

Translation

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**Summary of Consolidated Financial Results
for the Year Ended February 20, 2022
(Based on Japanese GAAP)**

April 5, 2022

Company name: ZUIKO CORPORATION
 Stock exchange listing: Tokyo
 Stock code: 6279 URL <https://www.zuiko.co.jp/>
 Representative: CEO Toyoshi Umebayashi
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 Scheduled date of ordinary general meeting of shareholders: May 17, 2022
 Scheduled date to file Securities Report: May 17, 2022
 Scheduled date to commence dividend payments: May 18, 2022
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended February 20, 2022 (from February 21, 2021 to February 20, 2022)

(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	%
Year ended February 20, 2022	23,580	2.1	2,145	13.4	2,421	15.2	1,736	7.2
Year ended February 20, 2021	23,087	(16.4)	1,892	(22.1)	2,103	(13.5)	1,620	(7.8)

Note: Comprehensive income Year ended February 20, 2022 ¥3,015 million [90.6%]
 Year ended February 20, 2021 ¥1,582 million [(0.7)%]

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended February 20, 2022	66.07	65.71	6.1	5.2	9.1
Year ended February 20, 2021	61.69	61.35	6.1	5.4	8.2

Reference: Share of profit (loss) of entities accounted for using equity method Year ended February 20, 2022 ¥- million
 Year ended February 20, 2021 ¥- million

Note: The Company conducted a 4-for-1 share split of common shares on August 21, 2020. The figures for earnings per share and diluted earnings per share were calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended February 20, 2021.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 20, 2022	50,213	30,055	59.6	1,138.92
As of February 20, 2021	42,325	27,480	64.7	1,041.69

Reference: Equity As of February 20, 2022 ¥29,941 million
 As of February 20, 2021 ¥27,364 million

Note: The Company conducted a 4-for-1 share split of common shares on August 21, 2020. The figure for net assets per share was calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended February 20, 2021.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended February 20, 2022	2,253	(1,422)	2,475	9,401
Year ended February 20, 2021	1,817	(10,001)	4,660	5,754

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended February 20, 2021	–	10.00	–	11.25	–	361	22.3	1.3
Year ended February 20, 2022	–	6.20	–	10.00	16.20	425	24.5	1.5
Year ending February 20, 2023 (Forecast)	–	8.10	–	8.10	16.20		27.0	

Note: The Company conducted a 4-for-1 share split of common shares with an effective date of August 21, 2020. Regarding the dividends per share paid in the fiscal year ended February 20, 2021, the amount shown for the end of the second quarter is before the share split and the amount shown for the year-end is after the share split.

The annual dividend is not shown because a simple total cannot be calculated due to the share split. Under the assumption that the share split was conducted on the record date for the interim dividend, the interim dividend would have been ¥2.50 per share, resulting in a total annual dividend of ¥13.75 per share, including the year-end dividend.

3. Forecast of consolidated financial results for the year ending February 20, 2023 (from February 21, 2022 to February 20, 2023)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	26,400	12.0	2,126	(0.9)	2,237	(7.6)	1,575	(9.3)	59.91

Percentages indicate year-on-year changes

4. Notes

(1) Changes in significant subsidiaries during the year ended February 20, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

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

No

Changes in accounting policies due to other reasons:

Yes

Changes in accounting estimates:

No

Restatement of prior period financial statements:

No

(3) Number of issued shares (common shares)

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

As of February 20, 2022	28,800,000 shares	As of February 20, 2021	28,800,000 shares
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Number of treasury shares at the end of the period

As of February 20, 2022	2,510,688 shares	As of February 20, 2021	2,530,888 shares
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Average number of shares during the period

Year ended February 20, 2022	26,283,962 shares	Year ended February 20, 2021	26,269,238 shares
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Note: The Company conducted a 4-for-1 share split of common shares on August 21, 2020. The figures for number of issued shares (common shares) were calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended February 20, 2021.

