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Consolidated Financial Results for the Year Ended March 31, 2021 [Japanese GAAP]

May 13, 2021

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 Stock exchange listing: Tokyo, Nagoya
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 Scheduled date of Annual General Meeting of Shareholders: June 25, 2021
 Scheduled date of commencing dividend payments: June 07, 2021
 Scheduled date of filing annual securities report: June 25, 2021
 Availability of supplementary briefing material on annual financial results: Yes
 Schedule of annual financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 01, 2020 to March 31, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2021	106,723	6.0	7,698	47.2	7,823	45.6	5,273	42.9
March 31, 2020	100,717	(12.9)	5,230	(3.7)	5,374	(0.9)	3,689	(23.0)

(Note) Comprehensive income: Fiscal year ended March 31, 2021: ¥ 9,174 million [314.9%]
 Fiscal year ended March 31, 2020: ¥ 2,211 million [(22.8)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	80.23	80.21	5.9	5.4	7.2
March 31, 2020	59.56	59.56	4.5	3.9	5.2

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2021: ¥ (1) million
 Fiscal year ended March 31, 2020: ¥ (0) million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2021	152,726	97,617	63.8	1,463.15
March 31, 2020	136,059	82,465	60.5	1,321.28

(Reference) Equity: As of March 31, 2021: ¥ 97,497 million
 As of March 31, 2020: ¥ 82,287 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2021	17,521	(2,786)	2,423	35,913
March 31, 2020	17,250	(4,555)	(6,022)	18,409

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2020	-	5.00	-	13.00	18.00	1,119	30.2	1.4
March 31, 2021	-	8.00	-	17.00	25.00	1,665	31.2	1.8
Fiscal year ending March 31, 2022 (Forecast)	-	17.00	-	18.00	35.00		30.7	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 01, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending September 30, 2021	59,000	18.1	5,500	128.6	5,500	122.4	3,700	128.6	56.30
Full year	118,000	10.6	11,000	42.9	11,000	40.6	7,500	42.2	114.11

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2021: 67,909,449 shares

March 31, 2020: 67,909,449 shares

2) Total number of treasury shares at the end of the period:

March 31, 2021: 1,274,439 shares

March 31, 2020: 5,630,407 shares

3) Average number of shares during the period:

Fiscal Year ended March 31, 2021: 65,724,412 shares

Fiscal Year ended March 31, 2020: 61,954,797 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 01, 2020 to March 31, 2021)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2021	88,296	4.0	4,813	39.5	5,674	36.5	3,941	28.9
March 31, 2020	84,861	(12.7)	3,451	15.5	4,155	22.4	3,058	(15.3)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2021	59.98	59.96
March 31, 2020	49.37	49.37

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2021	131,786	86,019	65.3	1,290.90
March 31, 2020	120,807	74,606	61.7	1,196.78

(Reference) Equity: As of March 31, 2021: ¥ 86,019 million
As of March 31, 2020: ¥ 74,534 million

*This flash report is exempt from auditing by certified public accountants or audit firms.

*Notes on the appropriate use of financial forecasts and other special instructions

The performance forecasts and other forward-looking statements presented in this report are based on information currently available and certain assumptions deemed to be reasonable. Actual performance, etc. may differ substantially due to various factors.

CKD Corporation (the Company) is planning to hold a briefing session for institutional investors and analysts on the conference call on May 13, 2021. Any explanatory materials used in this session will be posted on the Company's website immediately afterward.

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1. Overview of business results

(1) Overview of business results for the fiscal year

[1] Review of the fiscal year

During the current fiscal year, the Japanese economy experienced an uptick in exports and production activity and a trend of recovery, albeit moderate, despite the effect of the prolonged COVID-19 pandemic in addition to the impact of the U.S. – China trade issue.

The trend of postponement or cancellation of capital expenditure due to deterioration in corporate earnings and the uncertain outlook continued. In this environment, in the electronics industry, investments were made against a background of expansion in applications of telecommunications technologies such as those for 5G and IoT, and the economic remained robust.

Overseas, in the U.S., restrictions on activities were relaxed, and employment and consumption recovered backed by economic measures and the vaccine rollout. In addition, in China, production activity in manufacturing industry, has proceeded to normalize overall and there was active capital expenditure, including investments related to 5G and rechargeable batteries. Meanwhile, in Southeast Asia, economic activity resumed as measures were taken to prevent the spread of COVID-19 infections, but the pace of recovery was only moderate.

