



10-Year
Vision

Global FA Total Supplier

Interim Newsletter to Shareholders for the 103rd Fiscal Year

From April 1, 2022 to September 30, 2022

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.

The CKD Group managed to achieve results for the six months ended September 30, 2022 exceeding the initially announced forecasts. This was mainly due to net sales exceeding forecasts in the component products segment. In the domestic market, sales exceeded forecasts for semiconductor production equipment parts against a backdrop of strong semiconductor demand for data centers and in-vehicle applications. For the overseas market, sales exceeded forecasts due to increased sales in China, where there were signs of normalization from lockdowns, and in South Korea and Taiwan, where investment in semiconductor equipment has been strong, as well as due to a weakening yen compared to the initial forecasts.

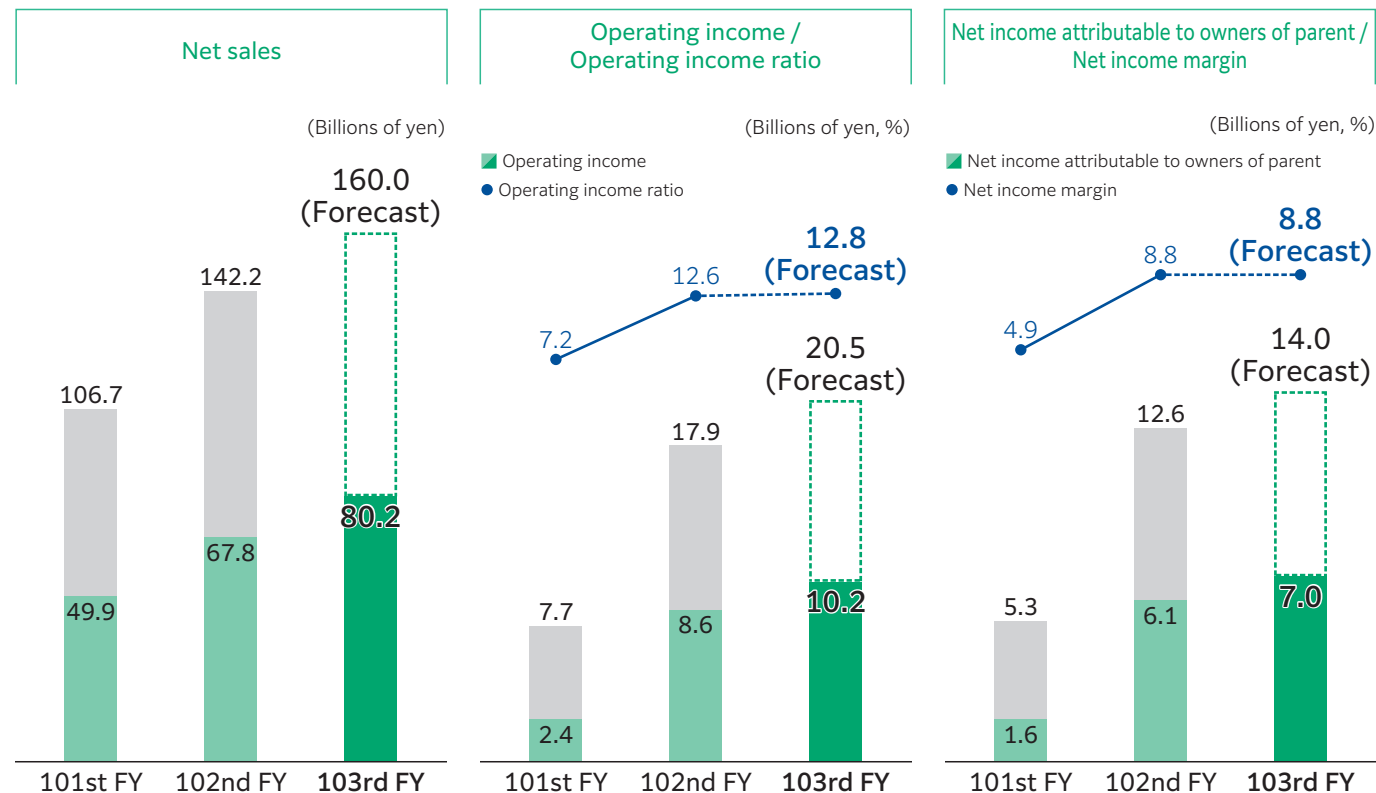
The global economic outlook continues to be uncertain, with a high risk of an economic downturn due to supply chain risks such as shortages of parts and soaring raw material prices, the impact of the USA-China trade dispute, as well as geopolitical risks and foreign exchange rate fluctuations.

