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MEMBERSHIP

October 3, 2022

Consolidated Financial Results for the Six Months Ended August 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: October 4, 2022
 Scheduled date to commence dividend payments: November 1, 2022
 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 six months ended August 20, 2022 (from February 21, 2022 to August 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	%
Six months ended August 20, 2022	8,813	(21.2)	(449)	–	(109)	–	635	(25.3)
August 20, 2021	11,187	26.2	1,053	119.0	1,229	159.9	850	136.7

Note: Comprehensive income For the six months ended August 20, 2022: ¥2,219 million [35.1%]
 For the six months ended August 20, 2021: ¥1,643 million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 20, 2022	24.15	24.05
August 20, 2021	32.36	32.18

(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
August 20, 2022	51,322	32,217	62.6	1,219.67
February 20, 2022	50,213	30,055	59.6	1,138.92

Reference: Equity As of August 20, 2022: ¥32,134 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	–	8.10			
Fiscal year ending February 20, 2023 (Forecast)			–	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 (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 9 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 August 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 August 20, 2022:	2,452,888 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)

Six months ended August 20, 2022	26,318,212 shares
Six months ended August 20, 2021	26,280,612 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 3 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 August 20, 2022), there gradually began to be indications of a recovery in economic activity in the Japanese economy as the difficult circumstances caused by the COVID-19 pandemic eased. However, the economic outlook was uncertain, as a result of factors such as concerns surrounding the renewed spread of COVID-19, a global spike in resource prices, and a spike in prices linked to a rapid devaluation of the Japanese yen.

In this economic environment, while identifying trends in global markets, the Group promoted efforts to reduce costs across the Group as a whole and reorganize and strengthen our production systems under our slogan of “ALL ZUIKO,” through production activities in Japan and overseas, as well as installation and inspection activities in local markets.

As a result, although orders during the period under review in Japan and overseas were strong, in accordance with plans, the Group’s net sales for the period under review were 8,813 million yen (down 21.2% YoY), owing to delays to production activities in Japan as a result of prolonged semiconductor shortages, as well as significant delays to production activities at consolidated subsidiary ZUIKO (Shanghai) Corporation caused by lockdowns associated with an increase in new COVID-19 cases in Shanghai, China.

In terms of profits, gross profit was 1,583 million yen (down 35.9% YoY) owing to the decline in sales, operating loss was 449 million yen (operating profit of 1,053 million yen in the same period of the previous fiscal year), ordinary loss was 109 million yen (ordinary profit of 1,229 million yen in the same period of the previous fiscal year), and profit attributable to owners of parent was 635 million yen (down 25.3% YoY), owing partly to the recording of gain on sale of investment securities and the recording of extraordinary income associated with the receipt of a settlement in a civil suit at ZUIKO (Shanghai) Corporation.

(2) Explanation of Financial Position

(i) Overview of Assets, Liabilities, and Net Assets

Total assets at the end of the period under review (as of August 20, 2022) were 51,322 million yen, up 1,109 million yen from the end of the previous fiscal year. While notes and accounts receivable - trade, electronically recorded monetary claims - operating, cash and deposits, construction in progress, investment securities, raw materials and supplies, and work in progress decreased by 4,839 million yen, 655 million yen, 289 million yen, 255 million yen, 157 million yen, 156 million yen, and 111 million yen, respectively, notes and accounts receivable - trade, and contract assets and buildings and structures increased by 7,411 million yen and 685 million yen, respectively.

As stated in 2. Quarterly Consolidated Financial Statements and Key Notes, (4) 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 1,052 million yen from the end of the previous fiscal year to 19,105 million yen. While contract liabilities and notes and accounts payable - trade increased by 4,704 million yen and 273 million yen, respectively, advances received, income taxes payable, electronically recorded obligations - operating, and long-term borrowings decreased by 4,630 million yen, 437 million yen, 432 million yen, and 125 million yen, respectively.