Under such circumstances, in results of the consolidated fiscal year, the CKD Group recorded net sales of 106,723 million yen in net sales, up 6.0% year on year, 7,698 million yen in operating profit, up 47.2% year on year, 7,823 million yen in ordinary profit, up 45.6% year on year, and 5,273 million yen in profit attributable to owners of parent, up 42.9% year on year.

[2] Results of operations by segment

<Automatic Machineries >

In the industrial machinery business, although sales of lithium ion battery manufacturing systems increased, sales of 3D solder print inspection equipment declined. Sales of automatic packaging systems also decreased.

As a result, sales amounted to 14,163 million yen, down 10.3 % year on year, and segment profit was 1,659 million yen, down 43.3 % year on year, mainly due to changes in the sales mix and an increase in development expenses related to new equipment for the Chinese market.

<Components>

In the Japanese market, teleworking-related demand overlapped with the spread of 5G, and sales for semiconductor manufacturing equipment increased due to growth in capital expenditure. Meanwhile, there was a decrease in sales for both automobile manufacturing equipment and machine tools although a recovery in demand was observed for some products.

Overseas, sales increased in China, where production activity in manufacturing industry has normalized overall, and in South Korea and Taiwan, where semiconductor capital expenditure remained robust. On the other hand, sales decreased in Southeast Asia due to the spread of COVID-19.

As a result, sales amounted to 92,560 million yen, up 9.0% year on year, and segment profit was 10,076 million yen, up 59.8% year on year, due to the effect of productivity improvements and cost reductions.

(2) Financial position

Total assets at the end of the fiscal year on the consolidated basis were 152,726 million yen, up 16,667 million yen from the end of the previous consolidated fiscal year. The main factors included increases in cash and deposits and investment securities despite decreases in trade receivables, property, plant and equipment and deferred tax assets.

Liabilities were 55,108 million yen, up 1,514 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases in trade payables, advances received, deferred tax liabilities, income taxes payable and accounts payable – facilities, despite decreases in loan payable and accrued consumption taxes.

Net assets were 97,617 million yen, up 15,152 million yen from the end of the previous consolidated fiscal year.

Capital adequacy ratio was 63.8%, up a 3.4point from the previous consolidated fiscal year.

(3) Cash flows

Cash and cash equivalents (hereinafter, cash) at the end of the consolidated fiscal year were 35,913 million yen, up 17,503 million yen from the end of the previous consolidated fiscal year.

Changes in cash flows by categories through the consolidated fiscal year were as follows.

Cash flows from operating activities

Through the consolidated fiscal year under review, net cash provided by operating activities was 17,521 million yen (up 1.6% year on year).

The main factors accounting for the cash flows were profit before income taxes of 7,727 million yen, depreciation of 5,507 million yen, a decrease in trade receivables of 2,119 million yen and an increase in trade payables of 2,102 million yen.

Cash flows from investing activities

Through the consolidated fiscal year under review, net cash used in investing activities was 2,786 million yen (down 38.8% year on year).

The main factor accounting for the cash flows was purchase of property, plant and equipment of 2,727 million yen.

Cash flows from financing activities

Through the consolidated fiscal year under review, net cash provided by financing activities was 2,423 million yen (compared with 6,022 million yen used in the previous year).

Factor contributing positively to cash flows from financing activities was net increase in proceeds from issuance of shares resulting from exercise of share acquisition rights of 7,309 million yen. These cash flows were offset by repayments of long-term borrowings of 3,584 million yen and dividends paid of 1,340 million yen.

Reference: Changes in cash flow-related indexes

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Capital adequacy ratio (%)	66.7	61.1	58.6	60.5	63.8
Capital adequacy ratio based on current market price (%)	82.0	112.0	45.1	67.7	100.7
Ratio of interest-bearing debt to cash flow (times)	0.4	2.1	(12.7)	1.4	1.2
Interest coverage ratio (times)	259.4	77.1	(22.6)	77.0	84.3

Capital adequacy ratio (%) = equity ÷ total assets

Capital adequacy ratio based on current market price (%) = total market value of common stock ÷ total assets

Ratio of interest-bearing debt to cash flow (times) = interest-bearing debt ÷ cash flow

Interest coverage ratio (times) = cash flows ÷ interest payments

Notes: 1. All indicators are calculated based on consolidated financial figures.

