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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 14, 2025

Company name: CKD Corporation

Listing: Tokyo, Nagoya

Securities code: 6407

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

Representative: Katsuhito Okuoka

Inquiries: Tadashi Takezawa

Telephone: +81-568-74-1006

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

President, Corporate Officer and Chief Executive Officer
General Manager, Accounting Dept

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2024	115,082	14.8	13,778	43.3	14,059	45.6	9,475	48.5
December 31, 2023	100,252	(16.6)	9,613	(40.6)	9,658	(40.2)	6,378	(43.2)

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥ 9,661 million [18.5%]

Nine months ended December 31, 2023: ¥ 8,153 million [(25.8)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2024	141.91	-
December 31, 2023	95.59	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
December 31, 2024	214,307	134,508	62.8
March 31, 2024	208,285	129,098	62.0

(Reference) Equity: As of December 31, 2024: ¥ 134,508 million

As of March 31, 2024: ¥ 129,098 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, 2024	-	24.00	-	26.00	50.00
Fiscal year ending March 31, 2025	-	38.00	-		
Fiscal year ending March 31, 2025 (Forecast)				41.00	79.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	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	156,500	16.4	18,200	38.8	18,500	41.8	12,400	48.7	185.71

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

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2024: 67,909,449 shares

March 31, 2024: 67,909,449 shares

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

December 31, 2024: 1,136,440 shares

March 31, 2024: 1,143,013 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2024: 66,770,356 shares

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

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

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. Overview of 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 14, 2025. Any explanatory materials used in this session will be posted on the Company's website immediately afterward.

Table of Contents of Supplementary Materials

1. Overview of business results	2
(1) Overview of business results for the nine months ended December 31, 2024	2
(2) Overview of financial position for the nine months ended December 31, 2024	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 nine months)	6
Quarterly Consolidated Statements of Comprehensive Income (For the nine months)	7
(3) Notes to the consolidated financial statements	8
Notes regarding assumptions as a going concern	8
Notes regarding any major change in the amount of consolidated shareholders' equity.....	8
Changes in accounting policies	8
Notes on Segment information,etc.	8
Notes on Cash Flow Statement	9
3. Others	10
Production, orders and sales	10

1. Overview of business results

(1) Overview of business results for the nine months ended December 31, 2024

a. Review of the 3rd quarter of consolidated fiscal year

During the 3rd quarter of the consolidated fiscal year under review, the Japanese economy experienced a moderate recovery as normalization of economic activity and a recovery in demand for semiconductors led to firm capital investment. In the semiconductor market, investment increased, particularly generative AI-related investment, and inventory normalized. However, adjustment of investment continued in sectors other than generative AI and advanced semiconductors, and a full-scale recovery is not expected until the next fiscal year or later. In the automotive market, although investment in hybrid electric vehicles (HEVs) increased, investment in battery electric vehicles (BEVs) slowed temporarily due to supply chain and infrastructure issues. In the FA industry, excess inventories were being used up, and demand moved toward a gradual recovery.

In the overseas economy, in the U.S., demand in the semiconductor market remained weak other than semiconductors related to generative AI. In the automotive market, although investment in BEVs is expected to expand over the medium to long term, concerns about policy changes by the new administration have led to uncertainty in the market. In the Chinese economy, demand in the semiconductor market temporarily declined, largely due to changes in the balance of supply and demand for semiconductor equipment. The automotive market also experienced a decline in investment plans for batteries for automotive applications.

Under such circumstances, in the consolidated business results for the 3rd quarter of the consolidated fiscal year, the CKD Group recorded 115,082 million yen in net sales, up 14.8% year on year, 13,778 million yen in operating profit, up 43.3% year on year, 14,059 million yen in ordinary profit, up 45.6% year on year, and 9,475 million yen in profit attributable to owners of parent, up 48.5% year on year.

b. Results of operations by segment

<Automatic Machineries>

Sales of packaging systems for pharmaceuticals increased as a result of capturing the final stages of demand for equipment amid continued investment to ensure stable supply of generic drugs in Japan. In addition, sales of lithium ion battery manufacturing systems increased due to more investment in the automotive battery market by Japanese automobile manufacturers.

