (Japan)</p> <p>January 2011 CEO, EagleBurgmann Germany GmbH & Co. KG</p> <p>January 2017 President and Representative Director, Carl ZEISS Co., Ltd. (Japan) President and Representative Director, Carl Zeiss Meditec Co., Ltd. (Japan)</p> <p>June 2021 External Director, the Company (to present)</p> <p>July 2022 Director, 4a Plus Co., Ltd. (to present)</p> <p>May 2024 Senior Advisor, Carl ZEISS Co., Ltd. (Japan)</p> <p>Reason for selection as a candidate for External Director and overview of the expected role Mr. Stefan Sacré appropriately performs his duties as an External Director by making critical managerial decisions and overseeing business execution independently and impartially. Furthermore, he has high academic knowledge as a Doctor of Engineering and abundant experience as a manager in the manufacturing sector in Japan and overseas and he can be expected to oversee all aspects of the Company's operations as well as offer advice and opinions from broad management perspectives. We, therefore, propose his re-election as Director.</p> | 0 |

| No. | Name (Date of birth) | Experience, positions, and responsibilities | Number of shares of the Company held |
|-----|--|---|--|
| 5 | <p>Koichi Hayashi (October 28, 1964)</p> <p>Re-election External Director candidate Independent Director candidate</p> <p>Years in office as Director: 3 years (At the conclusion of this Annual General Meeting of Shareholders)</p> <p>Status of attendance at Board of Directors meetings 100% (12/12)</p> | <p>October 1990 Joined KPMG LLP, New York Office</p> <p>April 1997 Registered as a certified public accountant</p> <p>March 2008 Representative Director, Attax Co., Ltd. (to present)</p> <p>June 2010 Audit & Supervisory Board Member, the Company</p> <p>June 2013 External Audit & Supervisory Board Member, Plaza Create Co., Ltd. (currently, Plaza Holdings Co., Ltd.)</p> <p>June 2018 External Director Audit and Supervisory Committee Member, Plaza Create Co., Ltd. (currently, Plaza Holdings Co., Ltd.) (to present)</p> <p>June 2022 External Director, the Company (to present)</p> <p>Reason for selection as a candidate for External Director and overview of the expected role Mr. Koichi Hayashi appropriately performs his duties as an External Director by making critical managerial decisions and overseeing business execution independently and impartially. Furthermore, he has professional knowledge as a certified public accountant and abundant experience as a manager. He can be expected to oversee all aspects of the Company's operations as well as offer advice and opinions from broad management perspectives. We, therefore, propose his re-election as Director.</p> | 0 |
| 6 | <p>Hiroko Shimada (February 13, 1964)</p> <p>Re-election External Director candidate Independent Director candidate</p> <p>Years in office as Director: 2 years (At the conclusion of this Annual General Meeting of Shareholders)</p> <p>Status of attendance at Board of Directors meetings 100% (12/12)</p> | <p>April 1986 Joined National Personnel Authority</p> <p>June 1990 Long-term overseas researcher in the United Kingdom (University of Oxford)</p> <p>April 2000 First Secretary, The Permanent Mission of Japan in Geneva, Ministry of Foreign Affairs of Japan</p> <p>April 2017 First Deputy Director General, Remuneration Bureau, National Personnel Authority</p> <p>April 2018 Deputy Director General, Human Resources Bureau, National Personnel Authority</p> <p>April 2019 Professor, School of Government, Kyoto University (to present)</p> <p>March 2023 External Director, SPACE CO., LTD. (to present)</p> <p>June 2023 External Director, the Company (to present)</p> <p>Reason for selection as a candidate for External Director and overview of the expected role Ms. Hiroko Shimada appropriately performs her duties as an External Director by making critical managerial decisions and overseeing business execution independently and impartially. Furthermore, she has abundant domestic and international experience in human resources policies, laws and regulations, mainly in recruitment and development, diversity, work style reform, and labor-related matters at the National Personnel Authority and the Ministry of Foreign Affairs of Japan. For that reason, she can be expected to oversee all aspects of the Company's operations as well as offer advice and opinions from broad perspectives. We, therefore, propose her re-election as Director.</p> | 0 |

(Notes)

1. There are no special interests between the candidates for Director and the Company.
2. The Company has taken out a directors and officers liability insurance policy with an insurance company for Directors and Audit & Supervisory Board Members of the Company as the insureds. The policy is designed to cover damages resulting from the insured officers bearing liability with respect to the execution of their duties or being subject to claims related to the pursuit of such liability. However, there are specific exclusions, such as no coverage for liability arising from actions taken with the knowledge that they were in violation of laws and regulations. If each candidate is appointed Director, he or she will be insured under the above-mentioned insurance policy. Note that the Company bears the entire cost of insurance premiums. When the insurance policy next comes up for renewal, the Company plans to renew it with the same terms.
3. The Company entered into an indemnification agreement with each Director and each Audit & Supervisory Board Member, which provides that the Company will indemnify the Director against the expenses stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses stipulated in Item 2 of the same Paragraph, to the extent provided for by law. Subject to the approval of the re-election of each person, the Company intends to continue the agreements with each person.
4. Remarks in relation to the candidates for External Directors are stated below.
 - (1) The Company entered into an agreement with Mr. Stefan Sacré, Mr. Koichi Hayashi and Ms. Hiroko Shimada to limit their liabilities pursuant to Article 423, Paragraph 1 of the Companies Act to the minimum extent stipulated by Article 425, Paragraph 1 of the Companies Act. Subject to the approval of their re-election, the Company intends to continue the agreements with them.
 - (2) Mr. Stefan Sacré, Mr. Koichi Hayashi, and Ms. Hiroko Shimada are candidates for independent officers as stipulated by financial instruments exchanges.

(Reference)

Criteria for independence of External Directors and External Audit & Supervisory Board Members of the Company

The Company deems an external officer or a candidate for the external officer to be independent of the Company if there is no risk of generating conflicts of interest with general shareholders of the Company. “No risk of generating conflicts of interest with general shareholders of the Company” refers to the case where an external officer or a candidate for the external officer is deemed not to fall under any of the following items.

- (1) A person for which the Company and/or its affiliate (collectively, the “Group”) is a major business partner
- (2) A major shareholder (Note 1) of the Company or a person executing the operations (“Executing Person”) thereof (Note 2)
- (3) A person in which the Group holds 10% or more of the total voting rights directly or indirectly, or an Executing Person thereof
- (4) A major business partner (Note 3) of the Group or an Executing Person thereof
- (5) A person who belongs to an audit corporation which is an Accounting Auditor of the Company or its consolidated subsidiary
- (6) A consultant, an attorney, a certified public accountant, or a person providing other professional services who has received a large amount of money or other properties (Note 4) from the Group other than as compensation for being a Director or Audit & Supervisory Board Member (if the recipient of such properties is a corporation, partnership or any other organization, such as a consulting firm, law office, and accounting office, this item applies to any person belonging to such organizations)
- (7) A person who has received a large number of donations (Note 5) from the Group (if the recipient of such donations is a corporation, partnership, or an organization, this item applies to an Executing Person of such organization)
- (8) An Executing Person of a company that elects an Executing Person of the Group as its officer
- (9) A person that falls under any of the above items 2 to 8 in the past three (3) years
- (10) If a person that falls under any of the above items 1 to 8 is a person in an important position (Note 6), a spouse, or a relative within the second degree of kinship thereof
- (11) Other than the items set forth above, a person who is at risk of generating conflicts of interest with general shareholders and is reasonably deemed to be in a situation where he/she is unable to perform duties as an independent external officer

(Notes)

1. “A major shareholder” refers to a shareholder who holds 10% or more of voting rights under the name of itself or another person at the end of the most recent fiscal year of the Company.
2. “Executing Person” refers to an executive director, executive officer, operating officer, and a person equivalent to that, as well as an employee of a corporation or an organization. A non-executive director shall also be included in the above in case of judging the independence of an External Audit & Supervisory Board Member.
3. As to “a major business partner,” the significance of such transaction for the Group and the major business partner shall be assessed using an appropriate index, and an outline of the result thereof shall be disclosed.
A major business partner refers to a person who makes a payment to the Company that accounts for 2% or more of the Company’s annual consolidated net sales in the most recent fiscal year.
4. As to “a large amount of money and other properties,” the significance of such money and properties for the Group and the recipient shall be assessed using an appropriate index, and an outline of the result thereof shall be disclosed.
5. As to “a large number of donations,” the significance of such donation for the Group and the recipient shall be assessed using an appropriate index, and an outline of the result thereof shall be disclosed.
6. “A person in an important position” refers to an executive director, executive officer, operating officer, or an employee in an upper management position such as a department manager or higher.

(Reference) Composition of Officers (after June 20, 2025)

Each Company Director and Audit & Supervisory Board Member elected by the approval for the proposal has the following expertise and experience.

| No. | Attribution | Name | Job title | Gender | Age | Years in office | Significant concurrent positions | | Committee belongs to |
|-----|---------------------------|-------------------|---|--------|-----|-----------------|----------------------------------|--|--|
| | | | | | | | The number of companies | Of which, the number of listed companies | Nomination & Remuneration Advisory Committee |
| 1 | Internal | Kazunori Kajimoto | Chairperson of the Board of Directors and Chief Executive Officer | Male | 68 | 21 | | | ● |
| 2 | Internal | Katsuhito Okuoka | President and Chief Operating Officer | Male | 57 | 9 | | | |
| 3 | Internal | Yoshiyuki Amano | Director Executive Officer | Male | 62 | 1 | | | |
| 4 | External (Independent) | Stefan Sacré | External Director | Male | 62 | 4 | 1 | | ● |
| 5 | External (Independent) | Koichi Hayashi | External Director | Male | 60 | 3 | 2 | 1 | ● (Chairperson) |
| 6 | External (Independent) | Hiroko Shimada | External Director | Female | 61 | 2 | 2 | 1 | |

| No. | Attribution | Name | Job title | Gender | Age | Years in office | Significant concurrent positions | | Committee belongs to |
|-----|---------------------------|-------------------|---|--------|-----|-----------------|----------------------------------|--|--|
| | | | | | | | The number of companies | Of which, the number of listed companies | Nomination & Remuneration Advisory Committee |
| 1 | Internal | Toshiaki Sugiura | Standing Audit & Supervisory Board Member | Male | 64 | 1 | | | |
| 2 | External (Independent) | Shuzo Hashimoto | External Audit & Supervisory Board Member | Male | 69 | 5 | 1 | | |
| 3 | External (Independent) | Kiyoshi Miura | External Audit & Supervisory Board Member | Male | 67 | 3 | 2 | 1 | |
| 4 | External (Independent) | Tsuyoshi Takeuchi | External Audit & Supervisory Board Member | Male | 66 | 3 | 3 | 1 | |

| No. | Name | Corporate Management | Manufacturing, Technology, Research and Development | Quality and Safety | Sales and Marketing | Finance and Accounting | Legal Affairs and Risk Management | DX and IT | Sustainability and Environment | International Experience |
|-----|-------------------|----------------------|---|--------------------|---------------------|------------------------|-----------------------------------|-----------|--------------------------------|--------------------------|
| 1 | Kazunori Kajimoto | ● | | ● | ● | ● | | | ● | ● |
| 2 | Katsuhito Okuoka | ● | ● | ● | | ● | ● | ● | ● | |
| 3 | Yoshiyuki Amano | ● | ● | ● | | ● | ● | ● | | |
| 4 | Stefan Sacré | ● | ● | ● | ● | | | ● | | ● |
| 5 | Koichi Hayashi | ● | | | | ● | ● | | | ● |
| 6 | Hiroko Shimada | | | | | | ● | | ● | ● |

| No. | Name | Corporate management | Manufacturing, technology, research and development | Quality and safety | Sales and Marketing | Finance and Accounting | Legal affairs and risk management | DX and IT | Sustainability and environment | International experience |
|-----|-------------------|----------------------|---|--------------------|---------------------|------------------------|-----------------------------------|-----------|--------------------------------|--------------------------|
| 1 | Toshiaki Sugiura | ● | | | ● | | ● | | ● | |
| 2 | Shuzo Hashimoto | | | | | | ● | | | |
| 3 | Kiyoshi Miura | ● | | | ● | ● | ● | ● | ● | |
| 4 | Tsuyoshi Takeuchi | ● | | | | ● | ● | | | ● |

| | | | |
|---|---|-----------------------------------|---|
| Corporate management | Experience and knowledge of corporate management and business operation, which are necessary to fulfill medium-to-long-term business goals, cultivate a healthy global environment and a prosperous future: the Company's Purpose, and grow together with society sustainably | Finance and Accounting | Experience and knowledge of finance and accounting, which are necessary to disclose financial information, raise finance properly and aim to increase the Company's corporate value that satisfies both investing in growth and returning profits to shareholders based on the sound financial standing |
| Manufacturing, technology, research and development | Experience and knowledge of manufacturing, technology, research and development, which are necessary to engage in R&D of automation and fluid control technologies and manufacture products that contribute to solving challenges faced by society | Legal affairs and risk management | Experience and knowledge of legal affairs and risk management, which are necessary to develop a foundation for sustainable corporate value enhancement by establishing a governance system, improving compliance, and thoroughly managing risks |
| Quality and safety | Experience and knowledge of quality and safety, which are necessary to deliver high-quality and safe products to society and create a work environment that gives due consideration to occupational safety and health within the organization | DX and IT | Experience and knowledge of DX and IT, which are necessary to promote the creation of new value, such as improving operational efficiency and optimizing business processes by utilizing newly introduced core systems and integrating digital technologies and data |
| Sales and Marketing | Experience and knowledge of sales and marketing, which are necessary to develop marketing activities that satisfy customers, strengthen sales capabilities and respond to customers' needs to become the company of choice | Sustainability and environment | Experience and knowledge of sustainability and environment to actively promote sustainability and environmental initiatives to realize a sustainable society, which are essential for the Company's medium-to-long-term development as a company that contributes to society |
| | | International experience | Experience and knowledge of overseas businesses, management, culture, etc., which are necessary to accelerate globalization and fulfill management strategies for expanding overseas markets |

Business Report

(April 1, 2024 – March 31, 2025)

1. Current Status of the Corporate Group

(1) Business progress and results

General overview

During the consolidated fiscal year under review, the global economy remained uncertain due to ongoing concerns over the impact of geopolitical risks and policy developments on economic activity. In our key markets of semiconductors and rechargeable batteries, the recovery lacked momentum. In the semiconductor market, investment related to generative AI remained strong, while investment in semiconductors for automotive and industrial equipment continued to be sluggish amid ongoing adjustments. In the rechargeable battery market, although global demand for EVs slowed, capital investment in BEV-related facilities continued, and investment in HEV-related facilities also remained firm.

