# Financial Results for FY2025

## (Ended February 20, 2026)

April 3, 2026

ZUIKO CORPORATION

# Agenda


1 FY2025 Financial Results Overview

2 FY2026 Earnings Forecast and Shareholder Returns

3 Progress of the 4th Medium-Term Business Plan

4 Growth Initiatives

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# FY2025 Financial Results Overview

# 1. Financial Summary

ZUIKO

- Net sales +6.1% YoY to JPY 21,170 million, but missed the JPY 22,000 million plan due to delays in project progress in Q4
- Delivery delays of new machines for overseas customers led to higher material/labor costs and delay penalties
- Net income of JPY 1,972 million supported by extraordinary gains of JPY 1,925 million from the acquisition of the spunlace nonwoven business

| (Millions of yen) | FY 2023 | FY 2024 | | | FY 2025 | | | | (Reference) |
|---|---|---|---|---|---|---|---|---|---|
| | Amount | Amount | % of Sales | YoY Change | Amount | % of Sales | YoY Change Amount | YoY Change % | Initial Plan (Amount) |
| Net sales | 21,737 | 19,950 | 100.0% | (8.2)% | **21,170** | 100.0% | +1,219 | +6.1% | **22,000** |
| Gross profit | 4,605 | 2,634 | 13.2% | (42.8)% | **3,204** | 15.1% | +570 | +21.6% | **3,960** |
| Selling, general and administrative expenses | 3,577 | 2,934 | 14.7% | (18.0)% | **3,042** | 14.4% | 107 | +3.7% | **2,960** |
| Operating profit | 1,027 | (300) | (1.5)% | — | **162** | 0.8% | +462 | — | **1000** |
| Ordinary profit | 1,427 | (142) | (0.7)% | — | **350** | 1.7% | +493 | — | **1050** |
| Profit attributable to owners of parent | 1,378 | (778) | (3.9)% | — | **1972** | 9.3% | +2,751 | — | **820** |
| Basic earnings per share | 52.23yen | (29.41)yen | — | (156.3)% | **74.51yen** | — | +103.92yen | — | **30.98yen** |
| Capital expenditure | 373 | 767 | — | +105.4% | **374** | — | (393) | (51.3)% | **0** |
| Depreciation | 930 | 851 | — | (8.5)% | **884** | — | +33 | +4.0% | **0** |
| ROE | 4.1% | (2.3%) | — | — | **+5.6%** | — | — | — | **+0.0%** |

Target operating margin 18%

# 2. Sales Trend by Region

- China and Japan sales recovered YoY; Japan includes approx. JPY 500 million from the spunlace nonwoven business (Jan 1–Feb 20)
- Asia sales declined to JPY 3,400 million due to price competition (5-year average from FY2020 to FY2024: JPY 5,400 million)
- Europe sales increased to JPY 5,300 million, supported by the DELTA effect (5-year average from FY2020 to FY2024: JPY 2,700 million)

↗ : Increased year on year ↘ : Decreased year on year

| (Millions of yen) | FY 2023 | | FY 2024 | | | FY 2025 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Amount | YoY | Amount | Sales composition | YoY | Amount | Sales composition | YoY Amount | YoY % |
| Japan | 4,718 | ↘ (13.0%) | 3,828 | 19.2% | ↘ (18.9%) | **5,821** | 27.5% | +1,993 | ↗ +52.1% |
| China | 5,816 | ↘ (39.1%) | 3,506 | 17.6% | ↘ (39.7%) | **4,357** | 20.6% | +850 | ↗ +24.3% |
| Asia | 5,061 | ↘ (22.4%) | 6,102 | 30.6% | ↗ +20.6% | **3,392** | 16.0% | (2,709) | ↘ (44.4%) |
| Europe | 2,792 | ↗ +6.5% | 3,013 | 15.1% | ↗ +7.9% | **5,330** | 25.2% | +2,316 | ↗ +76.9% |
| North America | 1,160 | ↗ +1.3% | 722 | 3.6% | ↘ (37.8%) | **532** | 2.5% | (189) | ↘ (26.3%) |
| Latin America | 1,796 | ↗ +47.7% | 2,194 | 11.0% | ↗ +22.1% | **466** | 2.2% | (1,727) | ↘ (78.7%) |
| Other* | 391 | ↗ +1180.0% | 582 | 2.9% | ↗ +48.9% | **1,268** | 6.0% | +685 | ↗ +117.8% |
| Total | 21,737 | ▲18.0% | 19,950 | 100.0% | (8.2%) | **21,170** | 100.0% | +1,219 | +6.1% |

* The majority of “Other” relates to Egypt.

