

CKD

10-Year
Vision

Global FA Total Supplier

Interim Newsletter to Shareholders for the 102nd Fiscal Year

From April 1, 2021 to September 30, 2021

CKD Corporation

Stock Exchange Code: 6407



Representative Director, Chairperson of
the Board and Chief Executive Officer

Kazunori Kajimoto

President and Chief Operating Officer

Katsuhito Okuoka

To our shareholders

First of all, we would like to express our appreciation for your continued support.

We would now like to take this opportunity to give you an overview of the business, and report on the settlement of accounts for the first six months of the 102nd fiscal year of the Company (from April 1, 2021 to September 30, 2021). In the Japanese economy in the six months ended September 30, 2021, production activities in the manufacturing industry improved significantly against the backdrop of an increase in exports due to the recovery of overseas economies. Capital investment was on a trend of recovery due to the recovery of corporate earnings and initiatives in growth areas, such as the environment, despite variance by industry. Furthermore, performance was strong in the electronics industry, with the continuation of investment in the expanding applications of information and communication technology, such as for 5G and IoT.

With regard to overseas economies, the USA's economy expanded against the backdrop of the spread of vaccinations and economic measures, and demand increased for semiconductors, in the automotive market, etc. Furthermore, in China, demand increased in many markets, such as 5G-related markets and rechargeable batteries, and capital investment actively continued in

the manufacturing industry in general. In Southeast Asia, the rebound from the downturn in the previous year and an increase in exports supported the economy amid the continuation of restrictions on activities because of the resurgence of COVID-19.

Against this backdrop, the CKD Group's net sales in the six months ended September 30, 2021 came to ¥67,812 million (up 35.8% YoY), while operating income was ¥8,582 million (up 256.7% YoY), ordinary income was ¥8,667 million (up 250.4% YoY), and net income attributable to owners of parent reached ¥6,081 million (up 275.7% YoY).

Due to the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations, net sales decreased by ¥138 million, cost of sales increased by ¥30 million, selling, general and administrative expenses decreased by ¥86 million, operating income decreased by ¥83 million, and ordinary income and income before income taxes both increased by ¥10 million.

The interim dividend has been set at ¥28 per share, and we expect the annual dividend to be ¥50 per share.

As we move forward, we humbly request further support and encouragement of our shareholders.

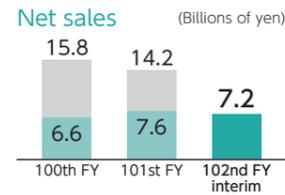
Results by segment

Automatic machinery

In industrial machinery, sales of 3D solder paste inspection machines increased, but sales of lithium ion battery production systems decreased. Furthermore, sales of automatic packaging systems increased for pharmaceutical products, but decreased for food.

As a result, sales for this segment were ¥7,248 million (down 5.0% YoY), and the income came to ¥1,001 million (up 16.9% YoY) due to improved profitability.

Due to the application of the Accounting Standard for Revenue Recognition, sales increased by ¥41 million, and segment income increased by ¥10 million.



Automatic packaging systems

Pharmaceutical products packaging



Food packaging



Winding machines for lithium-ion batteries



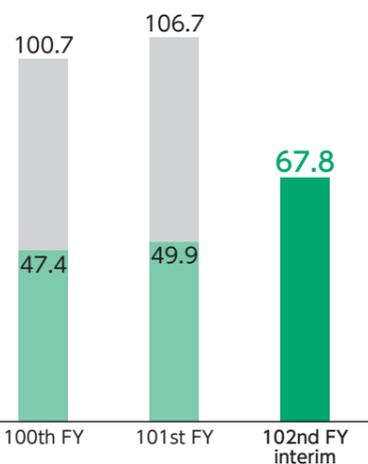
3D solder paste inspection machines



Business results

Net sales

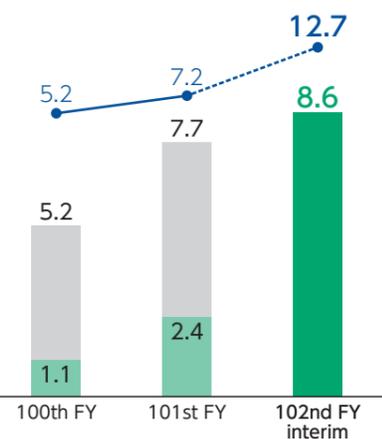
(Billions of yen)



Operating income / Operating income ratio

(Billions of yen, %)

