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## Consolidated Financial Results for the Three Months Ended June 30, 2023 [Japanese GAAP]

August 10, 2023

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: August 10, 2023

Scheduled date of commencing dividend payments: -

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 Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

#### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	33,023	(13.2)	2,871	(37.5)	2,943	(36.9)	1,871	(40.3)
June 30, 2022	38,040	14.0	4,592	3.7	4,662	3.9	3,133	(2.3)

(Note) Comprehensive income: Three months ended June 30, 2023: ¥ 3,899 million [ (17.8)%]  
Three months ended June 30, 2022: ¥ 4,744 million [ 55.6%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	28.06	-
June 30, 2022	47.00	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2023	205,477	120,494	58.6
March 31, 2023	185,626	119,730	64.5

(Reference) Equity: As of June 30, 2023: ¥ 120,494 million  
As of March 31, 2023: ¥ 119,730 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, 2023	-	42.00	-	47.00	89.00
Fiscal year ending March 31, 2024	-				
Fiscal year ending March 31, 2024 (Forecast)		26.00	-	34.00	60.00

(Note) Revision to the forecast for dividends announced most recently: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2023	66,500	(17.1)	6,350	(37.6)	6,350	(37.9)	4,300	(38.9)	64.45
Full year	142,000	(10.9)	14,500	(31.5)	14,500	(31.5)	10,000	(32.4)	149.87

(Note) Revision to the financial results forecast announced most recently: No

### \* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2023  
(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: No

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):

June 30, 2023: 67,909,449 shares

March 31, 2023: 67,909,449 shares

2) Number of treasury shares at the end of the period:

June 30, 2023: 1,186,140 shares

March 31, 2023: 1,186,036 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2023: 66,723,382 shares

Three months ended June 30, 2022: 66,675,372 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 August 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 1st quarter of the consolidated fiscal year under review, the Japanese economy experienced a moderate recovery with the normalization of social and economic activities, but there was a decline in exports due to a slowdown in overseas economies.

With regards to capital investment, although investment in software for saving labor and digitalization remained strong, investment in production equipment in the manufacturing industry decreased due to weak external demand. Semiconductor capital investment also continued to be restrained with prolonged inventory adjustments against the backdrop of a cyclical decline in demand for semiconductor memories.

In the overseas economy, prolonged inflation and interest rate hikes in Europe and the U.S., which continued from the previous fiscal year, raised fears of recession. In Europe and the U.S., production activity in the manufacturing industry was sluggish, while in Southeast Asia, the impact of weak exports due to the global economic slowdown was seen. In China, the pace of recovery from the COVID-19 pandemic remained moderate.

Under such circumstances, in the results for the 1st quarter of the consolidated fiscal year, the CKD Group recorded 33,023 million yen in net sales, down 13.2% year on year, 2,871 million yen in operating profit, down 37.5% year on year, 2,943 million yen in ordinary profit, down 36.9% year on year, and 1,871 million yen in profit attributable to owners of parent, down 40.3% year on year.

#### Results of operations by segment

##### a. Automatic Machineries

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

As a result, net sales were 2,796 million yen (down 22.6% year on year), and segment profit was 67 million yen (down 75.9% year on year) due to the decrease in net sales and changes in the sales mix.

##### b. Components

In the Japanese market, sales for manufacturing equipment related to environmentally friendly vehicles remained strong. Meanwhile, sales for semiconductor manufacturing equipment declined on the back of lower demand for PCs and smartphones in reaction to the exceptional demand during the COVID-19 pandemic and prolonged inventory adjustments.

In overseas markets, sales increased in China due to a significant rebound from the lockdown that was in place a year earlier. Meanwhile, sales declined in South Korea and Taiwan, where demand in the semiconductor market was lower, Europe and the U.S., where the manufacturing industry remained sluggish, and Southeast Asia, which was impacted by the economic slowdown.

As a result, net sales were 30,226 million yen (down 12.2% year on year), and segment profit was 4,051 million yen (down 26.5% year on year), due to the decrease in net sales and other factors.

### (2) Financial position

Total assets at the end of the 1st quarter on the consolidated basis were 205,477 million yen, up 19,850 million yen from the end of the previous consolidated fiscal year. The main factors included increases in cash and deposits, inventories and property, plant and equipment, despite decreases in trade receivables and contract assets.

Liabilities were 84,982 million yen, up 19,086 million yen from the end of the previous consolidated fiscal year. The main factors included increases in borrowings and provision for bonuses, despite decreases in trade payables and income taxes payable.

Net assets were 120,494 million yen, up 763 million yen from the end of the previous consolidated fiscal year.

Capital adequacy ratio was 58.6%, down a 5.9 point from the previous consolidated fiscal year.

(3) Consolidated financial forecasts and outlook

In the 2nd quarter of the consolidated fiscal year and the full-year consolidated financial forecasts, although the Company expects rising automation and labor saving demand in the manufacturing industry and increased demand associated with the electrification of automobiles in response to the problem of climate change, the impact of semiconductor capital investment restraint, including prolonged inventory adjustments, is anticipated. Therefore, no changes have been made to the financial forecasts announced on May 12, 2023.

The exchange rate for the period from July 1, 2023 to March 31, 2024 is estimated at USD1:JPY130, which is also unchanged.