# 3. Sales by Product Type

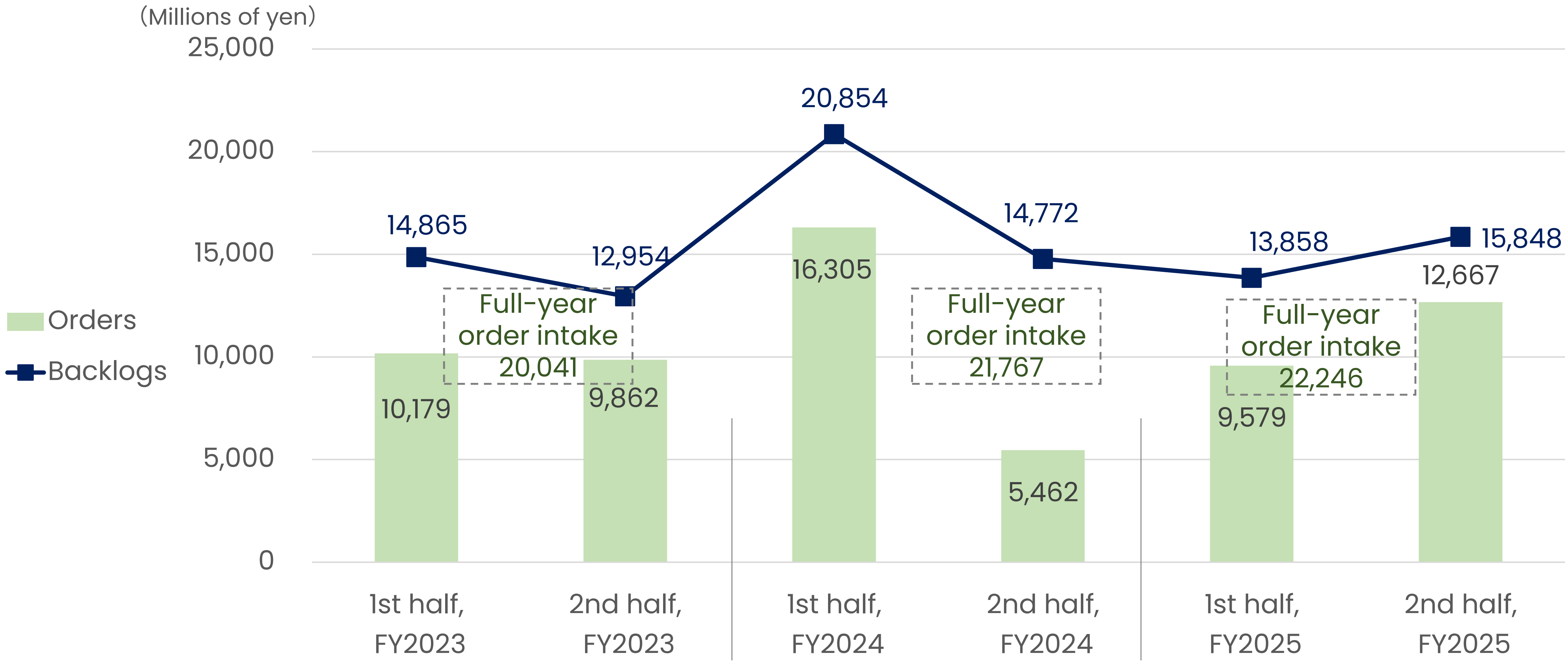
- Sanitary napkin machinery: ¥3.3 billion (average: ¥3.5 billion in FY2020–FY2022 → ¥3.4 billion in FY2023–FY2025; **roughly flat**)
- Baby diaper machinery: ¥6.9 billion (average: ¥10.3 billion → ¥6.1 billion; **down approximately 40%)**
- Adult diaper machinery: ¥7.5 billion (average: ¥6.3 billion → ¥8.0 billion; **up approximately 30%**)
- “Other” includes approximately ¥0.5 billion from the spunlace business