Reference: Summary of non-consolidated financial results

1. Non-consolidated financial results for the year ended February 20, 2022 (from February 21, 2021 to February 20, 2022)

(1) Non-consolidated financial results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended February 20, 2022	17,151	5.6	2,086	74.4	2,377	79.3	1,688	85.9
Year ended February 20, 2021	16,240	(17.1)	1,196	(41.4)	1,325	(35.4)	908	(36.5)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Year ended February 20, 2022	64.23	63.88
Year ended February 20, 2021	34.57	34.38

Note: The Company conducted a 4-for-1 share split of common shares on August 21, 2020. The figures for earnings per share and diluted earnings per share were calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended February 20, 2021.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 20, 2022	37,571	22,275	59.0	842.98
As of February 20, 2021	32,779	21,004	63.7	795.14

Reference: Equity As of February 20, 2022 ¥22,161 million
As of February 20, 2021 ¥20,887 million

Note: The Company conducted a 4-for-1 share split of common shares on August 21, 2020. The figure for net assets per share was calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended February 20, 2021.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to achieve the stated performance. Actual business and other results may differ substantially due to various factors.

○Table of Contents

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Fiscal Year Under Review.....	2
(2) Overview of Financial Position for the Fiscal Year Under Review	2
(3) Overview of Cash Flows for the Fiscal Year Under Review.....	3
(4) Future Outlook	3
(5) Basic Policy for the Distribution of Profits and Dividends for the Fiscal Year Under Review and Next Fiscal Year	3
2. Basic Policy on the Selection of Accounting Standards.....	3
3. Consolidated Financial Statements and Key Notes.....	4
(1) Consolidated Balance Sheets	4
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	6
Consolidated Statements of Income	6
Consolidated Statements of Comprehensive Income.....	7
(3) Consolidated Statements of Changes in Equity	8
(4) Consolidated Statements of Cash Flows.....	10
(5) Notes to Consolidate Financial Statements.....	11
(Notes on Assumption of a Going Concern).....	11
(Change in Accounting Policies)	11
(Segment Information)	12
(Per-Share Information).....	12
(Significant Subsequent Events).....	12
(Additional Information)	12
4. Other	13
Net Sales, Orders Received and Backlogs by Product (consolidated).....	13

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Under Review

During the fiscal year under review (February 21, 2021 to February 20, 2022), the Japanese economy experienced restrictions on economic activities due to the issuance of declarations of a state of emergency for COVID-19 and the continued application of priority measures to prevent the spread of the disease. In addition, the future outlook remains uncertain due to the acute expansion of new variants. However, due to the progress of administering vaccinations in developed countries, restrictions on economic and social activities were gradually eased, and economic activities, mainly capital investment in Europe and the US, began to recover, with the trend picking up going into the 2H.

In this economic environment, Our Group has been actively promoting online sales activities to capture domestic demand and aggressively expand into overseas markets, with the aim of achieving sustainable growth and increasing corporate value over the medium to long term. We are also continuing our efforts to improve productivity and profitability through consolidation and stable operation at the new Head Office Plant.

As a result, net sales for the fiscal year under review fell slightly short of our forecast due to supply concerns such as the global shortage of parts and materials and stagnation in logistics, as well as soaring raw material prices, however profits managed to exceed our forecast due to ongoing efforts to reduce manufacturing costs and expenses.

Net sales by major products were as follows: sanitary napkin manufacturing machinery: 3,754 million yen (up 24.3% YoY), baby disposable diaper manufacturing machinery: 11,118 million yen (up 16.2% YoY), adult disposable diaper manufacturing machinery: 4,568 million yen (up 20.8% YoY), other machinery: 1,615 million yen (up 28.2% YoY), and components: 2,038 million yen (up 0.8% YoY).

As a result of the above, for the fiscal year under review, consolidated net sales were 23,580 million yen (up 2.1% YoY), operating profit was 2,145 million yen (up 13.4%), ordinary profit was 2,421 million yen (up 15.2%), and profit attributable to owners of the parent was 1,736 million yen (up 7.2%).