Under such circumstances, regarding the business environment surrounding the CKD Group, the current orders received in Japan and overseas remained strong mainly due to the demand for automation and labor saving in the manufacturing industry, investment in the electronics industry such as investment in semiconductor equipment, and the demand for the electrification of automobiles, which are expected to continue to grow over the medium to long term. Accordingly, we have revised upward our full-year consolidated earnings forecasts announced on May 13, 2022.

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 40% for shareholder returns.

Based on the above policy and the business results for the six months ended September 30, 2022, we have decided to pay a second quarter-end dividend of ¥42 per share, an increase of ¥3 per share from the most recent forecast. In addition, with regard to the year-end dividend forecasts, we plan to pay a dividend of ¥42 per share, an increase of ¥3 per share from the most recent forecast.

Business results

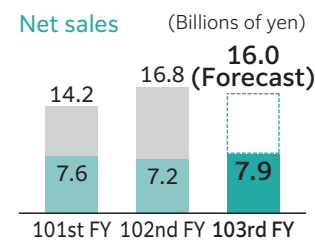


Results by segment

Automatic machinery

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

As a result, sales for this segment were ¥7,856 million (up 8.4% YoY), and the income came to ¥674 million (down 32.7% YoY) due to changes in the sales mix.



Automatic packaging systems

Pharmaceutical products packaging



Food packaging



Winding machines for lithium-ion batteries



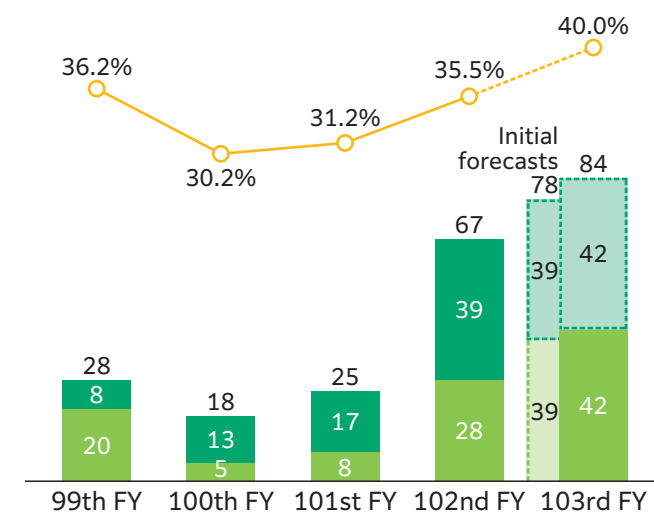
3D solder paste inspection machines



Dividends

- Interim dividend of ¥42 (up ¥3 from the initial forecast of ¥39)
- Changed the dividend payout ratio to 40% starting with the year-end dividend for the fiscal year ended March 31, 2022.

(Yen) ■ Year-end dividend ■ Interim dividend ○ Dividend payout ratio



Construction of a new plant

The Company will establish a new plant in Komatsu City, Ishikawa Prefecture, which is scheduled to be completed and begin production around spring 2024. In anticipation of further growth in demand in the semiconductor-related component field, the new plant will strengthen the production system while enabling the Company to distribute production among this plant and the plants in the Tohoku and Tokai regions as a BCP measure in the event of a disaster.

