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Semi-annual financial results for FY2026 (Ended August 20, 2026)

October 2, 2026

Zuiko Co., Ltd.

- 1** Semi-annual financial results for FY2026
- 2** FY2026 Earnings Forecast and Shareholder Returns
- 3** Topics in FY2026

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Semi-annual financial results for FY2026

1. Consolidated Financial results Summary

- Net sales ¥10,899 million (+3.9%): spunlace growth offset machinery decline.
- Operating profit was a loss of ¥222 million on weak Zuiko Shanghai sales and delay costs.
- Second half: sales and profit recover as Zuiko Shanghai rebounds.

(Millions of yen)	1st half, FY 2024	1st half, FY 2025			1st half, FY 2026			
	Amount	Amount	Ratio to net sales	YoY	Amount	Ratio to net sales	YoY	
							Amount	%
Net sales	8,405	10,493	100.0%	+24.8%	10,899	100.0%	+405	+3.9%
Gross profit	1,395	1,766	16.8%	+26.6%	1,355	12.4%	(410)	(23.2%)
Selling, general and administrative expenses	1,575	1,379	13.1%	(12.4)%	1,578	14.5%	+198	+14.4%
Operating profit	(179)	386	3.7%	—	(222)	(2.0%)	(608)	—
Ordinary profit	(130)	422	4.0%	—	(158)	(1.5%)	(580)	—
Profit attributable to owners of parent	(705)	316	3.0%	—	(146)	(1.3%)	(463)	—
Basic earnings per share	(26.66 yen)	11.97 yen	—	—	(5.65 yen)	—	(17.62 yen)	—
Capital expenditure	551	103	—	(81.3%)	343	—	+240	+232.9%
Depreciation	410	425	—	+3.5%	479	—	+54	+12.9%

2. Segment Information

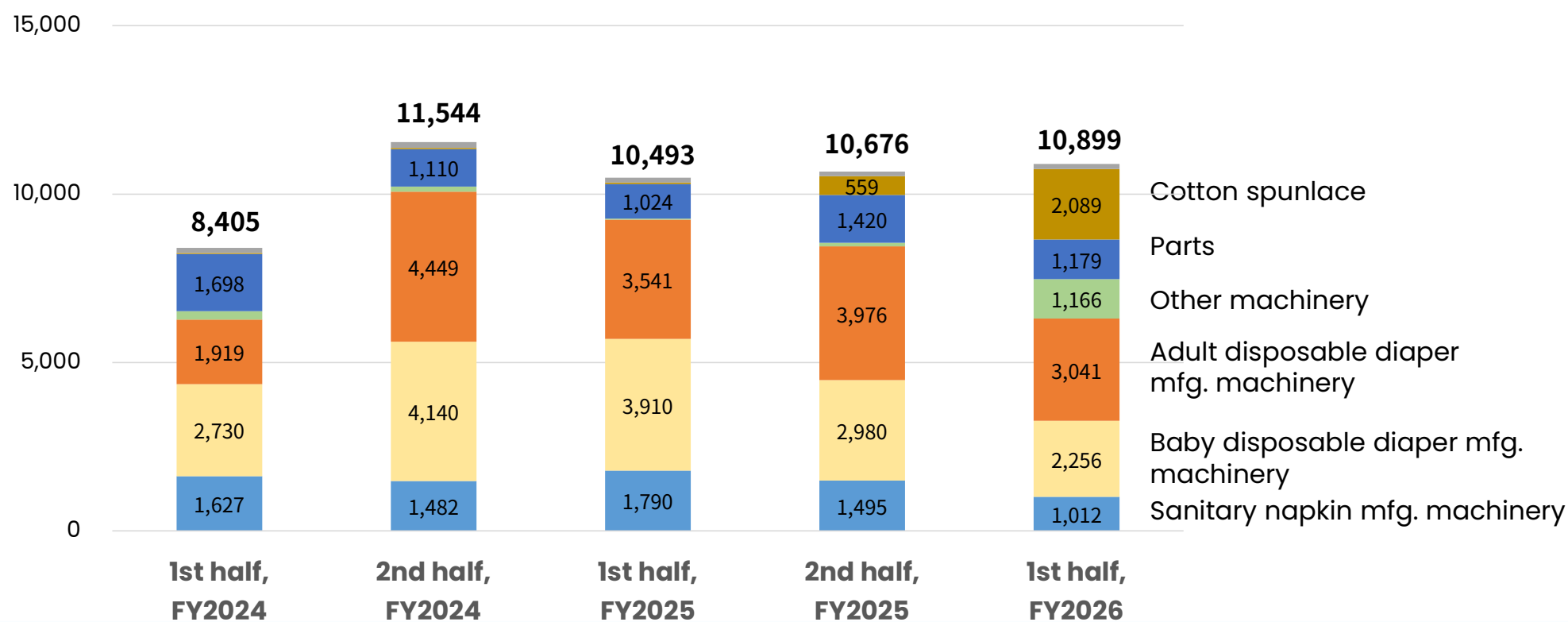


- Sanitary Products Machinery: Sales ¥8,656 million, down ¥1,645 million YoY, mainly due to Zuiko Shanghai, although its shipments are concentrated in the second half.
- Cotton Spanlace: As a result of incorporating acquired businesses , securing ¥3 million operating profit in year one.