On a non-consolidated basis, net sales were 17,151 million (up 5.6% YoY), operating profit was 2,086 million (up 74.4%), ordinary profit was 2,377 million (up 79.3%), and profit was 1,688 million (up 85.9%).

In terms of the environment for orders, while there was a general trend toward an increase due to the recovery in capital investment and a sustained increase in demand for sanitary products in emerging countries, competition for market share in the sanitary products manufacturing machinery market remained intense, and orders received decreased 7.9% from the previous fiscal year, to 24,937 million yen, while backlogs at the end of the fiscal year under review were up 7.5%, to 19,323 million yen.

(2) Overview of Financial Position for the Fiscal Year Under Review

Total assets at the end of the fiscal year under review were 50,213 million yen, up 7,887 million yen from the end of the previous fiscal year. While construction in progress, notes and accounts receivable-trade, software in progress, and raw materials and supplies decreased by 4,807 million yen, 1,417 million yen, 255 million yen, and 101 million yen, respectively, buildings and structures (net), cash and deposits, work in process, electronically recorded monetary claims - operating, deferred tax assets, software, and machinery, equipment and vehicles, net increased by 5,834 million yen, 3,321 million yen, 1,961 million yen, 1,544 million yen, 253 million yen, 238 million yen, and 229 million yen, respectively.

Total liabilities increased 5,312 million yen from the end of the previous fiscal year to 20,157 million yen. While electronically recorded obligations - operating and notes and accounts payable - trade decreased 1,243 million yen 342 million yen, respectively, long-term borrowings, advances received, income taxes payable, long-term accounts payable - other and current portion of long-term borrowings increased 2,750 million yen, 2,032 million yen, 615 million yen, 459 million yen and 250 million yen, respectively.

Total net assets increased 2,574 million yen from the end of the previous fiscal year to 30,055 million yen. Retained earnings and foreign currency translation adjustments increased by 1,278 million yen and 1,253 million yen, respectively.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (“cash”) in the fiscal year under review increased 3,647 million yen from the end of the previous fiscal year to 9,401 million yen.

The status of each cash flow segment and contributing factors in the fiscal year under review are as follows:

(Cash flows from operating activities)

Net cash provided by operating activities for the fiscal year under review was 2,253 million yen (up 24.0% year on year). This was mainly due to recording profit before income taxes of 2,364 million yen, an increase in advances received of 1,751 million yen, and depreciation of 573 million yen, which offset a decrease in notes and accounts payable - trade of 1,468 million yen, an increase in inventories of 1,351 million yen, income taxes paid of 373 million yen, and increase in consumption taxes refund receivable of 368 million yen.

(Cash flows from investing activities)

Net cash used in investing activities amounted to 1,422 million yen (down 85.8% from the previous year) in the fiscal year under review. This was mainly due to expenditures of 2,062 million yen for the purchase of property, plant and equipment and 280 million yen for the purchase of intangible assets, despite a decrease of 920 million yen in time deposits.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to 2,475 million yen (down 46.9% from the previous year) in the fiscal year under review. This was mainly due to proceeds from long-term borrowings of 3,000 million yen, while cash dividends paid totaled 458 million yen.

(4) Future Outlook

With regard to the outlook for future operating results, we expect that the situation will continue to be unpredictable due to the ongoing impact of COVID-19 on the economy, as well as trends in crude oil prices and exchange rates, shortages of parts and materials, stagnation of logistics and other factors, and circumstances in the Ukraine.

In this environment, our Group will steadily increase sales by linking the recovery trend in capital investment to orders and continue to improve productivity and profitability through the full-scale operation of the new Head Office Plant. In addition, after reviewing the Medium-Term Management Plan scheduled to end in the next fiscal year, we will formulate the next Medium-Term Management Plan that will lead to long-term growth and promote aggressive investments in R&D and HR development, as well as SDGs initiatives, aiming to enhance corporate value and realize a sustainable society.

Based on the above, for the fiscal year ending February 20, 2023, we project net sales of 26,400 million yen, operating profit of 2,126 million yen, ordinary profit of 2,237 million yen, and net income attributable to owners of parent of 1,575 million yen.