In the U.S. economy, capital investment demand remained strong, particularly in areas related to generative AI. Plans for new investment in construction and expansion of semiconductor plants have also been announced, and the semiconductor manufacturing equipment market is expected to continue growing over the medium- to long-term. In China, the rechargeable battery market saw a decline in new investment projects for automotive batteries. In addition, in the semiconductor market, moves to produce semiconductors and semiconductor manufacturing equipment domestically further accelerated due to concerns about tougher restrictions on semiconductors against China by the U.S.

Under such circumstances, in results of the consolidated fiscal year, the CKD Group recorded 155,634 million yen in net sales, up 15.8% year on year, 19,018 million yen in operating profit, up 45.0% year on year, 19,167 million yen in ordinary profit, up 46.9% year on year, and 13,520 million yen in profit attributable to owners of parent, up 62.1% year on year.

Net sales by segment

| Segment | Amount | Change YoY | Composition ratio |
|---------------------|---------------------|------------|-------------------|
| Automatic Machinery | 25,331 million yen | Up 43.3% | 16.3% |
| Components | 130,302 million yen | Up 11.6% | 83.7% |
| Total | 155,634 million yen | Up 15.8% | 100.0% |

Overview by segment

<Automatic Machinery>

Main products

- Automatic packaging systems (pharmaceutical, food, and medical equipment)
- Image processing inspection systems
- Lithium-ion battery manufacturing systems
- 3D solder paste inspection machines

Overview of the fiscal year under review

In Japan, investment aimed at ensuring a stable supply of generic pharmaceuticals continued, and sales of pharmaceutical packaging machines increased as we captured demand for equipment entering its final phase. In addition, sales of lithium-ion battery manufacturing systems rose due to increased investment by Japanese automobile manufacturers in on-board batteries for hybrid electric vehicles (HEVs).

As a result, net sales were 25,331 million yen (up 43.3% year on year), and segment profit was 5,489 million yen (up 85.2% year on year), due to the effect of improved earnings and sales mix.

<Components>

Main products

- Drive components
- Pneumatic control components
- Pneumatic-related components
- Fluid control components

Overview of the fiscal year under review

In the domestic market, amid robust global investment in generative AI, some customers in the semiconductor and electronic component industries progressed in inventory adjustments, leading to an increase in sales of components for semiconductor manufacturing equipment. Additionally, as in the Automatic Machinery segment, sales of components used in the manufacturing process of rechargeable batteries for HEVs increased, supported by greater investment in automotive batteries by domestic manufacturers.

In overseas markets, sales increased in China, where localization of semiconductor manufacturing equipment is advancing; in South Korea and Taiwan, where investment in HBM (High Bandwidth Memory) remained strong; and in Singapore, which has become a key supply hub for semiconductors and semiconductor manufacturing equipment.

As a result, net sales were 130,302 million yen (up 11.6% year on year), and segment profit was 18,211 million yen (up 22.7% year on year) due to increased sales.

(2) Status of capital investment

Capital expenditures during the fiscal year under review were 275 million yen in the Automatic Machinery segment, 4,680 million yen in the Components segment, and 66 million yen in the Company-wide segment, totaling 5,023 million yen as a result of installation of equipment at the Malaysia Plant, the Hokuriku Plant, and the India Plant, as well as updates to machinery and metal molds.

(3) Status of financing

To ensure stable and flexible financing, the Company has entered into syndicated commitment line contracts totaling 20,000 million yen with three correspondent financial institutions. As of the end of the fiscal year under review, there were no outstanding borrowings based on these contracts.

(4) Issues to be addressed

[1] Initiatives for medium- to long-term growth

Fiscal 2025 marks the final year of our 10-Year Vision “GO CKD!” and our fifth medium-term management plan “Exciting CKD 2025.” As we work to fulfill our Purpose, we are maximizing the value of both our technology and the human resources who will lead us into the future, contributing to society and creating new value through co-creation. We are fully committed to making this final year a success as we set our sights even higher for the decade ahead.

(a) Evolve our revenue and business strategy models

The “semiconductor industry,” one of our key focus areas, the market is expected to expand into a one-trillion-dollar industry by 2030, driven by the growth of generative AI and EV/autonomous driving sectors. To strengthen our production capacity both domestically and overseas, we began operations at the Hokuriku Plant in fiscal 2024 and completed the construction of a new plant in Malaysia. To meet the demands of cutting-edge technologies such as miniaturization, multilayering, and hybrid bonding, we are working closely with our customers to understand their needs and provide new value by combining our diverse technologies, enhancing our presence within the industry. In the “battery industry,” another area of focus, the market is expanding not only due to the growth of BEVs but also due to the renewed attention to HEVs. We are deploying high-speed, high-precision winding machines and equipment for rechargeable battery manufacturing processes. At the same time, we are strengthening our operations to meet a wide range of customer needs, including stable operation and product longevity, while addressing social issues such as labor shortage and the need for operational efficiency.

In the area of “new products and new businesses,” we are responding to demand for automation and labor savings by enhancing not only hardware but also software offerings. These include AI-based image processing tools and device programming tools that enable centralized

control of electric components, pneumatic components, and image inspection systems via a computer without requiring specialized knowledge. We are reinforcing our service business by integrating new functions into existing products and core technologies. On the hardware side, we expanded our lineup of human-assist equipment designed to improve productivity and prevent workplace accidents. In addition, as part of our environmental initiatives, we are developing environmentally friendly products and long-service-life equipment, while also implementing internal measures to reduce CO₂ emissions, advancing our contribution toward a sustainable society.

In “overseas markets,” another key focus area, we completed construction of our India Plant in May 2024, in addition to the Austin Plant in the U.S., which began operations in 2022, and the new plant in Malaysia mentioned earlier. We are strengthening our production systems in high-growth markets such as semiconductors and batteries, as well as in regions like ASEAN and India where demand for equipment is set to expand. By fully leveraging these new bases, we aim to secure new projects and drive business growth.

(b) Improve management efficiency

To ensure business management with an awareness of capital costs, we have secured cash generated from operating activities as funds essential for sustainable growth and directed them toward growth investments and strengthening our foundation. As noted earlier, we completed construction of the Hokuriku Plant in fiscal 2023, followed by the India and Malaysia Plants in fiscal 2024. By making full use of this foundation, we are working to win new projects, expand orders, and improve productivity, ultimately striving to enhance our corporate value.

(c) Strengthen the business foundation

Under our Purpose, the Group aims to enhance corporate value by contributing to the realization of a sustainable society. We are committed to pursuing quality in our products and services as well as driving technological innovation, while protecting the global environment and addressing social issues through our business activities. By leveraging our technologies and collaborating with a diverse range of external partners, we will continue to deliver products and services that help solve social issues.

In the Automatic Machinery business, we are developing environmentally friendly products, such as PTP pharmaceutical packaging machines that use biomass plastics, and reducing plastic usage in the production of PTP sheets. In the Component Products business, we have developed the Pulsed Blow Valve, an environmentally friendly product that contributes to the effective use of energy, and the Air Monitoring Unit, which contributes to energy savings by visualizing production energy consumption.

Through the above, we will establish a management foundation for achieving sustainable growth while contributing to the environment and society through our businesses. To this end, we will leverage our digital technologies and ERP software system to further improve productivity with an optimized organizational structure. In addition, we will advance corporate social responsibility (CSR) activities and initiatives aimed at solving environmental and social issues, striving to become a sustainable enterprise.

In addition, one of the Group’s key corporate commitments is creating a “Corporate Culture with Faith in Human Resources,” recognizing that human resources are valuable corporate assets and an essential management resource for the sustained development and growth of the Company. In 2023, to promote management that empowers every individual in the Group, we launched the Human Resources Strategy Committee. Moreover, under this committee, we launched the Future Human Resources Project tasked with envisioning our vision and promoting the ideal human resources strategies, aiming to create a company and workplace that enable all employees to work with energy. We are committed to developing human resources that embody our Purpose and Values, while engaging in dialogue with employees to drive personnel system reforms that enhance engagement.

As part of our action plan to promote women’s career advancement, we have set a target to raise the ratio of female managers to 10% or more by fiscal 2030 and will continue working toward this goal.

[2] Environment, Society, and Governance (ESG) initiatives

The Group carries out its business activities with a long-term perspective, considering changes in social conditions and the business environment. We engage in initiatives that contribute to the achievement of the sustainable development goals (SDGs), building a relationship of trust with our stakeholders while helping solve social issues and drive progress through our businesses.

Furthermore, toward achieving a carbon-neutral society, we have set medium- to long-term targets of a 50% reduction in CO₂ emissions by fiscal 2030 (per unit of sales target: compared to fiscal 2013 levels; quantified target: compared to fiscal 2022 levels), and net-zero CO₂ emissions by fiscal 2050. In addition, we are promoting initiatives such as thorough energy-saving improvements, expansion of solar power generation equipment, and adoption of green electricity and other renewable energy sources. In June 2022, we expressed our support for the TCFD recommendations, and in March 2025, we committed to the Science Based Targets initiative (SBTi), announcing our aim to obtain SBT certification within two years.

The Group will clarify and comply with environmental laws and regulations, and develop environmentally friendly products that leverage our long-standing expertise in automation and fluid control technologies. By delivering these solutions to our customers, we will help realize carbon neutrality, prevent environmental pollution, and contribute to the preservation of the global environment.

(5) Status of assets and income

[1] Status of assets and income of the Group

| Item | 102nd Fiscal Year (April 1, 2021 – March 31, 2022) | 103rd Fiscal Year (April 1, 2022 – March 31, 2023) | 104th Fiscal Year (April 1, 2023 – March 31, 2024) | 105th Fiscal Year (April 1, 2024 – March 31, 2025) |
|---|--|--|--|--|
| Net sales (Million yen) | 142,199 | 159,457 | 134,425 | 155,634 |
| Ordinary profit (Million yen) | 18,043 | 21,181 | 13,048 | 19,167 |
| Profit attributable to owners of the parent (Million yen) | 12,567 | 14,788 | 8,338 | 13,520 |
| Basic earnings per share (Yen) | 188.58 | 221.76 | 124.94 | 202.48 |
| Total assets (Million yen) | 172,514 | 185,626 | 208,285 | 210,867 |
| Net assets (Million yen) | 109,571 | 119,730 | 129,098 | 136,521 |
| Net assets per share (Yen) | 1,643.36 | 1,794.44 | 1,933.58 | 2,043.69 |

(Notes) 1. Basic earnings per share is calculated based on the average number of shares issued during the period. Net assets per share is calculated based on the total number of shares issued at the end of the period. The total number of issued shares does not include treasury shares.

[2] Status of Company assets and income

| Item | 102nd Fiscal Year (April 1, 2021 – March 31, 2022) | 103rd Fiscal Year (April 1, 2022 – March 31, 2023) | 104th Fiscal Year (April 1, 2023 – March 31, 2024) | 105th Fiscal Year (April 1, 2024 – March 31, 2025) |
|--------------------------------|--|--|--|--|
| Net sales (Million yen) | 116,400 | 128,137 | 106,849 | 123,867 |
| Ordinary profit (Million yen) | 13,758 | 16,771 | 12,125 | 15,255 |
| Net income (Million yen) | 9,792 | 11,945 | 8,640 | 11,125 |
| Basic earnings per share (yen) | 146.94 | 179.12 | 129.47 | 166.61 |
| Total assets (Million yen) | 143,420 | 151,093 | 169,875 | 171,609 |
| Net assets (Million yen) | 92,726 | 99,701 | 105,723 | 110,659 |
| Net assets per share (Yen) | 1,390.72 | 1,494.24 | 1,583.48 | 1,656.55 |

(Notes) 1. Basic earnings per share is calculated based on the average number of shares issued during the period. Net assets per share is calculated based on the total number of shares issued at the end of the period. The total number of issued shares does not include treasury shares.

(6) Major offices, plants, and other facilities

| | Name | location |
|-----------------------|-----------------------------------|----------------------------------|
| CKD Corporation | Headquarters/Komaki Plant | Komaki-shi, Aichi |
| | Tokyo Sales Office | Minato-ku, Tokyo |
| | Osaka Sales Office | Osaka-shi, Osaka |
| | Nagoya Sales Office | Nagoya-shi, Aichi |
| | Kasugai Plant | Kasugai-shi, Aichi |
| | Inuyama Plant | Fuso-cho, Niwa-gun, Aichi |
| | Yokkaichi Plant | Yokkaichi-shi, Mie |
| | Tohoku Plant | Ohira-mura, Kurokawa-gun, Miyagi |
| | Hokuriku Plant | Komatsu-shi, Ishikawa |
| Domestic subsidiaries | CKD SHIKOKU SEIKOU CORPORATION | Sukumo-shi, Kochi |
| | CKD GLOBAL SERVICE CORPORATION | Komaki-shi, Aichi |
| | CKD FIELD ENGINEERING CORPORATION | Komaki-shi, Aichi |
| | CKD NIKKI DENSO CO., LTD. | Kawasaki-shi, Kanagawa |
| Overseas subsidiaries | CKD THAI CO. LTD. | Thailand |
| | CKD SINGAPORE PTE. LTD. | Singapore |
| | CKD USA CORP. | USA |
| | M-CKD PRECISION SDN. BHD. | Malaysia |
| | CKD MALAYSIA SDN. BHD. | Malaysia |
| | CKD (CHINA) CORPORATION | China |
| | CKD (SHANGHAI) CORPORATION | China |
| | CKD KOREA CORPORATION | Korea |
| | TAIWAN CKD CORPORATION | Taiwan |
| | CKD VIETNAM ENGINEERING CO., LTD. | Vietnam |
| | PT CKD TRADING INDONESIA | Indonesia |
| | PT CKD MANUFACTURING INDONESIA | Indonesia |
| | CKD MEXICO, S. DE R.L. DE C.V. | Mexico |
| | CKD INDIA PVT. LTD. | India |
| | CKD EUROPE B.V. | The Netherlands |
| | CKD ITALIA S.R.L. | Italy |

(7) Status of employees

[1] Status of employees of the Group

| Business segment | Number of employees | Changes from the end of the previous fiscal year |
|-----------------------|---------------------|--|
| Automatic Machinery | 490 | Increase of 2 |
| Components | 3,953 | Decrease of 13 |
| Company-wide (common) | 198 | Increase of 7 |
| Total | 4,641 | Decrease of 4 |

[2] Status of Company employees

| Number of employees | Changes from the end of the previous fiscal year | Average age | Average years of service |
|---------------------|--|-------------|--------------------------|
| 2,392 | Decrease of 15 | 41.6 | 16.9 |

(Note) The number of employees does not include 357 employees hired on a contract or part-time basis.

