April 3, 2026

Consolidated Financial Results for the Fiscal Year Ended February 20, 2026 (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 16, 2026
Scheduled date to commence dividend payments: May 19, 2026
Scheduled date to file annual securities report: May 15, 2026
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended February 20, 2026 (from February 21, 2025 to February 20, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 20, 2026	21,170	6.1	162	–	350	–	1,972	–
February 20, 2025	19,950	(8.2)	(300)	–	(142)	–	(778)	–

Note: Comprehensive income — For the fiscal year ended February 20, 2026: 2,266 Millions of yen (–%); For the fiscal year ended February 20, 2025: (160) Millions of yen (–%)

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
February 20, 2026	74.51	74.37	5.6	0.7	0.8
February 20, 2025	(29.41)	–	(2.3)	(0.3)	(1.5)

Reference: Investment profit (loss) on equity method — For the fiscal year ended February 20, 2026: (17) Millions of yen; For the fiscal year ended February 20, 2025: (0) Millions of yen

Note: During the second quarter of the fiscal year ended February 20, 2026, the provisional accounting treatment for a business combination was finalized. Accordingly, the figures for the fiscal year ended February 20, 2025 reflect the finalization of the provisional accounting treatment.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 20, 2026	52,440	36,324	69.1	1,368.61
February 20, 2025	52,416	34,300	65.3	1,293.00

Reference:Owner's equity	As of February 20, 2026	36,232 Millions of yen	As of February 20, 2025	34,219 Millions of yen

Note: During the second quarter of the fiscal year ended February 20, 2026, the provisional accounting treatment for a business combination was finalized. Accordingly, the figures for the fiscal year ended February 20, 2025 reflect the finalization of the provisional accounting treatment.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and equivalents, end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 20, 2026	1,132	265	(1,710)	9,400
February 20, 2025	1,092	1,136	(773)	9,732

Note: During the second quarter of the fiscal year ended February 20, 2026, the provisional accounting treatment for a business combination was finalized. Accordingly, the figures for the fiscal year ended February 20, 2025 reflect the finalization of the provisional accounting treatment.

2. Cash dividends

	Dividend per share					Total dividend paid	Payout ratio (consolidated)	Ratio of total amount of dividends to net assets (consolidated)
	First quarter	Second quarter	Third quarter	Year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended February 20, 2025	–	5.00	–	5.00	10.00	264	–	0.8
Fiscal year ended February 20, 2026	–	6.00	–	6.00	12.00	317	16.1	0.9
Fiscal year ending February 20, 2027 (Forecast)	–	12.00	–	8.00	20.00		41.4	

Note: Breakdown of the interim dividend for the fiscal year ending February 20, 2027:
Ordinary dividend: ¥8.00
Commemorative dividend: ¥4.00

2. Consolidated financial forecast for the fiscal year ending February 20, 2027 (from February 21, 2026 to February 20, 2027)

(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, 2027	27,000	27.5	1,780	993.9	1,820	419.1	1,280	(35.1)	48.35

* Notes

(1) Significant changes in the scope of consolidation during the period : None

Newly included: ー companies (Company name)ー 、Excluded: ー companies (Company name)ー

(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 further details, please refer to page 12 of the accompanying materials, "3. Consolidated Financial Statements and Key Notes (5) Notes to Consolidated Financial Statements (Notes on Changes in Accounting Policies)."

(3) Number of issued shares (common shares)

① Number of issued and outstanding shares at the end of fiscal year (including treasury stock)	As of February 20, 2026	28,800,000 shares	As of February 20, 2025	28,800,000 shares
② Number of treasury stock at the end of fiscal year	As of February 20, 2026	2,325,786 shares	As of February 20, 2025	2,334,825 shares
③ Average number of shares	Fiscal year ended February 20, 2026	26,474,810 shares	Fiscal year ended February 20, 2025	26,460,010 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended February 20, 2026 (from February 21, 2025 to February 20, 2026)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 20, 2026	13,557	(11.8)	187	－	4,143	199.9	5,527	225.4
February 20, 2025	15,367	3.2	(357)	－	1,381	209.0	1,698	142.4