As stated in 2. Quarterly Consolidated Financial Statements and Key Notes, (4) 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 2,161 million yen from the end of the previous fiscal year to 32,217 million yen. Foreign currency translation adjustment and retained earnings increased by 1,635 million yen and 564 million yen, respectively.

(ii) Overview of Cash Flows

Cash and cash equivalents (“cash”) in the period under review increased 116 million yen from the end of the previous fiscal year to 9,518 million yen. The status of each cash flow segment and contributing factors are as follows.

(Cash flows from operating activities)

Net cash used in operating activities for the period under review was 764 million yen (up 78.9% YoY). This was mainly due to an increase in trade receivables of 797 million yen, income taxes paid of 778 million yen, the recording of 765 million yen in settlement received, an increase in inventories of 565 million yen, a decrease in trade payables of 560 million yen, and the recording of 213 million yen in gain on sale of investment securities, which offset the recording of profit before income taxes of 863 million yen, an increase in contract liabilities of 684 million yen, a decrease in consumption taxes refund receivable of 610 million yen, and the recording of depreciation of 426 million yen.

(Cash flows from investing activities)

Net cash provided by investing activities for the period under review amounted to 786 million yen (used cash of 891 million yen in the same period of the previous fiscal year). This was mainly due to a decrease in time deposits of 934 million yen and the sale of investment securities of 306 million yen, which offset the purchase of property, plant and equipment of 511 million yen.

(Cash flows from financing activities)

Net cash used in financing activities for the period under review was 434 million yen (up 42.6% YoY). This was mainly due to dividends paid of 262 million yen and the repayments of long-term borrowings of 125 million yen.

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

With regard to consolidated financial forecasts, although performance has been affected by delays to production activities in Japan caused by prolonged semiconductor shortages and the impact on production activities at consolidated subsidiary ZUIKO (Shanghai) Corporation from lockdowns associated with an increase in new COVID-19 cases in Shanghai, China, in production plans for the second half of the fiscal year, the Company expects to be able to recover from the impact on production activities in the first half of the fiscal year. Accordingly, the Company has made no change to the forecast of consolidated financial results announced on April 5, 2022. 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 August 20, 2022
Assets		
Current assets		
Cash and deposits	13,852,559	13,563,162
Notes and accounts receivable - trade	4,839,678	–
Notes and accounts receivable - trade, and contract assets	–	7,411,775
Electronically recorded monetary claims - operating	2,624,365	1,968,490
Merchandise and finished goods	95,081	132,938
Work in process	6,736,832	6,625,025
Raw materials and supplies	1,609,164	1,452,420
Other	1,459,767	964,215
Allowance for doubtful accounts	(76,647)	(57,132)
Total current assets	31,140,802	32,060,897
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,206,748	8,892,427
Machinery, equipment and vehicles, net	1,018,108	976,235
Land	6,057,847	6,071,036
Leased assets, net	13,709	12,031
Construction in progress	398,080	142,087
Other, net	551,912	542,270
Total property, plant and equipment	16,246,407	16,636,088
Intangible assets	816,571	812,566
Investments and other assets		
Investment securities	1,569,229	1,411,450
Retirement benefit asset	11,497	14,384
Other	428,711	387,088
Total investments and other assets	2,009,438	1,812,924
Total non-current assets	19,072,416	19,261,579
Total assets	50,213,219	51,322,476

(Thousands of yen)

