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MEMBERSHIP

April 5, 2023

## Consolidated Financial Results for the Fiscal Year Ended February 20, 2023 (Under Japanese GAAP)

Company name: ZUIKO Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 6279  
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 Scheduled date of annual general meeting of shareholders: May 18, 2023  
 Scheduled date to commence dividend payments: May 19, 2023  
 Scheduled date to file annual securities report: May 18, 2023  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results briefing: None

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

### 1. Consolidated financial results for the fiscal year ended February 20, 2023 (from February 21, 2022 to February 20, 2023)

#### (1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 20, 2023	26,505	12.4	1,803	(16.0)	2,219	(8.3)	2,665	53.5
February 20, 2022	23,580	2.1	2,145	13.4	2,421	15.2	1,736	7.2

Note: Comprehensive income For the fiscal year ended February 20, 2023: ¥3,304 million [9.6%]  
 For the fiscal year ended February 20, 2022: ¥3,015 million [90.6%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
February 20, 2023	101.21	100.76	8.5	4.4	6.8
February 20, 2022	66.07	65.71	6.1	5.2	9.1

Reference: Share of profit (loss) of entities accounted for using equity method  
 For the fiscal year ended February 20, 2023: ¥- million  
 For the fiscal year ended February 20, 2022: ¥- million

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
February 20, 2023	49,643	33,088	66.5	1,252.73
February 20, 2022	50,213	30,055	59.6	1,138.92

Reference: Equity  
 As of February 20, 2023: ¥33,007 million  
 As of February 20, 2022: ¥29,941 million

### (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
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 20, 2023	388	(1,372)	(822)	7,879
February 20, 2022	2,253	(1,422)	2,475	9,401

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
Fiscal year ended February 20, 2022	Yen –	Yen 6.20	Yen –	Yen 10.00	Yen 16.20	Millions of yen 425	% 24.5	% 1.5
Fiscal year ended February 20, 2023	–	8.10	–	17.10	25.20	663	24.9	2.1
Fiscal year ending February 20, 2024 (Forecast)	–	10.00	–	10.00	20.00		26.3	

Note: The Company has revised its year-end dividend per share for the fiscal year ended February 20, 2023 from 8.10 yen to 17.10 yen.

### 3. Consolidated earnings forecasts for the fiscal year ending February 20, 2024 (from February 21, 2023 to February 20, 2024)

(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, 2024	28,000	5.6	2,800	55.3	2,830	27.5	2,000	(25.0)	75.91

\* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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 “3. Consolidated Financial Statements and Key Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 12 of the Attached Material.

- (3) Number of issued shares (common shares)

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

As of February 20, 2023:	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 February 20, 2023:	2,451,688 shares
As of February 20, 2022:	2,510,688 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended February 20, 2023	26,332,962 shares
Fiscal year ended February 20, 2022	26,283,962 shares

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended February 20, 2023 (from February 21, 2022 to February 20, 2023)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 20, 2023	14,223	(17.1)	532	(74.5)	689	(71.0)	807	(52.2)
February 20, 2022	17,151	5.6	2,086	74.4	2,377	79.3	1,688	85.9

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
February 20, 2023	30.67	30.54
February 20, 2022	64.23	63.88

**(2) Non-consolidated financial position**

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
February 20, 2023	35,898	22,707	63.0	858.72
February 20, 2022	37,571	22,275	59.0	842.98

Reference: Equity

As of February 20, 2023: ¥22,625 million  
As of February 20, 2022: ¥22,161 million

\* 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

(Notes on forward-looking statements, etc.)

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. Overview of Operating Results, etc. (4) Future Outlook” on page 3 of the Attached Material.

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## 1. Overview of Operating Results, etc.

### (1) Overview of Operating Results for the Fiscal Year

During the fiscal year ended February 20, 2023 (from February 21, 2022 to February 20, 2023), the Japanese economy was expected to pick up, partly thanks to the effects of various policies, while taking thoroughgoing measures against COVID-19 and continuing economic and social activities. However, the economic outlook remained uncertain, as a result of factors such as supply shortages of parts and raw materials, including semiconductors, disruption of supply chains, and a spike in resource prices caused by the situation between Russia and Ukraine.

Under these business conditions, the Group has focused on capturing domestic demand and aggressively expanding in the overseas markets of North America, Europe and Asia, with the aim of achieving sustainable growth and increasing corporate value over the medium to long term.