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
February 20, 2026	208.78	208.37
February 20, 2025	64.19	64.00

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 20, 2026	39,563	29,020	73.2	1,094.63
February 20, 2025	36,590	23,740	64.8	895.52

Reference:Owner's equity	As of February 20, 2026	28,979	Millions of yen	As of February 20, 2025	23,700	Millions of yen

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

* Proper use of earnings forecasts, and other special matters

(Cautionary Statement Regarding Forward-Looking Statements)

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable. These statements do not constitute a commitment by the Company to achieve such results. Actual results may differ materially due to various factors. For details regarding the above forecasts, please refer to page 3 of the attached materials, “1. Overview of Operating Results, etc. (4) Future Outlook.”

(How to Obtain Supplementary Materials for Financial Results)

The Company plans to hold a financial results briefing for institutional investors and analysts via a web conference on Monday, April 6, 2026. The supplementary materials to be used at this briefing will be disclosed on TDnet on the same day as the financial results announcement and will also be available on the Company’s website.

Attached Material

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year

The Group has been actively promoting proposals for manufacturing machinery for hygiene products, primarily to domestic and overseas hygiene product manufacturers. At the same time, we have worked to expand sales by accelerating the completion and delivery of machinery orders and modification projects already received, as well as by promoting spare parts sales.
As a result, for the consolidated fiscal year under review, net sales increased to ¥21,170 million (up 6.1% year on year). Operating profit amounted to ¥162 million (compared with an operating loss of ¥300 million in the previous fiscal year), ordinary profit was ¥350 million (compared with an ordinary loss of ¥142 million in the previous fiscal year), and profit attributable to owners of parent was ¥1,972 million (compared with a loss attributable to owners of parent of ¥778 million in the previous fiscal year).
As announced in the "Notice Regarding the Recognition of Extraordinary Gain (Gain on Bargain Purchase) and Revision of Consolidated Earnings Forecast for the Fiscal Year Ending February 2026" dated February 19, 2026, the gain on bargain purchase was initially estimated at approximately ¥2,760 million. However, due to the accounting treatment of tax effects related to the gain on bargain purchase, both the gain on bargain purchase and deferred tax expenses increased and decreased by the same amount, resulting in a gain on bargain purchase of ¥1,925 million associated with the acquisition of the spunlace nonwoven business.
In terms of sales, in addition to year-on-year increases in Japan and China, sales to Europe progressed steadily, supported by ZUIKO DELTA S.R.L. (Italy) as an information hub. By product category, sales were as follows: adult diaper manufacturing machines ¥7,518 million (up 18.0% year on year), baby diaper manufacturing machines ¥6,891 million (up 0.3%), sanitary napkin manufacturing machines ¥3,286 million (up 5.7%), parts ¥2,445 million (down 13.0%), and others ¥1,028 million (up 29.9%).
In terms of profit, although the Group returned to profitability due to increased sales and a reduction in the cost ratio, operating profit decreased significantly from the initial forecast of ¥1,000 million at the beginning of the fiscal year. This was mainly due to increased costs, including material and labor costs, associated with projects for new products with high value-added features, as delivery schedules became longer than initially anticipated.
Regarding the order environment, the Group has been actively pursuing orders for baby diaper and sanitary napkin manufacturing machines in emerging markets, while also continuing to focus on high value-added adult diaper manufacturing machines for Europe and the United States, which represents one of the Group's strengths. In addition, we have been actively promoting order activities for the spunlace nonwoven business.
As a result, orders received during the consolidated fiscal year totaled ¥22,246 million (up 2.2% year on year), and the order backlog at the end of the fiscal year stood at ¥15,848 million (up 7.3%). For further details, please refer to page 14, "4. Other Information: Sales, Orders Received and Order Backlog by Product."
The Group's business primarily consists of the manufacture of general industrial machinery and equipment, including sanitary napkin and diaper manufacturing machines. As the "Other Business" segment is of limited quantitative importance, segment information has been omitted. The spunlace nonwoven business acquired on January 1, 2026, recorded sales of ¥518 million (approximately two months), which are included in the "Other Business" segment. From the fiscal year 2026, however, this business will be disclosed as a separate segment.