2. Total market value of common stock is calculated based on the number of shares outstanding, excluding treasury stock.

3. Cash flows from operating activities are used for figures for cash flow.

4. Interest-bearing debt includes all balance-sheet debt for which interest payments are being made.

For interest payment, interest paid from consolidated financial statements of cash flows are used.

(4) Consolidated financial forecasts and outlook

The outlook for the global economy in the fiscal year ending March 31, 2022 remains highly uncertain with concerns over infection spread due to new strains of COVID-19 and restrictions on activities. Despite this, there is growing hope about containment of the infectious disease due to the vaccine rollout and additional economic measures by individual governments, and it is expected that the tone of recovery will continue.

Amid significant changes in social values and the market itself and promotion of digitalization, the business environment surrounding the Group is expected to experience a steady global recovery due to rising automation and labor-saving demand in manufacturing industry, expanding investment in the electronics industry, including capital expenditure in semiconductors, and increasing demand for electric vehicles.

However, it will be necessary to continue monitoring the impact of trade friction between the U.S. and China, risks such as supply shortages of some parts and materials, and the impact of earthquakes and natural disasters, as well as the impacts of geopolitical risk and exchange rate fluctuations.

Below are the consolidated projections for the next fiscal year.

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

	Six months ending September 30,2021	Full year
Net sales	Million yen 59,000	Million yen 118,000
Operating profit	5,500	11,000
Ordinary profit	5,500	11,000
Profit attributable to owners of parent	3,700	7,500

These projections are based on information available as of this release. The actual results may differ due to various factors from now onwards.

(5) Basic policy for allocation of profit and dividends for FY2020 and FY2021

Regarding to the return of profit to shareholders, while the company try to increase corporate value through capital investment and R&D investment that strengthen the management base and further expand business, in the return of profit to shareholders the company have a dividend payout ratio of 30% as a rough target.

Under this policy, it was decided at Board of Directors of CKD Corporation on May 13, 2021 that year-end dividends of ¥17 per share would be paid on June 7, 2021. Combined with the ¥8 per share paid as interim dividends in December 2020, the annual dividends for the fiscal year will amount to ¥25 per share, up ¥7 from the end of the previous consolidated fiscal year.

Projected dividends for the next fiscal year are ¥17 per share at the end of the second quarter and year end dividend of ¥18 per share, for a total of ¥35 per share.

2. Basic approach to selection of accounting standards

To enable comparison between companies and years, the CKD Group creates its consolidated financial statements according to “the Rules for Terminology, Forms, and Preparation of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 in 1976)” (excluding Chapter 7 and 8).

When applying international accounting standards, domestic and overseas information is considered and applied as appropriate.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31,2020	As of March 31,2021
Assets		
Current assets		
Cash and deposits	18,987	36,375
Notes and accounts receivable - trade	24,777	23,492
Electronically recorded monetary claims - operating	4,031	4,134
Trade accounts receivable	215	227
Merchandise and finished goods	9,652	10,018
Work in process	5,132	4,012
Raw materials and supplies	21,190	22,298
Other	1,456	1,286
Allowance for doubtful accounts	(22)	(55)
Total current assets	85,420	101,789
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	19,793	19,443
Machinery, equipment and vehicles, net	11,222	10,392
Tools, furniture and fixtures, net	1,800	1,655
Land	6,142	6,191
Leased assets, net	551	594
Construction in progress	722	715
Total property, plant and equipment	40,232	38,992
Intangible assets	1,869	1,433
Investments and other assets		
Investment securities	6,028	8,182
Retirement benefit asset	147	812
Deferred tax assets	1,004	263
Other	1,389	1,287
Allowance for doubtful accounts	(33)	(35)
Total investments and other assets	8,537	10,510
Total non-current assets	50,639	50,936
Total assets	136,059	152,726

(Million yen)

