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## Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

November 11, 2022

Company name: CKD Corporation  
Stock exchange listing: Tokyo, Nagoya  
Code number: 6407

URL: <https://www.ckd.co.jp/en/>

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Scheduled date of filing quarterly securities report: November 11, 2022

Scheduled date of commencing dividend payments: December 12, 2022

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

President and Chief Operating Officer  
General Manager, Accounting Dept

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

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 01, 2022 to September 30, 2022)

#### (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	%
Six months ended September 30, 2022	80,213	18.3	10,175	18.6	10,222	17.9	7,039	15.8
September 30, 2021	67,812	35.8	8,582	256.7	8,667	250.4	6,081	275.7

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ 8,529 million [ 38.7%]  
Six months ended September 30, 2021: ¥ 6,151 million [ 113.2%]

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	105.56		-	
September 30, 2021	91.26		-	

#### (2) Consolidated Financial Position

	Total assets		Net assets		Capital adequacy ratio	
	Million yen		Million yen		%	
As of September 30, 2022	181,322		115,510		63.7	
March 31, 2022	172,514		109,571		63.5	

(Reference) Equity: As of September 30, 2022: ¥ 115,510 million  
As of March 31, 2022: ¥ 109,571 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	-	28.00	-	39.00	67.00
Fiscal year ending March 31, 2023	-	42.00			
Fiscal year ending March 31, 2023 (Forecast)			-	42.00	84.00

(Note) Revision to the forecast for dividends announced most recently: Yes

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% 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
Full year	160,000	12.5	20,500	14.7	20,550	13.9	14,000	11.4	209.94

(Note) Revision to the financial results forecast announced most recently: Yes

### \* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2022

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: No

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

September 30, 2022: 67,909,449 shares

March 31, 2022: 67,909,449 shares

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

September 30, 2022: 1,217,852 shares

March 31, 2022: 1,234,074 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 66,682,348 shares

Six months ended September 30, 2021: 66,638,880 shares

\*This quarterly flash report is exempt from the quarterly review procedures by certified public accountants or accounting auditors.

### \*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.

For the special instructions regarding the appropriate use of financial forecasts, refer to "1. Quarterly business results (3) Consolidated financial forecasts and outlook" on page 3 of the attached materials.

CKD Corporation (the Company) is planning to hold a briefing session for institutional investors and analysts on the conference call on November 11, 2022. Any explanatory materials used in this session will be posted on the Company's website immediately afterward.

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## 1. Quarterly business results

### (1) Results of operations

During the 2nd quarter of the current fiscal year under review, the Japanese economy recovered moderately against the backdrop of the easing of restrictions by balancing COVID-19 countermeasures and socioeconomic activities, but was affected by soaring raw material prices and constraints on supply of semiconductors and other components.

In addition, the economic outlook remains uncertain due to rising energy prices caused by the prolonged situation between Russia and Ukraine and rising prices caused by the rapid depreciation of the yen.

Capital investment recovered as corporate earnings picked up and efforts were made in growth areas such as the environment. In addition, investment in automation in the manufacturing industry as a whole and investment against background of a growing range of applications in information and communications technology in the electronics industry continued to be strong.

Overseas economies, particularly those in Europe and the U.S., continued to recover solidly thanks to recovery from the COVID-19 pandemic in each country. In Southeast Asia, economic activities resumed amid the easing of restrictions on activities, and the economy recovered along with increase in exports. In China, there were moves toward normalization of production activities after the lockdown, and investment continued primarily in the semiconductor and battery industries.

Under such circumstances, in results for the 2nd quarter of the consolidated fiscal year, the CKD Group recorded 80,213 million yen in net sales, up 18.3% year on year, 10,175 million yen in operating profit, up 18.6% year on year, 10,222 million yen in ordinary profit, up 17.9% year on year, and 7,039 million yen in profit attributable to owners of parent, up 15.8% year on year.

#### Results of operations by segment

##### a. Automatic Machineries

Sales of automatic packaging systems for food products increased, while sales of those for pharmaceuticals decreased. Among industrial machinery products, sales of 3D solder paste inspection machines and lithium-ion battery manufacturing systems increased.

As a result, net sales were 7,856 million yen (up 8.4% year on year), and segment profit was 674 million yen (down 32.7% year on year) due to change in the sales mix.

##### b. Components

In the domestic market, sales for semiconductor manufacturing equipment increased, supported by solid demand for semiconductors in data centers and automotive applications. Sales for machine tools and manufacturing equipment related to environmentally friendly vehicles remained strong.

