

Semi-annual financial results for FY2025 (Ended August 20, 2025)

October , 2025



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Semi-annual financial results for FY2025

1 . Consolidated Financial results Summary



- Net sales were 10,493 million yen (up 24.8% YoY), mainly due to increase in net sales to China and Japan.
- Operating profit was 386 million yen (up 565 million yen YoY), due to a decrease in selling, general and administrative expenses.

(Millions of yen)	1st half, FY 2023	1st half, FY 2024			1st half, FY 2025			
	Amount	Amount	Ratio to net sales	YoY	Amount	Ratio to net sales	YoY	
							Amount	%
Net sales	9,964	8,405	100.0%	(15.6)%	10,493	100.0%	+2,087	+24.8%
Gross profit	1,955	1,395	16.6%	(28.6)%	1,766	16.8%	+370	+26.6%
Selling, general and administrative expenses	1,743	1,575	18.7%	(9.7)%	1,379	13.1%	(195)	(12.4)%
Operating profit	211	(179)	(2.1)%	—	386	3.7%	+565	—
Ordinary profit	514	(130)	(1.6)%	—	422	4.0%	+553	—
Profit attributable to owners of parent	236	(705)	(8.4)%	—	316	3.0%	+1,022	—
Basic earnings per share	8.95yen	(26.66)yen	—	(397.9)%	11.97yen	—	+38.63yen	—
Capital expenditure	197	551	—	+179.6%	103	—	(448)	(81.3)%
Depreciation	410	410	—	(0.0)%	425	—	+14	+3.5%

2 . Sales Trends (Sales by region)

- Sales to Japan and China fell sharply in 1st half, FY2024, but are currently showing signs of recovery.
- With the consolidation of ZUIKO DELTA (Italy), which was acquired as a subsidiary in the previous fiscal year, sales in Europe reached 2 billion yen.

 : Increased compared to the most recent half
  : decreased compared to the most recent half

(Millions of yen)	1st half, FY2023		2nd half, FY2023		1st half, FY2024		2nd half, FY2024		1st half, FY2025	
	Amount	Compositi on	Amount	Compositi on	Amount	Compositi on	Amount	Compositi on	Amount	Compositi on
Japan	 2,491	25.0%	 2,226	18.9%	 1,333	15.9%	 2,495	21.6%	 2,670	25.5%
China	 2,286	23.0%	 3,529	30.0%	 1,444	17.2%	 2,062	17.9%	 2,313	22.0%
Asia	 2,416	24.2%	 2,645	22.5%	 2,877	34.2%	 3,225	28.0%	 2,017	19.2%
Europe	 1,518	15.2%	 1,274	10.8%	 1,371	16.3%	 1,642	14.2%	 2,222	21.2%
North America	 587	5.9%	 573	4.9%	 187	2.2%	 534	4.6%	 57	0.5%
Latin America	 371	3.7%	 1,424	12.1%	 912	10.9%	 1,281	11.1%	 279	2.7%
Other	 292	2.9%	 99	0.8%	 279	3.3%	 302	2.6%	 932	8.9%
Total	9,964	100.0%	11,773	100.0%	8,405	100.0%	11,544	100.0%	10,493	100.0%

3 . Sales Trends (Sales by product)