(2) Overview of Financial Position for the Fiscal Year

Total assets at the end of the consolidated fiscal year increased by ¥23 million from the end of the previous fiscal year to ¥52,440 million. Cash and deposits decreased by ¥1,921 million, mainly due to expenditures for the acquisition of the spunlace nonwoven business and investment in PROGA ZUIKO, as well as the use of cash on hand to cover the ¥1,000 million difference between bond redemption payments and new bank borrowings.
Current assets decreased by ¥2,760 million. While working capital related to the spunlace business (accounts receivable and inventories) increased, contract assets (corresponding to receivables recognized under the percentage-of-completion method) decreased significantly.
Non-current assets increased by ¥2,783 million, primarily due to the acquisition of fixed assets at the Tarui

Plant associated with the spunlace business acquisition and the investment in PROGA ZUIKO.
Total liabilities decreased by ¥1,999 million from the end of the previous fiscal year to ¥16,116 million. This was mainly attributable to decreases in accounts payable and contract liabilities, as well as the refinancing of ¥5,000 million in bonds with only ¥4,000 million in new borrowings.
Net assets increased by ¥2,023 million from the end of the previous fiscal year to ¥36,324 million. This was primarily due to an increase of ¥1,681 million in retained earnings, driven by extraordinary income related to the spunlace business.
As a result, the equity ratio improved to 69.1%, compared with 65.3% in the previous fiscal year.

(3) Overview of Cash Flows for the Fiscal Year

Cash and cash equivalents (hereinafter referred to as “funds”) at the end of the consolidated fiscal year amounted to ¥9,400 million, a decrease of ¥332 million compared with the end of the previous fiscal year.
Cash flows from each activity were as follows:
(Cash flows from operating activities)
Net cash provided by operating activities was ¥1,132 million (up 3.7% year on year). This was mainly attributable to profit before income taxes of ¥2,051 million, a decrease in trade receivables of ¥1,172 million, a decrease in inventories of ¥249 million, and depreciation of ¥884 million, despite the recognition of a gain on bargain purchase of ¥1,925 million, a decrease in trade payables of ¥1,037 million, and a decrease in contract liabilities of ¥660 million.
(Cash flows from investing activities)
Net cash provided by investing activities was ¥265 million (down 76.6% year on year). This was mainly attributable to a decrease in time deposits of ¥1,629 million and subsidy income of ¥1,770 million, despite expenditures of ¥2,150 million for the acquisition of a business, ¥596 million for the purchase of investment securities, and ¥368 million for the acquisition of property, plant and equipment.
(Cash flows from financing activities)
Net cash used in financing activities was ¥1,710 million (up 121.1% year on year). This was mainly attributable to proceeds from long-term borrowings of ¥4,000 million, despite expenditures of ¥5,000 million for bond redemptions, ¥367 million for repayments of long-term borrowings, and ¥291 million for dividend payments.

(4) Future Outlook

The fiscal year ending February 2027 will be the second year of the Fourth Medium-Term Business Plan and will represent a critical year for achieving the targets set forth in the plan. A significant number of projects have been carried over from the fiscal year ended February 2026, and progress has been made in addressing projects with extended delivery timelines. Accordingly, the Group will aim to achieve steady growth in both revenue and profit without revising the original medium-term plan.
In Japan, which has traditionally been one of the Group’s key markets, the environment remains such that significant demand growth is unlikely due to the declining birthrate, aging population, and overall population decline. In China, in addition to similar demographic trends, it is expected that a recovery in economic sentiment will take more time.
Under these circumstances, the Group will work to improve profitability by strengthening parts and service sales, enhancing global procurement, and optimizing shipment lead times. At the same time, we will further accelerate efforts in new business areas following the spunlace nonwoven business.
Based on the above, for the fiscal year ending February 2027, the Group forecasts net sales of ¥27,000 million (up 27.5% year on year), operating profit of ¥1,780 million (up 993.9%), ordinary profit of ¥1,820 million (up 419.1%), and profit attributable to owners of parent of ¥1,280 million (down 35.1%).
These forecasts are based on information currently available to the Group and are subject to change due to various factors in the future.