Please note that the above forecasts are based on the information currently available to the Group and may differ significantly due to various factors.

(5) Basic Policy for the Distribution of Profits and Dividends for the Fiscal Year Under Review and Next Fiscal Year

The Company regards the return of profits to shareholders as an important management measure, and its basic policy is to realize continuous dividend payments and increase corporate value while further strengthening the Group's competitiveness and maintaining financial soundness. The Company pays dividends from surplus twice a year, an interim dividend and a year-end dividend. The decision-making bodies for these dividends are the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend.

For the fiscal year under review, the Company will pay a year-end dividend of 10 yen per share and an interim dividend of 6.20 yen per share, resulting in a total annual dividend of 16.20 yen per share. For the next fiscal year, the Company plans to pay an interim dividend of 8.10 yen per share and a year-end dividend of 8.10 yen per share, for a total annual dividend of 16.20 yen per share, anticipating that the severe business environment will continue.

2. Basic Policy on the Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP. Regarding the application of international accounting standards in the future, our policy is to respond appropriately, taking into consideration various circumstances in Japan and overseas.

Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of February 20, 2021	As of February 20, 2022
Assets		
Current assets		
Cash and deposits	10,530,771	13,852,559
Notes and accounts receivable - trade	6,257,339	4,839,678
Electronically recorded monetary claims - operating	1,080,031	2,624,365
Merchandise and finished goods	65,627	95,081
Work in process	4,774,995	6,736,832
Raw materials and supplies	1,710,226	1,609,164
Other	926,083	1,459,767
Allowance for doubtful accounts	(70,479)	(76,647)
Total current assets	25,274,595	31,140,802
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,372,207	8,206,748
Machinery, equipment and vehicles, net	788,151	1,018,108
Land	6,014,199	6,057,847
Leased assets, net	23,104	13,709
Construction in progress	5,205,418	398,080
Other, net	179,695	551,912
Total property, plant and equipment	14,582,778	16,246,407
Intangible assets		
Software	203,138	441,964
Software in progress	255,403	–
Other	338,044	374,607
Total intangible assets	796,586	816,571
Investments and other assets		
Investment securities	1,533,171	1,569,229
Retirement benefit asset	1,688	11,497
Deferred tax assets	58,592	311,970
Other	78,450	116,741
Total investments and other assets	1,671,903	2,009,438
Total non-current assets	17,051,268	19,072,416
Total assets	42,325,864	50,213,219
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,081,091	1,738,117
Current portion of long-term borrowings	–	250,000
Electronically recorded obligations - operating	3,915,553	2,672,542
Lease obligations	14,622	4,185
Accounts payable - other	449,521	557,621
Income taxes payable	141,408	756,735
Advances received	2,598,018	4,630,786
Provision for bonuses	287,640	296,090
Provision for bonuses for directors (and other officers)	36,414	32,800
Provision for product warranties	54,403	65,515
Asset retirement obligations	–	31,731
Other	210,703	852,735
Total current liabilities	9,789,378	11,888,861

	(Thousands of yen)	
	As of February 20, 2021	As of February 20, 2022
Non-current liabilities		
Bonds payable	5,000,000	5,000,000
Long-term borrowings	–	2,750,000
Deferred tax liabilities	681	6,882
Asset retirement obligations	28,161	28,161
Lease obligations	15,109	12,406
Long-term accounts payable - other	11,590	471,255
Other	77	–
Total non-current liabilities	5,055,619	8,268,705
Total liabilities	14,844,997	20,157,566
Net assets		
Shareholders' equity		
Share capital	1,888,510	1,888,510
Capital surplus	2,750,330	2,765,633
Retained earnings	23,737,574	25,015,764
Treasury shares	(596,693)	(591,929)
Total shareholders' equity	27,779,721	29,077,978
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	890,852	914,729
Revaluation reserve for land	(1,165,229)	(1,165,229)
Foreign currency translation adjustment	(141,882)	1,111,990
Remeasurements of defined benefit plans	795	1,921
Total accumulated other comprehensive income	(415,464)	863,410
Share acquisition rights	116,610	114,263
Total net assets	27,480,866	30,055,652
Total liabilities and net assets	42,325,864	50,213,219