↗ : Increased year on year ↘ : Decreased year on year

| (Millions of yen) | FY 2023 | | FY 2024 | | | FY 2025 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Amount | YoY | Amount | Sales composition | YoY | Amount | Sales composition | YoY Amount | YoY % |
| Sanitary napkin mfg. machinery | 3,815 | ↘ (0.2%) | 3,109 | 15.6% | ↘ (18.5%) | **3,286** | 15.5% | +177 | ↗ +5.7% |
| Baby disposable diaper mfg. machinery | 4,586 | ↘ (55.2%) | 6,870 | 34.4% | ↗ +49.8% | **6,891** | 32.6% | +20 | ↗ +0.3% |
| Adult disposable diaper mfg. machinery | 10,156 | ↗ +18.9% | 6,369 | 31.9% | ↘ (37.3%) | **7,518** | 35.5% | +1,148 | ↗ +18.0% |
| Other machinery | 748 | ↘ (42.1%) | 398 | 2.0% | ↘ (46.7%) | **135** | 0.6% | (263) | ↘ (66.1%) |
| Parts | 2,237 | ↗ +1.4% | 2,809 | 14.1% | ↗ +25.5% | **2,445** | 11.6% | (363) | ↘ (13.0%) |
| Other | 193 | ↘ (53.2%) | 393 | 2.0% | ↗ +103.3% | **893** | 4.2% | +500 | ↗ +127.2% |
| Total | 21,737 | (18.0%) | 19,950 | 100.0% | (8.2%) | **21,170** | 100.0% | +1,219 | +6.1% |

# 4. Order Trends

- Order backlog at FY2025 year-end: JPY 15,848 million (excluding the spunlace nonwoven business)
- Order intake for FY2025 was ¥22,246 million, remaining roughly flat after bottoming out at ¥20,041 million in FY2023.



# 4. Orders Trends by Product Type

| Orders (Millions of yen) | FY2023 | | FY2024 | | | FY2025 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Amount | YoY | Amount | Composition | YoY | Amount | Composition | YoY | |
| | | | | | | | | Amount | % |
| Sanitary napkin mfg. machinery | 3,189 | +20.7% | 3,564 | 16.4% | +11.8% | **3,055** | 13.7% | (508) | (14.3%) |
| Baby disposable diaper mfg. machinery | 7,441 | +54.1% | 9,215 | 42.3% | +23.8% | **6,329** | 28.5% | (2,885) | (31.3%) |
| Adult disposable diaper mfg. machinery | 6,327 | (48.8%) | 6,128 | 28.2% | (3.1%) | **7,441** | 33.4% | +1,312 | +21.4% |
| Other machinery | 652 | (47.8%) | (342) | -1.6% | (152.5%) | **2,081** | ※9.4% | +2,423 | (707.5%) |
| Parts | 2,237 | +1.4% | 2,809 | 12.9% | +25.5% | **2,445** | 11.0% | (363) | (13.0%) |
| Other | 193 | (53.2%) | 393 | 1.8% | +103.3% | **893** | 4.0% | +500 | +127.2% |
| Total | 20,041 | (15.5%) | 21,767 | 100.0% | +8.6% | **22,246** | 100.0% | +478 | +2.2% |