(8) Status of principal subsidiaries

| Company name | Paid-in capital | Investment ratio | Principal business |
|----------------------------------|-----------------|------------------|---|
| | Million yen | % | |
| CKD (CHINA) CORPORATION | 5,773 | 100.0 | Manufacturing and sale of automatic machinery products and manufacturing of component products |
| CKD (SHANGHAI) CORPORATION | 531 | 100.0 | Sale of component products |

(9) Principal lenders of the Company and amount of borrowings

| Lender | Borrowings outstanding |
|-------------------------------------|------------------------|
| | Million yen |
| Sumitomo Mitsui Banking Corporation | 11,420 |
| Sumitomo Mitsui Trust Bank, Limited | 9,000 |
| MUFG Bank, Ltd. | 5,900 |

(Note) The outstanding balance of borrowings from Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, and MUFG Bank, Ltd. includes a portion the balance of 20,000 million yen of the loan with a syndicate of eight financial and other firms led by Sumitomo Mitsui Banking Corporation.

2. Matters Regarding Shares

(1) Status of shares

| | |
|---|---------------------------------------|
| [1] Total number of authorized shares | 233,000,000 shares |
| [2] Total number of issued shares | 66,801,332 shares |
| | (excluding 1,108,117 treasury shares) |
| [3] Number of shareholders at the end of the fiscal year under review | 13,235 persons |

(2) Major shareholders (top 10 shareholders)

| Shareholder name | Number of shares held | Shareholding ratio |
|--|-----------------------|--------------------|
| | Thousand shares | % |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 9,307 | 13.93 |
| Custody Bank of Japan, Ltd. (Trust Account) | 4,224 | 6.32 |
| CKD Shareholding Association | 2,735 | 4.09 |
| JP MORGAN CHASE BANK 385840 | 2,201 | 3.30 |
| SUMITOMO LIFE INSURANCE COMPANY | 1,914 | 2.87 |
| CKD Cooperative Companies Investment Association | 1,817 | 2.72 |
| Sumitomo Mitsui Banking Corporation | 1,581 | 2.37 |
| The Dai-ichi Life Insurance Company, Limited | 1,400 | 2.10 |
| THE BANK OF NEW YORK MELLON 140044 | 1,372 | 2.06 |
| JP MORGAN CHASE BANK 385632 | 1,237 | 1.85 |

(Note) Shareholding ratios are calculated excluding treasury shares.

(3) Status of shares granted to officers of the Company during the fiscal year under review as consideration for the execution of duties

| | Class and number of shares | Number of officers granted shares |
|---|--|-----------------------------------|
| Directors (excluding External Directors) | Ordinary shares of the Company 6,920 shares | 3 |

3. Matters Regarding Officers of the Company

(1) Status of Directors and Audit & Supervisory Board Members

| Position | Name | Responsibilities and significant concurrent positions |
|---|-------------------|---|
| Chairperson of the Board of Directors | Kazunori Kajimoto | Chairperson of the Board of Directors |
| Representative Director, President | Katsuhito Okuoka | Chief Executive Officer (CEO) |
| Director | Yoshiyuki Amano | Executive Officer In charge of Administration |
| Director | Stefan Sacré | Director, 4a Plus Co., Ltd. |
| Director | Koichi Hayashi | Certified public accountant Representative Director, Attax Co., Ltd. External Director and Audit & Supervisory Committee Member, Plaza Holdings Co., Ltd. |
| Director | Hiroko Shimada | Professor, School of Government, Kyoto University External Director, SPACE CO., LTD. |
| Standing Audit & Supervisory Board Member | Toshiaki Sugiura | |
| Audit & Supervisory Board Member | Shuzo Hashimoto | Attorney-at-Law Representative Attorney-at-Law, Hashimoto Law Firm |
| Audit & Supervisory Board Member | Kiyoshi Miura | Adviser, SAERA Pharmacies, Inc. |
| Audit & Supervisory Board Member | Tsuyoshi Takeuchi | Certified public accountant Representative Director, PM Business Solutions Inc. Principal, Takeuchi Tsuyoshi Certified Public Accountant Office Outside Auditor, Chugai Ro Co., Ltd. |

- (Notes) 1. Directors Mr. Stefan Sacré, Mr. Koichi Hayashi, and Ms. Hiroko Shimada are External Directors.
2. Audit & Supervisory Board Members Mr. Shuzo Hashimoto, Mr. Kiyoshi Miura, and Mr. Tsuyoshi Takeuchi are External Audit & Supervisory Board Members.
3. External Directors Mr. Stefan Sacré, Mr. Koichi Hayashi, and Ms. Hiroko Shimada, as well as External Audit & Supervisory Board Members Mr. Shuzo Hashimoto, Mr. Kiyoshi Miura, and Mr. Tsuyoshi Takeuchi are independent officers as stipulated by financial instruments exchanges.
4. External Director Mr. Yoshiyuki Amano and Standing Audit & Supervisory Board Member Mr. Toshiaki Sugiura were elected in the 104th Annual General Meeting of Shareholders held on June 21, 2024, and assumed their positions after that.
5. External Director Mr. Yusuke Hirako and Standing Audit & Supervisory Board Member Mr. Masafumi Kokubo retired from their positions at the conclusion of the 104th Annual General Meeting of Shareholders held on June 21, 2024, due to the expiration of their terms of office.
6. External Director Mr. Stefan Sacré retired from his position as Senior Advisor at Carl ZEISS Co., Ltd. (Japan) as of September 30, 2024.
7. External Audit & Supervisory Board Member Mr. Kiyoshi Miura is scheduled to be elected as Outside Director of PAL GROUP Holdings CO., LTD. on May 28, 2025.
8. External Audit & Supervisory Board Member Mr. Shuzo Hashimoto is qualified as an Attorney-at-Law and has considerable knowledge of corporate legal affairs.
9. External Audit & Supervisory Board Member Mr. Kiyoshi Miura has many years of experience working for financial institutions and considerable knowledge of finance and accounting.
10. External Audit & Supervisory Board Member Mr. Tsuyoshi Takeuchi is qualified as a certified public accountant and has considerable knowledge of finance and accounting.
11. The Company has taken out a directors and officers liability insurance policy with an insurance company, with the Directors and Audit & Supervisory Board Members of the

Company as the insureds. This policy covers damages incurred as a result of the insured officers, etc., assuming liability in connection with the execution of their duties, or from claims made in pursuit of such liability. However, certain exclusions apply, including damages arising from acts committed with the knowledge that such acts were in violation of laws and regulations. The full amount of the insurance premiums for this policy is borne by the Company.

12. The Company entered into an indemnification agreement with each Director and each Audit & Supervisory Board Member listed in the above “(1) Status of Directors and Audit & Supervisory Board Members,” which provides that the Company will indemnify them against the expenses stipulated in Article 430-2, Paragraph 1, Item 1 of the Companies Act and the losses stipulated in Item 2 of the same Paragraph, to the extent provided for by law.
13. In accordance with the provisions of Article 28, Paragraph 2 and Article 36, Paragraph 2 of the Company’s Articles of Incorporation, as well as the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has executed agreements with External Directors Mr. Stefan Sacré, Mr. Koichi Hayashi, and Ms. Hiroko Shimada, and with Audit & Supervisory Board Members Mr. Toshiaki Sugiura, Mr. Shuzo Hashimoto, Mr. Kiyoshi Miura, and Mr. Tsuyoshi Takeuchi, to limit their liabilities for damages. The limit of liabilities under each agreement is the minimum amount prescribed by laws and regulations. The above-mentioned liability limitations apply only when the duties giving rise to such liabilities were executed bona fide and without gross negligence.

(2) Amount of remuneration, etc., for Directors and Audit & Supervisory Board Members

[1] Matters regarding policy on determining remuneration

Policy on determining the remuneration for Directors

1. Basic Policy

- (i) Design the system to motivate Directors to contribute to the enhancement of corporate value
- (ii) Ensure the appropriateness of the method for determining the remuneration and distribution
- (iii) Design the system to allow Directors to share their interests with shareholders through stock ownership

2. Determination process and details

Remuneration for Directors consists of basic remuneration, performance-linked remuneration, and stock remuneration. At the same time, External Directors, who are responsible for the oversight function, are paid only basic remuneration in light of their role.

In addition, the ratio of Directors' remuneration by type is designed so that the higher a person's position, the more significant the proportion of performance-linked remuneration. The Board of Directors determines the amount of remuneration for officers based on consultation of the Nomination & Remuneration Advisory Committee, which is chaired by an independent officer and the majority of which members are external officers, within the range approved by the General Meeting of Shareholders. The Board of Directors also determines the determination policy based on consultation with the Nomination & Remuneration Advisory Committee. A third-party organization with extensive experience and expertise is currently participating in the Nomination & Remuneration Advisory Committee, where ongoing discussions are being held to revise the remuneration policy and framework. The revised remuneration system is scheduled to be implemented starting in fiscal 2025.

| Type of remuneration (composition ratio) | Remuneration details |
|---|--|
| Basic remuneration (about 30 to 70%) (Note) | <ul style="list-style-type: none"> The amount is fixed by position according to responsibilities determined upon careful consideration while referring to employees' salaries and remuneration levels at other companies. |
| Performance-linked remuneration (about 20 to 40%) (Note) | <ul style="list-style-type: none"> The performance-linked remuneration is paid in cash in an amount reflecting the results of the performance indicator in the previous fiscal year to raise awareness on improving performance each fiscal year. The target performance indicator and its amount are consulted with the Nomination & Remuneration Advisory Committee as necessary in accordance with environmental changes and are reviewed based on its recommendations. Officers other than those with titles are eligible for bonuses, to be paid at a specific time each year in an amount obtained reflecting the degree of targets achieved for each individual. |
| Restricted stock remuneration (about 5 to 20%) (Note) | <ul style="list-style-type: none"> Restricted stock remuneration consists of restricted stock intended to raise further motivation to sustainably improve corporate value and shareholder value over the medium-to-long-term within the range approved at the General Meeting of Shareholders. The number of shares to be granted to Directors is resolved by the Board of Directors. The restrictions on shares are lifted when the Director retires. |

(Note) If there is a pronounced decline in performance, performance-linked remuneration and stock remuneration may fall below the stated range. Therefore, basic remuneration may surpass the stated range.

The amount of remuneration for Audit & Supervisory Board Members is determined by the Audit & Supervisory Board within the range approved at the General Meeting of Shareholders.

- [2] The total amount of remuneration, etc., by officer category, the total amount of remuneration, etc., by type, and number of eligible officers

(Million yen)

| Category | Total amount of remuneration, etc. | Total amount of remuneration by type | | | Number of eligible officers (Persons) |
|-----------------------------------|------------------------------------|--------------------------------------|---------------------------------|-------------------------------|---------------------------------------|
| | | Basic remuneration | Performance-linked remuneration | Restricted stock remuneration | |
| Directors | 233 | 137 | 71 | 25 | 7 |
| Audit & Supervisory Board Members | 46 | 46 | — | — | 5 |
| Total | 280 | 183 | 71 | 25 | 12 |

- (Notes) 1. Of the amount paid above, the total remuneration for three External Directors and three External Audit & Supervisory Board Members is 56 million yen.
2. There are six Directors (including three External Directors) and four Audit & Supervisory Board Members (including three External Audit & Supervisory Board Members) at the end of the fiscal year under review.
3. The retirement benefit plan was abolished at the conclusion of the 87th Annual General Meeting of Shareholders held on June 28, 2007.
4. The amount of remuneration, etc., for Directors does not include the portion of employee's salary payable to Directors who concurrently serve as employees.

(a) Matters regarding performance-linked remuneration

For performance-linked remuneration in fiscal 2024, the achievement rates for each performance indicator—consolidated net sales, consolidated operating profit, ROE, development investment, initiatives related to the environment and health and productivity management, all of which are linked to the Medium-Term Management Plan for fiscal 2023—ranged from 41% to 83%.

(b) Matters regarding stock remuneration

In fiscal 2024, 6,920 shares were granted as restricted stock remuneration to three Directors (excluding External Directors).

(c) Reasons why the Board of Directors judged that the contents of individual remuneration, etc., for Directors, conform to the policy

The Nomination & Remuneration Advisory Committee examines proposals for remuneration from various perspectives, including the consistency with the determination policy. Therefore, the Board of Directors basically respects the Committee's recommendations regarding determining the contents of individual remuneration, etc., for Directors, and thus judged that the contents conform to the determining policy.

(d) Date and details of resolution at the General Meeting of Shareholders regarding remuneration for officers

| | Type of remuneration | Limit of annual remuneration | Date of resolution at the General Meeting of Shareholders | Number of officers at the time of the resolution |
|-----------------------------------|---------------------------------|------------------------------|---|--|
| Directors | Basic remuneration | Up to 600 million yen | The 87th Annual General Meeting of Shareholders (June 28, 2007) | 8 Directors (including 2 External Directors) |
| | Performance-linked remuneration | Up to 120 million yen | The 98th Annual General Meeting of Shareholders (June 22, 2018) | 4 Directors (excluding 3 External Directors) |
| Audit & Supervisory Board Members | Stock remuneration | Up to 80 million yen | The 87th Annual General Meeting of Shareholders (June 28, 2007) | 4 Audit & Supervisory Board Members (including 3 External Audit & Supervisory Board Members) |

- (e) Matters regarding the delegation of the determination of the amount of individual remuneration, etc., for Directors

Regarding the amount of individual remuneration for Directors, the Company calculates the amount of remuneration based on the computation criteria deliberated by the Nomination & Remuneration Advisory Committee chaired by an independent officer. The Committee assesses the adequacy of the calculated amount. The Board of Directors decided that individual remuneration shall be determined based on recommendations of the Nomination & Remuneration Advisory Committee.