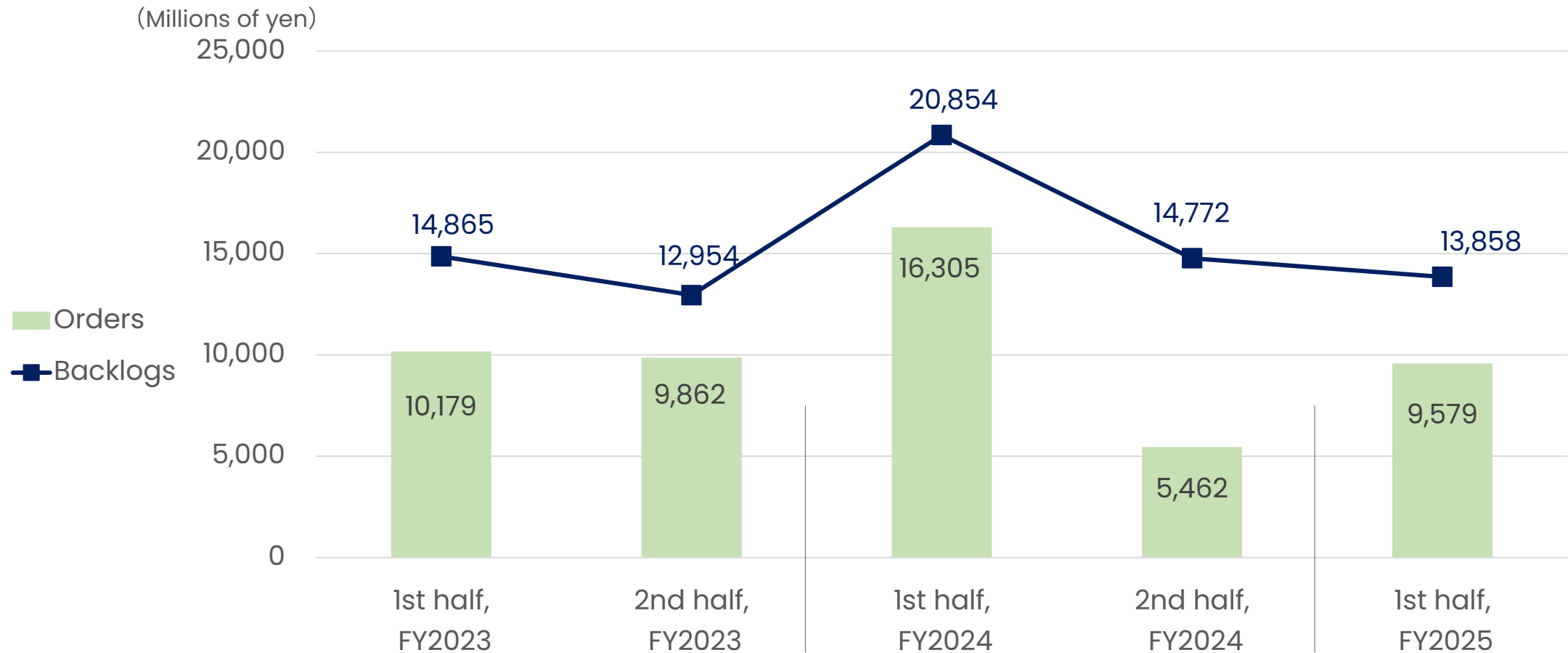
- Sales in 1st half of FY2025 were at a steady level in all product categories.

 : Increased compared to the most recent half
  : decreased compared to the most recent half

(Millions of yen)	1st half, FY2023			2nd half, FY2023			1st half, FY2024			2nd half, FY2024			1st half, FY2025		
	Amount		Composi tion	Amount		Composi tion	Amount		Composi tion	Amount		Composi tion	Amount		Composi tion
Sanitary napkin mfg. machinery		1,694	17.0%		2,121	18.0%		1,627	19.4%		1,482	12.8%		1,790	17.1%
Baby disposable diaper mfg. machinery		1,485	14.9%		3,100	26.3%		2,730	32.5%		4,140	35.9%		3,910	37.2%
Adult disposable diaper mfg. machinery		5,156	51.8%		4,999	42.5%		1,919	22.8%		4,449	38.6%		3,541	33.8%
Other machinery		480	4.8%		267	2.3%		247	2.9%		150	1.3%		34	0.3%
Parts		1,039	10.4%		1,197	10.2%		1,698	20.2%		1,110	9.6%		1,024	9.8%
Other		106	1.1%		86	0.7%		181	2.2%		211	1.8%		191	1.8%
Total		9,964	100.0%		11,773	100.0%		8,405	100.0%		11,544	100.0%		10,493	100.0%

4. Order Trends

- The order backlog as of the end of 1st half FY2025 is 13,858 million yen, down 913 million yen (6.2%) from the end of the previous fiscal year.
- Orders received in 1st half FY2025 were 9,579 million yen, an increase of 4,116 million yen (75.4%) compared to 2nd half FY2024.



5 . Order Trends (by product)

