

Note: This document is a translation of a part of the original Japanese version and provided for reference purposes only. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.



## Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 10, 2023

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

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

Representative: Katsuhito Okuoka

President and Chief Operating Officer

Contact: Tadashi Takezawa

General Manager, Accounting Dept

Phone: +81-568-74-1006

Scheduled date of filing quarterly securities report: November 10, 2023

Scheduled date of commencing dividend payments: December 11, 2023

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 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	%
Six months ended September 30, 2023	66,519	(17.1)	6,062	(40.4)	6,073	(40.6)	3,961	(43.7)
September 30, 2022	80,213	18.3	10,175	18.6	10,222	17.9	7,039	15.8

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 6,444 million [ (24.4)%]  
Six months ended September 30, 2022: ¥ 8,529 million [ 38.7%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2023	59.36	-
September 30, 2022	105.56	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of September 30, 2023	203,808	123,053	60.4
March 31, 2023	185,626	119,730	64.5

(Reference) Equity: As of September 30, 2023: ¥ 123,053 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	-	24.00			
Fiscal year ending March 31, 2024 (Forecast)			-	22.00	46.00

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

## 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
Full year	132,500	(16.9)	11,400	(46.2)	11,400	(46.2)	7,550	(48.9)	113.14

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

### \* Notes:

(1) Changes in significant subsidiaries during the six months ended September 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):

September 30, 2023: 67,909,449 shares

March 31, 2023: 67,909,449 shares

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

September 30, 2023: 1,171,923 shares

March 31, 2023: 1,186,036 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2023: 66,729,481 shares

Six months ended September 30, 2022: 66,682,348 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 10, 2023. Any explanatory materials used in this session will be posted on the Company's website immediately afterward.

## Table of Contents of Supplementary Materials

1. Quarterly business results .....	2
(1) Results of operations .....	2
(2) Financial position .....	2
(3) Consolidated financial forecasts and outlook .....	3
2. Quarterly Consolidated Financial Statements.....	4
(1) Quarterly Consolidated Balance Sheets.....	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income.....	6
Quarterly Consolidated Statements of Income (For the six months).....	6
Quarterly Consolidated Statements of Comprehensive Income (For the six months) .....	7
(3) Quarterly Consolidated Statements of Cash Flows .....	8
(4) Notes to the consolidated financial statements .....	9
Notes regarding assumptions as a going concern .....	9
Notes regarding any major change in the amount of consolidated shareholders' equity.....	9
Segment Information, etc. ....	9
3. Others .....	10
Production orders, and sales .....	10

## 1. Quarterly business results

### (1) Results of operations

During the 2nd quarter of the consolidated fiscal year under review, although the Japanese economy continued to experience a moderate recovery and an increase in automobile production was observed due to the easing of supply constraints, optimism remained difficult due to sluggish exports on the back of a slowdown in overseas economies and rising prices.

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 memory.

In the overseas economies, fears of recession continued due prolonged inflation and interest rate hikes in Europe and the U.S. In Europe and the U.S., production activity in the manufacturing industry was weak, while in Southeast Asia, the impact of sluggish exports due to the global economic slowdown continued to have an impact. In China, there was a cautious approach to capital investment in the manufacturing industry due to weak industrial production.

Under such circumstances, in the results for the 2nd quarter of the consolidated fiscal year, the CKD Group recorded 66,519 million yen in net sales, down 17.1% year on year, 6,062 million yen in operating profit, down 40.4% year on year, 6,073 million yen in ordinary profit, down 40.6% year on year, and 3,961 million yen in profit attributable to owners of parent, down 43.7% 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 automatic packaging systems for pharmaceuticals decreased.

As a result, net sales were 7,154 million yen (down 8.9% year on year), and segment profit was 730 million yen (up 8.4% year on year) due to improved earnings.

##### 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 declined in each region, including South Korea and Taiwan, where demand in the semiconductor market was lower, Europe, the U.S., and China where the manufacturing industry remained sluggish, and Southeast Asia, which was impacted by the economic slowdown.

As a result, net sales were 59,364 million yen (down 18.0% year on year), and segment profit was 7,634 million yen (down 35.2% year on year), due to the decrease in net sales and other factors.

### (2) Financial position

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

Total assets at the end of the 2nd quarter on the consolidated basis were 203,808 million yen, up 18,182 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 80,755 million yen, up 14,859 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases in borrowings and provision for bonuses, despite decreases in trade payables and accrued bonuses.

Net assets were 123,053 million yen, up 3,322 million yen from the end of the previous consolidated fiscal year.

Capital adequacy ratio was 60.4%, down a 4.1 point from the previous consolidated fiscal year.