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended February 20, 2021	Fiscal year ended February 20, 2022
Net sales	23,087,478	23,580,821
Cost of sales	18,641,087	18,243,019
Gross profit	4,446,390	5,337,801
Selling, general and administrative expenses	2,554,099	3,191,894
Operating profit	1,892,290	2,145,907
Non-operating income		
Interest income	132,035	136,862
Dividend income	51,689	39,942
Reversal of long-term accounts payable for directors retirement benefits	105,000	–
Foreign exchange gains	–	53,169
Other	59,475	81,511
Total non-operating income	348,200	311,486
Non-operating expenses		
Interest expenses	5,623	9,905
Interest on bonds	5,589	24,000
Bond issuance costs	29,890	–
Foreign exchange losses	90,031	–
Other	6,215	1,514
Total non-operating expenses	137,349	35,420
Ordinary profit	2,103,140	2,421,974
Extraordinary income		
Gain on sale of non-current assets	1,151	3,106
Gain on sale of investment securities	17,604	–
Total extraordinary income	18,755	3,106
Extraordinary losses		
Loss on sale of non-current assets	–	30
Loss on retirement of non-current assets	3,414	8,333
Impairment losses	–	51,739
Total extraordinary losses	3,414	60,103
Profit before income taxes	2,118,482	2,364,977
Income taxes - current	382,258	881,562
Income taxes - deferred	115,705	(253,281)
Total income taxes	497,963	628,281
Profit	1,620,518	1,736,696
Profit attributable to owners of parent	1,620,518	1,736,696

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended February 20, 2021	Fiscal year ended February 20, 2022
Profit	1,620,518	1,736,696
Other comprehensive income		
Valuation difference on available-for-sale securities	124,438	23,876
Foreign currency translation adjustment	(160,947)	1,253,872
Remeasurements of defined benefit plans, net of tax	(1,449)	1,125
Total other comprehensive income	(37,958)	1,278,875
Comprehensive income	1,582,559	3,015,571
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,582,559	3,015,571
Comprehensive income attributable to non-controlling interests	–	–

Consolidated statements of changes in equity

Fiscal year ended February 20, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,888,510	2,750,330	22,346,913	(596,145)	26,389,608
Changes during period					
Dividends of surplus			(229,857)		(229,857)
Profit attributable to owners of parent			1,620,518		1,620,518
Purchase of treasury shares				(547)	(547)
Net changes in items other than shareholders' equity					
Total changes during period	–	–	1,390,660	(547)	1,390,113
Balance at end of period	1,888,510	2,750,330	23,737,574	(596,693)	27,779,721

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	766,414	(1,165,229)	19,064	2,245	(377,505)	98,151	26,110,253
Changes during period							
Dividends of surplus							(229,857)
Profit attributable to owners of parent							1,620,518
Purchase of treasury shares							(547)
Net changes in items other than shareholders' equity	124,438	–	(160,947)	(1,449)	(37,958)	18,458	(19,499)
Total changes during period	124,438	–	(160,947)	(1,449)	(37,958)	18,458	1,370,613
Balance at end of period	890,852	(1,165,229)	(141,882)	795	(415,464)	116,610	27,480,866

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,888,510	2,750,330	23,737,574	(596,693)	27,779,721
Changes during period					
Dividends of surplus			(458,506)		(458,506)
Profit attributable to owners of parent			1,736,696		1,736,696
Disposal of treasury shares		15,303		4,764	20,067
Net changes in items other than shareholders' equity					
Total changes during period	–	15,303	1,278,190	4,764	1,298,257
Balance at end of period	1,888,510	2,765,633	25,015,764	(591,929)	29,077,978