As a result, net sales for the fiscal year were 26,505 million yen (up 12.4% YoY) in Japan and overseas. Net sales by major product were as follows: Adult disposable diaper mfg. machinery: 8,541 million yen (up 87.0% YoY), driven by the rising demand for adult disposable diapers as a market trend, baby disposable diaper mfg. machinery: 10,227 million yen (down 8.0% YoY), sanitary napkin mfg. machinery: 3,825 million yen (up 1.9% YoY), parts: 2,206 million yen (up 8.3% YoY), and other products: 1,704 million yen (down 35.1% YoY).

In terms of profits, despite an increase in sales, operating profit decreased to 1,803 million yen (down 16.0% YoY) due to an increase in cost of sales mainly due to a spike in prices of raw materials and the devaluation of the Japanese yen, an increase in research and development expenses, legal costs associated with a civil suit at ZUIKO (Shanghai) Corporation, and other factors that weighed down on profits. However, profit attributable to owners of parent increased to 2,665 million yen (up 53.5% YoY), owing partly to foreign exchange gains due to the devaluation of the Japanese yen, 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.

In terms of the environment for orders, in addition to a recovery trend in capital investment, orders generally remained strong due to sustained demand, mainly for adult disposable diapers and sanitary products in emerging countries. Accordingly, orders received during the fiscal year were 23,712 million yen (down 4.9% YoY) and backlogs at the end of the fiscal year were 14,650 million yen (down 24.2% YoY). For details, please refer to “4. Other Net Sales, Orders Received, and Backlogs by Product” on page 14.

The Group is engaged in the manufacture of general industrial machinery and equipment, including sanitary napkin mfg. machinery and disposable diaper mfg. 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.

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 fiscal year. For this reason, the Company has used figures based on a calculation method with different standards for year-on-year comparisons. For details, please refer to “3. Consolidated Financial Statements and Key Notes (5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)” on page 12.

### (2) Overview of Financial Position for the Fiscal Year

Total assets at the end of the fiscal year (as of February 20, 2023) were 49,643 million yen, down 570 million yen from the end of the previous fiscal year. While notes and accounts receivable - trade, and contract assets increased by 5,187 million yen, buildings and structures, net increased by 339 million yen, and cash and deposits increased by 178 million yen, work in process decreased by 3,295 million yen, electronically recorded monetary claims - operating decreased by 1,806 million yen, investment securities decreased by 259 million yen, construction in progress decreased by 238 million yen, and land decreased by 198 million yen.

As stated in 3. Consolidated Financial Statements and Key Notes (5) Notes to 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 fiscal year, due to the application of the Accounting Standard for Revenue Recognition, etc.

Total liabilities decreased by 3,602 million yen from the end of the previous fiscal year to 16,554 million yen. While notes and accounts payable - trade increased by 287 million yen, contract liabilities decreased by 2,621 million yen, income taxes payable decreased by 434 million yen and long-term borrowings decreased by 250 million yen.

As stated in 3. Consolidated Financial Statements and Key Notes (5) Notes to 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 fiscal year, due to the application of the Accounting Standard for Revenue Recognition, etc.

Total net assets increased by 3,032 million yen from the end of the previous fiscal year to 33,088 million yen. While valuation difference on available-for-sale securities decreased by 109 million yen, retained earnings increased by 2,380 million yen, and foreign currency translation adjustment increased by 751 million yen.

As a result, equity-to-asset ratio was 66.5% (59.6% for the previous fiscal year).

### (3) Overview of Cash Flows for the Fiscal Year

Cash and cash equivalents (“cash”) for the fiscal year decreased by 1,522 million yen from the end of the previous fiscal year to 7,879 million yen.

The status of each cash flow segment and contributing factors for the fiscal year are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities for the fiscal year was 388 million yen (down 82.8% YoY). This was mainly due to the recording of profit before income taxes of 3,440 million yen, a decrease in inventories of 2,174 million yen, the recording of depreciation of 848 million yen, a decrease in consumption taxes refund receivable of 348 million yen, an increase in accrued consumption taxes of 130 million yen, and an increase in trade payables of 120 million yen, which offset an increase in trade receivables of 2,412 million yen, a decrease in contract liabilities of 1,760 million yen, income taxes paid of 1,170 million yen, the recording of 789 million yen in settlement received, the recording of 280 million yen in gain on sale of investment securities, and the recording of 155 million yen in loss (gain) on sale of property, plant and equipment.

