

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: 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 |
| 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: No

* Notes:

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

December 31, 2023: 67,909,449 shares

March 31, 2023: 67,909,449 shares

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

December 31, 2023: 1,172,014 shares

March 31, 2023: 1,186,036 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 66,731,878 shares

Nine months ended December 31, 2022: 66,685,123 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 9, 2024. 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 continued a moderate recovery amid the acceleration in normalization of social and economic activities. However, optimism remained difficult due to sluggish exports against the backdrop of a slowdown in overseas economies, sustained spikes in energy and raw material prices, and chronic labor shortages.

With regards to capital investment, although investment in software for saving labor and digitalization remained strong, there was more caution about investment for production equipment in the manufacturing industry due to interest rate hikes in Europe and the U.S. and deterioration in economic sentiment in China. 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, despite continuing to slow, inflation in Europe and the U.S., was prolonged, and concerns about economic slowdown persisted. 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, the economic downturn persisted, and demand in the manufacturing industry continued to adjust.

Under such circumstances, in the results for the 3rd quarter of the consolidated fiscal year, the CKD Group recorded 100,252 million yen in net sales, down 16.6% year on year, 9,613 million yen in operating profit, down 40.6% year on year, 9,658 million yen in ordinary profit, down 40.2% year on year, and 6,378 million yen in profit attributable to owners of parent, down 43.2% year on year.

Results of operations by segment

a. Automatic Machineries

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

As a result, net sales were 11,811 million yen (up 13.2% year on year), and segment profit was 1,786 million yen (up 68.0% year on year) due to changes in the sales mix and improved earnings.

b. Components

In the Japanese market, demand for automation in factories and warehouses remained firm, reflecting labor shortages. 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, in East Asia, including China, 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 88,440 million yen (down 19.4% year on year), and segment profit was 11,344 million yen (down 38.6% year on year), due to the decrease in net sales and other factors.

(2) Financial position

Total assets at the end of the 3rd quarter on the consolidated basis were 201,349 million yen, up 15,722 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.

Liabilities were 78,189 million yen, up 12,294 million yen from the end of the previous consolidated fiscal year. The main factors included increases in borrowings, provision for bonuses and advances received, despite decreases in trade payables, accrued bonuses and income taxes payable.

Net assets were 123,159 million yen, up 3,428 million yen from the end of the previous consolidated fiscal year.

Capital adequacy ratio was 61.2%, down a 3.3 point from the previous consolidated fiscal year.

(3) Consolidated financial forecasts and outlook

The full-year consolidated financial forecast for the fiscal year ending March 31, 2024 announced on November 10, 2023 are unchanged.

The exchange rate for the period from January 1, 2024 to March 31, 2024 is estimated at USD1:JPY142, 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 December 31, 2023 |
|--|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 28,568 | 30,799 |
| Notes and accounts receivable - trade, and contract assets | 30,167 | 24,202 |
| Electronically recorded monetary claims - operating | 6,318 | 7,845 |
| Trade accounts receivable | 241 | 226 |
| Merchandise and finished goods | 11,443 | 14,522 |
| Work in process | 5,090 | 5,875 |
| Raw materials and supplies | 38,848 | 41,060 |
| Other | 2,430 | 2,393 |
| Allowance for doubtful accounts | (53) | (35) |
| Total current assets | 123,055 | 126,891 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 24,899 | 24,875 |
| Other, net | 24,432 | 35,418 |
| Total property, plant and equipment | 49,331 | 60,294 |
| Intangible assets | 1,524 | 1,647 |
| Investments and other assets | 11,714 | 12,515 |
| Total non-current assets | 62,571 | 74,457 |
| Total assets | 185,626 | 201,349 |