	Accumulated other comprehensive income					Share acquisition rights	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	890,852	(1,165,229)	(141,882)	795	(415,464)	116,610	27,480,866
Changes during period							
Dividends of surplus							(458,506)
Profit attributable to owners of parent							1,736,696
Disposal of treasury shares							20,067
Net changes in items other than shareholders' equity	23,876	–	1,253,872	1,125	1,278,875	(2,347)	1,276,528
Total changes during period	23,876	–	1,253,872	1,125	1,278,875	(2,347)	2,574,786
Balance at end of period	914,729	(1,165,229)	1,111,990	1,921	863,410	114,263	30,055,652

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 20, 2021	Fiscal year ended February 20, 2022
Cash flows from operating activities		
Profit before income taxes	2,118,482	2,364,977
Depreciation	388,124	573,755
Loss (gain) on sale of non-current assets	(1,151)	(3,076)
Loss on retirement of non-current assets	3,414	8,333
Impairment losses	–	51,739
Decrease (increase) in retirement benefit asset	(1,688)	(9,809)
Loss (gain) on sale of investment securities	(17,604)	–
Increase (decrease) in provision for bonuses	(2,259)	3,320
Increase (decrease) in provision for bonuses for directors (and other officers)	(16,266)	(3,614)
Increase (decrease) in allowance for doubtful accounts	33,384	6,167
Interest and dividend income	(183,724)	(176,805)
Increase (decrease) in long-term accounts payable - other	(280,497)	23,547
Interest expenses	5,623	9,905
Interest expenses on bonds	5,589	24,000
Bond issuance costs	29,890	–
Decrease (increase) in trade receivables	(274,960)	10,209
Decrease (increase) in inventories	(288,853)	(1,351,117)
Increase (decrease) in trade payables	1,461,982	(1,468,332)
Increase (decrease) in advances received	(454,337)	1,751,842
Increase (decrease) in accrued consumption taxes	(21,376)	(94,435)
Decrease (increase) in consumption taxes refund receivable	(578,913)	(368,579)
Other, net	90,882	1,122,208
Subtotal	2,015,739	2,474,235
Interest and dividends received	183,724	176,805
Income taxes paid	(376,003)	(373,355)
Interest paid	(5,623)	(24,082)
Net cash provided by (used in) operating activities	1,817,837	2,253,603
Cash flows from investing activities		
Net decrease (increase) in time deposits	(1,847,933)	920,629
Purchase of property, plant and equipment	(8,101,063)	(2,062,582)
Proceeds from sale of property, plant and equipment	1,234	8,207
Purchase of intangible assets	(99,886)	(280,026)
Purchase of investment securities	(1,933)	(2,013)
Proceeds from sale of investment securities	21,061	–
Purchase of insurance funds	(176)	–
Proceeds from cancellation of insurance funds	13,715	–
Other, net	13,409	(6,806)
Net cash provided by (used in) investing activities	(10,001,573)	(1,422,592)
Cash flows from financing activities		
Proceeds from long-term borrowings	–	3,000,000
Proceeds from issuance of bonds	4,970,109	–
Repayments of long-term accounts payable - other	–	(48,919)
Purchase of treasury shares	(547)	–
Dividends paid	(229,857)	(458,506)
Repayments of lease obligations	(79,453)	(17,436)
Other, net	–	7
Net cash provided by (used in) financing activities	4,660,250	2,475,145
Effect of exchange rate change on cash and cash equivalents	(86,355)	341,605
Net increase (decrease) in cash and cash equivalents	(3,609,840)	3,647,762
Cash and cash equivalents at beginning of period	9,364,058	5,754,218
Cash and cash equivalents at end of period	5,754,218	9,401,980

(5) Notes to Consolidate Financial Statements

(Notes on Assumption of a Going Concern)

No applicable matter.

(Change in Accounting Policies)

(Change in inventory valuation method)

Previously, the Company's raw material inventories were valued at cost using the first-in, first-out method, but effective from the fiscal year under review, the cost method has been changed to the moving-average method.

This change is due to our judgment that inventory valuation by the moving average method is more appropriate for inventory valuation and periodic accounting of profit and loss since the new system started operation in the fiscal year under review.

