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MEMBERSHIP
July 4, 2022

Consolidated Financial Results for the Three Months Ended May 20, 2022 (Under Japanese GAAP)

Company name: ZUIKO Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 6279
 URL: <https://www.zuiko.co.jp/>
 Representative: Toyoshi Umebayashi, President
 Inquiries: Norihiro Asada, Director and General Manager of Corporate Strategy Department
 Telephone: +81-72-648-2215
 Scheduled date to file quarterly securities report: July 4, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the three months ended May 20, 2022 (from February 21, 2022 to May 20, 2022)

(1) Consolidated operating results (cumulative)

(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	%
Three months ended								
May 20, 2022	3,564	6.3	(222)	–	(17)	–	(68)	–
May 20, 2021	3,353	(0.3)	148	–	246	–	133	–

Note: Comprehensive income For the three months ended May 20, 2022: ¥790 million [15.4%]
 For the three months ended May 20, 2021: ¥685 million [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
May 20, 2022	(2.62)	–
May 20, 2021	5.07	5.04

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
May 20, 2022	49,712	30,775	61.7	1,166.31
February 20, 2022	50,213	30,055	59.6	1,138.92

Reference: Equity As of May 20, 2022 ¥30,661 million
 As of February 20, 2022: ¥29,941 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 20, 2022	–	6.20	–	10.00	16.20
Fiscal year ending February 20, 2023	–				
Fiscal year ending February 20, 2023 (Forecast)		8.10	–	8.10	16.20

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending February 20, 2023 (from February 21, 2022 to February 20, 2023)

(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
Fiscal year ending February 20, 2023	26,400	12.0	2,126	(0.9)	2,237	(7.6)	1,575	(9.3)	59.91

Note: Revisions to the consolidated earnings forecasts most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): 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
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Key Notes (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 7 of the Attached Material.

(4) Number of issued shares (common shares)

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

As of May 20, 2022:	28,800,000 shares
As of February 20, 2022:	28,800,000 shares

- (ii) Number of treasury shares at the end of the period

As of May 20, 2022:	2,510,688 shares
As of February 20, 2022:	2,510,688 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended May 20, 2022	26,289,312 shares
Three months ended May 20, 2021	26,274,312 shares

* Quarterly financial results reports are exempt from quarterly review 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.

For matters related to the above earnings forecasts, please refer to “1. Qualitative Information on the Quarterly Financial Results for the Period under Review (3) Explanation Concerning the Forecast of Consolidated Financial Results and Other Forward-looking Information” on page 2 of the Attached Material.

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1. Qualitative Information on the Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the period under review (February 21, 2022 to May 20, 2022), there were indications of a recovery in the Japanese economy amid the prolonged impact of COVID-19, with the resumption of social and economic activity. However, the outlook was uncertain, with business activities continuing to suffer from factors such as COVID-19 lockdowns in major cities in China, in addition to a rapid devaluation of the Japanese yen linked to the international situation, and the rising prices of raw materials and crude oil.

In this economic environment, the Group has been actively promoting face-to-face sales activities to steadily capture demand in the domestic market, with the aim of achieving sustainable growth and increasing corporate value over the medium to long term. In overseas markets, we have been endeavoring to enhance our contact points with customers by resuming face-to-face sales activities, in addition to utilizing online communications to facilitate sales activities with a sense of speed, with the aim of expanding overseas orders. Moreover, after successfully consolidating operations at our new Head Office Plant in November 2021, sales and production activities in Japan and overseas performed strongly due to the progressive launch of projects aimed at full-scale operation, and business activities generally proceeded according to plan on a full-year basis.

As a result, the Group's net sales for the period under review were 3,564 million yen (up 6.3% YoY), operating loss was 222 million yen (operating profit of 148 million yen in the same period of the previous fiscal year), ordinary loss was 17 million yen (ordinary profit of 246 million yen in the same period of the previous fiscal year), and loss attributable to owners of the parent was 68 million yen (profit attributable to owners of parent of 133 million yen in the same period of the previous fiscal year).

(2) Explanation of Financial Position

Total assets at the end of the period under review (as of May 20, 2022) were 49,712 million yen, down 500 million yen from the end of the previous fiscal year. While buildings and structures, net, notes and accounts receivable - trade, and contract assets, and cash and deposits increased by 685 million yen, 597 million yen, and 185 million yen, respectively, electronically recorded monetary claims - operating, construction in progress, and work in process decreased by 884 million yen, 302 million yen, and 259 million yen, respectively. As stated in 2. Quarterly Consolidated Financial Statements and Key Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies) "Application of Accounting Standard for Revenue Recognition, Etc.," the Company has reclassified "notes and accounts receivable - trade," presented under "current assets" on the consolidated balance sheet for the previous fiscal year, as "notes and accounts receivable - trade, and contract assets" from the beginning of the period under review, due to the application of the Accounting Standard for Revenue Recognition, etc.

