

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: No

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: No

* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 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):

December 31, 2022: 67,909,449 shares

March 31, 2022: 67,909,449 shares

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

December 31, 2022: 1,217,852 shares

March 31, 2022: 1,234,074 shares

3) Average number of shares during the period:

Nine months ended December 31, 2022: 66,685,123 shares

Nine months ended December 31, 2021: 66,640,409 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 February 10, 2023. 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 3rd quarter of the consolidated 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 stemming from the weak yen.

Capital investment trended up 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.

For the overseas economy, in Europe and the U.S., corporate capital investment was firm despite uncertainty about the future economic outlook. In Southeast Asia, economic activity resumed amid the easing of restrictions on activities, and economic recovery continued along with an increase in exports. In China, capital investment mainly in the semiconductor and battery industries continued amid a slowdown in overall market capital investment due to the Zero COVID-19 policy.

Under such circumstances, in results for the 3rd quarter of the consolidated fiscal year, the CKD Group recorded 120,138 million yen in net sales, up 14.8% year on year, 16,172 million yen in operating profit, up 22.2% year on year, 16,164 million yen in ordinary profit, up 22.1% year on year, and 11,228 million yen in profit attributable to owners of parent, up 22.0% year on year.

Results of operations by segment

a. Automatic Machineries

In the industrial machinery products, although sales of lithium-ion battery manufacturing systems increased, sales of 3D solder paste inspection machines declined. Sales of automatic packaging systems for pharmaceuticals also decreased.

As a result, net sales 10,432 million yen (down 10.2% year on year), and segment profit was 1,063 million yen (down 37.1% year on year) due to changes in the sales mix.

b. Components

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

In the overseas market, sales increased in China, where investment continued mainly in the semiconductor and battery industries, and South Korea and Taiwan, where semiconductor capital investment was steady. Sales also increased in Europe and the U.S., where capital investment was firm, and in Southeast Asia, where the recovery from the COVID-19 pandemic continued.

As a result, net sales were 109,705 million yen (up 18.0% year on year), and segment profit was 18,478 million yen (up 27.5% year on year) due to the increase in net sales and the depreciation of the yen.

(2) Financial position

Total assets at the end of the 3rd quarter on the consolidated basis were 179,749 million yen, up 7,234 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 64,569 million yen, up 1,626 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases in trade payables, provision for bonuses and deposits received, despite decreases in accrued bonuses and income taxes payable.

Net assets were 115,179 million yen, up 5,607 million yen from the end of the previous consolidated fiscal year.

Capital adequacy ratio was 64.1%, up a 0.6 point from the previous consolidated fiscal year.

(3) Consolidated financial forecasts and outlook

Despite the impact from the revision of the 4th quarter foreign exchange rate to a stronger yen in consideration of the current foreign exchange situation, the full-year consolidated financial forecast for the fiscal year ending March 31, 2023 announced on November 11, 2022 are unchanged as the improvement in productivity due to the easing of supply constraints on parts and raw materials has been factored in.

The exchange rate assumption for the period from January 1, 2023 to March 31, 2023 is revised from USD1:JPY140 as of the announcement of the 2nd quarter financial results to USD1:JPY125.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of December 31,2022
Assets		
Current assets		
Cash and deposits	34,527	24,788
Notes and accounts receivable - trade, and contract assets	28,702	29,909
Electronically recorded monetary claims - operating	5,961	6,736
Trade accounts receivable	243	293
Merchandise and finished goods	10,468	11,073
Work in process	4,159	5,905
Raw materials and supplies	30,135	37,175
Other	2,044	2,382
Allowance for doubtful accounts	(55)	(55)
Total current assets	116,188	118,208
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,510	24,932
Other, net	22,509	24,433
Total property, plant and equipment	44,019	49,366
Intangible assets	1,107	1,392
Investments and other assets	11,199	10,781
Total non-current assets	56,326	61,540
Total assets	172,514	179,749

(Million yen)