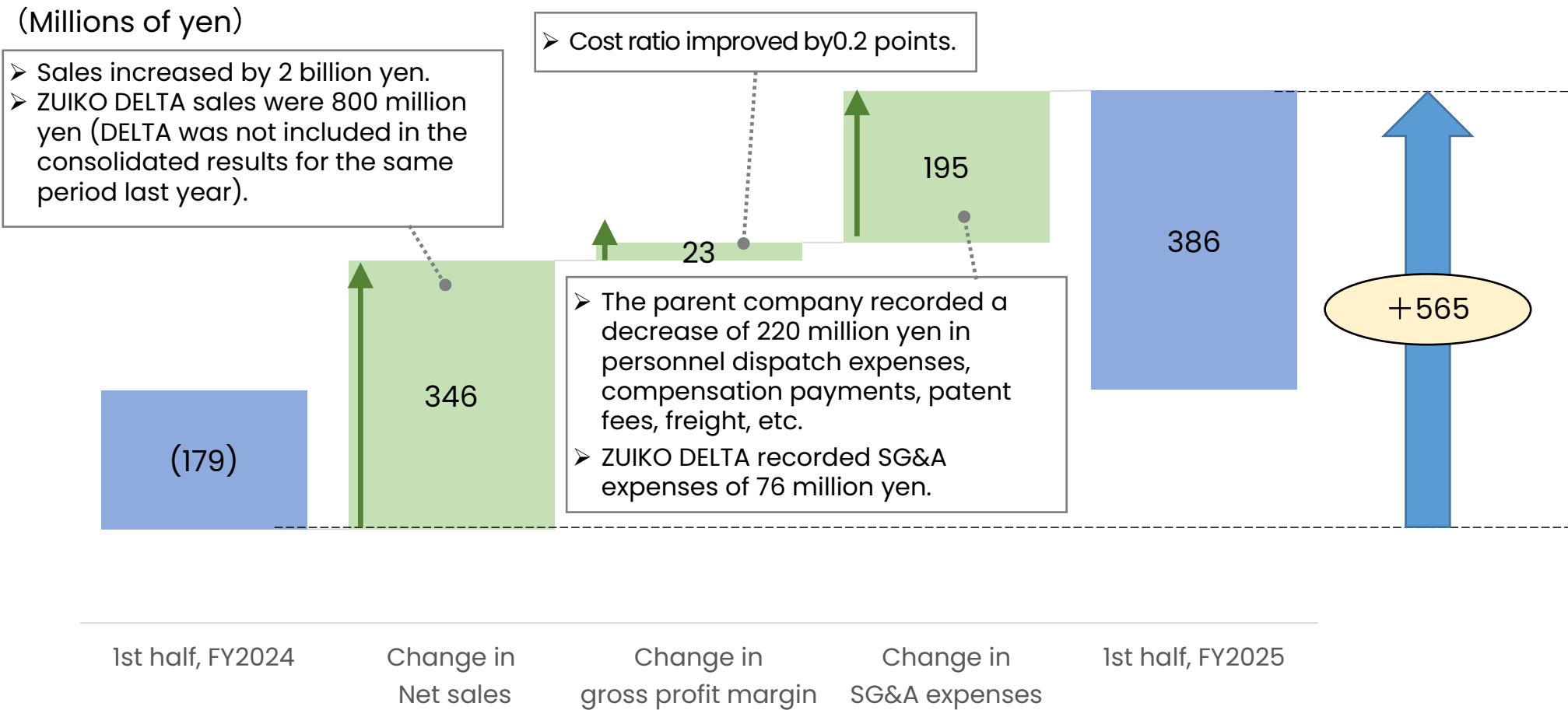
Orders (Millions of yen)	1st half, FY2023		2nd half, FY2023		1st half, FY2024		2nd half, FY2024		1st half, FY2025	
	Amount	Composition	Amount	Composition	Amount	Composition	Amount	Composition	Amount	Composition
Sanitary napkin mfg. machinery	1,838	18.1%	1,350	13.7%	3,124	19.2%	305	5.6%	1,491	15.6%
Baby disposable diaper mfg. machinery	2,881	28.3%	4,559	46.2%	6,615	40.6%	1,556	28.5%	1,901	19.8%
Adult disposable diaper mfg. machinery	3,681	36.2%	2,645	26.8%	4,445	27.3%	1,682	30.8%	4,814	50.3%
Other machinery	630	6.2%	21	0.2%	240	1.5%	595	10.9%	155	1.6%
Parts	1,039	10.2%	1,197	12.1%	1,698	10.4%	1,110	20.3%	1,024	10.7%
Other	106	1.1%	86	0.9%	181	1.1%	211	3.9%	191	2.0%
Total	10,179	100.0%	9,862	100.0%	16,305	100.0%	5,462	100.0%	9,579	100.0%

Backlogs (Millions of yen)	1st half, FY2023		2nd half, FY2023		1st half, FY2024		2nd half, FY2024		1st half, FY2025	
	Amount	Composition	Amount	Composition	Amount	Composition	Amount	Composition	Amount	Composition
Sanitary napkin mfg. machinery	2,176	14.6%	1,406	10.9%	2,903	13.9%	1,725	11.7%	1,561	11.3%
Baby disposable diaper mfg. machinery	3,507	23.6%	4,967	38.3%	8,851	42.4%	6,268	42.4%	4,949	35.7%
Adult disposable diaper mfg. machinery	7,855	52.8%	5,501	42.5%	8,027	38.5%	5,260	35.6%	6,533	47.1%
Other machinery	1,325	8.9%	1,080	8.3%	1,072	5.1%	1,517	10.3%	813	5.9%
Total	14,865	100.0%	12,954	100.0%	20,854	100.0%	14,772	100.0%	13,858	100.0%

6 . Fluctuation of operating profit compared to FY2024



- Due to increased sales, operating profit increased by 565 million yen compared to the same period last year to 386 million yen.
- SG&A expenses decreased overall due to cost reductions at the parent company that more than offset the increase in expenses resulting from the new consolidation of ZUIKO DELTA.