Total liabilities decreased by 1,220 million yen from the end of the previous fiscal year to 18,937 million yen. While contract liabilities increased by 4,257 million yen, advances received, income taxes payable, electronically recorded obligations - operating, and long-term borrowings decreased by 4,630 million yen, 578 million yen, 288 million yen, and 125 million yen, respectively. As stated in 2. Quarterly Consolidated Financial Statements and Key Notes, (3) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies) "Application of Accounting Standard for Revenue Recognition, Etc.," the Company has reclassified "advances received," presented under "current liabilities" on the consolidated balance sheet for the previous fiscal year, as "contract liabilities" from the beginning of the period under review, due to the application of the Accounting Standard for Revenue Recognition, etc.

Total net assets increased by 720 million yen from the end of the previous fiscal year to 30,775 million yen. Retained earnings decreased by 139 million yen, but foreign currency translation adjustment increased by 877 million yen.

(3) Explanation Concerning the Forecast of Consolidated Financial Results and Other Forward-looking Information

The outlook for the economic environment is uncertain due to the impact of factors such as the COVID-19 pandemic. However, the Company has made no change to the forecast of consolidated financial results announced on April 5, 2022, as its sales and production activities are progressing strongly. Should it become necessary to revise these forecasts based on changes in business conditions, the Company will promptly disclose these revisions.

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheet

(Thousands of yen)

	As of February 20, 2022	As of May 20, 2022
Assets		
Current assets		
Cash and deposits	13,852,559	14,038,093
Notes and accounts receivable - trade	4,839,678	–
Notes and accounts receivable - trade, and contract assets	–	5,437,508
Electronically recorded monetary claims - operating	2,624,365	1,739,713
Merchandise and finished goods	95,081	134,333
Work in process	6,736,832	6,476,852
Raw materials and supplies	1,609,164	1,536,787
Other	1,459,767	967,098
Allowance for doubtful accounts	(76,647)	(85,277)
Total current assets	31,140,802	30,245,110
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,206,748	8,892,742
Machinery, equipment and vehicles, net	1,018,108	993,874
Land	6,057,847	6,067,131
Leased assets, net	13,709	12,870
Construction in progress	398,080	95,260
Other, net	551,912	571,401
Total property, plant and equipment	16,246,407	16,633,280
Intangible assets	816,571	804,867
Investments and other assets		
Investment securities	1,569,229	1,543,927
Retirement benefit asset	11,497	13,130
Other	428,711	472,439
Total investments and other assets	2,009,438	2,029,497
Total non-current assets	19,072,416	19,467,645
Total assets	50,213,219	49,712,756

(Thousands of yen)

	As of February 20, 2022	As of May 20, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,738,117	1,698,675
Current portion of long-term borrowings	250,000	250,000
Short-term borrowings	–	26,465
Electronically recorded obligations - operating	2,672,542	2,383,593
Lease obligations	4,185	9,441
Income taxes payable	756,735	178,325
Advances received	4,630,786	–
Contract liabilities	–	4,257,439
Provision for bonuses	296,090	386,699
Provision for bonuses for directors (and other officers)	32,800	8,100
Provision for product warranties	65,515	63,244
Asset retirement obligations	31,731	18,031
Other	1,410,356	1,537,253
Total current liabilities	11,888,861	10,817,269
Non-current liabilities		
Bonds payable	5,000,000	5,000,000
Long-term borrowings	2,750,000	2,625,000
Asset retirement obligations	28,161	27,142
Lease obligations	12,406	15,352
Long-term accounts payable - other	471,255	449,721
Other	6,882	2,615
Total non-current liabilities	8,268,705	8,119,831
Total liabilities	20,157,566	18,937,100
Net assets		
Shareholders' equity		
Share capital	1,888,510	1,888,510
Capital surplus	2,765,633	2,765,633
Retained earnings	25,015,764	24,876,127
Treasury shares	(591,929)	(591,929)
Total shareholders' equity	29,077,978	28,938,341
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	914,729	896,450
Revaluation reserve for land	(1,165,229)	(1,165,229)
Foreign currency translation adjustment	1,111,990	1,989,931
Remeasurements of defined benefit plans	1,921	1,899
Total accumulated other comprehensive income	863,410	1,723,050
Share acquisition rights	114,263	114,263
Total net assets	30,055,652	30,775,655
Total liabilities and net assets	50,213,219	49,712,756

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income**Quarterly consolidated statement of income (cumulative)**

(Thousands of yen)