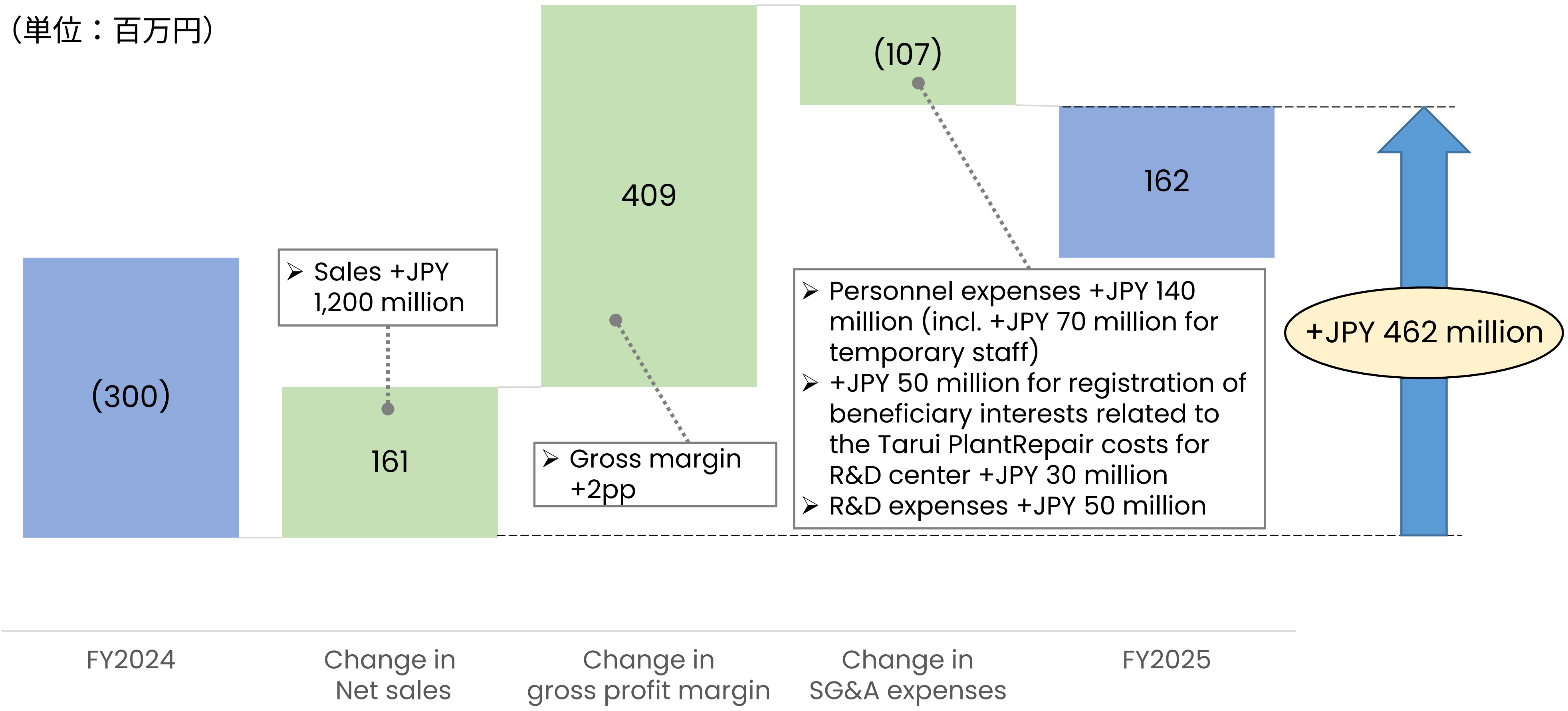
| Backlogs (Millions of yen) | FY2023 | | FY2024 | | | FY2025 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Amount | YoY | Amount | Composition | YoY | Amount | Composition | YoY | |
| | | | | | | | | Amount | % |
| Sanitary napkin mfg. machinery | 1,406 | (30.8%) | 1,860 | 12.6% | +32.3% | **1,629** | 10.3% | (231) | (12.4%) |
| Baby disposable diaper mfg. machinery | 5,213 | +146.9% | 7,557 | 51.2% | +45.0% | **6,996** | 44.1% | (561) | (7.4%) |
| Adult disposable diaper mfg. machinery | 5,501 | (41.0%) | 5,260 | 35.6% | (4.4%) | **5,183** | * 32.7% | (77) | (1.5%) |
| Other machinery | 834 | (29.0%) | 92 | 0.6% | (88.9%) | **2,038** | 12.9% | +1,945 | +2093.5% |
| Total | 12,954 | (11.6%) | 14,772 | 100.0% | +14.0% | **15,848** | 100.0% | +1,076 | +7.3% |