(Cash flows from investing activities)

Net cash used in investing activities for the fiscal year was 1,372 million yen (down 3.5% YoY). This was mainly due to an increase in time deposits of 1,485 million yen and purchase of property, plant and equipment of 690 million yen, which offset proceeds from sale of investment securities of 403 million yen and proceeds from sale of property, plant and equipment of 376 million yen.

(Cash flows from financing activities)

Net cash used in financing activities for the fiscal year was 822 million yen (provided cash of 2,475 million yen for the previous fiscal year). This was mainly due to dividends paid of 478 million yen and repayments of long-term borrowings of 250 million yen.

### (4) Future Outlook

In 2023, the global economy will continue to be unpredictable due to interest rate hikes to cope with rising prices, financial system instability, the prolonged situation in Ukraine and other factors, while economic normalization from COVID-19 is progressing in Japan and overseas.

In this environment, the Group will make efforts to steadily capture demand for capital investment from sanitary product manufacturers by focusing on sales expansion in those areas with little business activities in the past and on sales activities for a newly developed, new-concept machine, “ZMS (ZUIKO MODULAR SYSTEM).” In addition, we will continue to work on business innovation and cost reduction activities through DX to improve profitability.

Based on the above, financial results for the fiscal year ending February 20, 2024, are forecast to be as follows: net sales of 28,000 million yen (up 5.6% YoY), operating profit of 2,800 million yen (up 55.3% YoY), and ordinary profit of 2,830 million yen (up 27.5% YoY). Profit attributable to owners of parent is forecast to be 2,000 million yen (down 25.0% YoY) since extraordinary income recorded for the fiscal year ended February 20, 2023 is not expected in the next fiscal year.

The above forecasts are based on the information currently available to the Group and may differ significantly in the future due to various factors.

**(5) Basic Policy for the Distribution of Profits and Dividends for the Fiscal Year 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. We consider dividends to be returns on invested capital from shareholders, and thus the profits are divided basically according to consolidated business results. With the consolidated dividend payout ratio of 30 percent as a target, we aim to achieve steady and continued growth. 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 ended February 20, 2023, while net sales exceeded the earnings forecasts at the beginning of the fiscal year, operating profit and ordinary profit fell short of the forecasts. Based on this, the year-end common dividend remains unchanged at 8.10 yen per share from the plan at the beginning of the fiscal year. Meanwhile, a special dividend of 9.00 yen will be paid because profit attributable to owners of parent exceeded the plan due to the recording of extraordinary income and also to express gratitude for the Company's 60th anniversary celebrated on April 3, 2023. As a result, the annual dividend per share will be 25.20 yen, including the interim dividend of 8.10 yen already paid.

For the next fiscal year, the Company plans to pay the annual dividend of 20.00 yen per share (an interim dividend of 10.00 yen and a year-end dividend of 10.00 yen), since the factor of temporary increase in profit due to the recording of extraordinary income for the fiscal year is not expected in the next fiscal year.

**2. Basic Policy on 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.



### 3. Consolidated Financial Statements and Key Notes

#### (1) Consolidated balance sheet

(Thousands of yen)

	As of February 20, 2022	As of February 20, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	13,852,559	14,030,961
Notes and accounts receivable - trade	4,839,678	–
Notes and accounts receivable - trade, and contract assets	–	10,027,238
Electronically recorded monetary claims - operating	2,624,365	817,610
Merchandise and finished goods	95,081	134,534
Work in process	6,736,832	3,441,415
Raw materials and supplies	1,609,164	1,561,662
Other	1,459,767	1,167,431
Allowance for doubtful accounts	(76,647)	–
Total current assets	31,140,802	31,180,853
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,206,748	8,546,703
Machinery, equipment and vehicles, net	1,018,108	1,042,128
Land	6,057,847	5,859,349
Leased assets, net	13,709	10,354
Construction in progress	398,080	159,324
Other, net	551,912	478,562
Total property, plant and equipment	16,246,407	16,096,423
Intangible assets		
Software	441,964	345,383
Other	374,607	371,910
Total intangible assets	816,571	717,294
Investments and other assets		
Investment securities	1,569,229	1,309,582
Retirement benefit asset	11,497	17,585
Deferred tax assets	311,970	264,696
Distressed receivables	–	12,151
Other	116,741	56,703
Allowance for doubtful accounts	–	(12,151)
Total investments and other assets	2,009,438	1,648,568
Total non-current assets	19,072,416	18,462,285
<b>Total assets</b>	<b>50,213,219</b>	<b>49,643,139</b>