#### b. Cash flows

Cash and cash equivalents (hereinafter, cash) at the end of the 2nd quarter were 33,015 million yen, up 6,361 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 3,713 million yen (down 42.2% year on year).

Factors contributing positively to cash flows from operating activities were profit before income taxes of 6,066 million yen, depreciation of 3,219 million yen, increases in provision for bonuses of 2,849 million yen, decreases in trade receivables and contract assets of 6,067 million yen and increases in advance received of 1,259 million yen. These cash flows were offset by decreases in accounts payable-bonuses of 3,143 million yen, increases in inventories of 4,734 million yen, decreases in trade payables of 5,179 million yen and income taxes paid of 3,669 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 12,657 million yen (up 253.7% year on year).

The main factor accounting for the cash flows was purchase of property, plant and equipment of 12,946 million yen.

#### Cash flows from financing activities

Through the 2nd quarter of the consolidated fiscal year under review, net cash provided by financing activities was 14,781 million yen (compared with 3,961 million yen used in the same period of the previous year)

Factors contributing positively to cash flows from financing activities were proceeds from long term borrowings of 20,826 million yen. These cash flows were offset by repayment of long-term borrowings of 1,437 million yen and dividends paid of 3,132 million yen.

### (3) Consolidated financial forecasts and outlook

As for the outlook of the global economy, despite the progress in normalization of social and economic activities, there are high downside risks due to prolonged inflation and interest rate hikes and growing geopolitical risk, including the ongoing problems in Russia and Ukraine, and the economic recovery is expected to fluctuate.

Against this backdrop, in the business environment surrounding the Group, although automation and labor saving demand in the manufacturing industry is expected to remain firm, the impact of global inventory adjustments and other measures to restrain semiconductor capital investment is expected to be more prolonged than initially anticipated and looks set to continue beyond the 3rd quarter.

A full-scale recovery in demand will be delayed until fiscal 2024 onward, and the challenging business environment is expected to continue during the current fiscal year. Accordingly, the full-year consolidated financial results forecast announced on May 12, 2023 has been revised down as follows.

The exchange rate for the period from October 1, 2023 to March 31, 2024 is revised from USD1:JPY130 as of the announcement of the 1st quarter financial results to USD1:JPY142.

#### The full fiscal year (April 1, 2023 to March 31, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Previous forecast (A)	Million yen 142,000	Million yen 14,500	Million yen 14,500	Million yen 10,000
Revised forecast (B)	132,500	11,400	11,400	7,550
Change (B - A)	△9,500	△3,100	△3,100	△2,450
Percentage change	△6.7	△21.4	△21.4	△24.5
For reference: Previous performance (Though the full fiscal year ended March 31, 2023)	159,457	21,170	21,181	14,788

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 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 10, 2023.

## 2. Quarterly Consolidated Financial Statements

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	28,568	34,270
Notes and accounts receivable - trade, and contract assets	30,167	23,626
Electronically recorded monetary claims - operating	6,318	7,635
Trade accounts receivable	241	240
Merchandise and finished goods	11,443	13,424
Work in process	5,090	6,302
Raw materials and supplies	38,848	41,316
Other	2,430	1,769
Allowance for doubtful accounts	(53)	(52)
Total current assets	123,055	128,534
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,899	25,435
Other, net	24,432	35,743
Total property, plant and equipment	49,331	61,178
Intangible assets	1,524	1,739
Investments and other assets	11,714	12,355
Total non-current assets	62,571	75,274
<b>Total assets</b>	<b>185,626</b>	<b>203,808</b>

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	22,017	18,327
Electronically recorded obligations - operating	5,349	4,636
Short-term borrowings	8,461	7,454
Income taxes payable	3,696	1,834
Provision for bonuses	574	3,448
Other provisions	438	666
Other	11,480	9,349
Total current liabilities	52,018	45,718
Non-current liabilities		
Long-term borrowings	9,203	29,810
Other provisions	2	2
Retirement benefit liability	503	530
Other	4,168	4,693
Total non-current liabilities	13,877	35,037
Total liabilities	65,895	80,755
Net assets		
Shareholders' equity		
Share capital	11,016	11,016
Capital surplus	16,548	16,573
Retained earnings	84,807	85,611
Treasury shares	(833)	(824)
Total shareholders' equity	111,538	112,376
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,486	3,821
Foreign currency translation adjustment	4,902	7,026
Remeasurements of defined benefit plans	(196)	(171)
Total accumulated other comprehensive income	8,192	10,676
Total net assets	119,730	123,053
Total liabilities and net assets	185,626	203,808