In overseas markets, sales increased in China, where there were moves toward normalization of production activities after the lockdown, and in South Korea and Taiwan, where investment in semiconductor equipment was steady. Sales in Europe, the U.S., and Southeast Asia, where the economy continued to recover from the COVID-19 pandemic, also increased.

As a result, net sales were 72,357 million yen (up 19.5% year on year), and segment profit was 11,778 million yen (up 23.5% year on year) due to increase in net sales and the depreciation of the yen.

### (2) Financial position

#### a. Assets, liabilities, and net assets

Total assets at the end of the 2nd quarter on the consolidated basis were 181,322 million yen, up 8,807 million yen from the end of the previous consolidated fiscal year. The main factors included increases in trade receivables, inventories and property, plant and equipment, despite decreases in cash and deposits.

Liabilities were 65,811 million yen, up 2,868 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases in trade payables and provision for bonuses, despite decreases in accounts payable - bonuses and borrowings.

Net assets were 115,510 million yen, up 5,938 million yen from the end of the previous consolidated fiscal year.

Capital adequacy ratio was 63.7%, up a 0.2 point from the previous consolidated fiscal year.

#### b. Cash flows

Cash and cash equivalents (hereinafter, cash) at the end of the 2nd quarter were 33,352 million yen, down 675 million yen from the end of the previous consolidated fiscal year.

Changes in cash flows by categories through the 2nd quarter of the consolidated fiscal year were as follows.

### Cash flows from operating activities

Through the 2nd quarter of the consolidated fiscal year under review, net cash provided by operating activities was 6,428 million yen (down 0.8% year on year).

Factors contributing positively to cash flows from operating activities were profit before income taxes of 10,284 million yen, depreciation of 3,148 million yen, an increase in provision for bonuses of 3,536 million yen and an increase in trade payables of 2,164 million yen. These cash flows were offset by a decrease in accounts payable- bonuses of 3,129 million yen, an increase in trade receivables and contract asset of 1,377 million yen, an increase in inventories of 5,061 million yen and income taxes paid of 3,886 million yen.

### Cash flows from investing activities

Through the 2nd quarter of the consolidated fiscal year under review, net cash used in investing activities was 3,578 million yen (up 7.9% year on year).

The main factor accounting for the cash flows was purchase of property, plant and equipment of 3,593 million yen.

### Cash flows from financing activities

Through the 2nd quarter of the consolidated fiscal year under review, net cash used in financing activities was 3,961 million yen (up 35.9% year on year).

The main factor accounting for the cash flows were repayments of long-term borrowings of 1,600 million yen and dividends paid of 2,595 million yen.

## (3) Consolidated financial forecasts and outlook

The outlook of the global economy remains unpredictable due to continuing high downside risks, including supply chain risks such as component shortages and soaring raw materials prices, trade friction between the U.S. and China, geopolitical risks, and foreign exchange fluctuations.

Against this backdrop, the recent acquisition of orders has been steady both in Japan and overseas, driven by factors such as demand for automation and labor saving in the manufacturing industry, which is expected to grow in the medium to long term, investment in the electronics industry including semiconductor equipment investment, and demand for electrification of automobiles in the business environment surrounding the Group. The Company, therefore, has revised its full-year consolidated financial forecasts announced on May 13, 2022 upward as follows.

The exchange rate for the period from October 1, 2022 to March 31, 2023 is revised from USD1:JPY120 as of the announcement of the 1st quarter financial results to USD1:JPY140.

The full fiscal year (April 1, 2022 to March 31, 2023)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Previous forecast (A)	Million yen 146,000	Million yen 18,500	Million yen 18,500	Million yen 13,000
Revised forecast (B)	160,000	20,500	20,550	14,000
Change (B - A)	14,000	2,000	2,050	1,000
Percentage change	9.6	10.8	11.1	7.7
For reference: Previous performance (Though the full fiscal year ended March 31, 2022)	142,199	17,879	18,043	12,567