(Thousands of yen)

	As of February 20, 2022	As of February 20, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	1,738,117	2,025,841
Electronically recorded obligations - operating	2,672,542	2,746,077
Current portion of long-term borrowings	250,000	250,000
Lease liabilities	4,185	8,337
Accounts payable - other	557,621	630,460
Income taxes payable	756,735	321,904
Advances received	4,630,786	–
Contract liabilities	–	2,009,487
Provision for bonuses	296,090	318,510
Provision for bonuses for directors (and other officers)	32,800	32,400
Provision for product warranties	65,515	58,562
Asset retirement obligations	31,731	–
Other	852,735	231,751
<b>Total current liabilities</b>	<b>11,888,861</b>	<b>8,633,333</b>
<b>Non-current liabilities</b>		
Bonds payable	5,000,000	5,000,000
Long-term borrowings	2,750,000	2,500,000
Deferred tax liabilities	6,882	–
Asset retirement obligations	28,161	27,142
Lease liabilities	12,406	9,611
Long-term accounts payable - other	471,255	384,611
<b>Total non-current liabilities</b>	<b>8,268,705</b>	<b>7,921,364</b>
<b>Total liabilities</b>	<b>20,157,566</b>	<b>16,554,698</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	1,888,510	1,888,510
Capital surplus	2,765,633	2,797,720
Retained earnings	25,015,764	27,396,530
Treasury shares	(591,929)	(578,009)
<b>Total shareholders' equity</b>	<b>29,077,978</b>	<b>31,504,751</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	914,729	804,866
Revaluation reserve for land	(1,165,229)	(1,165,229)
Foreign currency translation adjustment	1,111,990	1,862,995
Remeasurements of defined benefit plans	1,921	(143)
<b>Total accumulated other comprehensive income</b>	<b>863,410</b>	<b>1,502,488</b>
Share acquisition rights	114,263	81,201
<b>Total net assets</b>	<b>30,055,652</b>	<b>33,088,441</b>
<b>Total liabilities and net assets</b>	<b>50,213,219</b>	<b>49,643,139</b>

**(2) Consolidated statement of income and consolidated statement of comprehensive income****Consolidated statement of income**

(Thousands of yen)

	Fiscal year ended February 20, 2022	Fiscal year ended February 20, 2023
Net sales	23,580,821	26,505,170
Cost of sales	18,243,019	20,752,114
Gross profit	5,337,801	5,753,055
Selling, general and administrative expenses	3,191,894	3,949,729
Operating profit	2,145,907	1,803,325
Non-operating income		
Interest income	136,862	141,903
Dividend income	39,942	32,569
Foreign exchange gains	53,169	244,123
Other	81,511	64,189
Total non-operating income	311,486	482,786
Non-operating expenses		
Interest expenses	9,905	19,480
Interest on bonds	24,000	24,000
Depreciation	–	13,390
Other	1,514	9,443
Total non-operating expenses	35,420	66,315
Ordinary profit	2,421,974	2,219,796
Extraordinary income		
Gain on sale of non-current assets	3,106	158,988
Gain on sale of investment securities	–	280,480
Settlement income	–	789,750
Total extraordinary income	3,106	1,229,219
Extraordinary losses		
Loss on sale of non-current assets	30	3,503
Loss on retirement of non-current assets	8,333	4,582
Impairment losses	51,739	–
Total extraordinary losses	60,103	8,085
Profit before income taxes	2,364,977	3,440,930
Income taxes - current	881,562	783,369
Income taxes - deferred	(253,281)	(7,505)
Total income taxes	628,281	775,864
Profit	1,736,696	2,665,065
Profit attributable to owners of parent	1,736,696	2,665,065

**Consolidated statement of comprehensive income**

(Thousands of yen)

	Fiscal year ended February 20, 2022	Fiscal year ended February 20, 2023
Profit	1,736,696	2,665,065
Other comprehensive income		
Valuation difference on available-for-sale securities	23,876	(109,862)
Foreign currency translation adjustment	1,253,872	751,004
Remeasurements of defined benefit plans, net of tax	1,125	(2,064)
Total other comprehensive income	1,278,875	639,077
Comprehensive income	3,015,571	3,304,142
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,015,571	3,304,142
Comprehensive income attributable to non-controlling interests	—	—