	As of February 20, 2022	As of August 20, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,738,117	2,011,258
Current portion of long-term borrowings	250,000	250,000
Electronically recorded obligations - operating	2,672,542	2,240,253
Lease obligations	4,185	10,089
Income taxes payable	756,735	319,320
Advances received	4,630,786	–
Contract liabilities	–	4,704,516
Provision for bonuses	296,090	235,146
Provision for bonuses for directors (and other officers)	32,800	16,200
Provision for product warranties	65,515	64,303
Asset retirement obligations	31,731	–
Other	1,410,356	1,160,571
Total current liabilities	11,888,861	11,011,658
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	13,268
Long-term accounts payable - other	471,255	428,247
Other	6,882	–
Total non-current liabilities	8,268,705	8,093,658
Total liabilities	20,157,566	19,105,316
Net assets		
Shareholders' equity		
Share capital	1,888,510	1,888,510
Capital surplus	2,765,633	2,796,882
Retained earnings	25,015,764	25,580,498
Treasury shares	(591,929)	(578,292)
Total shareholders' equity	29,077,978	29,687,597
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	914,729	863,410
Revaluation reserve for land	(1,165,229)	(1,165,229)
Foreign currency translation adjustment	1,111,990	2,747,183
Remeasurements of defined benefit plans	1,921	1,877
Total accumulated other comprehensive income	863,410	2,447,240
Share acquisition rights	114,263	82,321
Total net assets	30,055,652	32,217,159
Total liabilities and net assets	50,213,219	51,322,476

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

(Thousands of yen)

	Six months ended August 20, 2021	Six months ended August 20, 2022
Net sales	11,187,819	8,813,502
Cost of sales	8,715,247	7,229,754
Gross profit	2,472,571	1,583,748
Selling, general and administrative expenses	1,418,626	2,033,268
Operating profit (loss)	1,053,945	(449,520)
Non-operating income		
Interest income	59,943	67,598
Dividend income	17,066	19,077
Foreign exchange gains	58,217	257,766
Insurance claim income	30,776	–
Other	22,412	24,827
Total non-operating income	188,417	369,269
Non-operating expenses		
Interest expenses	90	9,864
Interest on bonds	12,000	12,000
Depreciation	–	6,688
Other	771	778
Total non-operating expenses	12,861	29,331
Ordinary profit (loss)	1,229,500	(109,582)
Extraordinary income		
Gain on sale of non-current assets	1,829	1,924
Gain on sale of investment securities	–	213,168
Settlement received	–	765,200
Total extraordinary income	1,829	980,292
Extraordinary losses		
Loss on sale of non-current assets	–	3,462
Loss on retirement of non-current assets	7,713	3,625
Total extraordinary losses	7,713	7,088
Profit before income taxes	1,223,616	863,621
Income taxes - current	400,532	315,233
Income taxes - deferred	(27,444)	(87,233)
Total income taxes	373,088	228,000
Profit	850,528	635,621
Profit attributable to owners of parent	850,528	635,621

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Six months ended August 20, 2021	Six months ended August 20, 2022
Profit	850,528	635,621
Other comprehensive income		
Valuation difference on available-for-sale securities	48,143	(51,318)
Foreign currency translation adjustment	745,110	1,635,192
Remeasurements of defined benefit plans, net of tax	(574)	(43)
Total other comprehensive income	792,679	1,583,829
Comprehensive income	1,643,207	2,219,451
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,643,207	2,219,451
Comprehensive income attributable to non-controlling interests	—	—

(3) Quarterly consolidated statements of cash flows

(Thousands of yen)