As a result, net sales were 18,330 million yen (up 55.2% year on year), and segment profit was 3,878 million yen (up 117.2% year on year), due to the effect of improved earnings and the sales mix.

<Components>

In the Japanese market, sales of components for use in semiconductor manufacturing equipment increased as some customers in the semiconductor and electronic component industries used up inventories against a backdrop of strong global generative AI-related demand. In addition, as in the Automatic Machineries segment, sales of components for HEV rechargeable battery manufacturing processes increased due to more investment in the automotive battery market by Japanese manufacturers.

In overseas markets, sales increased in China where semiconductor manufacturing equipment is increasingly being produced domestically, in South Korea where HBM-related investment is strong and Singapore, which have become important hubs for supply of semiconductors and semiconductor manufacturing equipment.

As a result, net sales were 96,751 million yen (up 9.4% year on year), and segment profit was 13,321 million yen (up 17.4% year on year), due to the effect of the increase in sales.

(2) Overview of financial position for the nine months ended December 31, 2024

Total assets at the end of the 3rd quarter on the consolidated basis were 214,307 million yen, up 6,021 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 4,475 million yen in notes and accounts receivable - trade, and contract assets and 7,618 million yen in electronically recorded monetary claims - operating, despite decreases of 1,330 million yen in merchandise and finished goods, 2,973 million yen in raw materials and supplies, and 2,083 million yen in investment securities included in investments and other assets.

Liabilities were 79,798 million yen, up 611 million yen from the end of the previous consolidated fiscal year. This was mainly due to increases of 960 million yen in notes and accounts payable - trade, 822 million yen in electronically recorded obligations - operating, 1,485 million yen in income taxes payable, 1,457 million yen in provision for bonuses and 1,413 million yen in accrued consumption taxes included in other, current liabilities, despite decreases of 2,422 million yen in accrued bonuses included in other, current liabilities, 2,237 million yen in advances received and 726 million yen in long-term borrowings.

Net assets were 134,508 million yen, up 5,409 million yen from the end of the previous consolidated fiscal year.

Capital adequacy ratio was 62.8%, up a 0.8 point from the previous consolidated fiscal year.

(3) Consolidated financial forecasts and outlook

In light of the latest trends, the Company has revised upward the consolidated financial forecasts for the fiscal year ending March 31, 2025 announced on May 10, 2024 as follows.

The exchange rate for the period is estimated at USD1:JPY145.

The full fiscal year (April 1, 2024 to March 31, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Previous forecast (A)	Millions of yen 148,000	Millions of yen 17,500	Millions of yen 17,500	Millions of yen 11,800
Revised forecast (B)	156,500	18,200	18,500	12,400
Change (B - A)	8,500	700	1,000	600
Percentage change	5.7	4.0	5.7	5.1
For reference: Previous performance (Though the full fiscal year ended March 31, 2024)	134,425	13,113	13,048	8,338

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 Financial Forecasts", announced on February 14, 2025.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	28,303	29,404
Notes and accounts receivable - trade, and contract assets	26,478	30,954
Electronically recorded monetary claims - operating	7,003	14,622
Trade accounts receivable	186	231
Merchandise and finished goods	14,357	13,026
Work in process	5,572	4,543
Raw materials and supplies	40,114	37,141
Other	2,350	1,988
Allowance for doubtful accounts	(39)	(40)
Total current assets	124,327	131,871
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	36,870	36,601
Other, net	28,814	29,259
Total property, plant and equipment	65,685	65,860
Intangible assets	1,630	1,456
Investments and other assets	16,641	15,119
Total non-current assets	83,957	82,436
Total assets	208,285	214,307

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,325	16,286
Electronically recorded obligations - operating	4,351	5,174
Short-term borrowings	7,074	6,847
Income taxes payable	821	2,307
Provision for bonuses	463	1,921
Other provisions	468	447
Other	14,478	11,426
Total current liabilities	42,985	44,412
Non-current liabilities		
Long-term borrowings	29,262	28,536
Other provisions	2	2
Retirement benefit liability	462	702
Other	6,475	6,146
Total non-current liabilities	36,201	35,386
Total liabilities	79,186	79,798
Net assets		
Shareholders' equity		
Share capital	11,016	11,016
Capital surplus	16,626	16,644
Retained earnings	88,386	93,588
Treasury shares	(804)	(799)
Total shareholders' equity	115,225	120,449
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,498	4,045
Foreign currency translation adjustment	7,546	9,223
Remeasurements of defined benefit plans	827	790
Total accumulated other comprehensive income	13,873	14,059
Total net assets	129,098	134,508
Total liabilities and net assets	208,285	214,307