(Millions of yen)		1st half, FY 2025	1st half, FY 2026		
		Amount	Amount	YoY	
				Amount	%
Sanitary Products Machinery Business	Net sales	10,301	8,656	(1,645)	(16.0%)
	Operating profit	408	(227)	(635)	—
	Profit margin	4.0%	(2.6%)	—	(6.6pt)
Cotton Spunlace Business	Net sales	47	2,089	+2,042	+4344.7%
	Operating profit	(19)	3	+22	—
	Profit margin	(41.0%)	0.2%	—	+41.2pt
Other	Net sales	144	152	+8	+5.6%
	Operating profit	(3)	(3)	+0	—
	Profit margin	(2.1%)	(2.0%)	—	+0.2pt
Consolidated financial statements	Net sales	10,493	10,899	+406	+3.9%
	Operating profit	386	(222)	(608)	—
	Profit margin	3.7%	(2.0%)	—	(5.7pt)

3. Sales Trends by Product Type

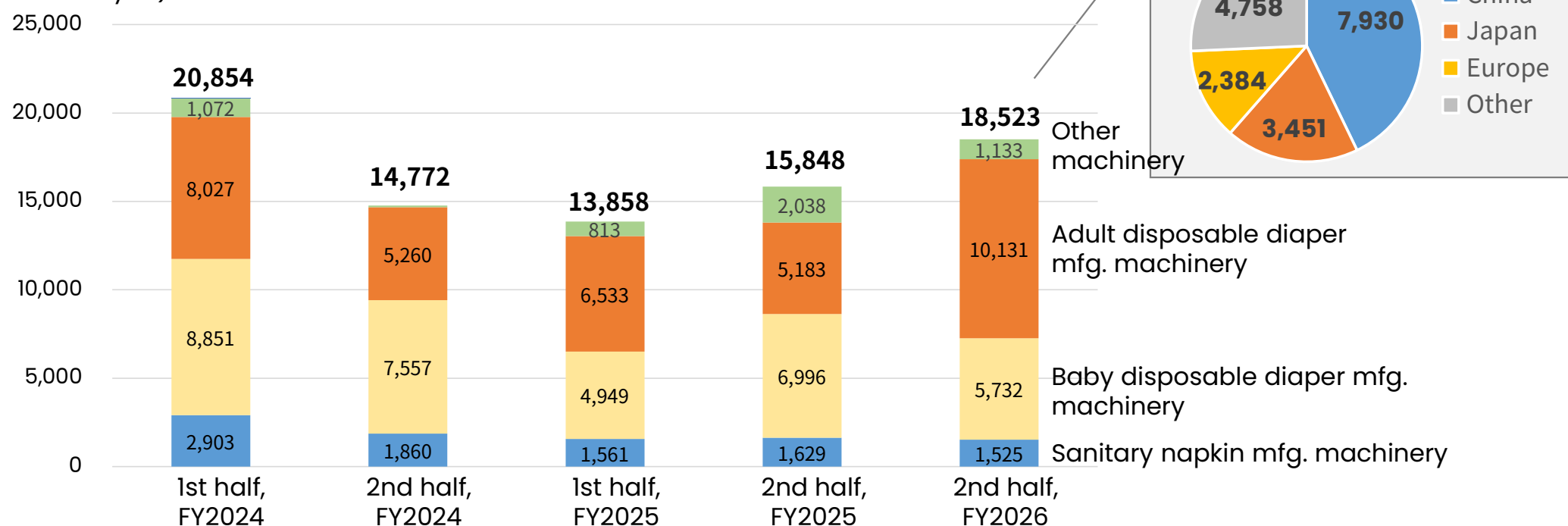
- Sanitary napkin and baby diaper machines fell on rebounds in Asia and Europe.
(Combined sales over the past three fiscal years: ¥7.5bn → ¥7.0bn → ¥5.3bn)
- Cotton spunlace increased following the commencement of operations in January 2026.
- Other machinery led by new coveralling machines