- (f) The Nomination & Remuneration Advisory Committee

The Nomination & Remuneration Advisory Committee was established in April 2018 to ensure transparency and objectivity of the procedures for determining remuneration for Directors and further enhancing the corporate governance structure. An independent external officer chairs the Committee. In fiscal 2024, a third-party organization is participating in the Committee, where ongoing discussions are being held to revise the remuneration policy and framework for fiscal 2025.

| | |
|--|---|
| Composition of the Committee Members | The majority are independent officers. |
| Frequency of meeting | The Committee meets approximately 4 times a year but met 5 times in fiscal 2024. |
| Major deliberations pertaining to remuneration | <ul style="list-style-type: none"> • Policy regarding remuneration for Directors • Selection of evaluation indicators for calculating remuneration • Discussion of specific details of the remuneration structure • Consideration of and decision on amounts of individual remuneration • Decision on amounts of restricted stock remuneration |

(3) State of external officers

- [1] Relationships between the Company and the entities, etc., at which its external officers hold concurrent material positions

Director Stefan Sacré concurrently served as a Senior Advisor to Carl ZEISS Co., Ltd. (Japan) but has since retired from the position as of September 30, 2024. The Company has a business transaction relationship in buying manufactured goods, etc., with Carl ZEISS Co., Ltd. (Japan). However, the percentage of such transactions is tiny, at less than 1% of the consolidated net sales of each of the Company and Carl ZEISS Co., Ltd. (Japan). Additionally, Mr. Stefan Sacré concurrently serve as a Director at 4a Plus Co., Ltd. The Company has no special relationships with 4a Plus Co., Ltd.

Director Mr. Koichi Hayashi concurrently serves as a Representative Director of Attax Co., Ltd. and as an External Director and Audit & Supervisory Committee Member, Plaza Holdings Co., Ltd., respectively. There are no special relationships between the Company and each company.

Director Ms. Hiroko Shimada concurrently serves as a Professor of School of Government of Kyoto University and as an External Director of SPACE CO., LTD. There are no special relationships between the Company and the university and the company.

Audit & Supervisory Board Member Mr. Shuzo Hashimoto concurrently serves as the Representative Attorney-at-Law of Hashimoto Law Firm. The Company has no special relationships with the firm.

Audit & Supervisory Board Member Mr. Kiyoshi Miura concurrently serves as an Adviser, SAERA Pharmacies, Inc. The Company has no special relationships with the company.

Audit & Supervisory Board Member Mr. Tsuyoshi Takeuchi concurrently serves as the Representative Director of PM Business Solutions Inc., Principal of Takeuchi Tsuyoshi Certified Public Accountant Office and an Outside Auditor of Chugai Ro Co., Ltd. There are no special relationships between the Company and PM Business Solutions Inc. and Takeuchi Tsuyoshi Certified Public Accountant Office. The Company has a business transaction relationship in selling manufactured goods, etc. with Chugai Ro Co., Ltd. However, the percentage of such transactions is tiny, at less than 1% of the consolidated net sales of each of the Company and the company.

[2] Status of main activities of external officers

| Position | Name | Status of attendance | | Status of main activities |
|-------------------|----------------|-----------------------------|------------------------------------|---|
| | | Board of Directors meetings | Audit & Supervisory Board meetings | |
| External Director | Stefan Sacré | 100% 12/12 | * 7 | Mainly from a professional perspective as a Doctor of Engineering and from the worldwide perspective of an overseas corporate manager, Mr. Stefan Sacré actively participates in vigorous deliberations at the Board of Directors meetings. He also offers advice and opinions necessary to ensure the appropriateness of the decision-making. In addition, he attends the Audit & Supervisory Board meetings as an observer as needed. |
| External Director | Koichi Hayashi | 100% 12/12 | * 7 | Mainly from a professional perspective as a certified public accountant and from the viewpoint of an experienced corporate executive, Mr. Koichi Hayashi actively participates in vigorous deliberations at the Board of Directors meetings. He also offers advice and opinions necessary to ensure the appropriateness of the decision-making. In addition, he attends the Audit & Supervisory Board meetings as an observer as needed. |
| External Director | Hiroko Shimada | 100% 12/12 | * 7 | Mainly from a viewpoint related to human resources policies, laws and regulations, primarily in recruitment and development, diversity, work style reform, and labor-related matters, utilizing insights gained from serving at National Personnel Authority and the Ministry of Foreign Affairs of Japan, Ms. Hiroko Shimada actively participates in vigorous deliberations at the Board of Directors meetings. She also offers advice and opinions necessary to ensure the appropriateness of the decision-making. In addition, she attends the Audit & Supervisory Board meetings as an observer as needed. |

(Notes) “*” denotes the number of meetings attended as an observer.

| Position | Name | Status of attendance | | Status of main activities |
|---|-------------------|-----------------------------|------------------------------------|--|
| | | Board of Directors meetings | Audit & Supervisory Board meetings | |
| External Audit & Supervisory Board Member | Shuzo Hashimoto | 100% 12/12 | 100% 12/12 | Mainly from a professional perspective as an Attorney-at-Law, Mr. Shuzo Hashimoto offers advice and opinions necessary to ensure the appropriateness of the decision-making. Furthermore, he promotes strengthening the auditing system as an Audit & Supervisory Board Member, based on his extensive knowledge and objective standpoint. |
| External Audit & Supervisory Board Member | Kiyoshi Miura | 100% 12/12 | 100% 12/12 | Mainly from a professional perspective on the financial industry and from the viewpoint of an experienced corporate executive, Mr. Kiyoshi Miura offers advice and opinions necessary to ensure the appropriateness of the decision-making. Furthermore, he promotes strengthening the auditing system as an Audit & Supervisory Board Member, based on his extensive knowledge and objective standpoint. |
| External Audit & Supervisory Board Member | Tsuyoshi Takeuchi | 100% 12/12 | 100% 12/12 | Mainly from a professional perspective as a certified public accountant and based on his abundant overseas experience, Mr. Tsuyoshi Takeuchi offers advice and opinions necessary to ensure the appropriateness of the decision-making. Furthermore, he promotes the strengthening of the auditing system as an Audit & Supervisory Board Member, based on his extensive knowledge and objective standpoint. |

4. Matters Regarding the Accounting Auditor

(1) Name of the Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Amount of remuneration, etc., for the Accounting Auditor for the fiscal year under review

| | Amount paid |
|---|----------------|
| [1] Remuneration, etc., payable to the Accounting Auditor for the fiscal year under review | 48 million yen |
| [2] The total amount of money and other property benefits payable by the Company and its subsidiaries | 48 million yen |

- (Notes) 1. In light of the Practical Guidelines for Collaboration with Accounting Auditors, published by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board has confirmed the performance records of auditing time by auditing item and level in the past fiscal years' auditing plan, changes in remuneration amounts paid, and the status of duties executed by the Accounting Auditor, and then has examined the reasonableness of the audit plan, the auditing time, and the amount of remuneration for the fiscal year under review. As a result of the confirmation and examination, the Audit & Supervisory Board has given consent on remuneration, etc., for the Accounting Auditor as prescribed in Article 399, Paragraph 1 of the Companies Act.
2. The audit agreement concluded between the Company and the Accounting Auditor does not clearly distinguish the amount of remuneration, etc., for audits by the accounting auditor under the Companies Act from that for audits under the Financial Instruments and Exchange Act. Also, it is practically impossible to separate these remunerations. Therefore, the amount of remuneration, etc., shown in [1] above is the total amount of these remunerations.
3. The Company's overseas subsidiaries are audited by audit corporations other than the Accounting Auditor of the Company.

(3) Description of non-audit duties

Not applicable.

(4) Policy for determination of dismissal or refusal of re-election of the Accounting Auditor

The Audit & Supervisory Board shall dismiss the Accounting Auditor with the consent of all Audit & Supervisory Board Members in the case when the Audit & Supervisory Board determines that the Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act. In this case, the Audit & Supervisory Board shall report such fact and the reason for dismissal to the first General Meeting of Shareholders called after the dismissal. In addition, in cases when it is deemed to be difficult for the Accounting Auditor to execute its duties appropriately or judged to be reasonable to replace the Accounting Auditor with another firm, the Audit & Supervisory Board shall determine the contents of a proposal to be submitted to the General Meeting of Shareholders for resolution regarding the dismissal or refusal of re-election of the Accounting Auditor.

5. Systems to Ensure the Appropriateness of Operations

The Company's systems to ensure the appropriateness of operations, and the status of such systems' operations are as follows.

| | |
|---|--|
| 1. Compliance system (Article 362, Paragraph 4, Item 6 of the Companies Act; Article 100, Paragraph 1, Item 4 of the Regulation for Enforcement of the Companies Act) | <p>[Basic policy]</p> <ol style="list-style-type: none">1) The Company shall establish the Code of Conduct to fulfill its corporate social responsibility and establish rules and regulations regarding related laws and regulations to ensure compliance.2) The Company shall not have any relationship with antisocial forces, and will take a firm stand against them as an organization.3) The Company shall establish a reporting contact point and implement a system to prevent and correct violations of laws and regulations. |
| | <p>[Overview of the status of operation]</p> <ol style="list-style-type: none">1) The Company has established the Compliance Committee as an organization to promote the enhancement of business ethic awareness of employees and the Company's value and is conducting activities.2) The Company clearly states its basic policy on antisocial forces in the Code of Conduct. In addition, this policy is made known to employees working at the Group through initiatives such as internal training.3) The Company has established a reporting contact point as a whistle-blowing mechanism for employees, working in the Group. In addition to the internal reporting contact point, by setting up an external reporting contact point using independent attorney-at-law, the Company ensures the anonymity of the reporter and the confidentiality of reporting, giving consideration to the protection of the reporter and endeavoring to ensure the early detection and correction of any compliance violations. |

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| <p>2. Risk management system (Article 100, Paragraph 1, Item 2 of the Regulation for Enforcement of the Companies Act)</p> | <p>[Basic policy]</p> <p>The Company identifies various risks ancillary to business activities, such as geopolitical risk, information security risk, and natural disaster risk, to ensure business continuity and raise the corporate value, and based upon the proper assessment of such risks, undertakes efficient and effective management activities.</p> |
| | <p>[Overview of the status of operation]</p> <p>The Risk Management Committee has been established as an organization under the direct control of the Board of Directors. It reports the progress and results of its activities to the Board of Directors regularly to promote risk management.</p> <p>In addition, a Risk Management Office has been established under the Risk Management Committee, and a monitoring system by the Internal Control Audit Office has also been put in place to further strengthen the risk management system.</p> <p>Specifically, the Risk Management Office comprehensively identifies and analyzes the risks for CKD as a whole, checks the status the operating divisions' efforts to address each risk, and encourages improvements as necessary. It regularly reports to the Risk Management Committee.</p> <p>The Internal Control Audit Office, the third line of risk management, monitors the appropriateness of functions of each division, the first line of risk management, and the Risk Management Office, the second line.</p> |

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| <p>3. Efficient execution of duties (Article 100, Paragraph 1, Item 3 of the Regulation for Enforcement of the Companies Act)</p> | <p>[Content of the basic policy]</p> <ol style="list-style-type: none"> 1) In principle, the Board of Directors convenes once a month, and the Board of Corporate Officers, composed mainly of Corporate officers, is convened as needed to facilitate swift management decision-making. 2) The Company holds business reporting meetings with directors and division heads in attendance on management issues at each business division, and shares information through reports on the analysis of the business environment and business planning progress, and reflects such information in management decisions. 3) With the introduction of the Executive Officer System, the Board of Directors will separate the functions previously held by the Board of Directors, such as managerial decision-making, supervision, and business execution. As a result, the Board of Directors makes accurate and prompt decisions by reducing the number of Directors. Regarding business execution, the Company will execute business flexibly by delegating authority to executive officers and clarifying responsibility. |
| | <p>[Overview of the system operations status]</p> <ol style="list-style-type: none"> 1) The Board of Directors' regulations clearly define the matters to be resolved and reported by the Board of Directors, and the Board of Directors held its meetings 12 times in the fiscal year under review, discussed issues, and formulated management plans. 2) Important matters related to business execution are discussed at the Board of Corporate Officers and the Business Reporting Meeting just before reaching the Board of Directors meetings, and discussions are held to determine whether there are potential risks. Through these discussions, we are working to ensure the appropriateness and efficiency of business execution by directors. 3) Executive officers perform their duties under the supervision of the Board of Directors within the scope of their authority and responsibilities. |

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| <p>4. System for the retention and management of information (Article 100, Paragraph 1, Item 1 of the Regulation for Enforcement of the Companies Act)</p> | <p>[Basic policy] Information concerning the execution of duties by Directors, including documents for obtaining management approval and minutes of various meetings, shall be stored and managed appropriately in accordance with laws and regulations and internal rules to ensure that the execution of duties by Directors is conducted appropriately.</p> |
| | <p>[Overview of the status of operation] Documents concerning the execution of duties by Directors, including documents for obtaining management approval and minutes of the Board of Directors meetings, are stored and managed appropriately in accordance with the document control regulations and other relevant internal rules.</p> |

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| <p>5. Group management system (Article 100, Paragraph 1, Item 5 of the Regulation for Enforcement of the Companies Act)</p> | <p>[Basic policy]</p> <ol style="list-style-type: none"> 1) In addition to establishing approval rules for the execution of operations, the Company shall establish a system to ensure that essential management matters of subsidiaries shall be approved in advance by the Company or reported to the Company in accordance with internal regulations. 2) The scope of the Code of Conduct and the risk management system shall include subsidiaries to ensure that the operations of the Group as a whole are appropriate. 3) The Company shall ensure that the Group is fully aware of the Company's Purpose and ensure the appropriateness of its operations. In addition, the Company shall establish Subsidiary Management Regulations both in and outside of Japan to promote efficiency in the management of its subsidiaries. 4) In addition to establishing the Code of Conduct applicable to the Group as a whole, the Company shall adequately understand the actual conditions of its subsidiaries and provide necessary advice and guidance to ensure compliance thoroughly. 5) To ensure the reliability of financial reporting, the Company shall establish, maintain, and operate internal control regulations applicable to the entire Group. <p>[Overview of the status of operation]</p> <ol style="list-style-type: none"> 1) The Management Regulations stipulate matters for which prior approval and reporting are required for subsidiaries. 2) The Company extends its Code of Conduct and risk management initiatives to its subsidiaries to ensure the appropriateness of operations. 3) The Company extends the dissemination of its Purpose and the Subsidiary Management Regulations to its subsidiaries, to promote more efficient management at subsidiaries. 4) The audit departments undertake timely audits, and the departments in charge provide guidance and support to enable appropriate business operations. In addition, overseas operation specialists has been established within audit departments to strengthen group governance. Furthermore, the management status and other information are reported monthly to the Company's Board of Directors. 5) The Company develops and operates internal controls for financial reporting in accordance with the Financial Instruments and Exchange Act. The effectiveness of these controls is regularly assessed, and appropriate measures are taken as necessary. |
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| <p>6. System of Audits by Audit & Supervisory Board Members (Article 100, Paragraph 3 of the Regulation for Enforcement of the Companies Act)</p> | <p>[Basic policy]</p> <ol style="list-style-type: none"> 1) Whenever necessary, the Company shall appoint employees to assist the Audit & Supervisory Board Members in their duties and authorize those employees to conduct investigations at the direction of the Audit & Supervisory Board Members. In such cases, Directors and Audit & Supervisory Board Members shall discuss the personnel matters in advance. 2) Directors and employees of the Company and its subsidiaries shall provide necessary reports and information upon request of Audit & Supervisory Board Members in accordance with laws and regulations, and provisions stipulated by the Audit & Supervisory Board. No disadvantageous treatment shall be given to any employee for reporting or providing information to Audit & Supervisory Board Members. 3) Opportunities for Audit & Supervisory Board Members, the Accounting Auditor, and the Internal Control & Audit Office to exchange information shall be secured. In addition, Audit & Supervisory Board Members may consult with external experts in law, accounting, etc., as necessary, and the Company shall bear the cost of such consultations. |
| | <p>[Overview of the status of operation]</p> <ol style="list-style-type: none"> 1) Two dedicated employees have been appointed to assist the Audit & Supervisory Board Members in their duties. 2) Audit & Supervisory Board Members periodically exchange opinions with the Representative Director, other Directors, Executive Officers, etc., and participate in Board of Directors meetings and other important committees. They also check important material documents concerning the execution of duties, as necessary. 3) In the fiscal year under review, the Company held 12 meetings of the Audit & Supervisory Board, which consists of four Audit & Supervisory Board Members, including three External Audit & Supervisory Board Members. During these meetings, Audit & Supervisory Board Members conducted discussions with Executive Officers on four occasions and with the Accounting Auditor on three occasions. In addition, the Audit & Supervisory Board also held 12 three-way audit meetings with the Accounting Auditor and audit departments to exchange audit information. |