**(3) Consolidated statements of changes in equity**

Fiscal year ended February 20, 2022

(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	23,737,574	(596,693)	27,779,721
Cumulative effects of changes in accounting policies					
Restated balance	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
Cumulative effects of changes in accounting policies							
Restated balance	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

Fiscal year ended February 20, 2023

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,888,510	2,765,633	25,015,764	(591,929)	29,077,978
Cumulative effects of changes in accounting policies			192,004		192,004
Restated balance	1,888,510	2,765,633	25,207,769	(591,929)	29,269,983
Changes during period					
Dividends of surplus			(476,304)		(476,304)
Profit attributable to owners of parent			2,665,065		2,665,065
Disposal of treasury shares		32,086		13,919	46,006
Net changes in items other than shareholders' equity					
Total changes during period	–	32,086	2,188,760	13,919	2,234,767
Balance at end of period	1,888,510	2,797,720	27,396,530	(578,009)	31,504,751

	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	914,729	(1,165,229)	1,111,990	1,921	863,410	114,263	30,055,652
Cumulative effects of changes in accounting policies							192,004
Restated balance	914,729	(1,165,229)	1,111,990	1,921	863,410	114,263	30,247,657
Changes during period							
Dividends of surplus							(476,304)
Profit attributable to owners of parent							2,665,065
Disposal of treasury shares							46,006
Net changes in items other than shareholders' equity	(109,862)	–	751,004	(2,064)	639,077	(33,061)	606,016
Total changes during period	(109,862)	–	751,004	(2,064)	639,077	(33,061)	2,840,783
Balance at end of period	804,866	(1,165,229)	1,862,995	(143)	1,502,488	81,201	33,088,441

**(4) Consolidated statements of cash flows**

(Thousands of yen)

	Fiscal year ended February 20, 2022	Fiscal year ended February 20, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,364,977	3,440,930
Depreciation	573,755	848,650
Loss (gain) on sale of non-current assets	(3,076)	(155,485)
Loss on retirement of non-current assets	8,333	4,582
Impairment losses	51,739	-
Decrease (increase) in retirement benefit asset	(9,809)	(9,062)
Loss (gain) on sale of investment securities	-	(280,480)
Settlement income	-	(789,750)
Increase (decrease) in provision for bonuses	3,320	23,057
Increase (decrease) in provision for bonuses for directors (and other officers)	(3,614)	(400)
Increase (decrease) in allowance for doubtful accounts	6,167	(64,496)
Interest and dividend income	(176,805)	(174,473)
Increase (decrease) in long-term accounts payable - other	23,547	(5,405)
Interest expenses	9,905	19,480
Interest expenses on bonds	24,000	24,000
Decrease (increase) in trade receivables	10,209	(2,412,012)
Decrease (increase) in inventories	(1,351,117)	2,174,856
Increase (decrease) in trade payables	(1,468,332)	120,570
Increase (decrease) in advances received	1,751,842	-
Increase (decrease) in contract liabilities	-	(1,760,673)
Increase (decrease) in accrued consumption taxes	(94,435)	130,214
Decrease (increase) in consumption taxes refund receivable	(368,579)	348,837
Other, net	1,122,208	(54,653)
<b>Subtotal</b>	<b>2,474,235</b>	<b>1,428,285</b>
Interest and dividends received	176,805	173,134
Income taxes paid	(373,355)	(1,170,537)
Interest paid	(24,082)	(42,834)
<b>Net cash provided by (used in) operating activities</b>	<b>2,253,603</b>	<b>388,047</b>
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	920,629	(1,485,456)
Purchase of property, plant and equipment	(2,062,582)	(690,393)
Proceeds from sale of property, plant and equipment	8,207	376,042
Purchase of intangible assets	(280,026)	(32,155)
Purchase of investment securities	(2,013)	(2,067)
Proceeds from sale of investment securities	-	403,960
Other, net	(6,806)	57,763
<b>Net cash provided by (used in) investing activities</b>	<b>(1,422,592)</b>	<b>(1,372,306)</b>
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	3,000,000	-
Repayments of long-term borrowings	-	(250,000)
Repayments of long-term accounts payable - other	(48,919)	(81,752)
Dividends paid	(458,506)	(478,954)
Repayments of lease liabilities	(17,436)	(12,198)
Other, net	7	42
<b>Net cash provided by (used in) financing activities</b>	<b>2,475,145</b>	<b>(822,863)</b>
Effect of exchange rate change on cash and cash equivalents	341,605	285,099
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,647,762</b>	<b>(1,522,022)</b>
Cash and cash equivalents at beginning of period	5,754,218	9,401,980
Cash and cash equivalents at end of period	9,401,980	7,879,957