4. Order Backlog Trends (Sanitary Products Machinery)

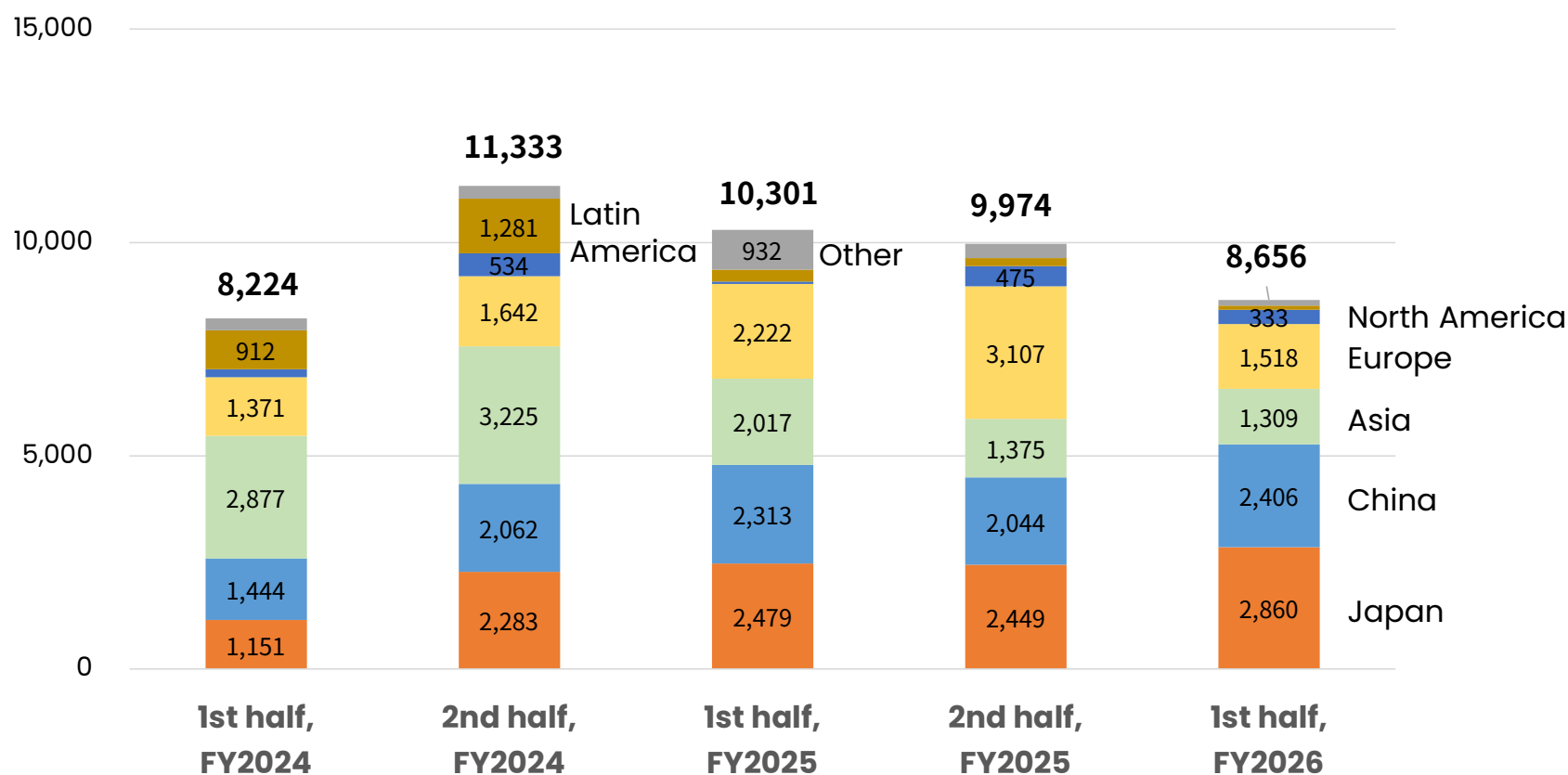
- Order backlog at the end of 1H FY2026: ¥18,523 million including ¥7,930 million at ZUIKO Shanghai.
- Combined order backlog for baby and adult diaper increased from ¥11.5 billion to ¥12.2 billion and ¥15.8 billion over the past three fiscal years.
- Growth was driven by increased demand for adult diaper including light incontinence pads and incontinence care products.

(Millions of yen)



5. Sales Trends by Region (Sanitary Products Machinery)

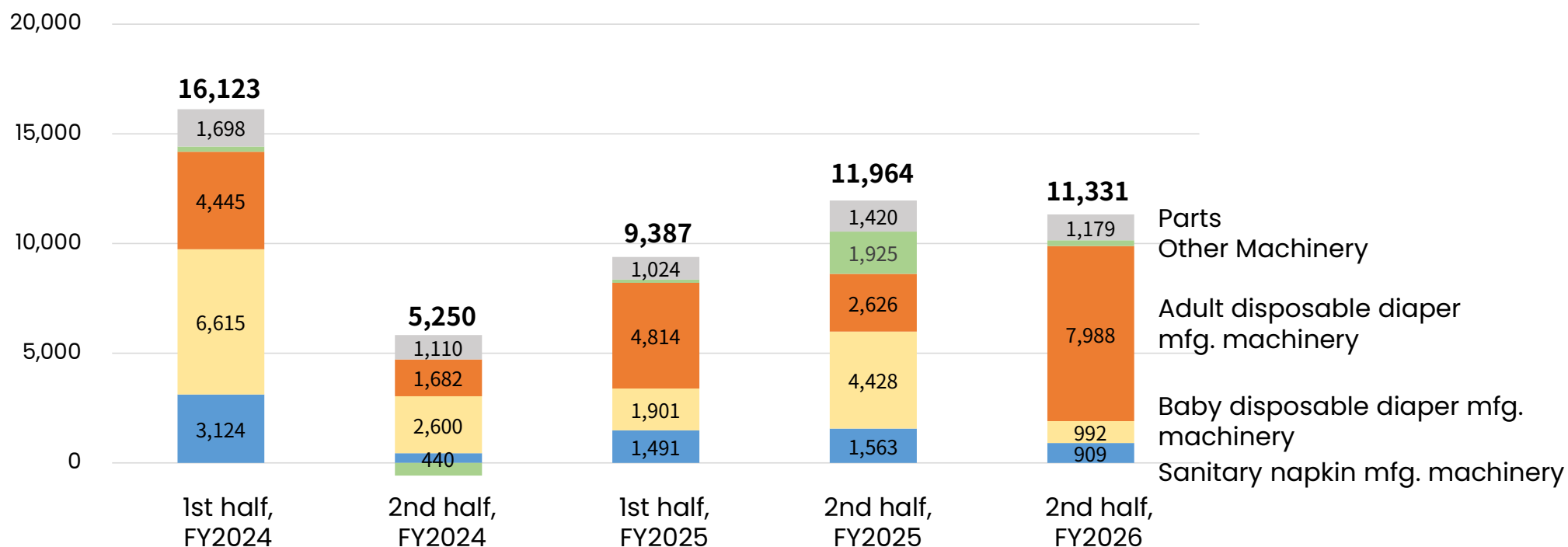
- Sales in Japan and China remained firm, driven mainly by adult diapers.
- The decline in Europe reflected the absence of the large-scale Greece project in the previous fiscal year and shipment timing at DELTA being weighted toward the second half.