	As of March 31,2020	As of March 31,2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,994	15,360
Electronically recorded obligations - operating	2,369	2,833
Short-term borrowings	6,087	6,158
Current portion of bonds payable	129	16
Current portion of long-term borrowings	3,564	3,520
Lease obligations	226	218
Accrued expenses	3,170	3,472
Income taxes payable	1,199	1,624
Provision for bonuses	279	389
Provision for product warranties	396	344
Provision for loss on order received	73	69
Provision for environmental measures	-	71
Other	7,269	7,561
Total current liabilities	37,760	41,640
Non-current liabilities		
Bonds payable	16	-
Long-term borrowings	13,270	10,244
Lease obligations	217	254
Deferred tax liabilities	134	635
Provision for environmental measures	65	4
Retirement benefit liability	414	424
Asset retirement obligations	227	229
Other	1,487	1,675
Total non-current liabilities	15,833	13,468
Total liabilities	53,594	55,108
Net assets		
Shareholders' equity		
Share capital	11,016	11,016
Capital surplus	12,017	16,358
Retained earnings	61,992	65,921
Treasury shares	(3,952)	(895)
Total shareholders' equity	81,074	92,401
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,898	3,386
Foreign currency translation adjustment	206	1,845
Remeasurements of defined benefit plans	(891)	(136)
Total accumulated other comprehensive income	1,213	5,095
Share acquisition rights	71	-
Non-controlling interests	105	120
Total net assets	82,465	97,617
Total liabilities and net assets	136,059	152,726

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Net sales	100,717	106,723
Cost of sales	74,581	77,950
Gross profit	26,135	28,773
Selling, general and administrative expenses		
Personnel expenses	9,412	9,611
Retirement benefit expenses	434	406
Packing and transportation costs	1,301	1,453
Rent expenses	1,376	1,361
Outsourcing expenses	1,295	1,296
Depreciation	776	737
Provision of allowance for doubtful accounts	(8)	30
Research and development expenses	3,383	3,578
Enterprise tax	357	381
Other	2,576	2,217
Total selling, general and administrative expenses	20,905	21,074
Operating profit	5,230	7,698
Non-operating income		
Interest income	17	16
Dividend income	151	125
Administrative service fee income	125	62
Insurance claim income	135	73
Gain on valuation of derivatives	-	25
Subsidy income	78	198
Other	271	243
Total non-operating income	781	746
Non-operating expenses		
Interest expenses	225	205
Sales discounts	150	138
Share of loss of entities accounted for using equity method	0	1
Loss on valuation of derivatives	27	-
Foreign exchange losses	80	134
Other	152	142
Total non-operating expenses	637	621
Ordinary profit	5,374	7,823
Extraordinary income		
Gain on sale of non-current assets	3	1
Gain on sales of investment securities	31	-
Subsidy income	32	525
Reversal of provision for environmental measures	13	-
Total extraordinary income	81	527
Extraordinary losses		
Loss on sale of non-current assets	1	4
Impairment losses	130	-
Loss on retirement of non-current assets	53	96
Loss on tax purpose reduction entry of non-current assets	32	505
Loss on valuation of investment securities	1	1
Provision for environmental measures	-	15
Total extraordinary losses	220	622
Profit before income taxes	5,235	7,727

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Income taxes - current	1,536	2,180
Income taxes - deferred	2	264
Total income taxes	1,539	2,445
Profit	3,695	5,282
Profit attributable to non-controlling interests	5	8
Profit attributable to owners of parent	3,689	5,273

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Profit	3,695	5,282
Other comprehensive income		
Valuation difference on available-for-sale securities	(218)	1,487
Foreign currency translation adjustment	(1,232)	1,650
Remeasurements of defined benefit plans, net of tax	(32)	754
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Total other comprehensive income	(1,484)	3,892
Comprehensive income	2,211	9,174
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,216	9,155
Comprehensive income attributable to non-controlling interests	(5)	19

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2020

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,016	12,390	59,119	(4,905)	77,619
Cumulative effects of changes in accounting policies			(5)		(5)
Restated balance	11,016	12,390	59,113	(4,905)	77,614
Changes during period					
Dividends of surplus			(805)		(805)
Profit attributable to owners of parent			3,689		3,689
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		90		52	143
Cancellation of treasury shares		(701)		701	-
Exercise of share acquisition rights		239		199	438
Employee incentive welfare funds			(5)		(5)
Net changes in items other than shareholders' equity					
Total changes during period	-	(372)	2,878	953	3,459
Balance at end of period	11,016	12,017	61,992	(3,952)	81,074