7 . Non-operating income and expenses, Extraordinary income and losses

(Millions of yen)		1st half, FY2024	1st half, FY2025	YoY	
Non-operating income	Interest income	88	36	(51)	➤ Decreased interest income from fixed term deposits at overseas subsidiaries
	Dividend income	8	7	0	
	Other	26	34	8	
Non-operating expenses	Interest expenses	8	12	4	➤ loss regarding PROGA ZUIKO, our affiliated company
	Interest expenses on bonds	12	12	—	
	Share of loss of entities accounted for using equity method	—	3	3	
	Foreign exchange losses	43	14	(29)	
	Other	10	1	(8)	
Extraordinary income	Gain on sale of non-current assets	—	0	0	➤ Reduction of investment securities
	Gain on sale of investment securities	533	0	(533)	
Extraordinary losses	Loss on sale and retirement of non-current assets	0	0	0	

8 . Balance Sheet

(Millions of yen)	FY2024		FY2025 interim		
	Amount	Composition	Amount	Composition	fluctuation
Current assets	35,462	67.7%	33,297	67.0%	(2,164)
Cash and deposits	15,324	29.2%	14,220	28.6%	(1,104)
Trade receivables	11,658	22.2%	11,631	23.4%	(26)
inventories	6,787	12.9%	6,200	12.5%	(587)
Other	1,691	3.2%	1,245	2.5%	(446)
Non-current assets	16,954	32.3%	16,401	33.0%	(552)
Property, plant and equipment	15,489	29.6%	15,022	30.2%	(466)
Intangible assets	653	1.2%	606	1.2%	(46)
Investments and other assets	811	1.5%	772	1.6%	(39)
Total assets	52,416	100.0%	49,699	100.0%	(2,717)
Liabilities	18,116	34.6%	16,146	32.5%	(1,969)
Trade payables	4,202	8.0%	3,066	6.2%	(1,136)
Interest-bearing liabilities	7,572	14.4%	7,378	14.8%	(193)
Contract liabilities・advance received	3,641	6.9%	3,117	6.3%	(523)
Other Liabilities	2,699	5.1%	2,583	5.2%	(116)
Net assets	34,300	65.4%	33,552	67.5%	(747)
Total liabilities and net assets	52,416	100.0%	49,699	100.0%	(2,717)

- Merchandise and finished goods: (17)
- Work in process: (214)
- Raw materials and supplies: (354)

- Consumption taxes refund receivable: (314)
- Advanced payment: (145)

- Account payable: (705)
- Electronically recorded obligations – operating: (430)

	FY2024	FY2025 interim
DE ratio	0.22	0.22
Equity Ratio	70.4%	65.3%

9 . Finalization of the provisional accounting treatment for acquisition of ZUIKO DELTA

- The purchase price allocation for ZUIKO DELTA, which was included in the consolidation in the second quarter of the previous year, has been finalized, and the amount of "goodwill" at the time of the consolidation has decreased from 270 million yen to 69 million yen.

<Assets and liabilities of ZUIKO DELTA at the time of new consolidation> *Figures for 2Q FY2024

(単位：百万円)	Figures disclosed in 2Q FY2024 provisional treatment	finalized figures for 2Q FY2024 finalized amount	fluctuation	
Current assets	1,118	1,050	(67)	➤ revalue inventories
Non-current assets	534	907	+373	➤ revalue building etc.
Goodwill	270	69	(201)	Goodwill decreased due to the above factors
Current liabilities	(942)	(942)	—	
Non-current liabilities	(413)	(499)	(85)	
Non-controlling interests	(29)	(51)	(22)	
Foreign currency translation adjustment	(6)	(3)	+3	
	530	530		

Due to the decrease in goodwill, the amount of goodwill amortization (annual) will decrease from 45 million yen to 11 million yen.
*Amortized evenly over 6 years

10. Cash Flow

- Net cash provided in operating activities was 105 million yen due to a decrease in contract liabilities and so on.
- Net cash used in investing activities was 2,841 million yen due to a net increase in time deposits.