6. Order Intake Trends (Sanitary Products Machinery)

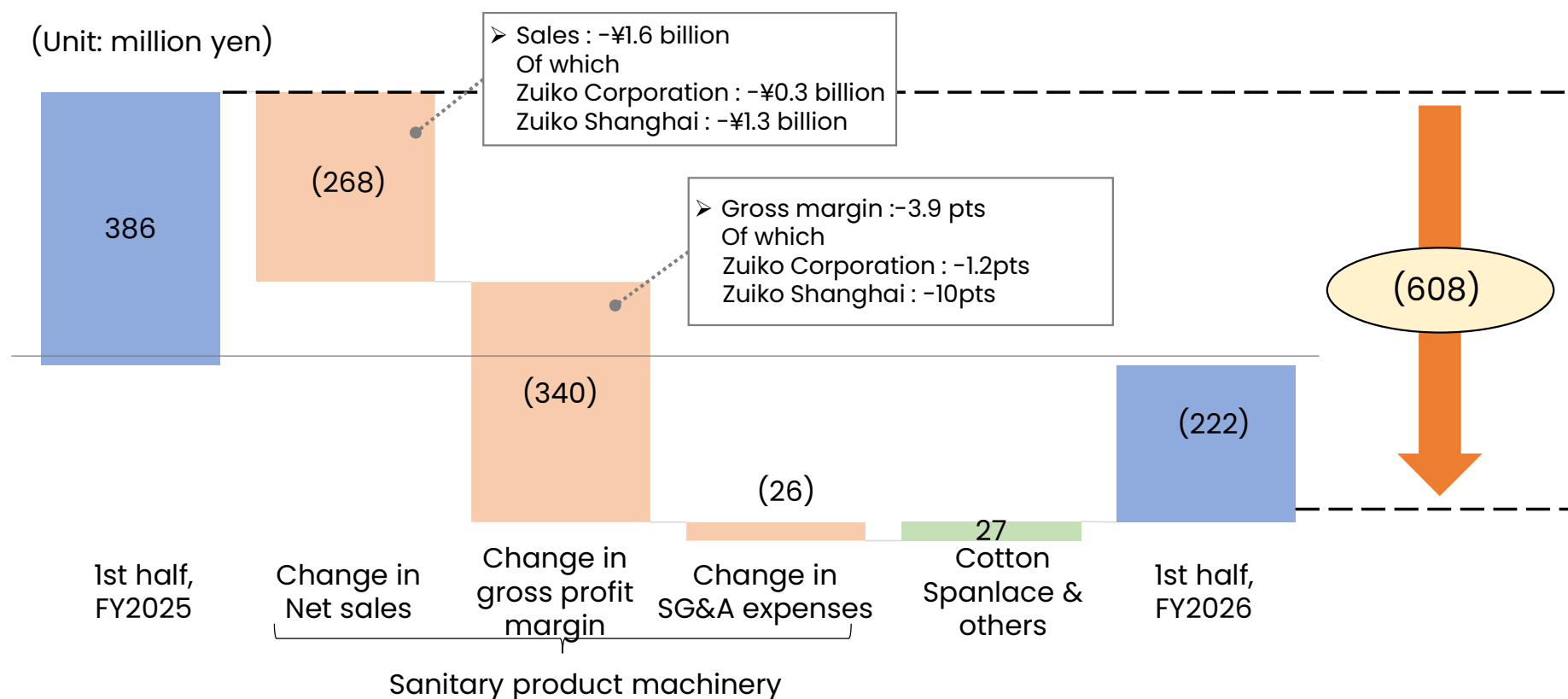
- Order intake for 1H FY2026 totaled ¥11,331 million, remaining at the same level as the previous fiscal year. Of this amount, adult diaper manufacturing machinery accounted for ¥7,988 million, representing approximately 70% of the total.

(Million yen)



7. Factors Affecting Operating Profit (vs. FY2025)

- Operating profit decreased by ¥608 million YoY, mainly due to a ¥1.3 billion sales decline at Zuiko Shanghai, lower capacity utilization and gross profit margin declined by 10 percentage points caused by price competition in China



8. Non-operating and Extraordinary Gains and Losses (vs. FY2025)



- Non-operating income increased by ¥72 million, mainly due to foreign exchange gains.
- Non-operating expenses increased by ¥44 million, mainly due to interest expenses and equity-method losses from PZ

(Millions of yen)

		1st half, FY2025	1st half, FY2026	YoY
Non-operating income	Interest income	36	41	4
	Dividend income	7	8	0
	Foreign exchange gains	—	40	40
	Other	34	61	26
	Total	79	151	72
Non-operating expenses	Interest expenses	12	38	26
	Interest expenses on bonds	12	—	(12)
	Share of loss of entities accounted for using equity method	3	47	44
	Foreign exchange losses	14	—	(14)
	Other	1	0	(1)
	Total	43	87	44
Extraordinary income	Gain on sale of non-current assets	0	0	0
	Gain on sale of investment securities	0	—	0
	Total	0	0	0
Extraordinary losses	Loss on sale and retirement of non-current assets	0	5	5
	Total	0	5	5

The weaker yen resulted in foreign exchange gains

Interest expenses increased due to borrowings undertaken to refinance bond redemptions in the previous fiscal year, additional borrowings, and higher variable interest rates.

Equity-method loss related to affiliated company PROGA ZUIKO

9. Balance Sheet



- Assets: +¥1,752 million, Liabilities: +¥1,863 million vs. FY2025 year-end
- Driven by inventory buildup for 2H shipments and higher working capital borrowings.