	Three months ended May 20, 2021	Three months ended May 20, 2022
Net sales	3,353,835	3,564,412
Cost of sales	2,495,163	2,874,976
Gross profit	858,672	689,436
Selling, general and administrative expenses	710,334	911,835
Operating profit (loss)	148,338	(222,399)
Non-operating income		
Interest income	28,689	27,553
Dividend income	4,228	5,005
Foreign exchange gains	31,445	173,999
Insurance claim income	28,489	–
Other	11,304	9,698
Total non-operating income	104,157	216,256
Non-operating expenses		
Interest expenses	65	4,863
Interest on bonds	5,852	5,852
Other	396	322
Total non-operating expenses	6,314	11,037
Ordinary profit (loss)	246,182	(17,180)
Extraordinary income		
Gain on sale of non-current assets	1,825	1,650
Total extraordinary income	1,825	1,650
Extraordinary losses		
Loss on sale of non-current assets	–	1,389
Loss on retirement of non-current assets	2,640	2,047
Total extraordinary losses	2,640	3,437
Profit (loss) before income taxes	245,366	(18,967)
Income taxes - current	177,219	169,489
Income taxes - deferred	(65,021)	(119,708)
Total income taxes	112,197	49,781
Profit (loss)	133,169	(68,748)
Profit (loss) attributable to owners of parent	133,169	(68,748)

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended May 20, 2021	Three months ended May 20, 2022
Profit (loss)	133,169	(68,748)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,245	(18,278)
Foreign currency translation adjustment	551,248	877,940
Remeasurements of defined benefit plans, net of tax	(287)	(21)
Total other comprehensive income	552,206	859,639
Comprehensive income	685,375	790,891
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	685,375	790,891
Comprehensive income attributable to non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements**(Notes on Going Concern Assumption)**

No applicable matter.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

No applicable matter.

(Changes in Accounting Policies)**(Application of Accounting Standard for Revenue Recognition, Etc.)**

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter the "Revenue Recognition Accounting Standard") and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received in exchange for said goods or services.

The Company previously applied the percentage-of-completion method to recognize revenue from the manufacture, etc. of machinery and equipment for which the outcome was deemed certain, and the completed contract method or shipment basis to recognize other revenue. The Company now recognizes revenue associated with performance obligations that are satisfied over time by estimating the degree of progress in satisfying these performance obligations, and recognizing revenue over time in accordance with the degree of progress. For contracts where the Company's performance obligations are satisfied at a single point in time, the Company now recognizes revenue when the performance obligations are satisfied. The Company calculates the proportion of costs actually incurred to total construction costs (the input method) to estimate the degree of progress in satisfying performance obligations.

In cases where it is not possible to reasonably estimate the degree of progression satisfying performance obligations, but where the Company expects to recover the costs incurred in satisfying the relevant performance obligations, the Company applies the cost recovery method for revenue recognition until it becomes possible to reasonably estimate the degree of progress in satisfying performance obligations. However, the Company applies alternative treatment for construction contracts, etc. where the period from the commencement of transactions to the time when all performance obligations are expected to be satisfied is extremely short. In these cases, the Company recognizes revenue when all the relevant performance obligations are satisfied, instead of over time.

The Company has applied the Revenue Recognition Accounting Standard, etc. in accordance with the transitional treatment provided for in the proviso to paragraph 84 of the Revenue Recognition Accounting Standard. Accordingly, the cumulative effect of the retrospective application of the new accounting policy, assuming it has been applied to periods prior to the beginning of the period under review, is added to or subtracted from retained earnings at the beginning of the period under review, and the new accounting policy is applied from the said beginning balance.

As a result, for the period under review, net sales and cost of sales were 1,728,116 thousand yen and 1,448,420 thousand yen, respectively, higher than without the application of the new accounting policy. Operating profit, ordinary profit, and profit before income taxes were each 279,696 thousand yen higher than without the application of the new accounting policy. The balance of retained earnings at the beginning of the period was 192,004 thousand yen higher than without the application of the new accounting policy.

Due to the application of the Revenue Recognition Accounting Standard, etc., "notes and accounts receivable - trade" presented under "current assets" on the consolidated balance sheet as of the end of the previous fiscal year have been included in "notes and accounts receivable - trade, and contract assets" from the period under review. "Advances received" presented under "current liabilities" on the consolidated balance sheet as of the end of the previous fiscal year have been included in "contract liabilities" from the period under review.

In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new presentation method. Furthermore, the information on disaggregation of revenue from contracts with customers during the first three months of the previous fiscal year has not been disclosed as allowed by the transitional treatment provided for in paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020).

(Accounting Standard for Fair Value Measurement, Etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the first quarter of the fiscal year under review, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This has had no effect on the quarterly consolidated financial statements.

(Additional Information)

(Accounting estimate for the impact of COVID-19)

No material change has been made to the assumptions used in the accounting estimate for the impact of COVID-19 presented under (Additional Information) in the Annual Securities Report for the previous fiscal year.