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

The Company regards shareholder returns as an important management priority, alongside achieving sustainable growth and enhancing corporate value over the medium to long term. With regard to dividends from retained earnings, the Company adopts the dividend payout ratio as a basic indicator, based on the

principle of distributing profits earned in each fiscal year to shareholders.
In determining the amount of dividends, the Company targets a consolidated dividend payout ratio of 30% or higher, while taking into consideration a balance with internal reserves necessary for future business development, the maintenance of financial soundness, and the improvement of capital efficiency.
The Company pays dividends from retained earnings twice a year, consisting of 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 2026, the annual dividend per share will be ¥12.00 (¥6.00 for the interim dividend and ¥6.00 for the year-end dividend), as announced in the "Notice Regarding Dividend from Surplus and Revision of Dividend Forecast" dated October 3, 2025.
For the fiscal year ending February 2027, the Company plans to pay an annual dividend of ¥20.00 per share, including a commemorative dividend of ¥4.00 to mark the 80th anniversary of the Company's founding. This will consist of an interim dividend of ¥12.00 per share (including the commemorative dividend of ¥4.00) and a year-end dividend of ¥8.00 per share.

2. Basic Policy on Selection of Accounting Standards

The Group prepares its consolidated financial statements in accordance with Japanese GAAP. Regarding the future application of international accounting standards, the Group will consider appropriate adoption, taking into account various circumstances in Japan and overseas.

3. Consolidated Financial Statements and Key Notes

(1) Consolidated balance sheet

(Thousands of yen)

	As of February 20, 2025	As of February 20, 2026
Assets		
Current assets		
Cash and deposits	15,324,753	13,403,212
Accounts receivable - trade	1,789,047	2,335,910
Contract assets	8,555,577	6,861,824
Electronically recorded monetary claims - operating	1,313,780	1,355,221
Merchandise and finished goods	92,751	76,602
Work in process	4,234,991	5,240,864
Raw materials and supplies	2,459,695	2,186,582
Other	1,695,873	1,242,850
Allowance for doubtful accounts	(3,890)	(858)
Total current assets	35,462,579	32,702,210
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,869,190	9,068,224
Machinery, equipment and vehicles, net	894,444	1,416,459
Land	5,229,707	6,652,989
Leased assets, net	10,665	5,943
Construction in progress	149,806	121,882
Other, net	335,981	271,828
Total property, plant and equipment	15,489,795	17,537,326
Intangible assets		
Goodwill	60,534	55,357
Software	163,444	134,450
Software in progress	26,449	25,992
Other	402,746	405,034
Total intangible assets	653,175	620,834
Investments and other assets		
Investment securities	651,675	1,284,485
Deferred tax assets	32,587	111,586
Long-term time deposits	69,750	―
Distressed receivables	916	―
Retirement benefit asset	―	135,936
Other	57,351	47,955
Allowance for doubtful accounts	(916)	―
Total investments and other assets	811,363	1,579,964
Total non-current assets	16,954,335	19,738,125
Total assets	52,416,915	52,440,335

(Thousands of yen)

	As of February 20, 2025	As of February 20, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	2,325,393	2,290,250
Electronically recorded obligations - operating	1,877,254	944,803
Current portion of long-term borrowings	382,510	323,115
Current portion of bonds payable	5,000,000	―
Lease liabilities	12,950	13,317
Accounts payable - other	875,909	997,919
Income taxes payable	45,588	82,297