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	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 beginning of period	2,117	1,427	(858)	2,686	-	138	80,444
Cumulative effects of changes in accounting policies							(5)
Restated balance	2,117	1,427	(858)	2,686	-	138	80,439
Changes during period							
Dividends of surplus							(805)
Profit attributable to owners of parent							3,689
Purchase of treasury shares							(0)
Disposal of treasury shares							143
Cancellation of treasury shares							-
Exercise of share acquisition rights							438
Employee incentive welfare funds							(5)
Net changes in items other than shareholders' equity	(218)	(1,221)	(32)	(1,473)	71	(32)	(1,434)
Total changes during period	(218)	(1,221)	(32)	(1,473)	71	(32)	2,025
Balance at end of period	1,898	206	(891)	1,213	71	105	82,465

For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,016	12,017	61,992	(3,952)	81,074
Cumulative effects of changes in accounting policies					
Restated balance	11,016	12,017	61,992	(3,952)	81,074
Changes during period					
Dividends of surplus			(1,342)		(1,342)
Profit attributable to owners of parent			5,273		5,273
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(11)		28	16
Cancellation of treasury shares					-
Exercise of share acquisition rights		4,351		3,029	7,381
Employee incentive welfare funds			(1)		(1)
Net changes in items other than shareholders' equity					
Total changes during period	-	4,340	3,929	3,057	11,326
Balance at end of period	11,016	16,358	65,921	(895)	92,401

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	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 beginning of period	1,898	206	(891)	1,213	71	105	82,465
Cumulative effects of changes in accounting policies							
Restated balance	1,898	206	(891)	1,213	71	105	82,465
Changes during period							
Dividends of surplus							(1,342)
Profit attributable to owners of parent							5,273
Purchase of treasury shares							(0)
Disposal of treasury shares							16
Cancellation of treasury shares							-
Exercise of share acquisition rights							7,381
Employee incentive welfare funds							(1)
Net changes in items other than shareholders' equity	1,487	1,639	754	3,882	(71)	15	3,825
Total changes during period	1,487	1,639	754	3,882	(71)	15	15,152
Balance at end of period	3,386	1,845	(136)	5,095	-	120	97,617

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2020	For the fiscal year ended March 31,2021
Cash flows from operating activities		
Profit before income taxes	5,235	7,727
Depreciation	5,822	5,507
Impairment losses	130	-
Share of loss (profit) of entities accounted for using equity method	0	1
Increase (decrease) in provision for bonuses	(1,868)	91
Increase (decrease) in accounts payable - bonuses	1,990	159
Decrease (increase) in retirement benefit asset	378	422
Decrease (increase) in trade receivables	(1,429)	2,119
Decrease (increase) in inventories	3,451	252
Increase (decrease) in trade payables	774	2,102
Increase (decrease) in advances received	1,232	854
Other, net	1,421	(665)
Subtotal	17,139	18,575
Interest and dividends received	170	144
Interest paid	(223)	(207)
Income taxes paid	(967)	(1,800)
Income taxes refund	1,099	85
Subsidies received	32	725
Net cash provided by (used in) operating activities	17,250	17,521
Cash flows from investing activities		
Payments into time deposits	(321)	(0)
Proceeds from withdrawal of time deposits	-	156
Purchase of property, plant and equipment	(3,583)	(2,727)
Proceeds from sale of property, plant and equipment	8	7
Purchase of intangible assets	(498)	(231)
Purchase of investment securities	(280)	(211)
Proceeds from sale of investment securities	114	200
Other, net	6	21
Net cash provided by (used in) investing activities	(4,555)	(2,786)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,063)	18
Proceeds from long-term borrowings	270	400
Repayments of long-term borrowings	(3,581)	(3,584)
Redemption of bonds	(45)	(129)
Purchase of treasury shares	(0)	(0)
Dividends paid	(805)	(1,340)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	432	7,309
Proceeds from issuance of share acquisition rights	78	-
Other, net	(306)	(250)
Net cash provided by (used in) financing activities	(6,022)	2,423
Effect of exchange rate change on cash and cash equivalents	(290)	344
Net increase (decrease) in cash and cash equivalents	6,381	17,503
Cash and cash equivalents at beginning of period	12,028	18,409
Cash and cash equivalents at end of period	18,409	35,913

(5) Notes to the consolidated financial statements

Notes regarding assumptions as a going concern

Not applicable

Material Items which form the basis for preparation of the consolidated financial statements

1. Scope of consolidation

Consolidated subsidiaries: 20 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.