(Millions of yen)	FY2025		FY2026 interim		
	Amount	Composition	Amount	Composition	fluctuation
Current assets	32,702	62.4%	34,227	63.2%	+1,525
Cash and deposits	13,403	25.6%	11,897	22.0%	(1,505)
Trade receivables	10,552	20.1%	11,066	20.4%	+513
inventories	7,504	14.3%	10,551	19.5%	+3,047
Other	1,241	2.4%	711	1.3%	(530)
Non-current assets	19,738	37.6%	19,965	36.8%	+227
Property, plant and equipment	17,537	33.4%	17,567	32.4%	+29
Intangible assets	620	1.2%	622	1.1%	+2
Investments and other assets	1,579	3.0%	1,775	3.3%	+195
Total assets	52,440	100.0%	54,192	100.0%	+1,752
Liabilities	16,116	30.7%	17,979	33.2%	+1,863
Trade payables	3,235	6.2%	3,183	5.9%	(51)
Interest-bearing liabilities	6,225	11.9%	7,543	13.9%	+1,317
Contract liabilities	3,155	6.0%	4,112	7.6%	+957
Other Liabilities	3,500	6.7%	3,140	5.8%	(360)
Net assets	36,324	69.3%	36,213	66.8%	(110)
Total liabilities and net assets	52,440	100.0%	54,192	100.0%	+1,752

➤ ZUIKO Corporation: -1.3 billion yen
(Primarily due to working capital outflows)

➤ Zuiko Shanghai +1.8 billion yen
(due to shipments concentrated in the second half)
➤ ZUIKO Corporation : +8 billion yen

➤ New bank loans of 1.5 billion yen at ZUIKO Corporation

➤ Zuiko Shanghai: +1 billion yen
(due to increased orders)

	FY2025	FY2026 interim
DE Ratio	0.17 times	0.21 times
capital adequacy ratio	69.1%	66.7%

10. Cash Flow

- Operating CF: -¥2,260 million, mainly due to net loss and higher inventories
- Investing CF: -¥1,651 million, mainly due to time deposits at ZUIKO Shanghai

(Millions of yen)	1st half, FY2025	2st half, FY2025	1st half, FY2026
Cash flows from operating activities	105	1,027	(2,260)
Cash flows from investing activities	(2,841)	3,106	(1,651)
Cash flows from financing activities	(370)	(1,339)	629
Net increase (decrease) in cash and cash equivalents	(3,417)	3,085	(3,111)
Cash and cash equivalents at end of period	6,314	9,400	6,289
Free cash flows	(2,736)	4,133	(3,911)

Main breakdown of cash flows for the current period

Operating Cash Flow

- loss before income taxes: -163
- Increase in inventories: -2,667
- Depreciation: 479

Investment Cash Flow

- Increase in time deposits: -1,310
- Purchase of property, plant and equipment: -331

Financial Cash Flow

- Dividends paid: -158
- Repayments of long-term borrowings: -185
- Purchase of treasury shares: -478
- Proceeds from long-term borrowings: 1,500

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FY2026 Earnings Forecast and Shareholder Returns

1. Earnings Forecast
2. Shareholder Returns

1. Earnings Forecast *Reposted disclosure materials as of 2026/4/3

- Sales of ¥27,000 million (incl. ¥50 million from new businesses) and operating profit of ¥1,780 million, in line with the mid-term plan
- Gross margin targeted to recover to 19%; potential cost increases from the situation in Iran are not factored in

(Millions of yen)	FY2024		Forecasts for FY 2025			
	Amount	Ratio to net sales	Amount	Ratio to net sales	YoY	
					Amount	%
Net sales	21,170	100.0%	27,000	100.0%	+5,830	+27.5%
Gross profit	3,204	15.1%	5,180	19.2%	+1,976	+61.7%
Selling, general and administrative expenses	3,042	14.4%	3,400	12.6%	+358	+11.8%
Operating profit	162	0.8%	1,780	6.6%	+1,618	+998.8%
Ordinary profit	350	1.7%	1,820	6.7%	+1,470	+420.0%
Profit attributable to owners of parent	1,972	9.3%	1,280	4.7%	(692)	(35.1%)
Basic earnings per share	74.51yen	—	48.35yen	—	(26.16yen)	(35.1%)

- Strong sales in Japan and China
- Contribution from DELTA
- Contribution from new businesses (spunlace nonwoven and PPE)