6. Basic Policy Regarding Control of the Company

(1) Details of the basic policy

As a listed company that allows free trading of its shares, the Company believes that the decision as to whether or not to sell shares in response to a large-scale purchase by a specific party (defined in (3) below) should ultimately be left to the shareholders who hold the Company's shares. However, in the management of the Company, its know-how and extensive experience accumulated over many years in fields such as automation and fluid control technologies, as well as relationships of trust built with its customers, business partners, employees, and other stakeholders in Japan and overseas, are indispensable. Without sufficient information on these matters, shareholders would be unable to make an appropriate assessment of the Company's future corporate value, and, by extension, the common interests of its shareholders. Furthermore, upon receiving a takeover proposal from an outside large-scale purchaser, the Company believes it is not necessarily easy to make a prompt and appropriate assessment of the impact such a large-scale purchase would have on the Company's corporate value and the common interests of shareholders. This is due to the need for a comprehensive understanding of various elements that constitute the Company's values, such as its tangible and intangible management resources, the potential effects of future-oriented measures, and the synergies that could be realized through the organic combination of both business fields.

(2) Effective use of assets, formation of appropriate corporate groups, and other efforts to contribute to the realization of the basic policy

Since its founding, the Company has consistently researched and developed automation and fluid control technologies to achieve high-quality, high-efficiency automation. In addition, the Company has developed automatic machinery and component products that consider resource and energy conservation, thereby contributing to automation and productivity improvement in all industries.

As a result, with regard to the automatic machinery, the Company holds the top share of the domestic market for automatic pharmaceutical packaging systems with high safety and environmental performance, and the Company also boasts a high market share for lithium-ion battery manufacturing systems and 3D solder paste inspection machines for electronic substrates. In the area of components products, the Company also maintains the top position in Japan for control components for chemical liquids, which are indispensable for semiconductor manufacturing, and fluid control components, which can be applied to all industries. In addition to building a broad sales network in Japan and overseas, the Company strives to improve customer satisfaction by establishing close relationships with its customers, building a world-class quality assurance system, and developing environmentally friendly products.

In addition, to fulfill its corporate social responsibility, the Company is deepening communication with its stakeholders by further promoting environmental conservation activities, contributing to society, and supporting its employees' voluntary activities. The Company also enhances its internal control system by establishing various internal rules and regulations, including the Code of Conduct.

(3) Efforts to prevent decisions on the Company's financial and business policies from being controlled by inappropriate persons in light of the basic policy

In light of changes in the business environment surrounding the Company, the dissemination of regulations concerning large-scale purchases under the Financial Instruments and Exchange Act, and other factors, the Company carefully considered the handling of its large-scale purchase rules. As a result, the Company abolished the large-scale purchase rules at the conclusion of the 99th Annual General Meeting of Shareholders on June 21, 2019.

Regardless of the existence of large-scale purchase rules, the Company will continue to make group-wide efforts to secure and enhance its medium-to-long-term corporate value and, by extension, the common interests of its shareholders. Even after the termination of the large-scale purchase rules, the Company will continue to request that any party intending to conduct a large-scale purchase provide the necessary and sufficient information to enable shareholders to appropriately determine the proposal. In addition, the Company will disclose the opinions, etc., of its Board of Directors and strive to ensure shareholders have adequate time and information for consideration. Within the bounds permitted by the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations, the Company will take appropriate measures as necessary.

7. Policy on Determining Dividends of Surplus, etc.

In order to return profits to its shareholders, the Company aims to increase corporate value through capital investments and R&D investments to enhance its management foundation and further expand its business while aiming for a payout ratio of 40% in shareholder return.

Based on this policy, the Company has decided by resolution of the Board of Directors on May 13, 2025, to pay a year-end dividend of 42 yen per share with a payment date of June 5, 2025. As a result, the annual dividend for the fiscal year under review will be 80 yen per share, including the interim dividend of 38 yen per share paid in December 2024.

8. Matters Regarding Cross-shareholdings

(1) Policy and approach to reducing cross-shareholdings

In principle, the Company does not hold cross-shareholdings, except in cases where the Company judges that it will contribute to enhancing its corporate value from the perspective of business strategies, business alliances with business partners, and the maintenance and strengthening of business relationships. If the significance of the shares held by the Company has diminished, the Company will sell them in a phased manner, taking into account the circumstances of the company concerned.

(2) Verifying the appropriateness of holding shares

Suppose the Company determines that it is necessary to hold shares. In that case, the Board of Directors examines the objectives and rationale for holding the shares by examining the market value evaluation, ROE, dividend yield, etc., of each stock every year, the need for business strategies, business alliances, and the maintenance and strengthening of business relationships.

(3) Criteria for exercising voting rights

With respect to exercising voting rights for shares held by the Company, the Company will exercise its voting rights by considering whether or not the exercise of voting rights will lead to an increase in the corporate value of the issuing company and shareholder value, for example, by opposing any proposal in the event where the financial health of the issuing company is adversely affected or if an illegal act occurs.

(4) Response when a company holding the Company's shares expresses an intent to sell, etc.

If a company holding shares of the Company indicates its intention to sell the shares, the Company will not prevent such sale.

Figures presented in the Business Report are rounded down to the stated unit.

Consolidated Financial Statements

Consolidated Balance Sheets

(As of March 31, 2025)

(Million yen)

| Description | As of March 31, 2025 | As of March 31, 2024 (Reference) |
|---|----------------------|-------------------------------------|
| (Assets) | | |
| Current assets | 131,473 | 124,327 |
| Cash and deposits | 35,333 | 28,303 |
| Notes receivable - trade | 3,489 | 2,028 |
| Accounts receivable - trade | 22,220 | 21,366 |
| Contract assets | 4,910 | 3,083 |
| Electronically recorded monetary claims - operating | 14,157 | 7,003 |
| Trade accounts receivable | 207 | 186 |
| Merchandise and finished goods | 10,959 | 14,357 |
| Work in process | 3,987 | 5,572 |
| Raw materials and supplies | 34,390 | 40,114 |
| Other | 1,851 | 2,350 |
| Allowance for doubtful accounts | (35) | (39) |
| Non-current assets | 79,393 | 83,957 |
| Property, plant, and equipment | 62,558 | 65,685 |
| Buildings and structures | 34,325 | 36,870 |
| Machinery, equipment, and vehicles | 13,247 | 12,938 |
| Tools, furniture, and fixtures | 2,020 | 2,099 |
| Land | 9,660 | 9,601 |
| Leased assets | 2,195 | 2,337 |
| Construction in progress | 1,109 | 1,837 |
| Intangible assets | 1,461 | 1,630 |
| Investments and other assets | 15,372 | 16,641 |
| Investment securities | 8,599 | 11,497 |
| Retirement benefit asset | 4,868 | 3,601 |
| Deferred tax assets | 396 | 363 |
| Other | 1,548 | 1,217 |
| Allowance for doubtful accounts | (39) | (38) |
| Total assets | 210,867 | 208,285 |

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

(Million yen)

| Description | As of March 31, 2025 | As of March 31, 2024 (Reference) |
|---|----------------------|-------------------------------------|
| (Liabilities) | | |
| Current liabilities | 39,983 | 42,985 |
| Notes and accounts payable - trade | 12,010 | 15,325 |
| Electronically recorded obligations - operating | 3,307 | 4,351 |
| Short-term borrowings | 5,513 | 5,907 |
| Current portion of long-term borrowings | 1,138 | 1,166 |
| Lease obligations | 427 | 411 |
| Accrued expenses | 4,252 | 3,860 |
| Income taxes payable | 4,335 | 821 |
| Provision for bonuses | 413 | 463 |
| Provision for product warranties | 597 | 413 |
| Provision for loss on orders received | 4 | 55 |
| Other | 7,981 | 10,206 |
| Non-current liabilities | 34,362 | 36,201 |
| Long-term borrowings | 28,137 | 29,262 |
| Lease obligations | 586 | 783 |
| Deferred tax liabilities | 2,942 | 3,352 |
| Provision for environmental measures | 2 | 2 |
| Retirement benefit liability | 579 | 462 |
| Asset retirement obligations | 286 | 272 |
| Other | 1,826 | 2,066 |
| Total liabilities | 74,345 | 79,186 |
| (Net assets) | | |
| Shareholders' equity | 124,564 | 115,225 |
| Share capital | 11,016 | 11,016 |
| Capital surplus | 16,695 | 16,626 |
| Retained earnings | 97,633 | 88,386 |
| Treasury shares | (780) | (804) |
| Accumulated other comprehensive income | 11,956 | 13,873 |
| Valuation difference on available-for-sale securities | 3,490 | 5,498 |
| Foreign currency translation adjustment | 7,023 | 7,546 |
| Remeasurements of defined benefit plans | 1,442 | 827 |
| Total net assets | 136,521 | 129,098 |
| Total liabilities and net assets | 210,867 | 208,285 |

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Consolidated Statements of Income

(April 1, 2024 - March 31, 2025)

(Million yen)

| Description | For the fiscal year ended March 31, 2025 | For the fiscal year ended March 31, 2024 (Reference) |
|---|---|--|
| Net sales | 155,634 | 134,425 |
| Cost of sales | 110,434 | 96,383 |
| Gross profit | 45,199 | 38,042 |
| Selling, general and administrative expenses | 26,180 | 24,928 |
| Operating profit | 19,018 | 13,113 |
| Non-operating income | 1,035 | 869 |
| Interest income | 123 | 90 |
| Dividend income | 281 | 271 |
| Gain on the valuation of derivatives | 59 | — |
| Other | 571 | 508 |
| Non-operating expenses | 886 | 934 |
| Interest expenses | 560 | 572 |
| Loss on the valuation of derivatives | — | 7 |
| Foreign exchange losses | 76 | 35 |
| Other | 248 | 319 |
| Ordinary profit | 19,167 | 13,048 |
| Extraordinary income | 1,856 | 20 |
| Gain on sale of investment securities | 296 | 20 |
| Gain on termination of retirement benefit plan | 122 | — |
| Subsidy income | 1,437 | — |
| Extraordinary losses | 1,436 | 164 |
| Impairment losses | — | 151 |
| Loss on tax purpose reduction entry of non-current assets | 1,436 | — |
| Other | 0 | 12 |
| Profit before income taxes | 19,588 | 12,904 |
| Income taxes - current | 6,001 | 3,776 |
| Income taxes - deferred | 66 | 789 |
| Profit | 13,520 | 8,338 |
| Profit attributable to owners of the parent | 13,520 | 8,338 |

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Consolidated Statements of Changes in Net Assets

(April 1, 2024 – March 31, 2025)

(Million yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at the beginning of a period | 11,016 | 16,626 | 88,386 | (804) | 115,225 |
| Changes during period | | | | | |
| Dividends of surplus | | | (4,273) | | (4,273) |
| Profit attributable to owners of the parent | | | 13,520 | | 13,520 |
| Purchase of treasury shares | | | | (0) | (0) |
| Disposal of treasury shares | | 68 | | 24 | 93 |
| Net changes in items other than shareholders' equity | | | | | |
| Total changes during the period | — | 68 | 9,249 | 24 | 9,339 |
| Balance at the end of period | 11,016 | 16,695 | 97,633 | (780) | 124,564 |

| | Accumulated other comprehensive income | | | | Total net assets |
|--|---|---|---|--|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | |
| Balance at the beginning of a period | 5,498 | 7,546 | 827 | 13,873 | 129,098 |
| Changes during period | | | | | |
| Dividends of surplus | | | | | (4,273) |
| Profit attributable to owners of the parent | | | | | 13,520 |
| Purchase of treasury shares | | | | | (0) |
| Disposal of treasury shares | | | | | 93 |
| Net changes in items other than shareholders' equity | (2,007) | (523) | 614 | (1,916) | (1,916) |
| Total changes during the period | (2,007) | (523) | 614 | (1,916) | 7,423 |
| Balance at the end of period | 3,490 | 7,023 | 1,442 | 11,956 | 136,521 |

(Note) Amounts of less than one million yen are rounded down.

Notes to Consolidated Financial Statements

(Notes regarding material items that form the basis for the preparation of the consolidated financial statements)

1. Scope of consolidation

Consolidated subsidiaries: 21 companies

The names of companies:

(4 Japanese companies)

CKD Shikoku Seiko Corporation
CKD Global Service Corporation
CKD Field Engineering Corporation
CKD NIKKI DENSO CO., LTD.

(17 overseas companies)

CKD THAI CO. LTD.
CKD SINGAPORE PTE. LTD.
CKD USA CORP.
CKD KOREA CORPORATION
M-CKD PRECISION SDN. BHD.
CKD (CHINA) CORPORATION
CKD (SHANGHAI) CORPORATION
TAIWAN CKD CORPORATION
CKD VIETNAM ENGINEERING CO., LTD.
PT CKD TRADING INDONESIA
PT CKD MANUFACTURING INDONESIA
CKD ILLINOIS LLC
CKD MEXICO, S. DE R.L. DE C.V.
CKD INDIA PVT. LTD.
CKD EUROPE B.V.
CKD ITALIA S.R.L.
CKD MALAYSIA SDN. BHD.