Since it is practically impossible to perform the calculation using the moving average method for past fiscal years and it is impossible to calculate the cumulative effect of retrospective application, the book value at the end of the previous fiscal year is used as the beginning balance for the fiscal year under review.

The impact of this change is immaterial.

(Segment Information)

[Segment information]

The previous fiscal year (February 21, 2020 - February 20, 2021) and fiscal year under review (February 21, 2021 - February 20, 2022)

The Group is engaged in the manufacture of general industrial machinery and equipment, including sanitary napkin manufacturing machinery and disposable diaper manufacturing machinery, as well as other businesses. However, segment information is omitted because other businesses account for only a small percentage of all segments and are not significant in terms of disclosure information.

(Per Share Information)

Item	Fiscal year ended February 20, 2021	Fiscal year ended February 20, 2022
Net assets per share (yen)	1,041.69	1,138.92
Earnings per share (yen)	61.69	66.07
Diluted earnings per share (yen)	61.35	65.71

(Note) 1. The basis for calculation of earnings per share and diluted earnings per share is as follows:

2. The Company conducted a 4-for-1 stock split of shares of common stock on August 21, 2020, and per share information is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

	Fiscal year ended February 20, 2021	Fiscal year ended February 20, 2022
Earnings per share		
Profit attributable to owners of parent (thousand yen)	1,620,518	1,736,696
Amount not attributable to common shareholders (thousand yen)	—	—
Profit attributable to owners of parent related to common stock (thousand yen)	1,620,518	1,736,696
Average number of shares of common stock during the period (shares)	26,269,238	26,283,962
Diluted earnings per share		
Profit attributable to owners of parent (thousand yen)	—	—
Increase in common stock (shares)	146,965	146,978
(of which stock acquisition rights (shares))	(146,965)	(146,978)
Summary of potential shares not included in the calculation of diluted earnings per share due to the lack of dilutive effect	—	—

(Note) The Company conducted a 4-for-1 stock split of shares of common stock on August 21, 2020, and per share information is calculated on the assumption that the stock split was conducted at the beginning of the previous fiscal year.

(Significant Subsequent Events)

No applicable matter.

(Additional Information)

(Accounting estimate for the impact of COVID-19)

Although it is difficult to accurately predict when COVID-19 will come under control, the Group makes accounting estimates for the impairment of non-current assets and the recoverability of deferred tax assets based on information and forecasts currently available to the Group.

4. Other

Net Sales, Orders Received, and Backlogs by Product (consolidated)

(thousand yen)

By product		Fiscal year ended February 20, 2021	Fiscal year ended February 20, 2022	Change
Net sales	Sanitary napkin mfg. machinery	3,019,739	3,754,540	734,800
	Baby disposable diaper mfg. machinery	9,567,620	11,118,162	1,550,542
	Adult disposable diaper mfg. machinery	5,766,921	4,568,107	(1,198,813)
	Other machinery	2,250,854	1,615,216	(635,637)
	Parts	2,021,251	2,038,061	16,810
	Other	461,091	486,733	25,641
	Total	23,087,478	23,580,821	493,342
Orders	Sanitary napkin mfg. machinery	3,191,619	3,653,050	461,430
	Baby disposable diaper mfg. machinery	10,833,916	11,862,894	1,028,978
	Adult disposable diaper mfg. machinery	7,740,863	3,299,133	(4,441,730)
	Other machinery	2,817,986	3,597,435	779,449
	Parts	2,021,251	2,038,061	16,810
	Other	461,091	486,733	25,641
	Total	27,066,730	24,937,309	(2,129,420)
Backlogs	Sanitary napkin mfg. machinery	3,316,350	3,214,861	(101,489)
	Baby disposable diaper mfg. machinery	8,237,945	8,982,678	744,732
	Adult disposable diaper mfg. machinery	5,245,139	3,976,165	(1,268,974)
	Other machinery	1,167,528	3,149,747	1,982,219
	Parts	—	—	—
	Other	—	—	—
	Total	17,966,963	19,323,452	1,356,488