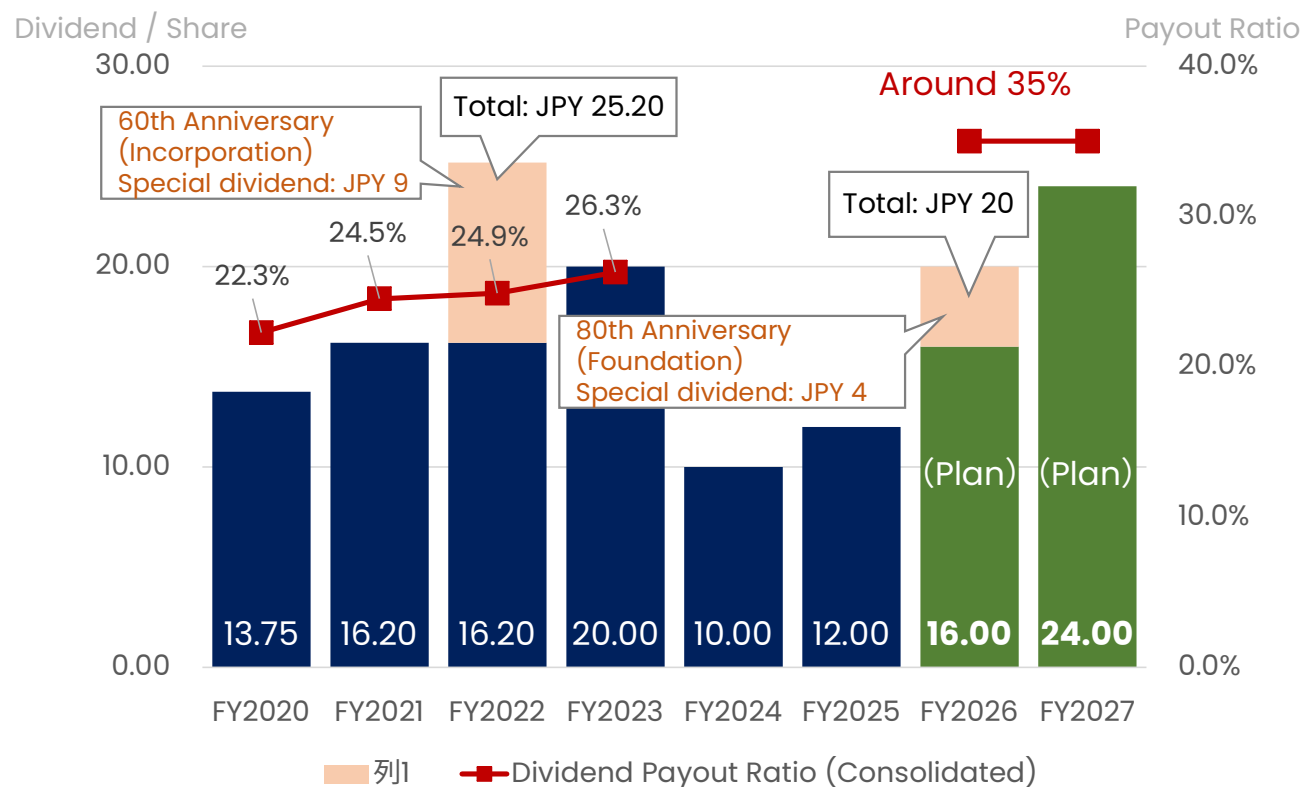
- Shipments of new models for overseas customers completed
- Margin secured through strengthening of parts and service sales
- Global sourcing
- Optimization of shipment lead times

2. Shareholder Returns *Reposted disclosure materials as of 2026/4/3



- The Company's basic policy remains unchanged:
dividend levels will be determined based on the consolidated dividend payout ratio.
- 500 thousand treasury shares were acquired on February 25, 2026.

【Shareholder Returns】



<Policy on Shareholder Returns>

- Targeting a consolidated dividend payout ratio of around 35%
- A FY2026 dividend of ¥20 per share is planned, including a ¥4 special dividend to commemorate the Company's 80th anniversary.

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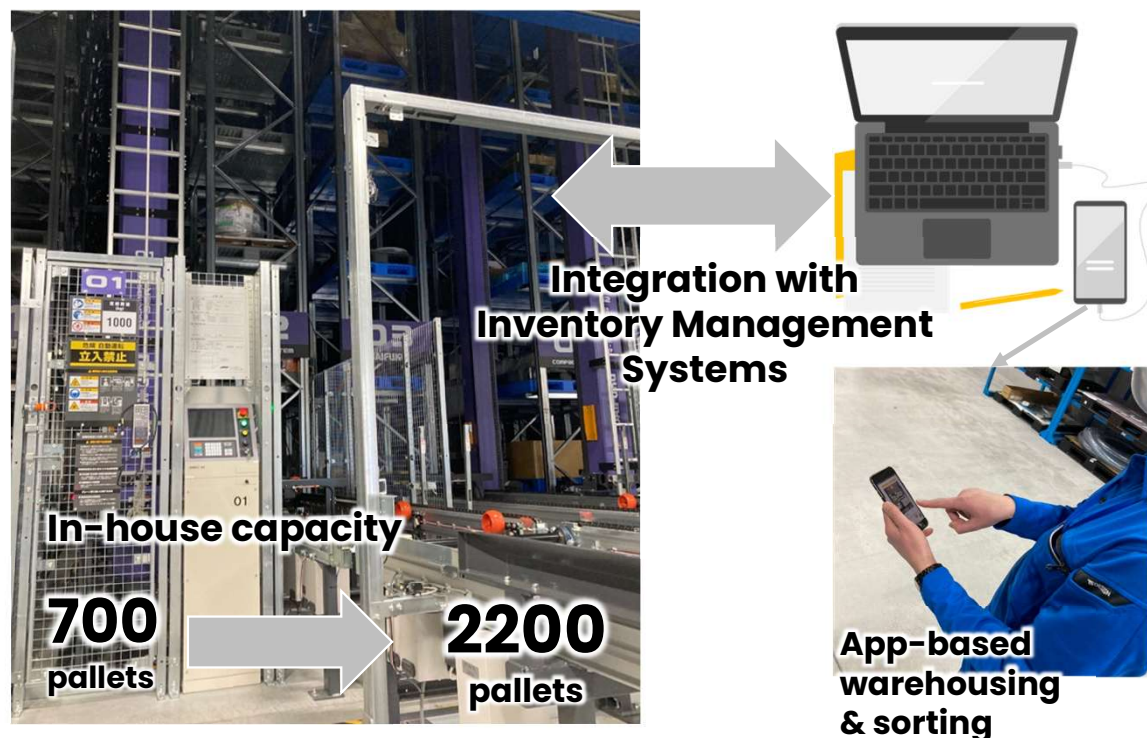
Topics in FY2026

1. Introduction of Automated Warehouses
2. Spunlace Business
3. Protective Clothing Business
4. Excretory Device Business
5. Recycling Business
6. Growth Investment in Packaging Machinery

1. Introduction of Automated Warehouses

An automated warehouse will be installed at the HQ factory in July 2026.
It will cut external warehouse rental costs and streamline internal logistics and inventory management.