2. Application of equity method

Not applicable.

3. Fiscal year of consolidated subsidiaries

Out of our consolidated subsidiaries, the fiscal year-ends on December 31 for CKD (CHINA) CORPORATION, CKD (SHANGHAI) CORPORATION, and CKD MEXICO S. DE R.L. DE C.V., and we provisionally close their accounts on the consolidated closing date (March 31).

4. Accounting policies

(1) Basis and method of evaluation of significant assets

[1] Marketable Securities

Available-for-sale securities

Excluding shares, etc., without market prices:

At fair value as of the account closing date (changes in fair value are accounted for under the direct addition to the net assets method, and the moving average method is used to calculate the sale value.)

Shares, etc., without market prices:

At cost, as determined by the moving average method

[2] Derivatives

At fair value

[3] Inventories

| | | |
|-----------------------------------|---|--|
| a. Merchandise and finished goods | Automatic Machineries finished goods | Carried at cost using the individual method (values on the balance sheets are subject to the book value reduction method based on decreased profitability) |
| | Components, merchandise, and finished goods | Mainly carried at cost using the periodic average method (values on the balance sheets are subject to the book value reduction method based on decreased profitability) |
| b. Work in process | Automatic Machineries work in process | Carried at cost using the individual method (values on the balance sheets are subject to the book value reduction method based on decreased profitability) |
| | Components work in process | Mainly carried at cost using the periodic average method (values on the balance sheets are subject to the book value reduction method based on decreased profitability) |
| c. Raw materials and supplies | Raw materials | Mainly carried at cost using the periodic average method (values on the balance sheets are subject to the book value reduction method based on decreased profitability) |
| | Supplies | Mainly carried at cost using the last purchase price method (values on the balance sheets are subject to the book value reduction method based on decreased profitability) |

(2) Depreciation methods for material depreciable assets

[1] Property, plant, and equipment (excluding lease assets)

For the Company and domestic consolidated subsidiaries, depreciation is mainly calculated by the declining-balance method (however, the straight-line method is applied for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016), and for overseas consolidated subsidiaries, depreciation is mainly calculated by the straight-line method based on the accounting standards of respective countries.

Useful lives of property, plant, and equipment are as follows:

Buildings and structures: 3-50 years

Machinery, equipment, and vehicles: 3-17 years

[2] Intangible assets (excluding lease assets)

Calculated by the straight-line method.

Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).

[3] Lease assets

The method employed is to take the asset's useful life as the lease term and depreciate the residual value to zero.

(3) Accounting for material reserves and allowances

[1] Allowance for doubtful accounts

Provisions for normal accounts in good standing are calculated using historical default ratios to prepare for the possible losses on doubtful accounts. Provisions for specific doubtful accounts are calculated by examining the probability of recovery for individual accounts and setting aside an amount equivalent to the portion deemed to be unrecoverable.

[2] Provision for bonuses

A provision for bonuses is made based on an estimated amount of payment for the consolidated fiscal year under review to cover bonus payments to employees.

[3] Provision for product warranties

A provision for a reasonably projectable amount of expenses to be incurred in the future is made to prepare for claims regarding products delivered to customers.

[4] Provision for losses on orders received

A provision for the estimated losses at the end of the current consolidated fiscal year is made to

prepare for losses related to future order contracts.

[5] Provision for environmental Measures

A provision for a reasonably projectable amount of expenses is made to prepare for expenses related to waste management and removal of harmful substances obligated under laws and regulations.

(4) Accounting treatment of retirement benefits

[1] Method of attributing expected benefit to periods

In calculating retirement benefit obligations, expected benefits are attributed to periods on a payment calculation basis.

[2] Accounting method of actuarial gains and losses and prior service costs

Prior service costs are amortized on a straight-line basis over a certain period (12 years) within the average remaining service years for employees at the time of recognition.

Actuarial gains and losses are amortized on a straight-line basis over a certain period (12 years) within the average remaining service years for employees at the time of recognition and allocated proportionately from the consolidated fiscal year following the respective consolidated fiscal year of recognition.

[3] Adoption of a simplified method for small-scale companies

The simplified method of payment, which assumes benefit obligations to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end, is applied to some consolidated subsidiaries in calculating liabilities regarding the payment of retirement benefits and retirement benefit expenses.

(5) Accounting method of material revenues and expenses

The Group applies the following five-step procedure for revenue recognition.

Step 1: Identify the contract with a customer.

Step 2: Identify performance obligations under the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to performance obligations.

Step 5: Recognize revenue when performance obligations are fulfilled or as they are fulfilled.

The Group's main businesses include the manufacture, sale, construction, maintenance, etc., of automatic machinery products and various components.

Regarding the timing of revenue recognition, the specific situation in each segment is described below.

(Automatic Machinery)

For automatic machinery products, in cases when the performance of an obligation under a contract with a customer results in an asset that cannot be converted to another use, and the Group has gained the right to payment for completed work, the Group estimates the percentage of performance obligations fulfilled and recognizes revenue over a period of time as performance obligations are fulfilled. The percentage of performance obligations fulfilled is calculated based on the ratio of the actual cost incurred to the estimated total cost required to fulfill the relevant performance obligation. For other contracts, revenue is recognized when the customer receives, inspects, and accepts the product.

However, in the case of parts sales for maintenance within Japan, where there is a normal period between shipment and the transfer of control to the customer, revenue is recognized at the time of shipment.

Export sales are mainly based on the terms of international trade defined in the Incoterms, etc., and revenue is recognized when control and risk have been transferred to the customer.

Considerations for fulfilling performance obligations are generally received within one year after the performance obligation is fulfilled, according to the payment terms, and do not contain any material financial elements.

(Components)

The Group deems performance obligations fulfilled when the customer gains control of the relevant products through delivery. Revenue is therefore recognized at the time of delivery. However, in the case of sales transactions within Japan, where there is a normal period of time between shipment

and the transfer of control to the customer, revenue is recognized at the time of shipment.

Export sales are mainly based on the terms of international trade defined in the Incoterms, etc., and revenue is recognized when control and risk have been transferred to the customer.

Net sales are measured as the consideration promised in the contract with the customer after deducting incentives and discounts associated with the sales. Revenue is estimated based on past trends and other known factors at the time of sale and recognized to the extent that a material reversal is highly unlikely.

In the case of paid receipt transactions that correspond to repurchase agreements, only a net amount equivalent to processing costs is recognized as revenue.

Considerations for fulfilling performance obligations are generally received within one year after the performance obligation is fulfilled, according to the payment terms, and do not contain any material financial elements.

(6) Foreign currency translation of material assets and liabilities

Monetary assets and liabilities denominated in foreign currencies are translated at the current exchange rates in effect at each fiscal year-end date. The resulting foreign exchange gains or losses are recognized as income or expenses.

Assets and liabilities of the foreign consolidated subsidiaries are translated at the current exchange rates in effect at each fiscal year-end date, and revenue and expense accounts are translated at the average rate of exchange in effect during the year. Accordingly, the amounts of translation adjustments are included in the foreign currency translation adjustments under net assets.

(7) Amortization method and amortization period of goodwill

Goodwill is amortized using the straight-line method over 10 years.

(Notes regarding changes in accounting policies)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter the “2022 Revised Accounting Standard”) and related standards have been applied from the beginning of the consolidated fiscal year under review.

Regarding the revision related to the accounting classification of income taxes, etc. (i.e. taxation of other comprehensive income), the Company has adopted the transitional measures stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso to Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022; hereinafter the “2022 Revised Guidance”). This change in accounting policy has no impact on the consolidated financial statements for the fiscal year under review.

In addition, with respect to the revision of the treatment in consolidated financial statements of deferred tax recognition on gains or losses arising from sales of shares in subsidiaries among consolidated group companies, the Company has applied the 2022 Revised Guidance from the beginning of the consolidated fiscal year under review.

(Notes regarding changes in presentation method)

Consolidated Statements of Income

In the previous consolidated fiscal year, “Administrative service fee income,” “Insurance claim income,” and “Subsidy income” under “Non-operating income,” as well as “Loss on retirement of non-current assets” under “Non-operating expenses,” were presented separately. However, as these items are no longer considered material, they are included in “Other” from the current consolidated fiscal year.

(Notes regarding accounting estimates)

Valuation of inventories in the Components segment of the Company and CKD (CHINA) CORPORATION

- (1) The amount recorded on consolidated financial statements for the consolidated fiscal year under review
(Million yen)

| Account | The amount recorded on consolidated financial statements for the consolidated fiscal year under review (before write-downs) | Amount of write-downs in the consolidated fiscal year under review | The amount recorded on consolidated financial statements for the consolidated fiscal year under review |
|--------------------------------|--|--|--|
| Merchandise and finished goods | 6,656 | (613) | 6,043 |
| Work in process | 493 | — | 493 |
| Raw materials and supplies | 32,791 | (1,877) | 30,913 |
| Total | 39,941 | (2,490) | 37,451 |

- (Note) The Company and CKD (CHINA) CORPORATION have adopted the reversal method for inventory write-downs. The difference between the beginning and end-of-period balances impacted operating profit by (304) million yen in the current consolidated fiscal year.

- (2) Information on the content of significant accounting estimates for identified issues

Inventories in the Components segment of the Company and CKD (CHINA) CORPORATION primarily consist of a wide variety of component parts. Given the diversity and variations of products manufactured, certain levels of inventory for key components are held to respond to fluctuations in order volume and short delivery deadlines. Inventory write-downs in the Components segment of the Company and CKD (CHINA) CORPORATION are calculated using a combination of methods: comparisons with market net selling prices, automated calculation through a system that applies write-down rates based on retention periods, etc., and a calculation method for inventories with declining turnover based on past shipment records, environmental transformation, and an assessment of sales outlooks.

These sales outlooks in this assumption are estimated based on conditions in the semiconductor, automobile, and machine tool markets, industries in which key customers operate, and the associated investment plans of these customers.

Should a deterioration in market conditions of the semiconductor, automobile, and machine tool markets require a revision to the assumptions used in these estimates, a material write-down of inventory judged to have no sales prospects maybe recognized in the following consolidated fiscal year.

(Notes regarding Consolidated Balance Sheets)

1. Allowances directly deducted from assets

Inventories likely to incur losses are shown by offsetting the correspondent provision for loss on orders received of 49 million yen (including provision for loss on orders received regarding merchandise and finished goods of 23 million and those regarding work in process of 25 million yen.)

2. Accumulated depreciation on property, plant, and equipment 83,576 million yen

(Notes regarding Consolidated Statements of Changes in Net Assets)

1. Class and the total number of issued shares at the end of the consolidated fiscal year
Common shares 67,909,449 shares

2. Matters regarding dividends

- (1) Dividends paid

| Resolution | Class of shares | The total amount of dividends (million yen) | Dividend per share (yen) | Record date | Effective date |
|--|-----------------|---|--------------------------|--------------------|------------------|
| Board of Directors meeting held on May 10, 2024 | Common shares | 1,735 | 26 | March 31, 2024 | June 6, 2024 |
| Board of Directors meeting held on November 12, 2024 | Common shares | 2,537 | 38 | September 30, 2024 | December 9, 2024 |
| Total | – | 4,273 | – | – | – |

- (2) Among dividends whose record date falls under this consolidated fiscal year, those whose effective date falls under the subsequent period

| Resolution | Class of shares | The total amount of dividends (million yen) | Source of dividends | Dividend per share (yen) | Record date | Effective date |
|---|-----------------|---|---------------------|--------------------------|----------------|----------------|
| Board of Directors meeting held on May 13, 2025 | Common shares | 2,805 | Retained earnings | 42 | March 31, 2025 | June 5, 2025 |

(Notes regarding financial instruments)

1. Matters regarding the status of financial instruments

The Group procures necessary funds through borrowings from financial institutions. These borrowings are used for operating capital (mostly short-term) and capital expenditure (long-term).

Regarding fund management, the Group manages the funds in highly secure financial assets, such as deposits and negotiable deposits.

Derivatives are limited to within the range of actual demand in accordance with internal management regulations.

As for customer credit risk pertaining to notes and accounts receivable - trade and electronically recorded monetary claims - operating, efforts are made to reduce the risk pursuant to the credit management guidelines.

Investment securities are mostly shares, and the fair values of listed shares are understood each quarter.

2. Matters regarding fair values, etc., of financial instruments

The carrying amounts on the consolidated balance sheets, fair values, and differences between them as of the end of the consolidated fiscal year are as follows. Please note that items deemed immaterial have been omitted.

(Million yen)

| | Carrying amount on the consolidated balance sheets (*1) | Fair value (*1) | Difference |
|--|---|-----------------|------------|
| (1) Investment securities | | | |
| Available-for-sale securities (*3) | 7,636 | 7,636 | — |
| (2) Long-term borrowings (including the current portion of long-term borrowings) | (29,276) | (28,657) | 618 |
| (3) Derivative transactions | 0 | 0 | — |

(*1) Items recorded as liabilities are shown in parentheses.

(*2) Notes have been omitted for “Cash and deposits,” “Notes receivable - trade,” “Accounts receivable - trade,” “Electronically recorded monetary claims - operating,” “Trade accounts receivable,” “Notes and accounts payable - trade,” “Electronically recorded obligations - operating,” “Short-term borrowings,” and “Income taxes payable,” as these are settled over a short period, and carrying amount is approximately the same as fair value.

(*3) Shares, etc., without market prices are not included in “(1) Investment securities Available-for-sale securities.” The carrying amount of these financial instruments on the consolidated balance sheets is as follows.

| Class | Carrying amount on the consolidated balance sheets (Million yen) |
|-----------------|--|
| Unlisted shares | 962 |

3. Matters regarding breakdown, etc., of financial instruments for appropriate categories of fair value

The fair value of financial instruments is classified into the following three levels based on the observability and significance of the inputs used to calculate fair value.

Level 1 fair values: Fair values calculated using (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 fair values: Fair values calculated using directly or indirectly observable inputs other than those in Level 1

Level 3 fair values: Fair values calculated using significant unobservable inputs

When multiple inputs that may have a material impact on the calculation of fair value are used, the calculated fair value is classified at the lowest level of the inputs used.

