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MEMBERSHIP
June 26, 2023

Consolidated Financial Results for the Three Months Ended May 20, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 6279
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 Scheduled date to file quarterly securities report: July 4, 2023
 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, 2023 (from February 21, 2023 to May 20, 2023)

(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, 2023	4,019	12.8	(361)	–	(270)	–	(223)	–
May 20, 2022	3,564	6.3	(222)	–	(17)	–	(68)	–

Note: Comprehensive income For the three months ended May 20, 2023: ¥160 million [(79.8)%]
 For the three months ended May 20, 2022: ¥790 million [15.4%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
May 20, 2023	(8.50)	–
May 20, 2022	(2.62)	–

(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, 2023	49,123	32,797	66.6	1,241.70
February 20, 2023	49,643	33,088	66.5	1,252.73

Reference: Equity As of May 20, 2023: ¥32,716 million
 As of February 20, 2023: ¥33,007 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, 2023	–	8.10	–	17.10	25.20
Fiscal year ending February 20, 2024	–				
Fiscal year ending February 20, 2024 (Forecast)		10.00	–	10.00	20.00

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

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

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: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None
- (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, 2023:	28,800,000 shares
As of February 20, 2023:	28,800,000 shares

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

As of May 20, 2023:	2,451,688 shares
As of February 20, 2023:	2,451,688 shares

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

Three months ended May 20, 2023:	26,348,312 shares
Three months ended May 20, 2022:	26,289,312 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

Net sales for the period under review were 4,019 million yen (up 12.8% YoY) as the degree of progress in satisfying performance obligations for accepted projects steadily advanced.

Net sales by major product were as follows. Adult disposable diaper mfg. machinery: 1,722 million yen (up 176.9% YoY), baby disposable diaper mfg. machinery: 852 million yen (down 40.1% YoY), sanitary napkin mfg. machinery: 608 million yen (up 73.6% YoY), parts: 563 million yen (up 45.5% YoY), and other machinery: 273 million yen (down 65.1% YoY). Net sales for adult disposable diaper mfg. machinery continued to be favorable.

In terms of profits, operating loss was 361 million yen (operating loss of 222 million yen in the same period of the previous fiscal year), ordinary loss was 270 million yen (ordinary loss of 17 million yen in the same period of the previous fiscal year), and loss attributable to owners of the parent was 223 million yen (loss attributable to owners of the parent of 68 million yen in the same period of the previous fiscal year) as the cost of sales ratio increased due to factors such as additional modifications being necessary for highly challenging projects received despite continually working to promote cost reductions and improve revenue throughout the Group.

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.

(2) Explanation of Financial Position

Total assets at the end of the period under review (as of May 20, 2023) were 49,123 million yen, down 520 million yen from the end of the previous fiscal year. While electronically recorded monetary claims - operating increased by 1,313 million yen, work in process increased by 1,023 million yen, raw materials and supplies increased by 192 million yen, and investment securities increased by 103 million yen, cash and deposits decreased by 1,671 million yen, accounts receivable - trade decreased by 644 million yen, and contract assets decreased by 477 million yen.

Total liabilities decreased by 229 million yen from the end of the previous fiscal year to 16,325 million yen. While contract liabilities increased by 343 million yen, income taxes payable decreased by 274 million yen and long-term borrowings decreased by 125 million yen.

Total net assets decreased by 290 million yen from the end of the previous fiscal year to 32,797 million yen. While foreign currency translation adjustment increased by 313 million yen, retained earnings decreased by 674 million yen.