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

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

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	80,213	66,519
Cost of sales	57,175	47,972
Gross profit	23,037	18,546
Selling, general and administrative expenses	12,862	12,484
Operating profit	10,175	6,062
Non-operating income		
Interest income	33	53
Dividend income	127	159
Foreign exchange gains	72	89
Subsidy income	60	44
Other	165	170
Total non-operating income	459	517
Non-operating expenses		
Interest expenses	150	266
Loss on valuation of derivatives	93	50
Other	167	188
Total non-operating expenses	411	506
Ordinary profit	10,222	6,073
Extraordinary income		
Gain on step acquisitions	62	-
Gain on sale of investment securities	-	4
Other	21	-
Total extraordinary income	83	4
Extraordinary losses		
Loss on tax purpose reduction entry of non-current assets	21	-
Loss on valuation of investment securities	-	10
Other	0	0
Total extraordinary losses	21	11
Profit before income taxes	10,284	6,066
Income taxes - current	3,364	1,864
Income taxes - deferred	(119)	241
Total income taxes	3,244	2,105
Profit	7,039	3,961
Profit attributable to owners of parent	7,039	3,961



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

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	7,039	3,961
Other comprehensive income		
Valuation difference on available-for-sale securities	(226)	334
Foreign currency translation adjustment	1,688	2,123
Remeasurements of defined benefit plans, net of tax	27	25
Total other comprehensive income	1,490	2,483
Comprehensive income	8,529	6,444
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,529	6,444

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	10,284	6,066
Depreciation	3,148	3,219
Loss (gain) on step acquisitions	(62)	-
Increase (decrease) in provision for bonuses	3,536	2,849
Increase (decrease) in accounts payable - bonuses	(3,129)	(3,143)
Decrease (increase) in retirement benefit asset	(8)	(1)
Decrease (increase) in trade receivables and contract assets	(1,377)	6,067
Decrease (increase) in inventories	(5,061)	(4,734)
Increase (decrease) in trade payables	2,164	(5,179)
Increase (decrease) in advances received	(412)	1,259
Other, net	1,132	960
Subtotal	10,214	7,364
Interest and dividends received	160	215
Interest paid	(143)	(217)
Income taxes paid	(3,886)	(3,669)
Income taxes refund	47	12
Subsidies received	36	8
Net cash provided by (used in) operating activities	6,428	3,713
<b>Cash flows from investing activities</b>		
Payments into time deposits	(340)	(1,049)
Proceeds from withdrawal of time deposits	538	1,847
Purchase of property, plant and equipment	(3,593)	(12,946)
Purchase of intangible assets	(138)	(381)
Purchase of investment securities	(124)	(106)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	52	-
Other, net	27	(21)
Net cash provided by (used in) investing activities	(3,578)	(12,657)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	145	(243)
Proceeds from long-term borrowings	270	20,826
Repayments of long-term borrowings	(1,600)	(1,437)
Purchase of treasury shares	(0)	(0)
Dividends paid	(2,595)	(3,132)
Repayments of lease liabilities	(181)	(1,231)
Net cash provided by (used in) financing activities	(3,961)	14,781
Effect of exchange rate change on cash and cash equivalents	437	523
Net increase (decrease) in cash and cash equivalents	(675)	6,361
Cash and cash equivalents at beginning of period	34,027	26,654
Cash and cash equivalents at end of period	33,352	33,015

(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

Segment information, etc.

Segment information

I The 2nd quarter of the consolidated fiscal year ended March 31, 2023 (April 1, 2022 to September 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	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.

II The 2nd quarter of the consolidated fiscal year ending March 31, 2024 (April 1, 2023 to September 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	7,154	59,364	66,519	—	66,519
Intersegment sales or transfers	—	93	93	(93)	—
Total	7,154	59,458	66,612	(93)	66,519
Segment profit	730	7,634	8,365	(2,302)	6,062

Notes: 1. The amount of adjustment for segment profit of ¥(2,302) million includes ¥15 million for elimination of transactions among segments and ¥(2,318) 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 (Millions of yen)	Change YoY (%)
Automatic machineries	9,788	+34.8
Components	60,346	(17.9)
Total	70,135	(13.1)

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 (Millions of yen)	Change YoY (%)	Order backlog (Millions of yen)	Change YoY (%)
Automatic machineries	11,236	+21.7	20,460	+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 2nd quarter of the consolidated fiscal year under review are as follows.

Segment name	Sales (Millions of yen)	Change YoY (%)
Automatic machineries	7,154	(8.9)
Components	59,364	(18.0)
Total	66,519	(17.1)

Note: Intersegment transactions have been offset and eliminated.