*"Other machinery" includes protective clothing

# 5. Operating Profit Bridge (YoY)

■ Gross profit +JPY 561 million, driven by higher sales (+JPY 1,200 million) and improved gross margin (+2pp)

■ SG&A expenses +JPY 91 million; operating profit turned positive on higher gross profit



# 6. Non-operating Income/Expenses and Special Items

| (Millions of yen) | | FY2024 | FY2025 | YoY |
|---|---|---|---|---|
| Non-operating income | Interest income | 191 | **121** | (69) |
| | Dividend income | 16 | **15** | (1) |
| | Foreign exchange gains | – | **50** | 50 |
| | Other | 104 | **82** | (21) |
| Non-operating expenses | Interest expenses | 24 | **42** | 18 |
| | Interest expenses on bonds | 24 | **18** | (5) |
| | Share of loss of associates | 0 | **17** | 17 |
| | Foreign exchange losses | 92 | **–** | (92) |
| | Other | 13 | **3** | (10) |
| Extraordinary income | Gain on sale of fixed assets | 0 | **0** | 0 |
| | Gain on sale of investment securities | 628 | **0** | (628) |
| | Subsidy income | – | **1,770** | 1,770 |
| | Gain on negative goodwill | – | **1,925** | 1,925 |
| Extraordinary losses | Loss on disposal of fixed assets | 10 | **1** | (9) |
| | Loss on reduction of fixed assets | – | **1,770** | 1,770 |
| | Impairment loss | – | **95** | 95 |
| | Litigation settlement payment | – | **127** | 127 |

Subsidies related to METI-supported equipment included in assets acquired from the spunlace nonwoven business

Extraordinary gain from the acquisition of the spunlace nonwoven business

Gain on reduction of book value of subsidized equipment mentioned above

Settlement related to litigation involving DELTA, a subsidiary (prior to acquisition)

# 7. Balance Sheet

ZUIKO

| (Millions of yen) | FY2024 Amount | FY2024 Composition | FY2025 Amount | FY2025 Composition | FY2025 fluctuation |
|---|---|---|---|---|---|
| Current assets | 35,462 | 67.7% | **32,702** | 62.4% | (2,760) |
| Cash and deposits | 15,324 | 29.2% | **13,403** | 25.6% | (1,921) |
| Trade receivables | 11,658 | 22.2% | **10,552** | 20.1% | (1,105) |
| inventories | 6,787 | 12.9% | **7,504** | 14.3% | +716 |
| Other | 1,691 | 3.2% | **1,241** | 2.4% | (449) |
| Non-current assets | 16,954 | 32.3% | **19,738** | 37.6% | +2,783 |
| Property, plant and equipment | 15,489 | 29.6% | **17,537** | 33.4% | +2,047 |
| Intangible assets | 653 | 1.2% | **620** | 1.2% | (32) |
| Investments and other assets | 811 | 1.5% | **1,579** | 3.0% | +768 |
| Total assets | 52,416 | 100.0% | **52,440** | 100.0% | +23 |
| Liabilities | 18,116 | 34.6% | **16,116** | 30.7% | (1,999) |
| Trade payables | 4,202 | 8.0% | **3,235** | 6.2% | (967) |
| Interest-bearing liabilities | 7,572 | 14.4% | **6,225** | 11.9% | (1,346) |
| Contract liabilities・advance received | 3,641 | 6.9% | **3,155** | 6.0% | (486) |
| Other Liabilities | 2,699 | 5.1% | **3,500** | 6.7% | +800 |
| Net assets | 34,300 | 65.4% | **36,324** | 69.3% | +2,023 |
| Total liabilities and net assets | 52,416 | 100.0% | **52,440** | 100.0% | +23 |

- Spunlace nonwoven business acquisition: -JPY 400 million (difference with subsidies)
- Investment in PROGA ZUIKO: -JPY 600 million
- Interest-bearing debt: -JPY 1,000 million (net of repayments and new borrowings)

- Contract assets: -JPY 1,600 million
- Spunlace nonwoven business: approx. +JPY 500 million

