[REFERENCE TRANSLATION]
Please note that this translation is to be used solely as reference and the financial statements in this material are unaudited.
In case of any discrepancy between this translation and the Japanese original, the latter shall prevail.

July 14, 2026

Non-consolidated Financial Results for the Three Months Ended May 31, 2026 (Under Japanese GAAP)

Company name: Izawa Towel Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 365A
URL: https://www.izawa-towel.com/
Representative: Shoji Izawa, President
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Scheduled date to commence dividend payments: -
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. Non-consolidated financial results for the Three Months Ended May 31, 2026 (from March 1, 2026 to May 31, 2026)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2026	2,518	15.2	76	(21.5)	293	—	185	—
May 31, 2025	2,185	—	98	—	(238)	—	(137)	—

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
May 31, 2026	19.03	18.62
May 31, 2025	(13.70)	—

Reference: Profit (loss) before goodwill amortization:
For the Three Months Ended May 31, 2026: 235 million yen
For the Three Months Ended May 31, 2025: (86) million yen

Note: 1. Since the Company did not prepare quarterly financial statements for the three months ended May 31,2024,the year-on-year percentage changes for the three months ended May 31,2025 are not presented.

Note: 2. Year-on-year percentage changes for ordinary profit and profit for the three months ended May 31, 2026 are not presented because an ordinary loss and a net loss were recorded for the same period of the previous fiscal year.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
May 31, 2026	8,164	3,802	46.6
February 28, 2026	8,476	4,136	48.8

Reference: Equity
As of May 31, 2026: ¥3,802 million
As of February 28, 2026: ¥4,136 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 28, 2026	–	0.00	—	40.00	40.00
Fiscal year ending February 28, 2027	–				
Fiscal year ending February 28, 2027 (Forecast)		21.00	—	21.00	42.00

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

3. Earnings forecast for the fiscal year ending February 2027 (March 1, 2026 to February 28, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per shar
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending February 28, 2027	11,650	13.3	825	42.1	1,082	(5.6)	638	(12.1)	63.85

Note: Whether there are any revisions to the most recently announced earnings forecasts: None

*** Notes**

(1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: Yes

(Note) For details, please refer to page 5 of the attached materials, "2. Quarterly Financial Statements and Main Notes (3) Notes on Quarterly Financial Statements."

(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: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

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

As of May 31, 2026	10,000,000 shares
As of February 28, 2026	10,000,000 shares

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

As of May 31, 2026	300,000 shares
As of February 28, 2026	114,400 shares

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

Three months ended May 31, 2026	9,729,879 shares
Three months ended May 31, 2025	10,000,000 shares

* Review of the Japanese-language originals of the attached quarterly non-consolidated financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

Actual results may differ significantly due to various factors. For the conditions underlying the earnings forecasts and precautions regarding the use of earnings forecasts, please refer to page 2 of the attached materials, "1. Qualitative Information on Quarterly Financial Results (3) Explanation of Earnings Forecasts and Other Forward-looking Information."

(How to obtain supplementary explanatory materials for financial results)

The supplementary explanatory materials for financial results are scheduled to be posted on the Company's website.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation regarding Business Performance

During the first quarter of the current fiscal year, the Japanese economy remained on a moderate recovery trend, supported by improvements in employment and income conditions and the effects of various policies. On the other hand, exports and production remained flat, and it is necessary to closely monitor the impact of the situation in the Middle East and fluctuations in financial and capital markets.

According to industry estimates, the domestic retail market for towels and towel products is between ¥160 billion and ¥190 billion (Note 1), and the market is expected to remain at roughly the same level or show a slight upward trend going forward. In addition, major retailers are increasingly developing private-brand products, and we believe that, in towels and towel products as well, such development is not limited to securing a price advantage but is also an effective means of achieving differentiation from other companies and establishing uniqueness.

Viewed by sales channel, the domestic e-commerce market continues to grow. Against the backdrop of "bulk-buying demand" and "high convenience" triggered by voluntary restraint in going out, the BtoC-EC (business-to-consumer electronic commerce) market reached ¥26.1 trillion in 2024 (up 5.1% year on year). In particular, the "household goods, furniture, and interior products" sector is a major category boasting a market size of ¥2,561.6 billion, and with a high e-commerce penetration rate of 32.58%, it is expected to continue performing steadily going forward. (Note 2)

Under these circumstances, the Company has focused on identifying product needs through sales activities, collecting market information such as store surveys, conducting joint research through industry-academia collaboration, and developing new manufacturing methods (such as yarn weaving methods and the selection and refinement of chemical agents). The Company is also striving to expand research and development and increase sales, including by strengthening sales of new products on e-commerce sites. In addition, in response to concerns about the outlook for the Chinese economy and geopolitical risks, the Company is promoting the establishment of production systems in India and Vietnam, in addition to its China-centered production system, in order to stabilize the supply chain by diversifying production bases.

In addition, against the backdrop of trends in interest rate differentials between Japan and the United States, the yen weakened during the cumulative first quarter of the current fiscal year, and the exchange rate at the end of the period (quarter-end) moved from ¥155.77/U.S. dollar at the end of the previous fiscal year to ¥159.38/U.S. dollar at the end of the first quarter. As a result, foreign exchange gains of ¥192,376 thousand, including gains and losses on the mark-to-market valuation of forward exchange contracts, were recorded as non-operating income.

As a result, for the first quarter of the current fiscal year, net sales were ¥2,518,780 thousand, operating profit was ¥76,947 thousand, ordinary profit was ¥293,464 thousand, and quarterly net profit was ¥185,171 thousand.