(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, 2023	For the nine months ended December 31, 2024
Net sales	100,252	115,082
Cost of sales	71,875	81,643
Gross profit	28,376	33,439
Selling, general and administrative expenses	18,763	19,661
Operating profit	9,613	13,778
Non-operating income		
Interest income	73	87
Dividend income	251	256
Gain on valuation of derivatives	-	36
Foreign exchange gains	-	65
Other	379	441
Total non-operating income	704	888
Non-operating expenses		
Interest expenses	419	427
Loss on valuation of derivatives	6	-
Foreign exchange losses	9	-
Other	224	179
Total non-operating expenses	659	607
Ordinary profit	9,658	14,059
Extraordinary income		
Other	14	-
Total extraordinary income	14	-
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Other	10	-
Total extraordinary losses	11	0
Profit before income taxes	9,661	14,059
Income taxes - current	2,301	3,994
Income taxes - deferred	980	588
Total income taxes	3,282	4,583
Profit	6,378	9,475
Profit attributable to owners of parent	6,378	9,475

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

(Millions of yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	6,378	9,475
Other comprehensive income		
Valuation difference on available-for-sale securities	455	(1,453)
Foreign currency translation adjustment	1,280	1,676
Remeasurements of defined benefit plans, net of tax	38	(37)
Total other comprehensive income	1,774	185
Comprehensive income	8,153	9,661
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,153	9,661

(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

The Company applied the Revised Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; the "2022 Revised Accounting Standard") from the beginning of the 1st quarter of the consolidated fiscal year under review.

With regard to the revision concerning the accounting classification of income taxes, etc. (taxation of other comprehensive income), the Company followed the transitional treatment set out in the provisional clause of Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment set out in the provisional clause of Paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; the "2022 Revised Guidance"). This change in accounting policy has no impact on the quarterly consolidated financial statements.

In addition, the Company has applied the 2022 Revised Guidance from the beginning of the 1st quarter of the consolidated fiscal year under review with regard to the revision of the treatment in consolidated financial statements of the deferral for tax purposes of gains or losses on sales of investments in subsidiaries among consolidated companies. This change in accounting policy has been applied retrospectively, and the quarterly consolidated financial statements and full-year consolidated financial statements for the previous fiscal year are presented on a retrospective basis. This change in accounting policy has no impact on the quarterly consolidated financial statements and full-year consolidated financial statements for the previous fiscal year.

Notes on Segment information, etc.

I The 3rd quarter of the consolidated fiscal year ended 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.

II The 3rd quarter of the consolidated fiscal year ending March 31, 2025 (April 1, 2024 to December 31, 2024)

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	18,330	96,751	115,082	—	115,082
Intersegment sales or transfers	—	139	139	(139)	—
Total	18,330	96,890	115,221	(139)	115,082
Segment profit	3,878	13,321	17,199	(3,421)	13,778

Notes: 1. The amount of adjustment for segment profit of ¥(3,421) million includes ¥23 million for elimination of transactions among segments and ¥(3,445) 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.

Notes on Cash Flow Statement

The Company has not prepared a quarterly consolidated statement of cash flows for the 3rd quarter of the consolidated fiscal year under review. Depreciation (including amortization relating to intangible fixed assets, excluding goodwill) and amortization of goodwill for the 3rd quarter of the consolidated fiscal year under review are as follows.

	For the nine months ended December 31, 2023		For the nine months ended December 31, 2024	
Depreciation	4,967	Millions of yen	4,831	Millions of yen
Amortization of goodwill	10	"	11	"

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	18,913	+17.7
Components	94,886	+5.9
Total	113,799	+7.7

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	16,280	(1.6)	18,153	(14.0)

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	18,330	+55.2
Components	96,751	+9.4
Total	115,082	+14.8

Note: Intersegment transactions have been offset and eliminated.