(Millions of yen)

| | As of March 31, 2023 | As of December 31, 2023 |
|---|----------------------|-------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 22,017 | 17,262 |
| Electronically recorded obligations - operating | 5,349 | 4,623 |
| Short-term borrowings | 8,461 | 6,903 |
| Income taxes payable | 3,696 | 356 |
| Provision for bonuses | 574 | 1,812 |
| Other provisions | 438 | 670 |
| Other | 11,480 | 11,316 |
| Total current liabilities | 52,018 | 42,945 |
| Non-current liabilities | | |
| Long-term borrowings | 9,203 | 29,379 |
| Other provisions | 2 | 2 |
| Retirement benefit liability | 503 | 536 |
| Other | 4,168 | 5,326 |
| Total non-current liabilities | 13,877 | 35,244 |
| Total liabilities | 65,895 | 78,189 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 11,016 | 11,016 |
| Capital surplus | 16,548 | 16,573 |
| Retained earnings | 84,807 | 86,427 |
| Treasury shares | (833) | (824) |
| Total shareholders' equity | 111,538 | 113,192 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,486 | 3,942 |
| Foreign currency translation adjustment | 4,902 | 6,182 |
| Remeasurements of defined benefit plans | (196) | (158) |
| Total accumulated other comprehensive income | 8,192 | 9,967 |
| Total net assets | 119,730 | 123,159 |
| Total liabilities and net assets | 185,626 | 201,349 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Millions of yen)

| | For the nine months ended December 31, 2022 | For the nine months ended December 31, 2023 |
|---|--|--|
| Net sales | 120,138 | 100,252 |
| Cost of sales | 84,949 | 71,875 |
| Gross profit | 35,188 | 28,376 |
| Selling, general and administrative expenses | 19,015 | 18,763 |
| Operating profit | 16,172 | 9,613 |
| Non-operating income | | |
| Interest income | 66 | 73 |
| Dividend income | 205 | 251 |
| Subsidy income | 100 | 64 |
| Other | 292 | 315 |
| Total non-operating income | 664 | 704 |
| Non-operating expenses | | |
| Interest expenses | 238 | 419 |
| Loss on valuation of derivatives | 93 | 6 |
| Foreign exchange losses | 124 | 9 |
| Other | 217 | 224 |
| Total non-operating expenses | 673 | 659 |
| Ordinary profit | 16,164 | 9,658 |
| Extraordinary income | | |
| Gain on step acquisitions | 62 | - |
| Gain on sale of investment securities | - | 14 |
| Other | 21 | - |
| Total extraordinary income | 83 | 14 |
| Extraordinary losses | | |
| Loss on tax purpose reduction entry of non-current assets | 21 | - |
| Loss on valuation of investment securities | - | 10 |
| Other | 4 | 0 |
| Total extraordinary losses | 25 | 11 |
| Profit before income taxes | 16,222 | 9,661 |
| Income taxes - current | 4,264 | 2,301 |
| Income taxes - deferred | 729 | 980 |
| Total income taxes | 4,993 | 3,282 |
| Profit | 11,228 | 6,378 |
| Profit attributable to owners of parent | 11,228 | 6,378 |

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

(Millions of yen)

| | For the nine months ended December 31, 2022 | For the nine months ended December 31, 2023 |
|---|--|--|
| Profit | 11,228 | 6,378 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (251) | 455 |
| Foreign currency translation adjustment | (33) | 1,280 |
| Remeasurements of defined benefit plans, net of tax | 41 | 38 |
| Total other comprehensive income | (243) | 1,774 |
| Comprehensive income | 10,984 | 8,153 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 10,984 | 8,153 |

(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 3rd quarter of the consolidated fiscal year ended March 31, 2023 (April 1, 2022 to December 31, 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 | 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.

II The 3rd quarter of the consolidated fiscal year ending March 31, 2024 (April 1, 2023 to December 31, 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 | 11,811 | 88,440 | 100,252 | — | 100,252 |
| Intersegment sales or transfers | — | 129 | 129 | (129) | — |
| Total | 11,811 | 88,569 | 100,381 | (129) | 100,252 |
| Segment profit | 1,786 | 11,344 | 13,130 | (3,516) | 9,613 |

Notes: 1. The amount of adjustment for segment profit of ¥(3,516) million includes ¥23 million for elimination of transactions among segments and ¥(3,540) 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 (Millions of yen) | Change YoY (%) |
|-----------------------|-------------------------------------|----------------|
| Automatic machineries | 16,072 | +49.6 |
| Components | 89,615 | (19.2) |
| Total | 105,687 | (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 3rd 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 | 16,546 | +24.9 | 21,109 | +33.5 |

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 (Millions of yen) | Change YoY (%) |
|-----------------------|-------------------------|----------------|
| Automatic machineries | 11,811 | +13.2 |
| Components | 88,440 | (19.4) |
| Total | 100,252 | (16.6) |

Note: Intersegment transactions have been offset and eliminated.