(16 overseas companies)

CKD THAI CORPORATION LTD.
CKD SINGAPORE PTE. LTD.
CKD USA CORPORATION
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 Private Limited
CKD Europe B.V.
Nikki Denso International Korea Co., Ltd.

2. Application of equity method

Non-consolidated subsidiaries accounted for by the equity method: 1 company

Name of the company: EPSITEC S.R.L.

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

With market value: At fair market 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.)

Without market value: 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	Recorded 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	Mainly recorded at cost using the periodic average method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)
b. Work in process	Automatic machineries work in process	Recorded 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	Mainly recorded at cost using the periodic average method (values on the balance sheet are subject to the book value reduction method based on decreased profitability)
c. Raw materials and supplies	Raw materials	Mainly recorded 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	Mainly recorded 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)

(2) Depreciation methods for material depreciable assets

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

Mainly calculated by the declining-balance method.

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 useful life of the asset as the term of the lease and depreciate the residual value to zero.

(3) Accounting for reserves and allowances

[1] Allowance for doubtful accounts

To prepare for the possible losses on doubtful accounts, provisions for normal accounts in good standing are calculated using historical default ratios. 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

To cover bonus payments to employees, a provision for bonuses is made based on an estimated amount of payment for the year under review.

[3] Provision for product warranties

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

[4] Provision for losses on order received

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

[5] Provision for environmental Measures

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

(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 fiscal year following the respective fiscal year of recognition.

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

The simplified method 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 the calculation of liabilities regarding the payment of retirement benefits and retirement benefit expenses.

(5) Accounting method of material revenues and expenses

The percentage-of-completion method is applied to construction projects recognized to hold certainty of outcomes for the portion completed by the end of the consolidated fiscal year under review, while the completed-contract method is applied to the remaining construction projects. Moreover, the cost-to-cost method is applied for the percentage of completion estimate at the end of the consolidated fiscal year under review for construction projects that use the percentage-of-completion method.

(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 and 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. The amounts of translation adjustments are included in the foreign currency translation adjustments under net assets.

(7) Scope of cash equivalents in consolidated statements of cash flows

Currency on hand, bank deposits, and all highly liquid short-term investments with a maturity of three months or less when purchased and which are readily convertible into cash and are exposed to insignificant risk of changes in value are considered cash equivalents.

(8) Other material items for preparing the consolidated financial statements

Accounting for Consumption Tax

The accounting treatment of the consumption tax and the local consumption tax is based on the tax exclusion method.

Significant Accounting Estimates

Valuation of inventories in the Company's Component segment

(1) Amount recorded on consolidated financial statements for the fiscal year under review

(Million yen)

Account	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)
Merchandise and finished goods	(340)
Raw materials and supplies	(1,030)
Total	(1,371)

(Note) The impact on operating profit in the current fiscal year is (48) million yen (After offset of the reversal amount).

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

Inventories in the Company's Components business are primarily composed of a wide variety of components, and as many types and variations of products are produced, certain volumes of inventories are held for the leading components in order to respond to fluctuations in order volume and short delivery deadlines. Computation of write-down of the Company's Component product inventories is combined with automatic calculation of comparison with net selling prices in the market, and a write-down rate based on retention periods, etc. by system and a method of manually calculating the write-down amount by evaluating the future sales outlook for inventories with low shipping and consuming results compared to holding volume.

The Company estimates the future sales prospects of inventories in this assumption based on conditions in the semiconductor, automobile, and machine tool markets, to which the leading customers belong, political risk between the U.S. and China, and customer investment plan forecasts associated with these factors.

When it is necessary to revise the assumptions used in these estimates due to changes in conditions in the semiconductor, automobile, and machine tool markets, there may be a material write-down of inventories judged to have no sales prospects in the next fiscal year.

Segment information, etc.

Segment information

1. Outline of reporting segments

The reporting segments of the CKD Group refers to the constituents of CKD and its subsidiaries that separate financial statements are available and that are the scope of regular discussion by the Board of Directors of CKD to determine how corporate resources are to be allocated and to evaluate business performance.

The constituents of the CKD Group consist of product segments, which include two reporting segments of Automatic Machineries and Components separated based on the type, properties, and sales method of products.

In Automatic Machineries, automatic packing system, lithium-ion battery manufacturing system, and other large-scale facilities are manufactured and sold. They are produced upon receiving an order.