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

These revised forecasts are mentioned in "Notice of Difference between Financial Forecasts and Actual Results for the 2nd 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", announced on November 11, 2022.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of September 30,2022
<b>Assets</b>		
Current assets		
Cash and deposits	34,527	33,956
Notes and accounts receivable - trade, and contract assets	28,702	31,076
Electronically recorded monetary claims - operating	5,961	5,951
Trade accounts receivable	243	241
Merchandise and finished goods	10,468	10,639
Work in process	4,159	5,117
Raw materials and supplies	30,135	34,913
Other	2,044	1,585
Allowance for doubtful accounts	(55)	(67)
Total current assets	116,188	123,413
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,510	22,152
Other, net	22,509	23,763
Total property, plant and equipment	44,019	45,916
Intangible assets	1,107	1,161
Investments and other assets	11,199	10,830
Total non-current assets	56,326	57,908
<b>Total assets</b>	<b>172,514</b>	<b>181,322</b>

(Million yen)

	As of March 31,2022	As of September 30,2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	20,354	22,589
Electronically recorded obligations - operating	4,387	5,297
Short-term borrowings	11,735	11,493
Income taxes payable	3,908	3,420
Provision for bonuses	495	4,058
Other provisions	388	564
Other	12,233	8,985
Total current liabilities	53,503	56,409
Non-current liabilities		
Long-term borrowings	5,634	5,303
Other provisions	2	2
Retirement benefit liability	458	495
Other	3,344	3,601
Total non-current liabilities	9,439	9,402
Total liabilities	62,942	65,811
Net assets		
Shareholders' equity		
Share capital	11,016	11,016
Capital surplus	16,364	16,383
Retained earnings	75,440	79,858
Treasury shares	(867)	(856)
Total shareholders' equity	101,954	106,402
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,274	3,048
Foreign currency translation adjustment	4,429	6,118
Remeasurements of defined benefit plans	(85)	(58)
Total accumulated other comprehensive income	7,617	9,108
Total net assets	109,571	115,510
Total liabilities and net assets	172,514	181,322

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Net sales	67,812	80,213
Cost of sales	48,057	57,175
Gross profit	19,754	23,037
Selling, general and administrative expenses	11,172	12,862
Operating profit	8,582	10,175
Non-operating income		
Interest income	9	33
Dividend income	81	127
Share of profit of entities accounted for using equity method	5	-
Foreign exchange gains	-	72
Subsidy income	43	60
Other	121	165
Total non-operating income	261	459
Non-operating expenses		
Interest expenses	105	150
Loss on valuation of derivatives	4	93
Foreign exchange losses	51	-
Other	14	167
Total non-operating expenses	176	411
Ordinary profit	8,667	10,222
Extraordinary income		
Gain on step acquisitions	-	62
Subsidy income	176	21
Other	0	-
Total extraordinary income	176	83
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	142	21
Other	35	0
Total extraordinary losses	178	21
Profit before income taxes	8,665	10,284
Income taxes - current	2,665	3,364
Income taxes - deferred	(95)	(119)
Total income taxes	2,569	3,244
Profit	6,095	7,039
Profit attributable to non-controlling interests	14	-
Profit attributable to owners of parent	6,081	7,039



Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Profit	6,095	7,039
Other comprehensive income		
Valuation difference on available-for-sale securities	(92)	(226)
Foreign currency translation adjustment	145	1,688
Remeasurements of defined benefit plans, net of tax	1	27
Share of other comprehensive income of entities accounted for using equity method	(0)	-
Total other comprehensive income	55	1,490
Comprehensive income	6,151	8,529
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,140	8,529
Comprehensive income attributable to non-controlling interests	10	-

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	8,665	10,284
Depreciation	2,747	3,148
Share of loss (profit) of entities accounted for using equity method	(5)	-
Loss (gain) on step acquisitions	-	(62)
Increase (decrease) in provision for bonuses	3,219	3,536
Increase (decrease) in accounts payable - bonuses	(2,190)	(3,129)
Decrease (increase) in retirement benefit asset	79	(8)
Decrease (increase) in trade receivables and contract assets	(4,467)	(1,377)
Decrease (increase) in inventories	(5,314)	(5,061)
Increase (decrease) in trade payables	5,016	2,164
Increase (decrease) in advances received	21	(412)
Other, net	339	1,132
Subtotal	8,111	10,214
Interest and dividends received	91	160
Interest paid	(104)	(143)
Income taxes paid	(1,803)	(3,886)
Income taxes refund	0	47
Subsidies received	182	36
Net cash provided by (used in) operating activities	6,478	6,428
<b>Cash flows from investing activities</b>		
Payments into time deposits	(4)	(340)
Proceeds from withdrawal of time deposits	-	538
Purchase of property, plant and equipment	(3,286)	(3,593)
Purchase of intangible assets	(131)	(138)
Purchase of investment securities	(4)	(124)
Proceeds from redemption of investment securities	100	-
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	52
Other, net	8	27
Net cash provided by (used in) investing activities	(3,317)	(3,578)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	161	145
Proceeds from long-term borrowings	-	270
Repayments of long-term borrowings	(1,797)	(1,600)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,131)	(2,595)
Repayments of lease obligations	(120)	(181)
Other, net	(28)	-
Net cash provided by (used in) financing activities	(2,916)	(3,961)
Effect of exchange rate change on cash and cash equivalents	(32)	437
Net increase (decrease) in cash and cash equivalents	213	(675)
Cash and cash equivalents at beginning of period	35,913	34,027
Cash and cash equivalents at end of period	36,126	33,352