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

With regard to the financial forecasts for the fiscal year ending February 20, 2024, the Company has made no change to the consolidated financial forecasts presented in "Consolidated Financial Results for the Fiscal Year Ended February 20, 2023," which was announced on April 5, 2023. 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, 2023	As of May 20, 2023
Assets		
Current assets		
Cash and deposits	14,030,961	12,359,412
Notes receivable - trade	3,366	11,220
Accounts receivable - trade	2,528,729	1,883,789
Contract assets	7,495,142	7,017,738
Electronically recorded monetary claims - operating	817,610	2,131,298
Merchandise and finished goods	134,534	133,065
Work in process	3,441,415	4,465,016
Raw materials and supplies	1,561,662	1,753,994
Other	1,167,431	806,087
Allowance for doubtful accounts	—	(4,600)
Total current assets	31,180,853	30,557,022
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,546,703	8,482,736
Machinery, equipment and vehicles, net	1,042,128	1,018,587
Land	5,859,349	5,862,576
Leased assets, net	10,354	13,720
Construction in progress	159,324	256,771
Other, net	478,562	455,387
Total property, plant and equipment	16,096,423	16,089,780
Intangible assets	717,294	696,323
Investments and other assets		
Investment securities	1,309,582	1,413,362
Retirement benefit asset	17,585	18,535
Distressed receivables	12,151	12,151
Other	321,400	348,045
Allowance for doubtful accounts	(12,151)	(12,151)
Total investments and other assets	1,648,568	1,779,943
Total non-current assets	18,462,285	18,566,048
Total assets	49,643,139	49,123,070

(Thousands of yen)

	As of February 20, 2023	As of May 20, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,025,841	2,099,364
Electronically recorded obligations - operating	2,746,077	2,718,640
Current portion of long-term borrowings	250,000	250,000
Lease liabilities	8,337	8,185
Income taxes payable	321,904	46,953
Contract liabilities	2,009,487	2,352,826
Provision for bonuses	318,510	326,306
Provision for bonuses for directors (and other officers)	32,400	7,000
Provision for product warranties	58,562	58,232
Other	862,211	677,233
Total current liabilities	8,633,333	8,544,743
Non-current liabilities		
Bonds payable	5,000,000	5,000,000
Long-term borrowings	2,500,000	2,375,000
Asset retirement obligations	27,142	27,142
Lease liabilities	9,611	11,736
Long-term accounts payable - other	384,611	363,762
Other	—	2,705
Total non-current liabilities	7,921,364	7,780,346
Total liabilities	16,554,698	16,325,089
Net assets		
Shareholders' equity		
Share capital	1,888,510	1,888,510
Capital surplus	2,797,720	2,797,720
Retained earnings	27,396,530	26,721,975
Treasury shares	(578,009)	(578,009)
Total shareholders' equity	31,504,751	30,830,196
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	804,866	875,825
Revaluation reserve for land	(1,165,229)	(1,165,229)
Foreign currency translation adjustment	1,862,995	2,176,349
Remeasurements of defined benefit plans	(143)	(362)
Total accumulated other comprehensive income	1,502,488	1,886,582
Share acquisition rights	81,201	81,201
Total net assets	33,088,441	32,797,980
Total liabilities and net assets	49,643,139	49,123,070

(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, 2022	Three months ended May 20, 2023
Net sales	3,564,412	4,019,733
Cost of sales	2,874,976	3,500,663
Gross profit	689,436	519,069
Selling, general and administrative expenses	911,835	880,276
Operating loss	(222,399)	(361,206)
Non-operating income		
Interest income	27,553	30,902
Dividend income	5,005	5,409
Foreign exchange gains	173,999	25,074
Subsidy income	-	29,400
Other	9,698	15,249
Total non-operating income	216,256	106,035
Non-operating expenses		
Interest expenses	4,863	5,875
Interest on bonds	5,852	5,852
Other	322	3,500
Total non-operating expenses	11,037	15,228
Ordinary loss	(17,180)	(270,399)
Extraordinary income		
Gain on sale of non-current assets	1,650	-
Total extraordinary income	1,650	-
Extraordinary losses		
Loss on sale of non-current assets	1,389	-
Loss on retirement of non-current assets	2,047	200
Loss on cancellation of leases	-	1,428
Total extraordinary losses	3,437	1,628
Loss before income taxes	(18,967)	(272,027)
Income taxes - current	169,489	5,374
Income taxes - deferred	(119,708)	(53,403)
Total income taxes	49,781	(48,029)
Loss	(68,748)	(223,998)
Loss attributable to owners of parent	(68,748)	(223,998)

Quarterly consolidated statement of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended May 20, 2022	Three months ended May 20, 2023
Loss	(68,748)	(223,998)
Other comprehensive income		
Valuation difference on available-for-sale securities	(18,278)	70,958
Foreign currency translation adjustment	877,940	313,354
Remeasurements of defined benefit plans, net of tax	(21)	(218)
Total other comprehensive income	859,639	384,094
Comprehensive income	790,891	160,095
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	790,891	160,095
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.