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July 9, 2026

To whom it may concern

Company name: CKD Corporation
Representative: Katsuhito Okuoka, President and Chief Executive Officer
(Code number; 6407, Stock exchange listing: TSE Prime Market, NSE Premier Market)
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Regarding the Arrest of a Former Employee of a Consolidated Subsidiary

CKD Corporation (the "Company") hereby announce that a former employee of one of its consolidated subsidiaries was arrested on July 9 on suspicion of embezzlement (the "Embezzlement").

The Company deeply regrets the arrest of the former employee and extends its sincere apologies to its customers, shareholders, and all other stakeholders for the concern and inconvenience caused by this incident.

1. Overview of the Embezzlement
At CKD GLOBAL SERVICE CORP. ("CKD GLOBAL SERVICE"), a consolidated subsidiary of the Company, a former employee who served as an accounting staff member transferred funds from CKD GLOBAL SERVICE's bank accounts to his personal account on multiple occasions between December 2020 and April 2026, embezzling the funds and concealing the misconduct through fraudulent accounting entries. The former employee was subsequently dismissed for disciplinary reasons in accordance with the Company's internal rules and regulations.

2. Impact on Consolidated Financial Results
The total amount of loss incurred by the Group as a result of the Embezzlement amounted to JPY 178 million, all of which was recognized in the consolidated financial results for the fiscal year ended March 31, 2026. Accordingly, this matter will have no impact on the consolidated earnings forecast for the fiscal year ending March 31, 2027, which has already been announced by the Company.

3. Measures to Prevent Recurrence
The Company takes this incident with the utmost seriousness and will further strengthen its internal control system by reviewing its accounting operations framework and enhancing compliance education, among other measures, to prevent a recurrence. The Company is committed to restoring the trust of its stakeholders.

4. Disciplinary Measures for Executives
The former representative of CKD GLOBAL SERVICE will be subject to a reduction of 30% of his monthly remuneration for a period of three months, and the previous representative will be subject to a reduction of 20% of his monthly remuneration for a period of three months. In addition, the three internal directors of the Company (excluding directors who are Audit and Supervisory Committee members) will each voluntarily return an amount equivalent to 10% of their monthly remuneration for a period of three months.