(1) Financial instruments carried on the consolidated balance sheets at fair value

(Million yen)

| Class | Fair value | | | |
|-------------------------------|------------|---------|---------|-------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investment securities | | | | |
| Available-for-sale securities | | | | |
| Shares | 7,359 | – | – | 7,359 |
| Bonds | – | 276 | – | 276 |
| Derivative transactions | – | 0 | – | 0 |

(2) Financial instruments apart from those carried on the consolidated balance sheets at fair value

(Million yen)

| Class | Fair value | | | |
|--|------------|----------|---------|----------|
| | Level 1 | Level 2 | Level 3 | Total |
| Long-term borrowings (including the current portion of long-term borrowings) | – | (28,657) | – | (28,657) |

(Note) Explanation of the valuation techniques and inputs used to calculate fair value

Investment securities

The fair value of listed shares and bonds is calculated using market prices. The fair value of listed shares is classed as Level 1 fair value because these assets are traded in active markets. However, the fair value of bonds held by the Company is classified as Level 2 fair value, as market trading of these assets is infrequent, and they are not considered to have a market price in an active market.

Derivative transactions

The fair value of interest rates and currency swaps, and foreign exchange contracts is classified as Level 2 fair value because it is calculated with the discounted present value method using observable inputs such as exchange rates.

Long-term borrowings

The fair value of long-term borrowings is classified as Level 2 fair value because it is calculated using the discounted present value method based on an interest rate taking into account the sum of principal and interest amounts, the remaining time before payment is due, and the credit risk.

(Notes regarding revenue recognition)

1. Breakdown of revenue from contracts with customers

Consolidated fiscal year under review (April 1, 2024 to March 31, 2025)

(Million yen)

| | Reporting segment | | | Other | Total |
|---------------------------------------|---------------------|------------|----------|-------|---------|
| | Automatic Machinery | Components | Subtotal | | |
| Packaging machines | 16,554 | — | 16,554 | — | 16,554 |
| Industrial machinery | 8,777 | — | 8,777 | — | 8,777 |
| Fluid control components | — | 69,058 | 69,058 | — | 69,058 |
| Pneumatic components | — | 61,243 | 61,243 | — | 61,243 |
| Revenue from contracts with customers | 25,331 | 130,302 | 155,634 | — | 155,634 |
| Other revenue | — | — | — | — | — |
| Net sales to external customers | 25,331 | 130,302 | 155,634 | — | 155,634 |

(Million yen)

| | Reporting segment | | | Other | Total |
|---------------------------------------|---------------------|------------|----------|-------|---------|
| | Automatic Machinery | Components | Subtotal | | |
| Japan | 21,340 | 80,617 | 101,958 | — | 101,958 |
| China | 452 | 23,235 | 23,688 | — | 23,688 |
| Asia (Other) | 769 | 20,131 | 20,901 | — | 20,901 |
| Other | 2,768 | 6,317 | 9,086 | — | 9,086 |
| Revenue from contracts with customers | 25,331 | 130,302 | 155,634 | — | 155,634 |
| Other revenue | — | — | — | — | — |
| Net sales to external customers | 25,331 | 130,302 | 155,634 | — | 155,634 |

2. The information fundamental to an understanding of revenue

Presented in “(Notes regarding material items that form the basis for the preparation of the consolidated financial statements) 4. Accounting policies (5) Accounting method of material revenues and expenses.”

3. Information to enable an understanding of revenue for the current fiscal year and the next fiscal year onward

(1) Balance of contract assets and contract liabilities

The beginning and ending balances of claims arising from contracts with customers, contract assets, and contract liabilities of the Company and its consolidated subsidiaries in the fiscal year under review are as follows.

(Million yen)

| | The Consolidated fiscal year under review | |
|--|---|------------------------------|
| | Balance at the beginning of a period | Balance at the end of period |
| Claims arising from contracts with customers | 30,398 | 39,868 |
| Contract assets | 3,083 | 4,910 |
| Contract liabilities | 5,042 | 2,042 |

The contract assets are mainly consideration for construction contracts, etc., with customers that have fulfilled the performance obligation at the fiscal year-end date but have yet to be billed.

The contract assets are reclassified to claims arising from contracts with customers mainly upon transfer of control of promised goods or services to customers.

The consideration for the construction contracts, etc., is billed and received upon transfer of control of promised goods or services to customers in accordance with the payment terms determined in the respective contract.

The contract liabilities are mainly related to advances received from customers based on the payment terms and are reversed upon recognition of revenue.

The contract liabilities are included in “Other” under current liabilities in the consolidated balance sheets.

Revenue recognized in the consolidated fiscal year under review included in the contract liability balance at the beginning of the period was 4,365 million yen.

The revenue recognized in the current fiscal year from performance obligations fulfilled (or partially fulfilled) in previous periods is also immaterial.

(2) Transaction price allocated to remaining performance obligations

The total transaction price allocated to the remaining performance obligations and the expected periods for revenue recognition are as follows.

Please note that the Company and its consolidated subsidiaries have applied the practical expedient in disclosing the transaction price allocated to remaining performance obligations and therefore do not include contracts with an original expected duration of one year or less in the disclosure.

(Million yen)

| | Amount |
|------------------------------------|--------|
| Within one year | 8,398 |
| Over one year and within two years | 3,180 |
| Total | 11,579 |

(Notes regarding per-share information)

1. Net assets per share 2,043.69 yen
2. Basic earnings per share 202.48 yen

(Notes regarding subsequent material events)

Not applicable.

Non-consolidated Financial Statements

Non-consolidated Balance Sheets

(As of March 31, 2025)

(Million yen)

| Description | As of March 31, 2025 | As of March 31, 2024 (Reference) |
|---|----------------------|-------------------------------------|
| (Assets) | | |
| Current assets | 95,334 | 91,765 |
| Cash and deposits | 18,935 | 14,754 |
| Notes receivable - trade | 81 | 120 |
| Accounts receivable - trade | 18,729 | 18,771 |
| Contract assets | 4,910 | 3,083 |
| Electronically recorded monetary claims - operating | 13,252 | 5,633 |
| Merchandise and finished goods | 7,785 | 9,769 |
| Work in process | 3,509 | 4,841 |
| Raw materials and supplies | 25,136 | 30,446 |
| Prepaid expenses | 424 | 413 |
| Other | 2,567 | 3,931 |
| Non-current assets | 76,275 | 78,110 |
| Property, plant, and equipment | 43,623 | 46,620 |
| Buildings | 24,563 | 26,906 |
| Structures | 986 | 1,037 |
| Machinery and equipment | 9,344 | 9,231 |
| Vehicles | 5 | 7 |
| Tools, furniture, and fixtures | 904 | 1,050 |
| Land | 7,320 | 7,320 |
| Leased assets | 26 | 33 |
| Construction in progress | 473 | 1,033 |
| Intangible assets | 1,195 | 1,335 |
| Software | 1,098 | 1,301 |
| Other | 97 | 33 |
| Investments and other assets | 31,455 | 30,154 |
| Investment securities | 8,597 | 11,495 |
| Shares of subsidiaries and associates | 12,268 | 8,741 |
| Investments in the capital of subsidiaries and associates | 6,809 | 6,809 |
| Prepaid pension costs | 2,752 | 2,409 |
| Other | 1,052 | 726 |
| Allowance for doubtful accounts | (26) | (26) |
| Total assets | 171,609 | 169,875 |

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

(Million yen)

| Description | As of March 31, 2025 | As of March 31, 2024 (Reference) |
|---|----------------------|-------------------------------------|
| (Liabilities) | | |
| Current liabilities | 33,901 | 36,084 |
| Notes payable - trade | 56 | 135 |
| Electronically recorded obligations - operating | 2,824 | 3,591 |
| Accounts payable - trade | 5,417 | 4,867 |
| Short-term borrowings | 4,820 | 4,837 |
| Current portion of long-term borrowings | 100 | 120 |
| Lease obligations | 6 | 6 |
| Accounts payable - other | 2,113 | 2,812 |
| Accrued expenses | 3,698 | 3,313 |
| Income taxes payable | 3,659 | 348 |
| Advances received | 1,933 | 4,858 |
| Deposits received | 170 | 173 |
| Unearned revenue | 0 | 0 |
| Provision for product warranties | 585 | 394 |
| Provision for loss on orders received | 4 | 55 |
| Other | 8,510 | 10,569 |
| Non-current liabilities | 27,048 | 28,068 |
| Long-term borrowings | 25,370 | 25,470 |
| Lease obligations | 22 | 29 |
| Deferred tax liabilities | 240 | 1,226 |
| Provision for environmental measures | 2 | 2 |
| Other | 1,412 | 1,340 |
| Total liabilities | 60,949 | 64,152 |
| (Net assets) | | |
| Shareholders' equity | 107,169 | 100,224 |
| Share capital | 11,016 | 11,016 |
| Capital surplus | 16,686 | 16,618 |
| Legal capital surplus | 11,797 | 11,797 |
| Other capital surpluses | 4,889 | 4,820 |
| Retained earnings | 80,246 | 73,394 |
| Legally retained earnings | 1,286 | 1,286 |
| Other retained earnings | 78,959 | 72,107 |
| General reserve | 51,500 | 51,500 |
| Retained earnings brought forward | 27,459 | 20,607 |
| Treasury shares | (780) | (804) |
| Valuation and translation adjustments | 3,490 | 5,498 |
| Valuation difference on available-for-sale securities | 3,490 | 5,498 |
| Total net assets | 110,659 | 105,723 |
| Total liabilities and net assets | 171,609 | 169,875 |

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Non-consolidated Statements of Income

(April 1, 2024 - March 31, 2025)

(Million yen)

| Description | For the fiscal year ended March 31, 2025 | For the fiscal year ended March 31, 2024 (Reference) |
|---|---|--|
| Net sales | 123,867 | 106,849 |
| Cost of sales | 92,462 | 80,367 |
| Gross profit | 31,404 | 26,482 |
| Selling, general and administrative expenses | 16,839 | 16,484 |
| Operating profit | 14,565 | 9,998 |
| Non-operating income | 1,478 | 2,692 |
| Interest and dividend income | 985 | 2,233 |
| Other | 492 | 458 |
| Non-operating expenses | 787 | 565 |
| Interest expenses | 300 | 260 |
| Foreign exchange losses | 286 | 31 |
| Other | 200 | 272 |
| Ordinary profit | 15,255 | 12,125 |
| Extraordinary income | 1,856 | 20 |
| Gain on sale of investment securities | 296 | 20 |
| Gain on termination of retirement benefit plans | 122 | — |
| Subsidy income | 1,437 | — |
| Extraordinary losses | 1,436 | 164 |
| Impairment losses | — | 151 |
| Loss on tax purpose reduction entry of non-current assets | 1,436 | — |
| Other | 0 | 12 |
| Profit before income taxes | 15,676 | 11,981 |
| Income taxes - current | 4,727 | 2,749 |
| Income taxes - deferred | (176) | 591 |
| Profit | 11,125 | 8,640 |

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

Non-consolidated Statements of Changes in Net Assets

(April 1, 2024 – March 31, 2025)

(Million yen)

| | Shareholders' equity | | | | | | | | | |
|--|----------------------|-----------------------|-------------------------|-----------------------|---------------------------|-------------------------|-----------------------------------|-------------------------|-----------------|----------------------------|
| | Share capital | Capital surplus | | | Retained earnings | | | | Treasury shares | Total shareholders' equity |
| | | Legal capital surplus | Other capital surpluses | Total capital surplus | Legally retained earnings | Other retained earnings | | Total retained earnings | | |
| | | | | | | General reserve | Retained earnings brought forward | | | |
| Balance at the beginning of a period | 11,016 | 11,797 | 4,820 | 16,618 | 1,286 | 51,500 | 20,607 | 73,394 | (804) | 100,224 |
| Changes during period | | | | | | | | | | |
| Dividends of surplus | | | | | | | (4,273) | (4,273) | | (4,273) |
| Net income | | | | | | | 11,125 | 11,125 | | 11,125 |
| Purchase of treasury shares | | | | | | | | | (0) | (0) |
| Disposal of treasury shares | | | 68 | 68 | | | | | 24 | 93 |
| Net changes in items other than shareholders' equity | | | | | | | | | | |
| Total changes during the period | — | — | 68 | 68 | — | — | 6,851 | 6,851 | 24 | 6,944 |
| Balance at the end of period | 11,016 | 11,797 | 4,889 | 16,686 | 1,286 | 51,500 | 27,459 | 80,246 | (780) | 107,169 |

| | Valuation and translation adjustments | | Total net assets |
|--|---|---|------------------|
| | Valuation difference on available-for-sale securities | Total valuation and translation adjustments | |
| Balance at the beginning of a period | 5,498 | 5,498 | 105,723 |
| Changes during period | | | |
| Dividends of surplus | | | (4,273) |
| Net income | | | 11,125 |
| Purchase of treasury shares | | | (0) |
| Disposal of treasury shares | | | 93 |
| Net changes in items other than shareholders' equity | (2007) | (2007) | (2007) |
| Total changes during the period | (2007) | (2007) | 4,936 |
| Balance at the end of period | 3,490 | 3,490 | 110,659 |

(Note) Amounts of less than one million yen are rounded down.

Notes to Non-consolidated Financial Statements

(Notes regarding significant accounting policies)

1. Basis and method of evaluation of marketable securities

(1) Shares of subsidiaries

At cost, as determined by the moving average method

(2) Available-for-sale securities

Excluding shares, etc., without market prices:

At fair value as of the account closing date (changes in fair value are accounted for under the direct addition to the net assets method, and the moving average method is used to calculate the sale value.)

Shares, etc., without market prices:

At cost, as determined by the moving average method

2. Basis and method of evaluation of derivatives, etc.

Derivatives

At fair value

3. Basis and method of evaluation of inventories

| | | |
|------------------------------------|---|--|
| (1) Merchandise and finished goods | Automatic Machineries finished goods | Carried at cost using the individual method (values on the balance sheet are subject to the book value reduction method based on decreased profitability) |
| | Components, merchandise, and finished goods | Carried at cost using the periodic average method (values on the balance sheet are subject to the book value reduction method based on decreased profitability) |
| (2) Work in process | Automatic Machineries work in process | Carried at cost using the individual method (values on the balance sheet are subject to the book value reduction method based on decreased profitability) |
| | Components work in process | Carried at cost using the periodic average method (values on the balance sheet are subject to the book value reduction method based on decreased profitability) |
| (3) Raw materials and supplies | Raw materials | Carried at cost using the periodic average method (values on the balance sheet are subject to the book value reduction method based on decreased profitability) |
| | Supplies | Carried at cost using the last purchase price method (values on the balance sheet are subject to the book value reduction method based on decreased profitability) |

4. Depreciation methods for non-current assets

(1) Property, plant, and equipment (excluding lease assets)

Calculated by the declining-balance method. However, the straight-line method is applied for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and for facilities attached to buildings and structures acquired on or after April 1, 2016.