- Spunlace nonwoven business: +JPY 700 million

- Increase in Tarui Plant assets from spunlace nonwoven business acquisition: approx. +JPY 2,400 million

- Increase in investment securities: +JPY 600 million (capital contribution to PROGA ZUIKO)

- Accounts payable: -JPY 1,000 million
- Contract liabilities: -JPY 500 million

- Deferred tax liabilities on negative goodwill: approx. JPY 800 million

| | FY2024 | FY2025 |
|---|---|---|
| D/E ratio | 0.22 | 0.17 |
| Equity ratio | 65.3% | 69.1% |

# 8. Cash Flows

ZUIKO

- Operating CF: +JPY 1,132 million
- Investing CF: +JPY 265 million, funded mainly by withdrawals from time deposits to support new business investments
- Financing CF: -JPY 1,710 million, with bond redemptions of JPY 5.0 billion funded by bank borrowings of JPY 4.0 billion and cash on hand of JPY 1.0 billion

| (Millions of yen) | FY2024 | FY2025 | YoY |
|---|---|---|---|
| Cash flows from operating activities | 1,092 | **1,132** | 39 |
| Cash flows from investing activities | 1,136 | **265** | (871) |
| Cash flows from financing activities | (773) | **(1,710)** | (936) |
| Net increase (decrease) in cash and cash equivalents | 1,808 | **(332)** | (2,140) |
| Cash and cash equivalents at end of period | 9,732 | **9,400** | (332) |
| Free cash flows | 2,229 | **1,397** | (831) |

Breakdown of Cash Flows for the Fiscal Year

Operating CF
- Profit before income taxes: JPY 2,051 million
- Gain on negative goodwill: -JPY 1,925 million
- Depreciation: JPY 884 million

Investing CF
- Decrease in time deposits: JPY 1,629 million
- Investment in spunlace nonwoven business: -JPY 2,150 million
- Subsidies for spunlace nonwoven business: JPY 1,770 million
- Investment in PPE business: -JPY 597 million
- Purchase of property, plant and equipment: -JPY 368 million

Financing CF
- Dividends paid: -JPY 291 million
- Repayments of long-term borrowings: -JPY 367 million
- Redemption of bonds: -JPY 5,000 million
- Proceeds from long-term borrowings: JPY 4,000 million

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# FY2026 Earnings Forecast and Shareholder Returns

1. Earnings Forecast
2. Shareholder Returns

# 1. Earnings Forecast

- Sales of JPY 27,000 million (incl. JPY 50 million from new businesses) and operating profit of JPY 1,780 million, in line with the mid-term plan
- Gross margin targeted to recover to 20%; potential cost increases from the situation in Iran are not factored in

| (Millions of yen) | FY2025 | | Forecasts for FY 2026 | | | |
|---|---|---|---|---|---|---|
| | Amount | % of sales | Amount | % of sales | YoY Amount | YoY % |
| Net sales | 21,170 | 100.0% | **27,000** | 100.0% | +5,830 | +27.5% |
| Gross profit | 3,210 | 15.2% | **5,180** | 19.2% | +1,970 | +61.4% |
| Selling, general and administrative expenses | 3,042 | 14.4% | **3,400** | 12.6% | +358 | +11.8% |
| Operating profit | 168 | 0.8% | **1,780** | 6.6% | +1,612 | +959.5% |
| Ordinary profit | 355 | 1.7% | **1,820** | 6.7% | +1,465 | +412.7% |
| Profit attributable to owners of parent | 1,976 | 9.3% | **1,280** | 4.7% | ( 696 ) | ( 35.2% ) |
| Basic earnings per share | 74.65yen | — | **49.23yen** | — | ( 25.42 ) | ( 34.1% ) |