(Millions of yen)	1st half, FY2024	1st half, FY2025	YoY
Cash flows from operating activities	2,570	105	▲ 2,465
Cash flows from investing activities	(1,603)	(2,841)	▲ 1,237
Cash flows from financing activities	(389)	(370)	19
Net increase (decrease) in cash and cash equivalents	1,005	▲ 3,417	▲ 4,423
Cash and cash equivalents at end of period	8,929	6,314	▲ 2,614
Free cash flows	966	▲ 2,736	▲ 3,702

Main components of cash flows

Cash flows from operating activities

- Profit before income taxes: 422
- Depreciation: 425
- Decrease in inventories: 368
- Decrease in trade payables: (975)
- Decrease in contract liabilities: (343)

Cash flows from investing activities

- Net increase in time deposits: (2,720)
- Purchase of property, plant and equipment: (141)

Cash flows from financing activities

- Repayments of long-term borrowings: (193)
- Dividends paid: (132)

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Financial forecast for FY2025

1 . Financial Forecast

Reprint of the documents
disclosed on April 4,2025



- Sales are expected to recover only slowly, reaching 22,000 million yen (up 2,049 million yen YoY).
- By reducing the cost rate, we aim to recover its operating profit margin to 4.5%.

(Millions of yen)	FY2024		Forecasts for FY 2025			
	Amount	Ratio to net sales	Amount	Ratio to net sales	YoY	
					Amount	%
Net sales	19,950	100.0%	22,000	100.0%	+2,049	+10.3%
Gross profit	2,643	13.3%	3,960	18.0%	+1,316	+49.8%
Selling, general and administrative expenses	2,950	14.8%	2,960	13.5%	+9	+0.3%
Operating profit	(307)	(1.5%)	1,000	4.5%	+1,307	—
Ordinary profit	(149)	(0.7%)	1,050	4.8%	+1,199	—
Profit attributable to owners of parent	(788)	(4.0%)	820	3.7%	+1,608	—
Basic earnings per share	(29.44)yen	—	30.98yen	—	60.43yen	—

- Demand trends are weak
- Contribution of ZUIKO DELTA S.R.L (Europe), which became a subsidiary in the previous fiscal year

- lower cost rate by 4.7pt
- reduce fixed costs
 - review raw material costs and outsourcing costs
 - shorten times from order to delivery

2 . Revision of dividend forecast in this year

- The basic policy of determining the dividend level based on the consolidated dividend payout ratio (target of 30%) remains unchanged.
- Investments for growth are progressing smoothly, and we are reviewing the dividend amount in order to allocate further funds to investments for growth without missing an opportunity.

	Initial forecast (Announced on April 4, 2025)		Revised forecast (Announced on October 3, 2025)	[Reference] Actual in the previous year
Interim dividend	8.00 yen	➡	6.00 yen	5.00 yen
Year-end dividend	8.00 yen	➡	6.00 yen	5.00 yen
total	16.00 yen	➡	12.00 yen	10.00 yen
total amount of dividend	423 million yen	➡	317 million yen	264 million yen
consolidated dividend payout ratio	approximately 52%	➡	approximately 39%	— (deficit)

aim for improving our corporate value

Major investments for growth this year

- Acquisition of the spunlace nonwoven fabric business
- Establishment of a new subsidiary to expand sales of wound care products in China
- Establishment of manufacturing factory for auto excretion care device
- Development of automated protective gown manufacturing machinery, and additional investment to affiliated company