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

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	28,568	39,592
Notes and accounts receivable - trade, and contract assets	30,167	24,580
Electronically recorded monetary claims - operating	6,318	8,523
Trade accounts receivable	241	213
Merchandise and finished goods	11,443	12,960
Work in process	5,090	5,700
Raw materials and supplies	38,848	40,638
Other	2,430	1,765
Allowance for doubtful accounts	(53)	(47)
Total current assets	123,055	133,927
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,899	25,568
Other, net	24,432	31,493
Total property, plant and equipment	49,331	57,061
Intangible assets	1,524	1,658
Investments and other assets	11,714	12,828
Total non-current assets	62,571	71,549
<b>Total assets</b>	<b>185,626</b>	<b>205,477</b>

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	22,017	19,947
Electronically recorded obligations - operating	5,349	4,858
Short-term borrowings	8,461	8,203
Income taxes payable	3,696	1,609
Provision for bonuses	574	2,165
Other provisions	438	713
Other	11,480	13,090
Total current liabilities	52,018	50,587
Non-current liabilities		
Long-term borrowings	9,203	29,740
Other provisions	2	2
Retirement benefit liability	503	519
Other	4,168	4,132
Total non-current liabilities	13,877	34,394
Total liabilities	65,895	84,982
Net assets		
Shareholders' equity		
Share capital	11,016	11,016
Capital surplus	16,548	16,548
Retained earnings	84,807	83,543
Treasury shares	(833)	(834)
Total shareholders' equity	111,538	110,273
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,486	4,123
Foreign currency translation adjustment	4,902	6,281
Remeasurements of defined benefit plans	(196)	(183)
Total accumulated other comprehensive income	8,192	10,220
Total net assets	119,730	120,494
Total liabilities and net assets	185,626	205,477

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

## Quarterly Consolidated Statements of Income (For the three months)

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	38,040	33,023
Cost of sales	27,038	23,836
Gross profit	11,002	9,186
Selling, general and administrative expenses	6,410	6,315
Operating profit	4,592	2,871
Non-operating income		
Interest income	5	25
Dividend income	90	131
Foreign exchange gains	92	107
Other	92	119
Total non-operating income	281	383
Non-operating expenses		
Interest expenses	71	116
Loss on valuation of derivatives	42	43
Loss on retirement of non-current assets	43	21
Commission for syndicated loans	-	92
Other	54	37
Total non-operating expenses	211	311
Ordinary profit	4,662	2,943
Extraordinary income		
Gain on step acquisitions	62	-
Gain on sale of investment securities	-	4
Other	12	-
Total extraordinary income	75	4
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	12	-
Loss on valuation of investment securities	-	10
Other	0	0
Total extraordinary losses	13	10
Profit before income taxes	4,724	2,937
Income taxes - current	2,039	1,486
Income taxes - deferred	(449)	(421)
Total income taxes	1,590	1,065
Profit	3,133	1,871
Profit attributable to owners of parent	3,133	1,871

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

(Millions of yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Profit	3,133	1,871
Other comprehensive income		
Valuation difference on available-for-sale securities	(65)	636
Foreign currency translation adjustment	1,661	1,378
Remeasurements of defined benefit plans, net of tax	13	12
Total other comprehensive income	1,610	2,027
Comprehensive income	4,744	3,899
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,744	3,899

(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

Segment information, etc.

Segment information

I The 1st quarter of the consolidated fiscal year ended March 31, 2023 (April 1, 2022 to June 30, 2022)

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

(Millions of yen)

	Reporting segment			Amount Adjusted (Note 1)	Consolidated (Note 2)
	Automatic Machineries	Components	Total		
Net sales					
Sales to external customers	3,613	34,427	38,040	—	38,040
Intersegment sales or transfers	—	19	19	(19)	—
Total	3,613	34,446	38,059	(19)	38,040
Segment profit	280	5,513	5,794	(1,202)	4,592

Notes: 1. The amount of adjustment for segment profit of ¥(1,202) million includes ¥7 million for elimination of transactions among segments and ¥(1,209) 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 1st quarter of the consolidated fiscal year ending March 31, 2024 (April 1, 2023 to June 30, 2023)

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

(Millions of yen)

	Reporting segment			Amount Adjusted (Note 1)	Consolidated (Note 2)
	Automatic Machineries	Components	Total		
Net sales					
Sales to external customers	2,796	30,226	33,023	—	33,023
Intersegment sales or transfers	—	44	44	(44)	—
Total	2,796	30,270	33,067	(44)	33,023
Segment profit	67	4,051	4,119	(1,248)	2,871

Notes: 1. The amount of adjustment for segment profit of ¥(1,248) million includes ¥7 million for elimination of transactions among segments and ¥(1,255) 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 1st quarter of the consolidated fiscal year under review are as follows.

Segment name	Production output (Millions of yen)	Change YoY(%)
Automatic machineries	4,214	+35.3
Components	31,064	(11.8)
Total	35,278	(7.9)

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 1st quarter of the consolidated fiscal year under review are as follows.

Segment name	Orders (Millions of yen)	Change YoY(%)	Order backlog (Millions of yen)	Change YoY(%)
Automatic machineries	5,285	+36.8	18,864	+42.2

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

##### [3] Actual sales

Actual sales by reporting segment in the 1st quarter of the consolidated fiscal year under review are as follows.

Segment name	Sales (Millions of yen)	Change YoY(%)
Automatic machineries	2,796	(22.6)
Components	30,226	(12.2)
Total	33,023	(13.2)

Note: Intersegment transactions have been offset and eliminated.