Contract liabilities	3,641,381	3,155,133
Provision for bonuses	289,225	336,065
Provision for bonuses for directors (and other officers)	15,800	25,000
Provision for product warranties	86,879	85,317
Provision for shareholder benefit program	25,196	28,000
Provision for loss on orders received	315,460	77,766
Other	67,623	435,208
Total current liabilities	14,961,174	8,794,195
Non-current liabilities		
Long-term borrowings	2,164,148	5,881,227
Lease liabilities	13,042	8,283
Deferred tax liabilities	632,602	1,177,371
Retirement benefit liability	96,085	92,033
Asset retirement obligations	―	775
Long-term accounts payable - other	249,094	162,333
Total non-current liabilities	3,154,972	7,322,024
Total liabilities	18,116,147	16,116,219
Net assets		
Shareholders' equity		
Share capital	1,888,510	1,888,510
Capital surplus	2,890,580	2,901,687
Retained earnings	26,599,239	28,280,729
Treasury shares	(550,446)	(546,995)
Total shareholders' equity	30,827,882	32,523,932
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	344,420	373,013
Revaluation reserve for land	(752,204)	(752,204)
Foreign currency translation adjustment	3,825,657	4,008,524
Remeasurements of defined benefit plans	(26,299)	79,700
Total accumulated other comprehensive income	3,391,573	3,709,034
Share acquisition rights	40,755	40,755
Non-controlling interests	40,555	50,393
Total net assets	34,300,768	36,324,115
Total liabilities and net assets	52,416,915	52,440,335

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

Consolidated statement of income

(Thousands of yen)

	Fiscal year ended February 20, 2025	Fiscal year ended February 20, 2026
Net sales	19,950,779	21,170,251
Cost of sales	17,315,921	17,965,304
Gross profit	2,634,858	3,204,946
Selling, general and administrative expenses	2,934,937	3,042,223
Operating profit (loss)	(300,078)	162,723
Non-operating income		
Interest income	191,180	121,292
Dividend income	16,642	15,520
Foreign exchange gains	—	50,422
Other	104,072	82,733
Total non-operating income	311,895	269,969
Non-operating expenses		
Interest expenses	24,019	42,594
Interest expenses on bonds	24,000	18,410
Foreign exchange losses	92,107	—
Share of loss of entities accounted for using equity method	231	17,253
Other	13,983	3,838
Total non-operating expenses	154,341	82,097
Ordinary profit (loss)	(142,524)	350,595
Extraordinary income		
Gain on sale of non-current assets	636	89
Gain on sale of investment securities	628,607	54
Subsidy income	—	1,770,410
Gain on bargain purchase	—	1,925,266
Total extraordinary income	629,244	3,695,820
Extraordinary losses		
Loss on sale of non-current assets	281	1,449
Loss on retirement of non-current assets	10,612	182
Loss on tax purpose reduction entry of non-current assets	—	1,770,410
Impairment losses	—	95,152
Litigation settlement	—	127,736
Total extraordinary losses	10,894	1,994,931
Profit before income taxes	475,824	2,051,484
Income taxes - current	295,096	533,476
Income taxes - deferred	968,756	(429,652)
Total income taxes	1,263,853	103,824
Profit (loss)	(788,028)	1,947,659
Loss attributable to non-controlling interests	(9,714)	(25,035)
Profit (loss) attributable to owners of parent	(778,314)	1,972,695

Consolidated statement of comprehensive income

(Thousands of yen)

	Fiscal year ended February 20, 2025	Fiscal year ended February 20, 2026
Profit (loss)	(788,028)	1,947,659
Other comprehensive income		
Valuation difference on available-for-sale securities	(550,779)	28,592
Foreign currency translation adjustment	1,145,996	184,023
Remeasurements of defined benefit plans, net of tax	31,828	105,999
Total other comprehensive income	627,045	318,616
Comprehensive income	(160,983)	2,266,276
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(151,269)	2,290,156
Comprehensive income attributable to non-controlling interests	(9,714)	(23,879)

(3) Consolidated statements of changes in equity

Fiscal year ended February 20, 2025

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,888,510	2,845,623	27,774,080	(561,146)	31,947,066
Changes during period					
Dividends of surplus			(396,526)		(396,526)
Profit (loss) attributable to owners of parent			(778,314)		(778,314)
Disposal of treasury shares		44,956		10,700	55,656
Increase in consolidated subsidiaries - non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period	―	44,956	(1,174,841)	10,700	(1,119,184)
Balance at end of period	1,888,510	2,890,580	26,599,239	(550,446)	30,827,882

