



November 13, 2020

To whom it may concern

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**Notice of Difference between Financial Forecasts and Actual Results
 for the Second Quarter of the Consolidated Fiscal Year and
 Revisions in Consolidated Financial Forecasts for the Full Fiscal Year,
 Dividend from Retained Earnings (Interim Dividend) and
 Revisions in the Forecast of Dividend for the Full Fiscal Year**

CKD Corporation (the Company) hereby announces the difference between financial forecasts announced on August 12, 2020 and actual results for the second quarter of the consolidated fiscal year and revisions in consolidated financial forecasts for the full fiscal year as follows.

Also, at the Board of Directors on November 13, 2020, the Company decided dividend from retained earnings with a base of September 30, 2020 and revision in the forecast of dividend for the full fiscal year as follows.

1. The Difference between Financial Forecasts and Actual Results for the Second Quarter of the Consolidated Fiscal Year

(1) The difference between financial forecasts and actual results for the second quarter of the consolidated fiscal year ending March 30, 2021

(April 1, 2020 to September 30, 2020)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A) (Announced on August 12, 2020)	Million yen 48,200	Million yen 1,530	Million yen 1,590	Million yen 1,060	Yen 16.42
Actual results (B)	49,942	2,405	2,473	1,618	24.91
Difference (B –A)	1,742	875	883	558	—
Percentage change	3.6	57.2	55.6	52.7	—
For reference: Previous performance (Through the second quarter of the fiscal year ended March 31, 2020)	47,382	1,130	1,087	683	11.03

(2) Reasons for the difference

The CKD group's performances for the second quarter of the consolidated fiscal year outperformed the initially published forecasts. In terms of the factors in the automatic machineries segment, the Company favorably recorded sales of automatic packaging systems expected to be delayed due to the impact of COVID-19. In the components segment, the Japanese market performed largely in line with expectations. In overseas markets, however, the results exceeded the forecasts due to main factors including the early resumption of economic activity and normalization of production activity in overall manufacturing industry in China and robust semiconductor capital expenditure in South Korea and Taiwan for East Asia. Moreover, the effect of company-wide efforts to improve productivity and reduce costs contributed to profit growth, and profitability also improved.

2. Revisions in Financial Forecasts

(1) Revisions in the financial forecasts for the Second quarter of the consolidated fiscal year ending March 30, 2021

(April 1, 2020 to March 31, 2021)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
Previous forecast (A) (Announced on August 12, 2020)	Million yen 96,500	Million yen 3,210	Million yen 3,270	Million yen 2,270	Yen 34.88
Forecast (B)	100,000	4,900	4,960	3,440	52.34
Change (B – A)	3,500	1,690	1,690	1,170	—
Percentage change	3.6	52.6	51.7	51.5	—
For reference: Previous performance (Through the full fiscal year ended March 31, 2020)	100,717	5,230	5,374	3,689	59.56

(2) Reasons for the revisions

As for the full-year consolidated financial forecasts for the fiscal year ending March 31, 2021, the Company will revise upward from the most recent forecasts as the demand environment in components segment has been recovering gradually.

However, these forecasts assume gradual improvement in the current status of COVID-19 infections and could change significantly depending on such factors as the extent of the spread of COVID-19 going forward and the timing of containment. The Company will provide notification of impacts on performances promptly in case that important matters should be disclosed arise.

The exchange rate is estimated at ¥105 to one U.S. dollar.

3. Dividend from Retained Earnings (Interim Dividend) and Revisions in the Forecast of Dividend for the Full Fiscal Year

(1) Dividend from retained earnings (Interim Dividend)

	Amount of dividend	Most recent dividend forecasts (Announced August 12, 2020)	Actual for the previous period (Interim dividend for the fiscal year ended March 2020)
Base date	September 30, 2020	(Same as on left)	September 30, 2019
Dividend per share	¥8.00	¥6.00	¥5.00
Total dividends	¥532 million	—	¥309 million
Effective date	December 10, 2020	—	December 9, 2019
Source of funds	Retained earnings	—	Retained earnings

(2) Forecast of Dividend (Year-End)

Base date	Dividend per share (¥)		
	2nd quarter-end	Year-end	Annual
Previous forecast	—	¥6.00	¥12.00
Revised forecast	—	¥9.00	¥17.00
Actual for the period	¥8.00	—	—
Actual for the previous period (Through the full fiscal year ended March 2020)	¥5.00	¥13.00	¥18.00

(3) Reasons for Dividend from Retained Earnings (Interim Dividend) and Revision in the Forecast of Dividend for the Full Fiscal Year

For the return of profit to shareholders, the Company seeks to improve corporate value by implementing capital expenditure and R&D investment to enhance the management base and further expand business while aiming for a payout ratio of 30% in shareholder returns.

Based on this policy and performances for the second quarter of the consolidated fiscal year, the Company decided to pay 8 yen per share as dividend for the end of the second quarter, resulted in increase of 2 yen per share from the most recent forecast. As for dividend forecast for the end of the fiscal year, the Company is planning to pay 9 yen per share, increased of 3 yen per share from the most recent forecast.

Note: The above projections are based on information available as of this release. The actual results may differ due to various factors.