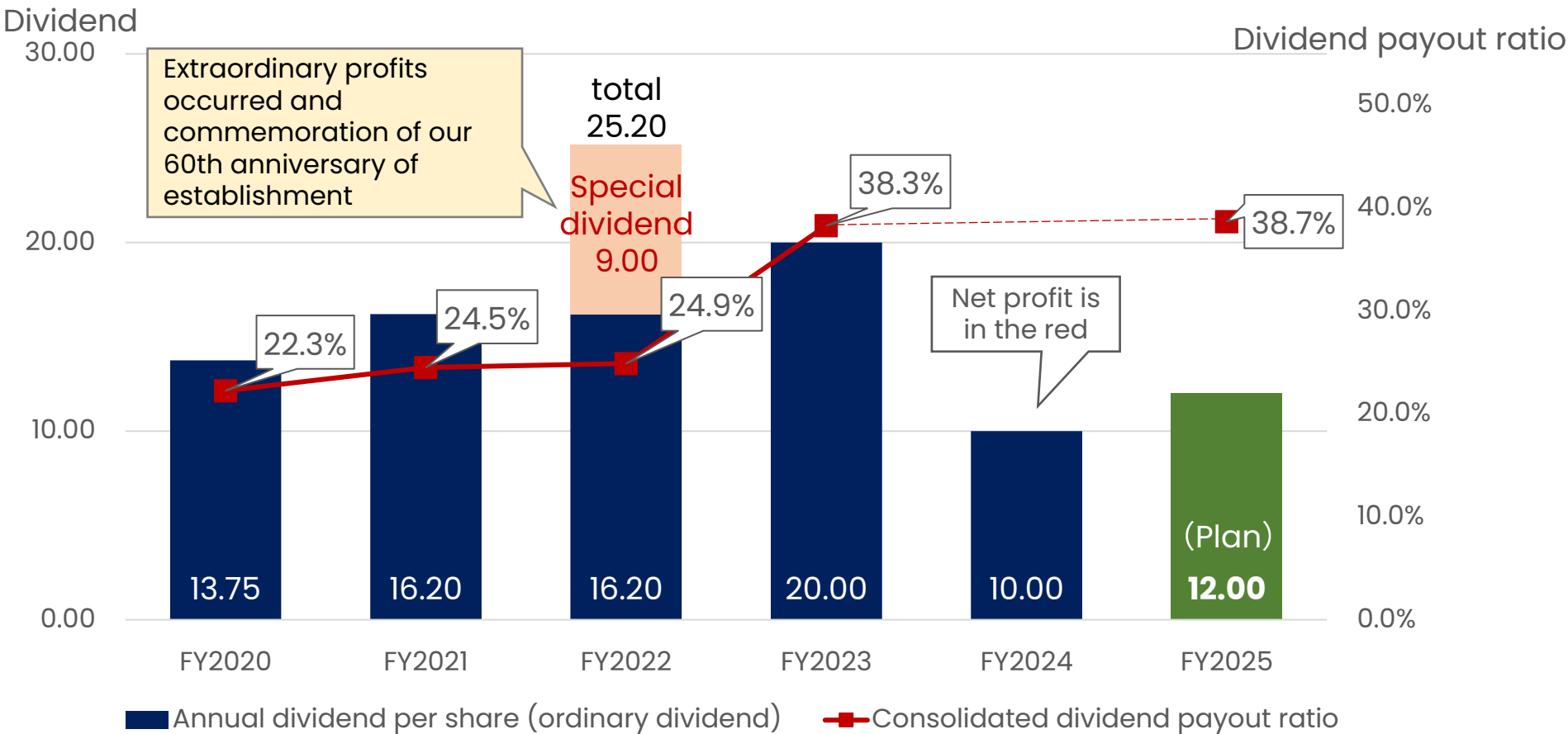
Investments for growth are progressing smoothly. we plan to expand allocations to investments for growth.

Please refer "Topics in FY2025" section.

3 . Trends in dividend amount



- For the current fiscal year, we plan to pay an annual dividend of 12 yen (interim dividend of 6 yen and year-end dividend of 6 yen).



Note: The dividend amount has been adjusted to take into account the stock split (1 share → 4 shares) implemented in August 2020.

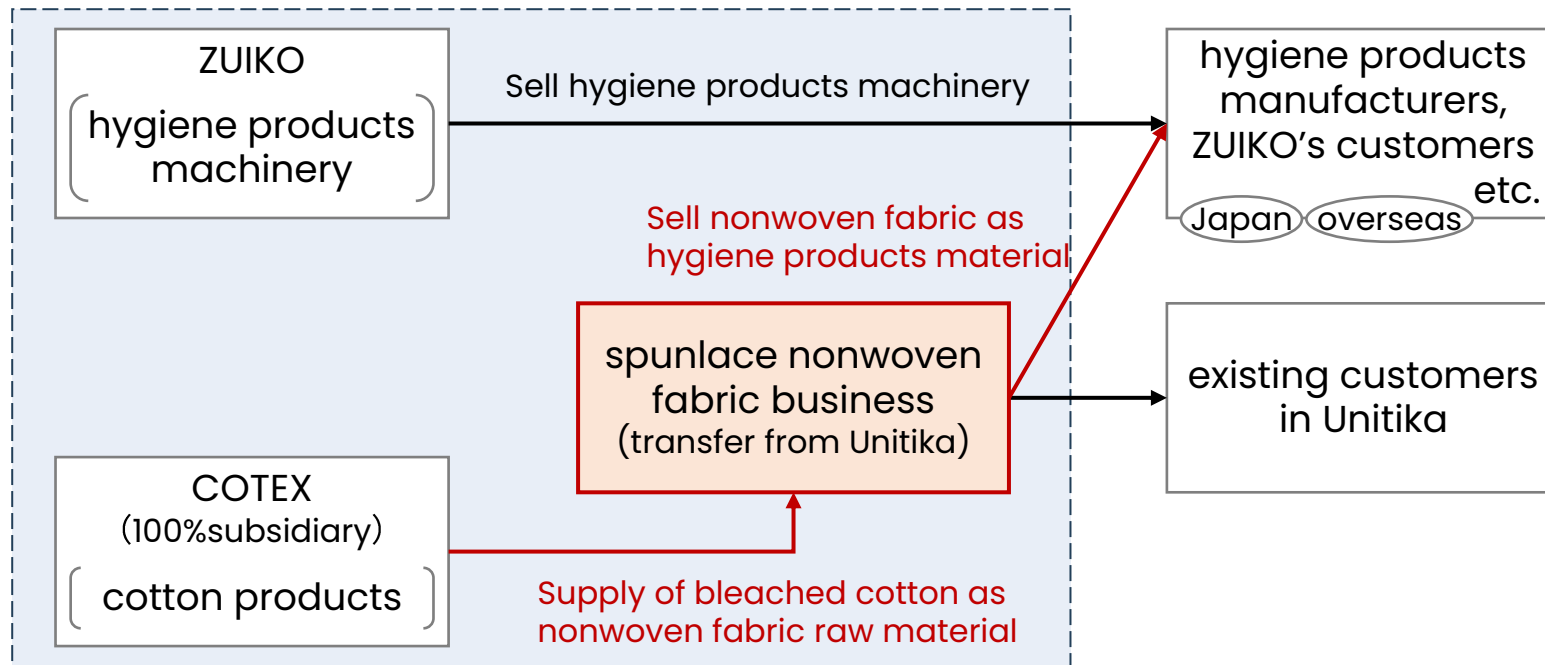
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Topics in FY2025