(4) Notes to the consolidated financial statements

Notes regarding assumptions as a going concern

Not applicable

Notes regarding any major change in the amount of consolidated shareholders' equity

Not applicable

Changes in accounting policies

(Application of ASU 2016-02 "Leases" )

Effective from the beginning of the 1st quarter of the consolidated fiscal year, ASU No. 2016 - 02 Leases (February 25, 2016. Hereinafter referred to as "ASU No. 2016-02." ) has been applied to foreign subsidiaries that have adopted U.S. GAAP.

As a result of adopting ASU No. 2016-02, lessee generally recognizes assets and liabilities for all leases. The Company has adopted a method to recognize the cumulative effect of the adoption of the accounting standard, which is recognized as a transitional measure, on the effective date.

The effect of the change on the quarterly consolidated financial statements for the 2nd quarter of the consolidated fiscal year was not material.

Segment information, etc.

Segment information

I 2nd quarter of the consolidated fiscal year ended March 31, 2022 (April 1, 2021 to September 30, 2021)

Information on reporting-segment-wise sales, profit (loss)

(Million yen)

	Reporting segment			Amount Adjusted (Note 1)	Consolidated (Note 2)
	Automatic Machineries	Components	Total		
Net sales					
Sales to external customers	7,248	60,564	67,812	—	67,812
Intersegment sales or transfers	—	56	56	(56)	—
Total	7,248	60,621	67,869	(56)	67,812
Segment profit	1,001	9,533	10,534	(1,952)	8,582

Notes: 1. The amount of adjustment for segment profit of ¥(1,952) million includes ¥15 million for elimination of transactions among segments and ¥(1,967) 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.

2. Segment profit has already been adjusted with operating profit shown in the consolidated statement of income.

II 2nd quarter of the consolidated fiscal year ending March 31, 2023 (April 1, 2022 to September 30, 2022)

Information on reporting-segment-wise sales, profit (loss)

(Million yen)

	Reporting segment			Amount Adjusted (Note 1)	Consolidated (Note 2)
	Automatic Machineries	Components	Total		
Net sales					
Sales to external customers	7,856	72,357	80,213	—	80,213
Intersegment sales or transfers	—	70	70	(70)	—
Total	7,856	72,427	80,283	(70)	80,213
Segment profit	674	11,778	12,452	(2,277)	10,175

Notes: 1. The amount of adjustment for segment profit of ¥(2,277) million includes ¥15 million for elimination of transactions among segments and ¥(2,292) 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.

2. Segment profit has already been adjusted with operating profit shown in the consolidated statement of income.

### 3. Others

#### Production orders, and sales

##### [1] Actual production

Actual production by reporting segment in the 2nd quarter of the consolidated fiscal year under review are as follows.

Segment name	Production output (Million yen)	Change YoY (%)
Automatic machineries	7,261	(0.2)
Components	73,480	+19.0
Total	80,742	+17.0

Notes: 1. Intersegment transactions have been offset and eliminated.  
2. Amounts are based on sales prices.

##### [2] Actual orders

Actual orders by reporting segment in the 2nd quarter of the consolidated fiscal year under review are as follows.

Segment name	Orders (Million yen)	Change YoY (%)	Order backlog (Million yen)	Change YoY (%)
Automatic machineries	9,233	+23.6	14,391	+13.3

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

##### [3] Actual sales

Actual sales by reporting segment in the 2nd quarter of the consolidated fiscal year under review are as follows.

Segment name	Sales (Million yen)	Change YoY (%)
Automatic machineries	7,856	+8.4
Components	72,357	+19.5
Total	80,213	+18.3

Note: Intersegment transactions have been offset and eliminated.