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	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	895,200	(752,204)	2,679,660	(58,128)	2,764,528	40,755	―	34,752,351
Changes during period								
Dividends of surplus								(396,526)
Profit (loss) attributable to owners of parent								(778,314)
Disposal of treasury shares								55,656
Increase in consolidated subsidiaries - non-controlling interests							51,363	51,363
Net changes in items other than shareholders' equity	(550,779)		1,145,996	31,828	627,045		(10,808)	616,237
Total changes during period	(550,779)	―	1,145,996	31,828	627,045	―	40,555	(451,583)
Balance at end of period	344,420	(752,204)	3,825,657	(26,299)	3,391,573	40,755	40,555	34,300,768

Fiscal year ended February 20, 2026

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	1,888,510	2,890,580	26,599,239	(550,446)	30,827,882
Changes during period					
Dividends of surplus			(291,205)		(291,205)
Profit (loss) attributable to owners of parent			1,972,695		1,972,695
Disposal of treasury shares		11,107		3,451	14,558
Increase in consolidated subsidiaries - non-controlling interests					
Net changes in items other than shareholders' equity					
Total changes during period	—	11,107	1,681,490	3,451	1,696,049
Balance at end of period	1,888,510	2,901,687	28,280,729	(546,995)	32,523,932

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	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	344,420	(752,204)	3,825,657	(26,299)	3,391,573	40,755	40,555	34,300,768
Changes during period								
Dividends of surplus								(291,205)
Profit (loss) attributable to owners of parent								1,972,695
Disposal of treasury shares								14,558
Increase in consolidated subsidiaries - non-controlling interests							31,852	31,852
Net changes in items other than shareholders' equity	28,592		182,867	105,999	317,460		(22,014)	295,445
Total changes during period	28,592	—	182,867	105,999	317,460	—	9,837	2,023,347
Balance at end of period	373,013	(752,204)	4,008,524	79,700	3,709,034	40,755	50,393	36,324,115

(4) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended February 20, 2025	Fiscal year ended February 20, 2026
Cash flows from operating activities		
Profit before income taxes	475,824	2,051,484
Depreciation	851,058	884,724
Amortization of goodwill	8,340	11,313
Gain on bargain purchase	—	(1,925,266)
Subsidy income	—	(1,770,410)
Loss on tax purpose reduction entry of non-current assets	—	1,770,410
Loss (gain) on sale of non-current assets	(354)	1,359
Loss on retirement of non-current assets	10,612	182
Impairment losses	—	95,152
Litigation settlement	—	127,736
Increase(decrease) for retirement benefits asset liability	10,566	4,788
Loss (gain) on sale of investment securities	(628,607)	(54)
Share of loss (profit) of entities accounted for using equity method	231	17,253
Increase (decrease) in provision for bonuses	(22,705)	42,161
Increase (decrease) in provision for bonuses for directors (and other officers)	1,800	9,200
Increase (decrease) in allowance for doubtful accounts	(153,108)	(3,074)
Increase (decrease) in provision for product warranties	18,026	(3,591)
Increase (decrease) in provision for loss on orders received	286,249	(237,694)
Increase (decrease) in provision for shareholder benefit program	2,452	2,803
Interest and dividend income	(207,822)	(136,813)
Increase (decrease) in long-term accounts payable - other	(6,942)	(9,918)
Interest expenses	24,019	42,594
Interest expenses on bonds	24,000	18,410
Decrease (increase) in trade receivables	98,400	1,172,857
Decrease (increase) in inventories	(949,032)	249,768
Increase (decrease) in trade payables	349,371	(1,037,991)
Increase (decrease) in contract liabilities	1,424,061	(660,044)
Increase (decrease) in accrued consumption taxes	(50,292)	18,027
Decrease (increase) in consumption taxes refund receivable	(202,038)	252,221
Other, net	(173,458)	655,772
Subtotal	1,190,649	1,643,367
Interest and dividends received	207,625	137,218
Income taxes paid	(257,076)	(465,597)
Interest paid	(48,836)	(55,022)
Litigation settlement paid	—	(127,736)
Net cash provided by (used in) operating activities	1,092,362	1,132,229
Cash flows from investing activities		
Net decrease (increase) in time deposits	1,507,030	1,629,437
Payment into Long-term deposit	(31,842)	—
Income from repayment of long-term deposits	—	64,875
Purchase of property, plant and equipment	(630,303)	(368,247)
Proceeds from sale of property, plant and equipment	1,265	195
Purchase of intangible assets	(48,937)	(78,893)
Subsidies received	—	1,770,410
Purchase of investment securities	(57,655)	(596,734)