In Components, functional parts that can be applied to semiconductor-related businesses, automobile-related industries, and other markets of diversified kinds are manufactured and sold. They are produced by forecasting demands of each item.

2. Calculation methods of net sales, profit/loss, assets, liabilities and other accounting items for each reporting segment

The accounting methods used for financial statements of respective reporting segments are basically the same as those stated in “Important matters fundamental to the preparation of consolidated financial statements.”

The income in each reporting segment are based on operating profit. Internal gains and amount of transfer among segments are based on current market prices.

3. Information on reporting-segment-wise sales, profit/loss, assets, liabilities, and other accounting items
 Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Million yen)

	Reporting segment			Amount Adjusted (Note 1)	Consolidated (Note 2)
	Automatic Machineries	Components	Total		
Net sales					
Sales to external customers	15,792	84,924	100,717	—	100,717
Intersegment sales or transfers	—	140	140	(140)	—
Total	15,792	85,065	100,857	(140)	100,717
Segment profit	2,925	6,306	9,231	(4,001)	5,230
Segment assets	22,381	98,685	121,067	14,991	136,059
Other items					
Depreciation and amortization	694	4,846	5,540	281	5,822
Increase in property, plant and equipment and intangible assets	306	2,517	2,824	236	3,060

Note 1: Details of the amount adjusted

- (1) The amount of adjustment for Net sales of ¥(140) million is derived from elimination of transactions among segments.
- (2) The amount of adjustment for Segment profit of ¥(4,001) million includes ¥31 million for elimination of transactions among segments and ¥(4,032) million as the total company expenses that are not allocated to each reporting segment. The total company expenses mainly refers to expenses related to administration and long-term R&D expenses of CKD and costs related to CKD Global Service Corporation.
- (3) The amount of adjustment for Segment assets of ¥14,991 million is the total company assets not allocated to each reporting segment. This mainly consists of working surplus funds (cash and deposits) and long-term investment funds (investment securities) and assets of management department.
- (4) The amount adjusted for depreciation of ¥281 million consists of depreciation related to assets for the entire company.
- (5) The amount adjusted for increase in property, plant and equipment and intangible assets of ¥236 million consists of the amount of property, plant and equipment and intangible assets for the entire company.

Note 2: Segment profit has already been adjusted with operating profit shown in the consolidated statement of income.
 Segment assets has already been adjusted with total assets shown in the consolidated balance sheets.

Fiscal year ended March 31, 2020 (April 1, 2020 to March 31, 2021)

(Million yen)

	Reporting segment			Amount Adjusted (Note 1)	Consolidated (Note 2)
	Automatic Machineries	Components	Total		
Net sales					
Sales to external customers	14,163	92,560	106,723	—	106,723
Intersegment sales or transfers	—	67	67	(67)	—
Total	14,163	92,627	106,791	(67)	106,723
Segment profit	1,659	10,076	11,735	(4,037)	7,698
Segment assets	18,050	104,938	122,988	29,737	152,726
Other items					
Depreciation and amortization	601	4,644	5,245	261	5,507
Increase in property, plant and equipment and intangible assets	121	3,410	3,531	89	3,620

Note 1: Details of the amount adjusted

- (1) The amount of adjustment for Net sales of ¥(67) million is derived from elimination of transactions among segments.
- (2) The amount of adjustment for Segment profit of ¥(4,037) million includes ¥30million for elimination of transactions among segments and ¥(4,067) million as the total company expenses that are not allocated to each reporting segment. The total company expenses mainly refers to expenses related to administration and long-term R&D expenses of CKD and costs related to CKD Global Service Corporation.
- (3) The amount of adjustment for Segment assets of ¥29,737million is the total company assets not allocated to each reporting segment. This mainly consists of working surplus funds (cash and deposits) and long-term investment funds (investment securities)and assets of management department.
- (4) The amount adjusted for depreciation of ¥261million consists of depreciation related to assets for the entire company.
- (5) The amount adjusted for increase in property, plant and equipment and intangible assets of ¥89million consists of the amount of property, plant and equipment and intangible assets for the entire company.

Note 2: Segment profit has already been adjusted with operating profit shown in the consolidated statement of income.
Segment assets has already been adjusted with total assets shown in the consolidated balance sheets.