	Six months ended August 20, 2021	Six months ended August 20, 2022
Cash flows from operating activities		
Profit before income taxes	1,223,616	863,621
Depreciation	226,248	426,076
Loss (gain) on sale of non-current assets	(1,829)	1,538
Loss on retirement of property, plant and equipment	2,640	3,625
Loss on retirement of intangible assets	5,072	–
Loss (gain) on sale of investment securities	–	(213,168)
Settlement received	–	(765,200)
Increase (decrease) in long-term accounts payable - other	19,660	(2,161)
Decrease (increase) in retirement benefit asset	(4,235)	(2,886)
Increase (decrease) in provision for bonuses	(27,050)	(63,047)
Increase (decrease) in provision for bonuses for directors (and other officers)	(19,554)	(16,600)
Increase (decrease) in allowance for doubtful accounts	3,612	(19,515)
Interest and dividend income	(77,010)	(86,675)
Interest expenses	90	9,864
Interest expenses on bonds	12,000	12,000
Decrease (increase) in trade receivables	(2,896,313)	(797,213)
Decrease (increase) in inventories	(1,480,677)	(565,657)
Increase (decrease) in trade payables	326,944	(560,110)
Increase (decrease) in advances received	2,439,002	–
Increase (decrease) in contract liabilities	–	684,677
Increase (decrease) in accrued consumption taxes	(100,582)	(1,750)
Decrease (increase) in consumption taxes refund receivable	(407,783)	610,307
Other, net	409,823	431,142
Subtotal	(346,326)	(51,132)
Interest and dividends received	77,010	86,675
Interest paid	(12,090)	(22,329)
Income taxes paid	(146,005)	(778,054)
Net cash provided by (used in) operating activities	(427,412)	(764,841)
Cash flows from investing activities		
Net decrease (increase) in time deposits	895,475	934,734
Purchase of property, plant and equipment	(1,551,088)	(511,517)
Proceeds from sale of property, plant and equipment	1,829	10,395
Purchase of intangible assets	(268,478)	(13,104)
Purchase of investment securities	(1,036)	(1,075)
Proceeds from sale of investment securities	–	306,146
Purchase of insurance funds	(44)	–
Other, net	32,296	60,721
Net cash provided by (used in) investing activities	(891,045)	786,302
Cash flows from financing activities		
Dividends paid	(295,527)	(262,893)
Repayments of long-term borrowings	–	(125,000)
Repayments of long-term accounts payable - other	–	(41,672)
Proceeds from exercise of employee share options	5	40
Repayments of lease obligations	(9,099)	(4,716)
Net cash provided by (used in) financing activities	(304,621)	(434,241)
Effect of exchange rate change on cash and cash equivalents	184,886	529,663
Net increase (decrease) in cash and cash equivalents	(1,438,193)	116,882
Cash and cash equivalents at beginning of period	5,754,218	9,401,980
Cash and cash equivalents at end of period	4,316,024	9,518,862

(4) 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 2,381,997 thousand yen and 1,789,851 thousand yen, respectively, higher than without the application of the new accounting policy. Operating profit, ordinary profit, and profit before income taxes were each 592,146 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 six 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.

3. Other

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

(Thousands of yen)

By product		Six months ended August 20, 2021	Six months ended August 20, 2022	Change
Net sales	Sanitary napkin mfg. machinery	1,700,342	461,921	—
	Baby disposable diaper mfg. machinery	6,312,518	3,524,246	—
	Adult disposable diaper mfg. machinery	1,225,261	2,905,866	—
	Other machinery	898,579	527,232	—
	Parts	839,460	1,156,560	—
	Other	211,656	237,674	—
	Total	11,187,819	8,813,502	—
Orders	Sanitary napkin mfg. machinery	551,680	718,184	—
	Baby disposable diaper mfg. machinery	4,833,769	5,067,118	—
	Adult disposable diaper mfg. machinery	3,409,057	5,165,988	—
	Other machinery	1,422,959	675,054	—
	Parts	839,460	1,156,560	—
	Other	211,656	237,674	—
	Total	11,268,584	13,020,580	—
Backlogs	Sanitary napkin mfg. machinery	2,167,688	3,471,123	—
	Baby disposable diaper mfg. machinery	6,759,196	9,051,941	—
	Adult disposable diaper mfg. machinery	7,487,039	7,762,903	—
	Other machinery	1,633,804	1,364,062	—
	Parts	—	—	—
	Other	—	—	—
	Total	18,047,728	21,650,031	—

*1 From the period under review, incontinence pad manufacturing machinery, which was previously included in “Other machinery,” has been included in “Adult disposable diaper mfg. machinery.” In accordance with this change, comparisons are presented after reclassification into the new categories.

*2 The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the first quarter of the current fiscal year, and therefore the amounts of change from the previous period, prior to the application of the accounting standard and relevant ASBJ regulations, are not provided. Furthermore, the cumulative impact of the application of the accounting standard and relevant ASBJ regulations have been added to or subtracted from order backlogs at the beginning of the first quarter of the current fiscal year. As a result, the order backlog at the beginning of the period under review decreased by 1,880,499 thousand yen.