■ Automated warehouse



Reducing external warehouse costs

Annual savings of 20~30 million yen

Timely shipments

Next-day or later ⇒ same-day shipment

Streamlined inbound/outbound/sorting

Thorough location management

2. Spunlace Business



In December 2025, acquiring Unitika Co., Ltd.'s business to enter spunlace nonwovens.
Targeting a stable 10% operating profit margin via cost improvement and sales enhancement.

Cost improvement

- In-house production of outsourced processes; foreign matter removal robots
- Diversifying Suppliers
- Nonwoven machinery modification

Sales Enhancement

- New Product Development
- Revision of Sales Unit Prices
- Developing new business partners

Aiming for a revenue structure that consistently achieves an operating profit margin of 10%

■ Tarui Factory Rewind Machine



- More rewind machines; expanding in-house production
- Foreign matter removal robots planned; major labor reduction

■ CotAce[®] 100% cotton spun lace



- To diversify suppliers, expanding overseas sourcing (American raw cotton, processed in India).

3. Protective clothing business (fully automatic coverall machines)

World's first fully automatic coverall-processing machine ships in spring 2027.
From the next fiscal year, affiliate PROGA ZUIKO will produce and sell coveralls globally.

■ Fully automatic coverall processing prototype / sample



Automating mold-making and sewing, once done by hand, delivers
major cost cuts and better quality



■ Schedule flow

ZUIKO
(processing machine manufacture and sales)

**Samples run on prototypes;
first unit ships spring 2027**

PROGA ZUIKO
(Korean affiliate, coverall maker and seller)

**Global sales from next
fiscal year**

Disposable coverall gown market
(chemical, petroleum, semiconductor)
2.5 billion USD in 2024 ⇒ 4.5 billion USD in 2033

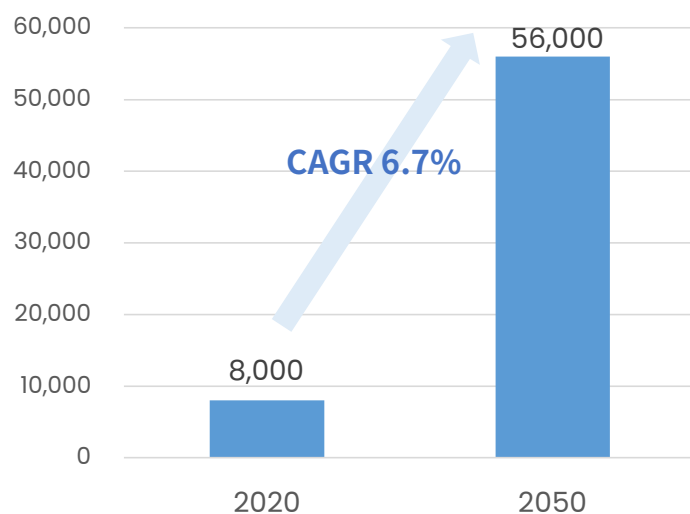
4. Excretion Device Business (Automatic Excretion Equipment)

Developed an automatic excretion device for the expanding nursing care market, differentiated by functionality and ease of use.

In October, a mockup will be shown at a Korean exhibition; Korea sales follow next year, then Japan.

■ Domestic Nursing Care Equipment Market Size

(100 million yen)



Source: Ministry of Economy, Trade and Industry
 , "Survey Project Related to the Healthcare Service Market, etc."

■ Automatic Excretion Processing Device 'Seia'

Space-saving,
touch panel, and
added Wi-Fi features



Enhanced deodorizing;
hot water tank and
soundproofing

Special sensors distinguish
urine from shower water

**Improving function and ease of use for both care recipients
and carers,**
achieving differentiation from other products.

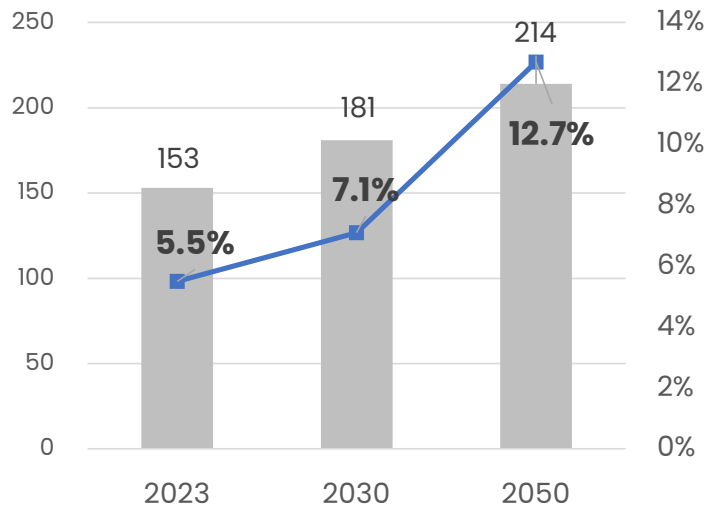
5. Used Diaper Recycling Business



With demand for used-diaper recycling expanding, we will build a new-model prototype in the second half of the year and plan full-scale sales from the next fiscal year onward.