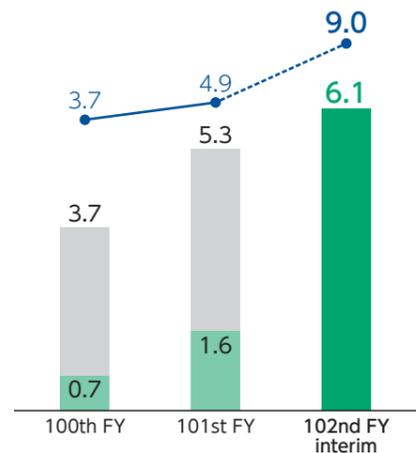
■ Operating income
● Operating income ratio



Net income attributable to owners of parent / Net income margin

(Billions of yen, %)

■ Net income attributable to owners of parent
● Net income margin



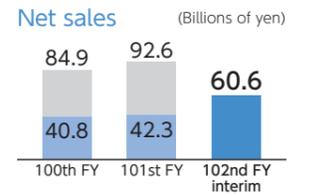
Component products

In the domestic market, sales increased for semiconductor production equipment parts due to continued strong semiconductor demand due to factors such as the spread of 5G and demand related to telework. Furthermore, in the automotive market, sales increased for manufacturing equipment parts related to eco-friendly vehicles and for machine tool parts, for which demand was strong for equipment for semiconductors and automobiles.

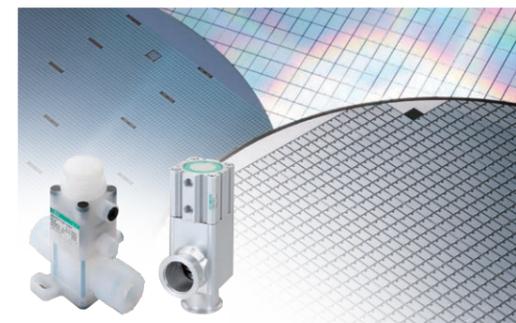
For the overseas market, sales increased in areas such as China, where capital investment continued in the manufacturing industry in general, as well as in South Korea and Taiwan, where investment in semiconductor equipment has been strong. Furthermore, sales increased in Europe and the USA, which are recovering from the COVID-19 pandemic, as well as in Southeast Asia, where demand is firm amid restrictions on activities.

As a result, sales for this segment were ¥60,564 million (up 43.1% YoY), and the income came to ¥9,533 million (up 164.6% YoY) due to the effect of improved profitability on the increase in sales.

Due to the application of the Accounting Standard for Revenue Recognition, sales decreased by ¥180 million, selling, general and administrative expenses decreased by ¥86 million, and the income decreased by ¥93 million.



Fine system components



Fluid control components



Related pneumatic components



Drive components

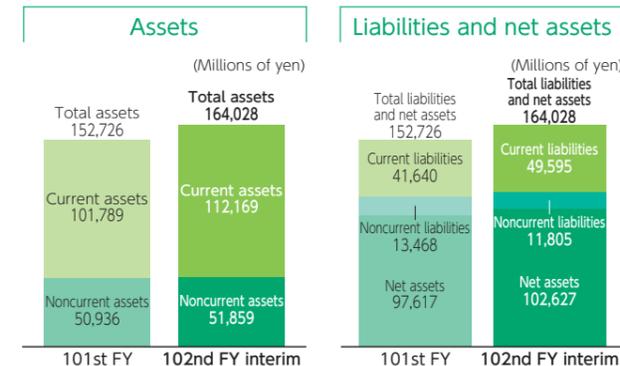


Pneumatic control components



Consolidated Financial Data

Assets, liabilities, and net assets



Total assets

Notes and accounts receivable - trade, inventories and property, plant and equipment increased.

Liabilities

Although accrued bonuses and loans payable decreased, notes and accounts payable - trade and provision for bonuses increased.

Shareholders' equity ratio

62.5%, a 1.3 point decrease compared with the end of the previous fiscal year

Topics

Commencement of sending IR information via e-mail

The Company has begun sending IR information via e-mail. By registering an e-mail address in advance, the Company will send information related to its IR, such as the latest timely disclosures, its new products, ESG activities, etc. in a timely manner. Please register your e-mail address.

* Please register using the following URL or QR code.
* Personal information registered with the Company belongs to Mitsubishi UFJ Trust and Banking Corporation, which operates "RIMSNET." Personal information will not be used for any purposes other than applications provided for under "RIMSNET."



URL

<https://rims.tr.mufg.jp/?sn=6407>

QR code



QR code is a registered trademark of DENSO WAVE INCORPORATED.