■ Acquisition of the spunlace nonwoven fabric business (will be executed in December 2025)

- We concluded an agreement on September 2025, to acquire the spunlace nonwoven fabric business operated by Unitika Ltd..
- We will enter the business of manufacturing and selling spunlace nonwoven fabrics made from cotton, in addition to manufacturing the cotton products in COTEX, our subsidiary.

⇒We will promote cotton spunlace nonwoven fabric as a material for hygiene products to hygiene products manufacturers.



cotton spunlace nonwoven products
(from Unitika website)



- gentle on the skin and soft texture
- excellent moisture absorption, water absorption, and water retention
- excellent at wiping away water and oil

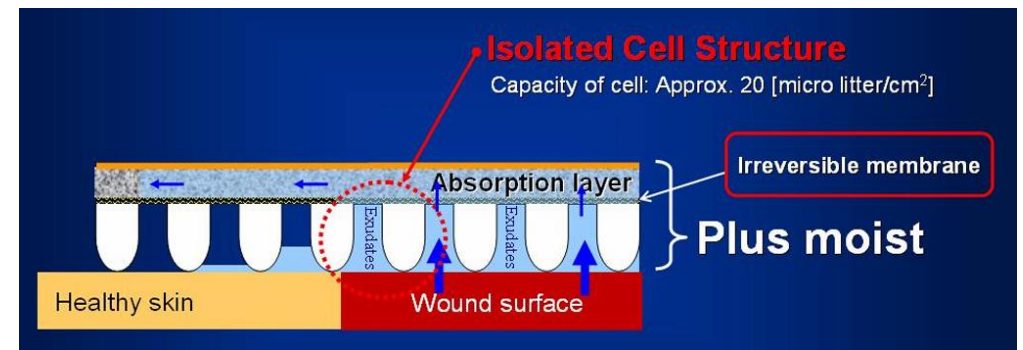
■ Establishment of a new subsidiary to expand sales of wound care products in China

- We have established a subsidiary in Shanghai to expand the sales of wound dressing, produced by ZUIKO MEDICAL CORPORATION, in China. Wound dressing is a medical device (medical material) used to cover wound.
- “Plus moist” series, sold by ZUIKO MEDICAL CORPORATION, has achieved high functionality through its unique technology, as the result of extensive research into controlling the wound exudate to be the most important factor in wound treatment.
- We will grow the wound care products business in China.



Company name	ZUIKO (Shanghai) Med Health Corporation
Location	Shanghai, China
Date of establishment	August 28, 2025
Representative	Yi Xu
Share capital	50,000,000 CNY
Description of business	Sales of medical equipment and supplies
Ratio of shareholding	ZUIKO (Shanghai) Corporation: 100%