■ Used Adult Diaper Waste and Share of General Waste

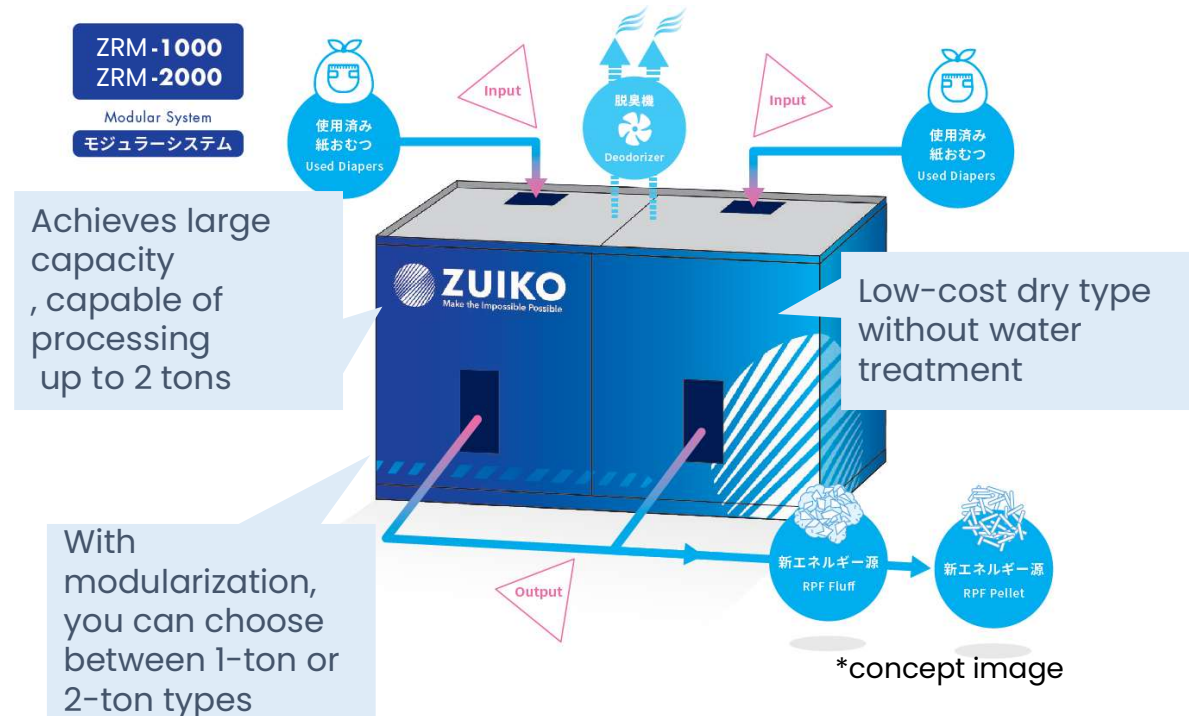
(10,000 tons)



National goal: municipalities recycling or considering it to rise from 78 in 2023 to 150 in 2030.

Source: Ministry of the Environment, "Revision of the Guidelines for the Recycling of Used Diapers"

■ New Model Used Disposable Diaper Recycling Machine



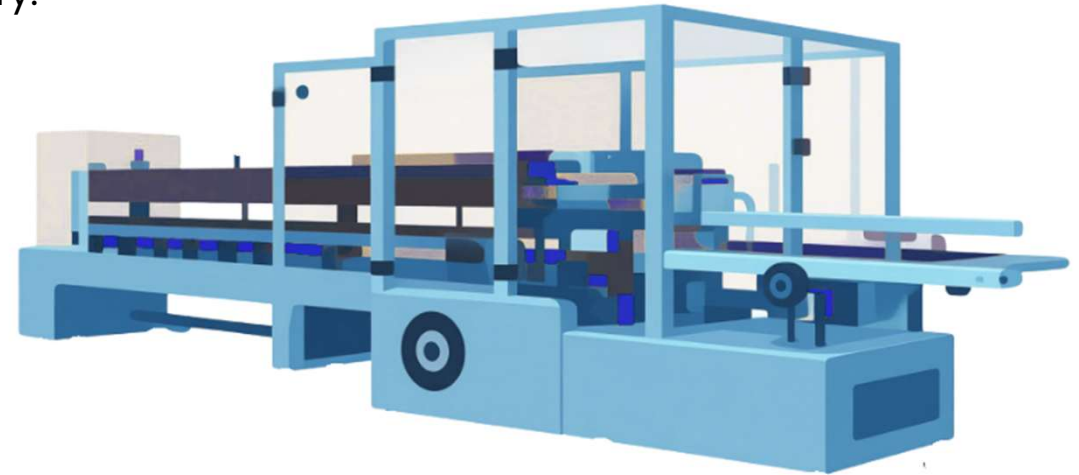
6. Growth Investment in Automatic Packaging Machinery



We are exploring growth investments, including capital and business alliances and technology partnerships, to expand our business domain and strengthen our technology portfolio in automatic packaging machinery. There are currently no matters requiring disclosure.

Key Priorities in Growth Investments

- (1) Expanding the product lineup
- (2) Strengthening technical and development capabilities
- (3) Strengthening the business base in Japan and overseas
- (4) Enhancing service delivery capability
- (5) Strengthening production and procurement





Contact Information for IR Inquiries

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Forward-looking information in this document rests on assumptions we currently deem reasonable.
Actual results may differ significantly or change without prior notice.