Proceeds from sale of investment securities	671,938	71
Purchase of equity of subsidiaries resulting in change in scope of consolidation	(270,159)	—
Payments for acquisition of businesses	—	(2,150,000)
Other, net	(4,555)	(5,766)
Net cash provided by (used in) investing activities	1,136,780	265,347

(Thousands of yen)

	Fiscal year ended February 20, 2025	Fiscal year ended February 20, 2026
Cash flows from financing activities		
Proceeds from long-term borrowings	—	4,000,000
Repayments of long-term borrowings	(323,678)	(367,015)
Repayments of long-term accounts payable - other	(80,159)	(80,159)
Redemption of bonds	—	(5,000,000)
Dividends paid	(396,526)	(291,205)
Repayments of lease liabilities	(17,730)	(4,726)
Proceeds from share issuance to non-controlling shareholders	—	32,862
Dividends paid to non-controlling interests	(1,093)	—
Proceeds from issuance of shares resulting from exercise of share acquisition rights	45,826	—
Net cash provided by (used in) financing activities	(773,362)	(1,710,244)
Effect of exchange rate change on cash and cash equivalents	352,929	(19,571)
Net increase (decrease) in cash and cash equivalents	1,808,709	(332,239)
Cash and cash equivalents at beginning of period	7,923,920	9,732,630
Cash and cash equivalents at end of period	9,732,630	9,400,391

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Changes in Accounting Policies)

(Application of "Accounting Standard for Income Taxes, Resident Taxes and Enterprise Taxes, etc.")

The Group has applied the "Accounting Standard for Income Taxes, Resident Taxes and Enterprise Taxes, etc." (ASBJ Statement No. 27, October 28, 2022; hereinafter the "2022 Revised Accounting Standard") and related standards from the beginning of the consolidated fiscal year under review.
With respect to the revisions concerning the classification of income taxes (taxation related to other comprehensive income), the Group has applied the transitional treatment stipulated in the proviso to Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment stipulated in the proviso to Paragraph 65-2(2) of the "Implementation Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022).
In addition, regarding the revisions related to the review of the accounting treatment in consolidated financial statements when gains or losses arising from the sale of shares of subsidiaries, etc. among consolidated companies are deferred for tax purposes, the Group has applied the 2022 Revised Implementation Guidance from the beginning of the consolidated fiscal year under review.
There is no impact of these changes in accounting policies on the consolidated financial statements.

(Notes on Segment Information, etc.)

[Segment Information]

For the previous consolidated fiscal year (from February 21, 2024 to February 20, 2025) and the consolidated fiscal year under review (from February 21, 2025 to February 20, 2026)
The Group is engaged in the manufacture of general industrial machinery and equipment, including sanitary napkin manufacturing machines and diaper manufacturing machines, as well as other businesses. However, as the proportion of other businesses is immaterial in relation to the total of all segments, segment information has been omitted due to its lack of material significance for disclosure purposes.

[Information on Impairment Loss of Non-Current Assets by Reportable Segment]

For the previous consolidated fiscal year (from February 21, 2024 to February 20, 2025)
Not applicable.
For the consolidated fiscal year under review (from February 21, 2025 to February 20, 2026)
The Group does not allocate impairment losses of non-current assets by reportable segment. The amount and details of impairment losses are as follows:

Location	Use	Type	Amount of Impairment Loss
Torikai-kami Plant	Mask manufacturing machine	Machinery and equipment, and tools, furniture and fixtures	¥95,152 thousand

The Group groups its assets based on the smallest units that generate largely independent cash flows.
With respect to mask manufacturing machines, which were recorded as machinery and equipment and tools, furniture and fixtures, profitability declined and recovery of the investment became unlikely. Accordingly, the carrying amount was reduced to the recoverable amount, and the resulting decrease was recognized as an impairment loss.