Useful lives of property, plant, and equipment are as follows:

Buildings: 3-50 years

Machinery and equipment: 3-17 years

(2) Intangible assets (excluding lease assets)

Calculated by the straight-line method.

Capitalized software for internal use is amortized by the straight-line method over the estimated internal useful life (5 years).

(3) Lease assets

Calculated by the straight-line method over the lease term, which is deemed the useful life, with a residual value of zero.

5. Accounting for reserves and allowances

(1) Allowance for doubtful accounts

Provisions for normal accounts in good standing are calculated using historical default ratios to prepare for the possible losses on doubtful accounts. Provisions for specific doubtful accounts are calculated by examining the probability of recovery for individual accounts and setting aside an amount equivalent to the portion deemed to be unrecoverable.

(2) Provision for retirement benefits

A provision for retirement benefits is made based on the estimated retirement benefit obligations and pension assets as of the end of the current fiscal year to prepare for retirement benefits of employees.

[1] Method of attributing expected benefit to periods

In calculating retirement benefit obligations, expected benefits are attributed to periods on a payment calculation basis.

[2] Accounting method of actuarial gains and losses and prior service costs

Prior service costs are amortized on a straight-line basis over a certain period (12 years) within the average remaining service years for employees at the time of recognition.

Actuarial gains and losses are amortized on a straight-line basis over a certain period (12 years) within the average remaining service years for employees at the time of recognition and allocated proportionately from the fiscal year following the respective fiscal year of recognition.

If the pension assets exceeded the estimated amount of retirement benefit obligations (excluding unrecognized actuarial gains and losses and unrecognized past service costs), the excess amount is shown in investment and other assets as prepaid pension costs.

[3] Provision for product warranties

A provision for a reasonably projectable amount of expenses to be incurred in the future is made to prepare for claims regarding products delivered to customers.

[4] Provision for losses on orders received

A provision for the estimated losses at the end of the current fiscal year is made to prepare for losses related to future order contracts.

[5] Provision for environmental Measures

To prepare for expenses related to waste management and removal of harmful substances obligated under laws and regulations, a provision for a reasonably projectable amount of expenses is made.

6. Accounting method of material revenues and expenses

The Company applies the following five-step procedure for revenue recognition.

Step 1: Identify the contract with a customer.

Step 2: Identify performance obligations under the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to performance obligations.

Step 5: Recognize revenue when performance obligations are fulfilled or as they are fulfilled.

The Company's main businesses include the manufacture, sale, construction, maintenance, etc., of automatic machinery products and various components.

Regarding the timing of revenue recognition, the specific situation in each segment is described below.

(Automatic Machinery)

For automatic machinery products, in cases when the performance of an obligation under a contract with a customer results in an asset that cannot be converted to another customer or to another use, and the Group has gained the right to payment for completed work, the Group estimates the percentage of performance obligations fulfilled and recognizes revenue over a period of time as performance obligations are fulfilled. The percentage of performance obligations fulfilled is calculated based on the ratio of the actual cost incurred to the estimated total cost required to fulfill the relevant performance obligation. For other contracts, revenue is recognized when the customer receives, inspects, and accepts the product.

However, in the case of parts sales for maintenance within Japan, where there is a normal period between shipment and the transfer of control to the customer, revenue is recognized at the time of shipment.

Export sales are mainly based on the terms of international trade defined in the Incoterms, etc., and revenue is recognized when control and risk have been transferred to the customer.

Considerations for fulfilling performance obligations are generally received within one year after the

performance obligation is fulfilled, according to the payment terms, and do not contain any material financial elements.

(Components)

The Group deems performance obligations fulfilled when the customer gains control of the relevant products through delivery. Revenue is therefore recognized at the time of delivery. However, in the case of sales transactions within Japan, where there is a normal period of time between shipment and the transfer of control to the customer, revenue is recognized at the time of shipment.

Export sales are mainly based on the terms of international trade defined in the Incoterms, etc., and revenue is recognized when control and risk have been transferred to the customer.

Net sales are measured as the consideration promised in the contract with the customer after deducting incentives and discounts associated with the sales. Revenue is estimated based on past trends and other known factors at the time of sale and recognized to the extent that a material reversal is highly unlikely.

In the case of paid receipt transactions that correspond to repurchase agreements, only a net amount equivalent to processing costs is recognized as revenue.

Considerations for fulfilling performance obligations are generally received within one year after the performance obligation is fulfilled, according to the payment terms, and do not contain any material financial elements.

7. Foreign currency translation of assets and liabilities

Monetary assets and liabilities denominated in foreign currencies are translated at the current exchange rates in effect at each fiscal year-end date. The resulting foreign exchange gains or losses are recognized as income or expenses.

8. Other material items that form the basis for preparing the non-consolidated financial statements

Accounting treatment of retirement benefits

The accounting treatment for unrecognized actuarial gains and losses in retirement benefits and unrecognized past service costs is different from the accounting treatment for those used in the consolidated financial statements.

(Notes regarding changes in accounting policies)

The “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter the “2022 Revised Accounting Standard”) and related standards have been applied from the beginning of the fiscal year under review.

Regarding the revision related to the accounting classification of income taxes, etc., the Company has adopted the transitional measures stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard. This change in accounting policy has no impact on the consolidated financial statements for the fiscal year under review.

(Notes regarding changes in presentation method)

Non-consolidated Balance Sheets

In the previous fiscal year, “Trade accounts payable” under “Current liabilities” was presented separately. However, as this item is no longer considered material, it is included in “Other” from the current fiscal year.

Non-consolidated Statements of Income

In the previous fiscal year, “Foreign exchange losses” (31 million yen in the previous fiscal year) was included in “Other” under “Non-operating expenses.” However, due to its increased materiality, it is presented separately from the current fiscal year.

In the previous fiscal year, “Commission for syndicated loans” under “Non-operating expenses” was presented separately. However, as this item is no longer considered material, it is included in “Other” from the current fiscal year.

(Notes regarding accounting estimates)

Valuation of inventories in the Company's Components segment

(1) The amount recorded on non-consolidated financial statements for the fiscal year under review

(Million yen)

| Account | The amount recorded on consolidated financial statements for the consolidated fiscal year under review (before write-downs) | Amount of write-downs in the consolidated fiscal year under review | The amount recorded on consolidated financial statements for the consolidated fiscal year under review |
|--------------------------------|---|--|--|
| Merchandise and finished goods | 6,422 | (603) | 5,819 |
| Work in process | 493 | — | 493 |
| Raw materials and supplies | 26,786 | (1,669) | 25,117 |
| Total | 33,703 | (2,273) | 31,430 |

(Note) The Company has adopted the reversal method of inventory write-downs. The difference between the beginning and end-of-period balances impacted operating profit by (285) million yen in the current fiscal year.

(2) Information concerning the content of significant accounting estimates for identified issues

Inventories in the Components segment of the Company primarily consist of a wide variety of component parts. Given the diversity and variations of products manufactured, certain levels of inventory for key components are held to respond to fluctuations in order volume and short delivery deadlines. Inventory write-downs in the Components segment of the Company are calculated using a combination of methods: comparisons with market net selling prices, automated calculation through a system that applies write-down rates based on retention periods, etc., and a calculation method for inventories with declining turnover based on past shipment records, environmental transformation, and an assessment of sales outlooks.

These sales outlooks in this assumption are estimated based on conditions in the semiconductor, automobile, and machine tool markets, industries in which key customers operate, and the associated investment plans of these customers.

Should a deterioration in market conditions of the semiconductor, automobile, and machine tool markets require a revision to the assumptions used in these estimates, a material write-down of inventory judged to have no sales prospects in maybe recognized in the following fiscal year.

(Notes regarding Non-consolidated Balance Sheets)

1. Short-term monetary claims to affiliates 7,566 million yen
2. Short-term monetary obligations affiliates 6,785 million yen
3. Accumulated depreciation on property, plant, and equipment 64,426 million yen
4. Contingent liabilities

The Company guarantees debts or makes commitments of guarantee against borrowing obligations of other companies from financial institutions.

| | |
|---------------------------|-------------------|
| CKD (CHINA) CORPORATION | 2,427 million yen |
| CKD THAI CO. LTD. | 1,885 million yen |
| M-CKD PRECISION SDN. BHD. | 185 million yen |
| Total | 4,498 million yen |

5. Allowances directly deducted from assets

Inventories likely to incur losses are shown by offsetting the correspondent provision for loss on orders received of 50 million yen (including provision for loss on orders received regarding merchandise and finished goods of 23 million yen and those regarding work in process of 26 million yen.)

(Notes regarding Non-consolidated Statements of Income)

| | |
|--|--------------------|
| Amount of transactions with associates | |
| Net sales | 24,711 million yen |
| Purchase of goods | 8,669 million yen |
| Other cost of sales | 563 million yen |
| Selling, general and administrative expenses | 191 million yen |
| Amount of transactions other than operating transactions | 965 million yen |

(Notes regarding Non-consolidated Statements of Changes in Net Assets)

Class and number of treasury shares as of the end of the current fiscal year

| | The number of shares as of the beginning of the current fiscal year (thousand shares) | Increase in the number of shares for the current fiscal year (thousand shares) | Decrease in the number of shares for the current fiscal year (thousand shares) | The number of shares as of the end of the current fiscal year (thousand shares) |
|-------------------------------|---|--|--|---|
| Common shares (Notes) 1, 2 | 1,143 | 0 | 35 | 1,108 |
| Total | 1,143 | 0 | 35 | 1,108 |

- (Notes) 1. The increase of 0 thousand shares in treasury shares of common shares is due to the purchase of 0 thousand shares of shares less than one trading unit and the forfeiture of rights to 0 thousand shares of restricted stock remuneration.
2. The decrease of 35 thousand shares in treasury shares of common shares is due to the sale of 0 thousand shares of shares less than one trading unit and restricted stock remuneration of 35 thousand shares.

(Notes regarding tax effect accounting)

Breakdown of main causes for deferred tax assets and deferred tax liabilities

| | |
|--|---------------------|
| Deferred tax assets | |
| Inventories | 831 million yen |
| Accounts payable - bonuses | 808 million yen |
| Amount of contribution of securities to retirement benefit trust | 496 million yen |
| Accrued enterprise tax | 227 million yen |
| Provision for product warranties | 179 million yen |
| Software | 146 million yen |
| Accrued social insurance contributions | 116 million yen |
| Other | 758 million yen |
| Subtotal deferred tax assets | 3,563 million yen |
| Valuation allowance | (1,079) million yen |
| Total deferred tax assets | 2,484 million yen |
| Deferred tax liabilities | |
| Valuation difference on available-for-sale securities | (1,599) million yen |
| Prepaid pension costs | (867) million yen |
| Gain on the contribution of securities to retirement benefit trust | (226) million yen |
| Other | (31) million yen |
| Total deferred tax liabilities | (2,724) million yen |
| Deferred tax liabilities, net | (240) million yen |

(Notes regarding transactions with related parties)

(1) Subsidiaries and associates, etc.

(Million yen)

| Category | Name of company | Voting rights, etc., ownership (owned) ratio | Relationship with related party | Transaction content | Transaction amount | Account item | Ending balance |
|------------|--------------------------------|--|---|--|---------------------|---|----------------|
| Subsidiary | CKD Global Service Corporation | Direct 100% | Business outsourcing/ Concurrent officers | Factoring services (Note) 1 | 32,491 | Trade accounts payable | 6,031 |
| Subsidiary | CKD NIKKI DENSO CO., LTD. | Direct 100% | Manufacturing and sale of equipment products / Financial assistance | Loan of funds (Note) 2 Collection of funds (Note) 2 Receipt of interest (Note) 2 | 1,500 1,860 5 | Short-term loans receivable from subsidiaries and associates (Note) 5 | 1,500 |
| Subsidiary | CKD THAI CO. LTD. | Direct 100% | Provision and purchase of automatic machinery and equipment products/ Concurrent officers | Debt guarantees (Note) 3 Receipt of guarantee commission (Note) 3 | 1,885 2 | Accrued interest from subsidiaries and associates (Note) 5 | 0 |
| Subsidiary | CKD (CHINA) CORPORATION | Direct 100% | Provision and purchase of automatic machinery and equipment products/ Concurrent officers | Debt guarantees (Note) 3 Receipt of guarantee commission (Note) 3 | 2,427 3 | Accrued interest from subsidiaries and associates (Note) 5 | 0 |
| Subsidiary | CKD USA CORP. | Direct 100% | Manufacturing and sale of equipment products/ Concurrent officers | Sale of equipment products (Note) 4 | 3,505 | Accounts receivable - trade | 2,318 |
| Subsidiary | CKD MALAYSIA SDN. BHD. | Direct 100% | Underwriting of capital increase/ Concurrent officers | Underwriting of capital increase (Note) 6 | 2,176 | — | — |

Transaction terms and policy for determining transaction terms

- (Notes) 1. With regard to trade accounts payable, the Company, its suppliers, and CKD Global Service Corporation have executed a basic agreement and are settling by factoring.
2. Loan of funds to CKD NIKKI DENSO CO., LTD. is determined after taking market rates into account.
3. The debt guarantees provided to CKD THAI CO. LTD. and CKD (CHINA) CORPORATION guarantee the loans taken out by each company with financial institutions. The Company receives a guarantee commission calculated based on the amount guaranteed.
4. Transaction prices and other transaction terms with CKD USA CORPORATION are determined by price negotiations based on the Company's submission of preferred prices after taking actual market conditions into account.
5. Accrued interest from subsidiaries and associates is included in and presented as other current assets.
6. Given the demand for funds and other factors, the Company underwrote the capital increase made by the subsidiary.

(2) Officers and individual major shareholders, etc.

(Million yen)

| Category | Name of company | Voting rights, etc., ownership (owned) ratio | Relationship with related party | Transaction content | Transaction amount | Account item | Ending balance |
|----------|-------------------|--|---------------------------------------|---|--------------------|--------------|----------------|
| Officer | Kazunori Kajimoto | Owned directly 0.1% | Chairperson of the Board of Directors | In-kind contribution of monetary remuneration claims (Note) | 12 | - | - |

Transaction terms and policy for determining transaction terms

(Note) Transactions are in-kind contribution of monetary remuneration claims associated mainly with restricted stock remuneration.

(Notes regarding revenue recognition)

Information fundamental to understanding revenue

As presented in the Notes to Consolidated Financial Statements.

(Notes regarding per-share information)

1. Net assets per share 1,656.55 yen
2. Basic earnings per share 166.61 yen

(Notes regarding subsequent material events)

Not applicable.

Amounts less than one million yen are rounded down, except for “Notes regarding per share information.”