	As of March 31,2022	As of December 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,354	23,664
Electronically recorded obligations - operating	4,387	5,699
Short-term borrowings	11,735	11,462
Income taxes payable	3,908	1,762
Provision for bonuses	495	2,119
Other provisions	388	467
Other	12,233	10,137
Total current liabilities	53,503	55,313
Non-current liabilities		
Long-term borrowings	5,634	4,397
Other provisions	2	2
Retirement benefit liability	458	481
Other	3,344	4,375
Total non-current liabilities	9,439	9,256
Total liabilities	62,942	64,569
Net assets		
Shareholders' equity		
Share capital	11,016	11,016
Capital surplus	16,364	16,398
Retained earnings	75,440	81,247
Treasury shares	(867)	(856)
Total shareholders' equity	101,954	107,805
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,274	3,022
Foreign currency translation adjustment	4,429	4,395
Remeasurements of defined benefit plans	(85)	(44)
Total accumulated other comprehensive income	7,617	7,373
Total net assets	109,571	115,179
Total liabilities and net assets	172,514	179,749

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

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Net sales	104,612	120,138
Cost of sales	74,308	84,949
Gross profit	30,303	35,188
Selling, general and administrative expenses	17,065	19,015
Operating profit	13,237	16,172
Non-operating income		
Interest income	14	66
Dividend income	139	205
Share of profit of entities accounted for using equity method	3	-
Subsidy income	69	100
Other	219	292
Total non-operating income	444	664
Non-operating expenses		
Interest expenses	165	238
Loss on valuation of derivatives	76	93
Foreign exchange losses	170	124
Other	33	217
Total non-operating expenses	446	673
Ordinary profit	13,236	16,164
Extraordinary income		
Gain on step acquisitions	-	62
Subsidy income	176	21
Other	3	-
Total extraordinary income	180	83
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	142	21
Other	81	4
Total extraordinary losses	224	25
Profit before income taxes	13,192	16,222
Income taxes - current	3,471	4,264
Income taxes - deferred	491	729
Total income taxes	3,962	4,993
Profit	9,229	11,228
Profit attributable to non-controlling interests	24	-
Profit attributable to owners of parent	9,204	11,228

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

(Million yen)

	For the nine months ended December 31,2021	For the nine months ended December 31,2022
Profit	9,229	11,228
Other comprehensive income		
Valuation difference on available-for-sale securities	136	(251)
Foreign currency translation adjustment	1,050	(33)
Remeasurements of defined benefit plans, net of tax	(10)	41
Share of other comprehensive income of entities accounted for using equity method	0	-
Total other comprehensive income	1,176	(243)
Comprehensive income	10,406	10,984
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,382	10,984
Comprehensive income attributable to non-controlling interests	24	-

(3) 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 3rd quarter of the consolidated fiscal year was not material.

Segment information, etc.

Segment information

I The 3rd quarter of the consolidated fiscal year ended March 31, 2022 (April 1, 2021 to December 31, 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	11,621	92,991	104,612	—	104,612
Intersegment sales or transfers	—	88	88	(88)	—
Total	11,621	93,079	104,700	(88)	104,612
Segment profit	1,689	14,492	16,182	(2,944)	13,237

Notes: 1. The amount of adjustment for segment profit of ¥(2,944) million includes ¥19 million for elimination of transactions among segments and ¥(2,963) 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 The 3rd quarter of the consolidated fiscal year ending March 31, 2023 (April 1, 2022 to December 31, 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	10,432	109,705	120,138	—	120,138
Intersegment sales or transfers	—	107	107	(107)	—
Total	10,432	109,813	120,246	(107)	120,138
Segment profit	1,063	18,478	19,541	(3,368)	16,172

Notes: 1. The amount of adjustment for segment profit of ¥(3,368) million includes ¥23 million for elimination of transactions among segments and ¥(3,391) 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 3rd quarter of the consolidated fiscal year under review are as follows.

Segment name	Production output (Million yen)	Change YoY (%)
Automatic machineries	10,745	(11.6)
Components	110,900	+17.3
Total	121,645	+14.0

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 3rd 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	13,250	+22.2	15,817	+35.1

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

[3] Actual sales

Actual sales by reporting segment in the 3rd quarter of the consolidated fiscal year under review are as follows.

Segment name	Sales (Million yen)	Change YoY (%)
Automatic machineries	10,432	(10.2)
Components	109,705	+18.0
Total	120,138	+14.8

Note: Intersegment transactions have been offset and eliminated.