(Note) 1. Cross Marketing Inc., "Towel Industry Market Survey Report"

(Note) 2. Ministry of Economy, Trade and Industry, FY2024 Digital Transaction Environment Development Project (Market Research on Electronic Commerce)

(2) Explanation regarding financial position

(Assets)

Total assets at the end of the first quarter of the fiscal year under review were ¥8,164,003 thousand, down ¥312,883 thousand from the end of the previous fiscal year. This was mainly due to a decrease of ¥280,337 thousand in accounts receivable and a decrease of ¥104,206 thousand in electronically recorded monetary claims, despite an increase of ¥116,406 thousand in cash and deposits.

(Liabilities)

Total liabilities at the end of the first quarter of the fiscal year under review were ¥4,361,374 thousand, up ¥21,124 thousand from the end of the previous fiscal year. This was mainly due to an increase of ¥153,080 thousand in accounts payable and an increase of ¥23,544 thousand in provision for bonuses, despite a decrease of ¥209,970 thousand in income taxes payable.

(Net assets section)

Total net assets at the end of the first quarter of the current fiscal year amounted to ¥3,802,629 thousand, a decrease of ¥334,007

thousand from the end of the previous fiscal year. This was mainly attributable to the recording of quarterly net income of ¥185,171 thousand, dividends from retained earnings of ¥395,424 thousand, and the acquisition of treasury stock of ¥123,755 thousand.

(3) Explanation regarding future forecast information, such as earnings forecasts

There has been no change to the earnings forecast for the fiscal year ending February 2027 from the forecast announced on April 14, 2026, in the "Summary of Financial Results for the Fiscal Year Ended February 2026 [Japanese GAAP] (Non-consolidated)."

2. Quarterly Financial Statements and Main Notes

(1) Quarterly Balance Sheet

(Unit: thousands of yen)

	As of February 28, 2026	As of May 31, 2026
Assets		
Current assets		
Cash and deposits	1,126,354	1,242,761
Accounts receivable	2,011,576	1,731,239
Electronically recorded monetary claims-operating	134,377	30,170
Finished goods	510,071	522,551
Forward exchange contracts	428,583	444,024
Other	68,303	58,237
Total current assets	4,279,267	4,028,984
Non-current assets		
Property, equipment	722,557	720,714
Intangible assets		
Goodwill	3,123,865	3,073,480
Other	1,026	870
Total intangible assets	3,124,892	3,074,351
Investments and other assets	350,170	339,953
Total non-current assets	4,197,620	4,135,019
Total assets	8,476,887	8,164,003
Liabilities		
Current liabilities		
Accounts payable	456,575	609,655
Current portion of long-term borrowings	230,000	230,000
Income taxes payable	318,259	108,288
Provision for bonuses	38,890	62,434
Other	461,525	515,996
Total current liabilities	1,505,250	1,526,374
Non-current liabilities		
Long-term borrowings	2,835,000	2,835,000
Total non-current liabilities	2,835,000	2,835,000
Total liabilities	4,340,250	4,361,374
Net assets		
Shareholders' equity		
Share capital	30,000	30,000
Capital surplus	2,708,556	2,708,556
Retained earnings	1,479,608	1,269,356
Treasury shares	(81,548)	(205,303)
Total shareholders' equity	4,136,615	3,802,608
Share acquisition rights	21	21
Total net assets	4,136,637	3,802,629
Total liabilities and net assets	8,476,887	8,164,003

(2) Quarterly Statement of Income

Cumulative period for the first quarter

(Unit: thousands of yen)

	Three months ended May 31, 2025	Three months ended May 31, 2026
Net sales	2,185,717	2,518,780
Cost of sales	1,718,716	2,018,154
Gross profit	467,000	500,626
Selling, general and administrative expenses	368,942	423,678
Operating profit	98,057	76,947
Non-operating income		
Dividend income	—	32,117
Foreign exchange gains	—	192,376
Subsidy income	644	—
Other	265	7,823
Total non-operating income	909	232,318
Non-operating expenses		
Interest expenses	10,590	14,230
Foreign exchange losses	324,265	—
Other	3,061	1,572
Total non-operating expenses	337,917	15,802
Ordinary profit (loss)	(238,950)	293,464
Profit (loss) before income taxes	(238,950)	293,464
Income taxes	(101,936)	108,292
Profit (loss)	(137,013)	185,171

(3) Notes on quarterly financial statements

(Changes in Accounting Policies)

None.

(Application of accounting treatments specific to the preparation of quarterly financial statements)

(Calculation of Income Taxes)

Income taxes are calculated by reasonably estimating the effective tax rate after applying Accounting for Income taxes to income before income taxes for the fiscal year including the first quarter, and multiplying the profit before income taxes by this estimated effective tax rate. However, if calculating Income taxes using the estimated effective tax rate results in a significantly unreasonable outcome, the statutory effective tax rate is used.

(Notes on Segment Information, etc.)

[Segment Information]

Disclosure is omitted because the Company operates as a single segment, with its main business being the planning, manufacturing, and sales of towel products.

(Notes on Significant Changes in Shareholders' Equity)

There are no relevant matters.

(Notes on Going Concern Assumption)

There are no relevant matters.

(Notes on Cash Flow Statement)

A quarterly cash flow statement for the cumulative period of the first quarter has not been prepared. The depreciation expenses (including amortization expenses for intangible fixed assets excluding goodwill) and the amount of goodwill amortization for the cumulative first quarter are as follows.

	Cumulative period for the previous first quarter (From March 1, 2025 To May 31, 2025)	Cumulative period for the current first quarter (From March 1, 2026 To May 31, 2026)
Depreciation and amortization	3,094 thousand yen	2,649 thousand yen
Amortization of goodwill	50,384 thousand yen	50,384 thousand yen