[Information on Amortization of Goodwill and Unamortized Balance by Reportable Segment]

For the previous consolidated fiscal year (from February 21, 2024 to February 20, 2025)

Goodwill is not allocated to reportable segments.
Amortization of goodwill amounted to ¥5,425 thousand, and the unamortized balance was ¥60,534 thousand.
For the consolidated fiscal year under review (from February 21, 2025 to February 20, 2026)
Goodwill is not allocated to reportable segments.
Amortization of goodwill amounted to ¥11,313 thousand, and the unamortized balance was ¥55,357 thousand.

[Information on Gain on Bargain Purchase by Reportable Segment]

For the previous consolidated fiscal year (from February 21, 2024 to February 20, 2025)
Not applicable.
For the consolidated fiscal year under review (from February 21, 2025 to February 20, 2026)
Gain on bargain purchase is not allocated to reportable segments.
In addition, a gain on bargain purchase of ¥1,925,266 thousand was recognized in connection with the completion of the acquisition of the spunlace nonwoven business from UNITIKA LTD.

(Per Share Information)

Item	Fiscal year ended February 20, 2025	Fiscal year ended February 20, 2026
Net assets per share	¥1,293.00	¥1,368.61
Basic earnings (loss) per share	(¥29.41)	¥74.51
Diluted earnings per share	—	¥74.37

Notes:

1. Diluted earnings per share for the previous consolidated fiscal year is not presented because, although there were potential shares, a loss per share was recorded.
2. The basis for the calculation of basic earnings (loss) per share and diluted earnings per share is as follows:

	Fiscal year ended February 20, 2025	Fiscal year ended February 20, 2026
Basic earnings (loss) per share		
Profit (loss) attributable to owners of parent (¥ thousand)	(778,314)	1,972,695
Amount not attributable to common shareholders (¥ thousand)	—	—
Profit (loss) attributable to owners of parent related to common shares (¥ thousand)	(778,314)	1,972,695
Weighted average number of common shares outstanding (shares)	26,460,010	26,474,810
Diluted earnings per share		
Adjustments to profit attributable to owners of parent (¥ thousand)	—	—
Increase in the number of common shares (shares)	80,345	51,548
(of which stock acquisition rights)	(80,345)	(51,548)
Overview of potential shares not included in the calculation of diluted earnings per share due to lack of dilutive effect	—	—

(Subsequent Events)

Not applicable.

4. Other

Net Sales, Orders Received and Order Backlog by Product

(Thousands of yen)

By Product		Fiscal year ended February 20, 2025	Fiscal year ended February 20, 2026	Change
Net sales	Sanitary napkin mfg. machinery	3,109,392	3,286,423	177,031
	Baby disposable diaper mfg. machinery	6,870,767	6,891,181	20,413
	Adult disposable diaper mfg. machinery	6,369,279	7,518,258	1,148,979
	Other machinery	398,668	135,338	(263,330)
	Parts	2,809,302	2,445,465	(363,837)
	Other	393,368	893,584	500,216
	Total	19,950,779	21,170,251	1,219,471
Orders	Sanitary napkin mfg. machinery	3,564,235	3,055,296	(508,939)
	Baby disposable diaper mfg. machinery	9,215,331	6,329,581	(2,885,750)
	Adult disposable diaper mfg. machinery	6,128,347	7,441,226	1,312,878
	Other machinery	(342,596)	2,081,224	2,423,821
	Parts	2,809,302	2,445,465	(363,837)
	Other	393,368	893,584	500,216
	Total	21,767,989	22,246,378	478,388
Backlogs	Sanitary napkin mfg. machinery	1,860,869	1,629,742	(231,127)
	Baby disposable diaper mfg. machinery	7,557,692	6,996,092	(561,599)
	Adult disposable diaper mfg. machinery	5,260,632	5,183,600	(77,031)
	Other machinery	92,950	2,038,836	1,945,886
	Parts	—	—	—
	Other	—	—	—
	Total	14,772,145	15,848,272	1,076,127