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

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 fiscal year ended February 20, 2023, 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 fiscal year, is added to or subtracted from retained earnings at the beginning of the fiscal year, and the new accounting policy is applied from the said beginning balance.

As a result, for the fiscal year ended February 20, 2023, net sales and cost of sales were 1,669,836 thousand yen and 1,387,106 thousand yen, respectively, higher than without the application of the new accounting policy. Operating profit, ordinary profit, and profit before income taxes were each 282,730 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 fiscal year. “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 fiscal year.

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 previous fiscal year has not been disclosed as allowed by the transitional treatment provided for in paragraph 89-3 of the Accounting Standard for Revenue Recognition.

**(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 fiscal year ended February 20, 2023,



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 consolidated financial statements.

**(Segment Information)**

[Segment information]

The previous fiscal year (February 21, 2021 - February 20, 2022) and the fiscal year under review (February 21, 2022 - February 20, 2023)

The Group is engaged in the manufacture of general industrial machinery and equipment, including sanitary napkin mfg. machinery and disposable diaper mfg. 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)**

(Yen)

	Fiscal year ended February 20, 2022	Fiscal year ended February 20, 2023
Net assets per share	1,138.92	1,252.73
Earnings per share	66.07	101.21
Diluted earnings per share	65.71	100.76

Note: The basis for calculation of earnings per share and diluted earnings per share is as follows:

(Thousands of yen)

	Fiscal year ended February 20, 2022	Fiscal year ended February 20, 2023
Earnings per share		
Profit attributable to owners of parent	1,736,696	2,665,065
Amount not attributable to common shareholders	–	–
Profit attributable to owners of parent relating to common shares	1,736,696	2,665,065
Average number of shares of common shares during the period (shares)	26,283,962	26,332,962
Diluted earnings per share		
Adjustment to profit attributable to owners of parent	–	–
Increase in common shares (shares)	146,978	115,675
(of which share acquisition rights (shares))	(146,978)	(115,675)
Summary of potential shares not included in the calculation of diluted earnings per share due to the lack of dilutive effect	–	–

**(Subsequent Events)**

No applicable matter.

**4. Other**

## Net Sales, Orders Received, and Backlogs by Product

(Thousands of yen)

By product		Fiscal year ended February 20, 2022	Fiscal year ended February 20, 2023	Change
Net sales	Sanitary napkin mfg. machinery	3,754,540	3,825,079	70,539
	Baby disposable diaper mfg. machinery	11,118,162	10,227,384	(890,777)
	Adult disposable diaper mfg. machinery	4,568,107	8,541,670	3,973,563
	Other machinery	1,615,216	1,291,307	(323,909)
	Parts	2,038,061	2,206,237	168,176
	Other	486,733	413,490	(73,243)
	Total	23,580,821	26,505,170	2,924,349
Orders	Sanitary napkin mfg. machinery	3,653,050	2,642,636	(1,010,414)
	Baby disposable diaper mfg. machinery	11,862,894	4,830,061	(7,032,833)
	Adult disposable diaper mfg. machinery	3,299,133	12,369,819	9,070,685
	Other machinery	3,597,435	1,250,697	(2,346,738)
	Parts	2,038,061	2,206,237	168,176
	Other	486,733	413,490	(73,243)
	Total	24,937,309	23,712,942	(1,224,367)
Backlogs	Sanitary napkin mfg. machinery	3,214,861	2,032,418	(1,182,442)
	Baby disposable diaper mfg. machinery	8,982,678	2,111,746	(6,870,932)
	Adult disposable diaper mfg. machinery	3,976,165	9,330,930	5,354,765
	Other machinery	3,149,747	1,175,630	(1,974,116)
	Parts	—	—	—
	Other	—	—	—
	Total	19,323,452	14,650,725	(4,672,726)