Information for Shareholders

Information on shareholders returns

Shareholder benefits program

In order to express our gratitude for the continuing support of our shareholders, and to further increase the investment appeal of the Company's shares, we have introduced a shareholder benefits program with the goal of increasing the number of investors holding positions in our shares over the medium and long term.



Eligible shareholders

Shareholders listed in the shareholders registry as of March 31 each year, and those who own at least 100 shares (one unit) of the Company, are eligible.

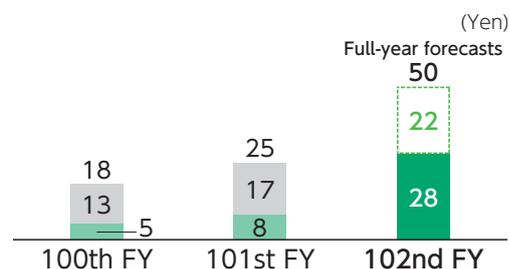
Timing of presentation of benefits

Dispatch of benefits is planned in early June each year.

Details of shareholder benefits

Number of years owned	Number of shares held	Details of benefits
less than 3 years	100 or more but less than 500 shares	QUO gift card 500 yen value
	500 or more but less than 1,000 shares	QUO gift card 1,000 yen value
	1,000 shares or more	QUO gift card 2,000 yen value
3 years or more	100 or more but less than 500 shares	QUO gift card 1,000 yen value
	500 or more but less than 1,000 shares	QUO gift card 3,000 yen value
	1,000 shares or more	QUO gift card 5,000 yen value

Dividends



Dividend policy

With regard to returning profits to shareholders, the Company aims to raise corporate value by enhancing the business foundation, and to further expand the business through implementing capital investment and investments in research and development, etc., while aiming for a payout ratio of 30% for shareholder returns.

Company profile (as of September 30, 2021)

Name	CKD Corporation
Established	April 2, 1943
Capital stock	¥11,016,380,748
Head office	2-250 Oujii, Komaki City, Aichi 485-8551, Japan Phone: +81-568-77-1111
Number of employees	2,480 (consolidated: 4,655)
Main businesses	Development, manufacture, sale and export of automation machinery, drive components, pneumatic control components, pneumatic auxiliary components, and fluid control components

Officers (as of September 30, 2021)

Directors

Representative Director, Chairperson of the Board and Chief Executive Officer
 President and Chief Operating Officer
 Director and Managing Executive Officer
 Director and Executive Officer
 Director
 Director
 Director

Kazunori Kajimoto
 Katsuhito Okuoka
 Katsunori Hayashida
 Shinji Yuhara
 Noriko Asai
 Kazumasa Uemura
 Stefan Sacré

Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member
 Audit & Supervisory Board Member
 Audit & Supervisory Board Member
 Audit & Supervisory Board Member

Masafumi Kokubo
 Koichi Hayashi
 Takeshi Sawaizumi
 Shuzo Hashimoto

Shareholder memo

Fiscal year	From April 1 of each year to March 31 of the following year
Annual General Meeting of Shareholders	Held in June each year
Record date for year-end dividend	March 31
Record date for interim dividend	September 30
Administrator of shareholder registry and account	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Mailing address	2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 Stock Transfer Agency Business Planning Department Sumitomo Mitsui Trust Bank, Limited
(Telephone inquiries)	0120-782-031 (toll-free)

Stock information (as of September 30, 2021)

Total number of authorized shares	233,000,000
Total number of issued shares	67,909,449
Number of shareholders	10,362

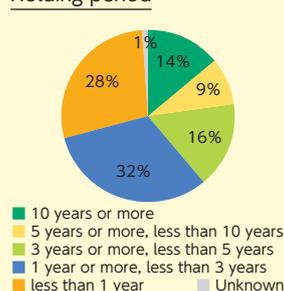
Shareholder Questionnaire Results

We would like to use this opportunity to thank our shareholders for answering the questionnaire online in June 2021.

Your responses will be utilized in our future management and IR activities.

Here is a report of a part of the questionnaire results.

Holding period



Important aspects considered at the time of purchase



Opinions and requests received from our shareholders (excerpt)

- I think it is admirable that you are increasing dividends while many companies are decreasing or not paying dividends due to the COVID-19 pandemic. This is owed to your corporate efforts. I look forward to further progress.
- I invested because offers often came to my alma mater and because I anticipate growth in the valve industry. Please continue to steadily improve your results for stable dividends.

CKD Corporation

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