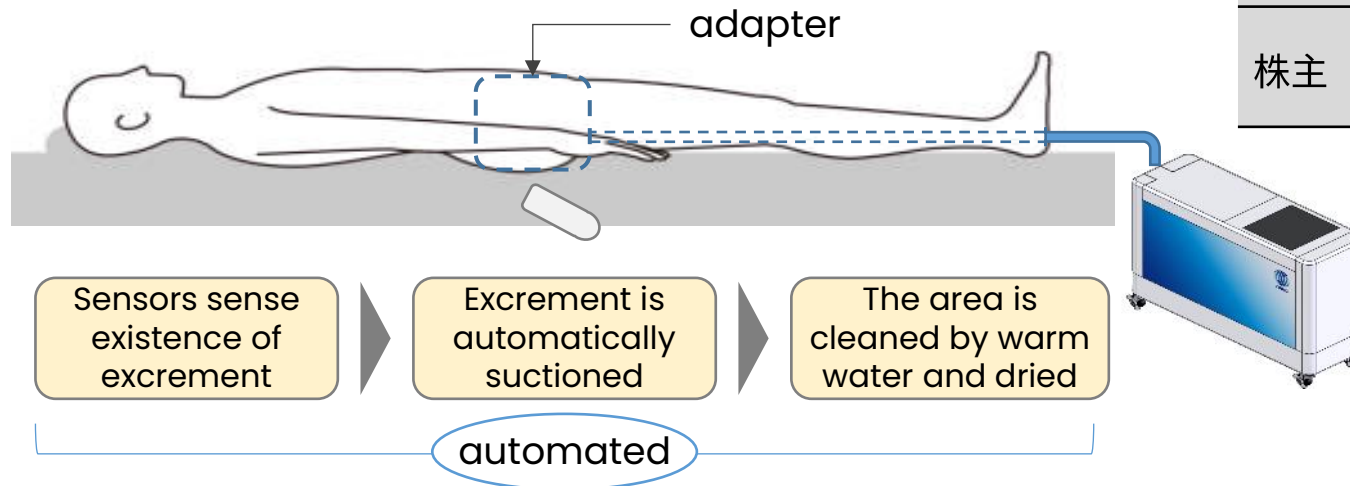
Function as a self-regulating absorption of the exudate



■ Establishment of manufacturing factory for auto excretion care device

- We have decided to establish our first manufacturing factory for auto excretion care device in Korea.
- The company will be established as a joint venture with a Korean partner company and will manufacture products mainly for the Japanese and Korean markets.
- Production is targeted to start in spring 2026.

会社名	UZJ Co., Ltd.
所在地	Seoul, Korea
設立日	December 2025 (planned)
代表者	JEAWON LEE
資本金	1,000 million KRW
事業内容	Manufactures of auto excretion care device
株主	ZUIKO CORPORATION: 70% J2LOH Co., Ltd.: 30%



- reduce the frequency and time required to change disposable diapers
⇒reduce the burden for caregivers
- reduce pad and diaper usage
⇒reduce waste and costs

■ Additional investment to affiliated company

- progress in the automated manufacturing machinery business for protective gowns

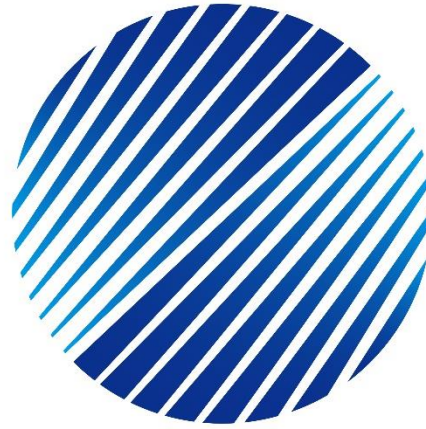
- We have decided to make additional investment in PROGA ZUIKO CORPORATION (“PROGA ZUIKO”), our affiliated company which is also the intended buyer of the automated manufacturing machinery for protective gowns.
- Since announcing its entry into this business in October 2024, we have proceeded with the design and development of the machinery in close cooperation with PROGA ZUIKO
 - ⇒ Now that the design and development of automated protective gown manufacturing machinery has reached a certain milestone, PROGA ZUIKO plans to raise capital from multiple investors.
 - ⇒ We undertake part of this capital increase in PROGA ZUIKO.
- Launch of this machinery is scheduled in October 2026.

Investee	PROGA ZUIKO CORPORATION
Investment amount	5,272 million KRW
Current voting rights ratio	30.8%
Voting rights ratio after the capital increase	34.8% (planned)

■ Won Innovation Award in the exhibition

- Our technology related to the absorbent core used in disposable diapers etc. won “Innovation Award” at Right Hygiene 2025, an exhibition held in Delhi, India in September 2025. This technology reduces the amount of pulp used in absorbents and contributes to environmental protection.
- Right Hygiene has been held since 2006 with the aim of popularization and innovation for hygiene products in Indian market. Innovation Award, we won, honors innovations that complement quality and efficiency and are brought to the global market for the improvement of the hygiene industry in 2024-2025.
- We will continue to engage in further research and development to create technologies that exceed customer expectations.





ZUIKO

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The information contained in this document regarding future forecast is based on a certain assumptions that the Company considers reasonable at the moment. Accordingly, actual results may differ significantly and the forecast may be subject to change without notice.