[Outline of the new plant]

Name	Hokuriku Plant
Location	Shorenjimachi, Komatsu City, Ishikawa Prefecture
Main products	Component products for semiconductor production equipment
Land area	Approx. 70,000 m ²
Total floor space	Approx. 22,000 m ²
Structure	Steel-framed, two-story building

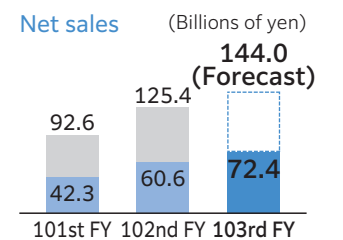


Component products

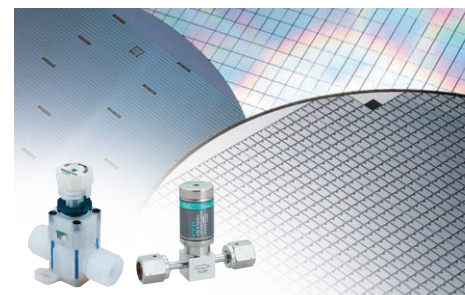
In the domestic market, sales increased for semiconductor production equipment parts against a backdrop of strong semiconductor demand for data centers and in-vehicle applications. Furthermore, sales continued to be strong for machine tool parts and for manufacturing equipment parts related to eco-friendly vehicles.

For the overseas market, sales increased in China, where there were signs of normalization of production activities from lockdowns, as well as in South Korea and Taiwan, where investment in semiconductor equipment has been strong. Furthermore, sales increased in Europe, the USA and Southeast Asia as those markets continued to recover from the COVID-19 crisis.

As a result, sales for this segment were ¥72,357 million (up 19.5% YoY), and the income came to ¥11,778 million (up 23.5% YoY) due to the increase in sales as well as the effect of foreign exchange rates due to the weakening trend of the yen.



Fine system components



Fluid control components



Related pneumatic components



Drive components



Pneumatic control components



ESG for sustainable growth

Promoting efforts toward the realization of a sustainable society

Selected as a constituent of
"FTSE Blossom Japan Sector
Relative Index"



**FTSE Blossom
Japan Sector
Relative Index**
Initial selection

Support for TCFD

We announced our support for the TCFD. Endeavor to disclose information and promote initiatives in accordance with the recommendations



"Kurumin" certification

Recognized by the Ministry of Health, Labour and Welfare as a company with a high level of commitment to childcare support



Initial certification

Recognized as a "Corporation of Excellence in Health Management 2022"

Certified by the Ministry of Economy, Trade and Industry as a company committed to health promotion



3 consecutive years of recognition

2022

Employment of Disabled People at
"Waku Happiness Farm"

Hiring people with disabilities to work at farms



2011

Registered as "Aichi Family-Friendly Company"

2016

2017

Recognized as "Aichi Brand Company"

Recognized as an Aichi Women's Brilliance Company

2019

Received the "Kids' Design Award" at Nursery



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

Company profile (as of September 30, 2022)

Name	CKD Corporation
Established	April 2, 1943
Capital stock	¥11,016,380,748
Head office	2-250 Ouj, Komaki City, Aichi 485-8551, Japan Phone: +81-568-77-1111
Number of employees	2,427 (consolidated: 4,721)
Main businesses	Development, manufacture, sale and export of automation machinery, drive components, pneumatic control components, pneumatic auxiliary components, and fluid control components

Stock information (as of September 30, 2022)

Total number of authorized shares	233,000,000
Total number of issued shares	67,909,449
Number of shareholders	15,334

Commencement of sending IR information via e-mail

We send 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.

Regarding the procedure, 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.mufig.jp/?sn=6407>

QR code



QR code is a registered trademark of DENSO WAVE INCORPORATED.

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)

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