Related information

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

1. Information regarding products and services

Disclosure is omitted as the same information is disclosed in segment information.

2. Information regarding each region

[1] Net sales

(Million yen)

Japan	China	Rest of Asia	Other	Total
75,944	9,262	12,057	3,452	100,717

Note: 1. Net sales are classified by country or region based on the customer's location.

2. The amount under "Rest of Asia" is net sales in Asia excluding both Japan and China.

[2] Property, plant and equipment

(Million yen)

Japan	China	Other	Total
32,938	6,441	852	40,232

3. Information by principal customer

Of the net sales to outside customers, there are no customers accounting for 10% or more of total net sales under the consolidated statements of income.

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

1. Information regarding products and services

Disclosure is omitted as the same information is disclosed in segment information.

2. Information regarding each region

[1] Net sales

(Million yen)

Japan	China	Rest of Asia	Other	Total
76,020	13,852	13,232	3,617	106,723

Note: 1. Net sales are classified by country or region based on the customer's location.

2. The amount under "Rest of Asia" is net sales in Asia excluding both Japan and China.

[2] Property, plant and equipment

(Million yen)

Japan	China	Other	Total
30,922	6,587	1,483	38,992

3. Information by principal customer

Of the net sales to outside customers, there are no customers accounting for 10% or more of total net sales under the consolidated statements of income.

Information on impairment losses on non-current assets by reporting segment

Fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

(Million yen)

	Reporting segments			Amount Adjusted	Consolidated
	Automatic Machineries	Components	Total		
Impairment loss	130	—	130	—	130

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

Not applicable

Information related to the amount of amortization of goodwill and the unamortized amount of goodwill by reporting segment

Not applicable

Information on gain on bargain purchase by reporting segment

Not applicable

Per share information

	FY2019 (April 1, 2019 to March,31 2020)	FY2020 (April 1, 2020 to March,31 2021)
	Yen	Yen
Net assets per share	1,321.28	1,463.15
Basic earnings per share	59.56	80.23
Diluted earnings per share	59.56	80.21

Note: 1. Below is basis for calculations of basic earnings per share and diluted earnings per share.

	FY2019 (April 1, 2019 to March,31 2020)	FY2020 (April 1, 2020 to March,31 2021)
Basic earnings per share		
Profit attributable to owners of parent (Million yen)	3,689	5,273
Amount not attributable to owners of ordinary shares (Million yen)	—	—
Profit attributable to owners of parent related to ordinary shares (Million yen)	3,689	5,273
Average number of ordinary shares over the period (Thousand shares)	61,954	65,724
Diluted earnings per share		
Adjustments of profit attributable to owners of parent (Million yen)	—	—
Increase in ordinary shares (Thousand shares)	0	0
Share acquisition rights (Thousand shares)	0	0
Summary of potential shares not included in calculation of diluted earnings per share because there are no dilutive effects	The first time of share acquisition rights The number of share acquisition rights 29,363 (Ordinary shares 2,936,300 shares) The second time of share acquisition rights The number of share acquisition rights 13,800 (Ordinary shares 1,380,000 shares)	—

Material subsequent events

Not applicable

4. Others

Production, orders and sales

[1] Actual production

Actual production by reporting segment in the consolidated fiscal year under review are as follows.

Segment name	Production output (Million yen)	Change YoY (%)
Automatic machineries	15,327	(15.2)
Components	93,138	+11.4
Total	108,465	+6.7

Notes: 1. Intersegment transactions have been offset and eliminated.

2. Amounts are based on sales prices.

3. Above figures are exclusive of consumption tax.

[2] Actual orders

Actual orders by reporting segment in the consolidated fiscal year under review are as follows.

Segment name	Orders (Million yen)	Change YoY (%)	Order backlog (Million yen)	Change YoY (%)
Automatic machineries	13,580	(17.4)	12,479	(4.4)

Notes: 1. Production is carried out by expected demand, excluding the Automatic machineries segment.

2. Above figures are exclusive of consumption tax.

[3] Actual sales

Actual sales by business segment in the consolidated fiscal year under review are as follows.

Segment name	Net sales (Million yen)	Change YoY (%)
Automatic machineries	14,163	(10.3)
Components	92,560	+9.0
Total	106,723	+6.0

Notes: 1. Intersegment transactions have been offset and eliminated.

2. Above figures are exclusive of consumption tax.