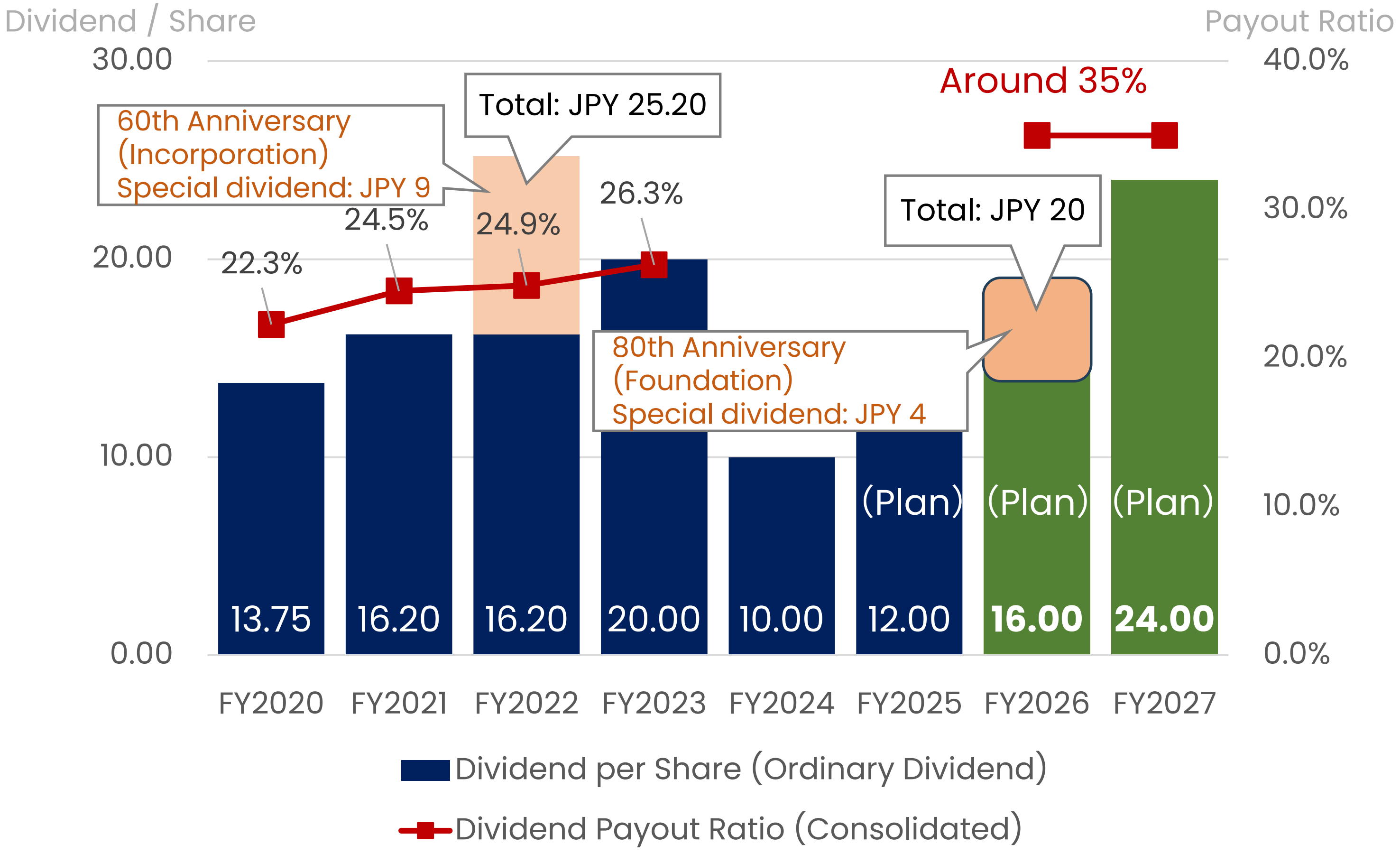
- Strong sales in Japan and China
- Contribution from DELTA
- Contribution from new businesses (spunlace nonwoven and PPE)

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

# 2. Shareholder Returns

The Company's basic policy remains unchanged:
dividend levels will be determined based on the consolidated dividend payout ratio.
In addition, the Company will consider share buybacks as necessary.

【Shareholder Returns】




<Policy on Shareholder Returns>

- Targeting a consolidated dividend payout ratio of around 35%
- For FY2026, a commemorative dividend of JPY 20 will be paid in celebration of the Company's 80th anniversary (Foundation)

3

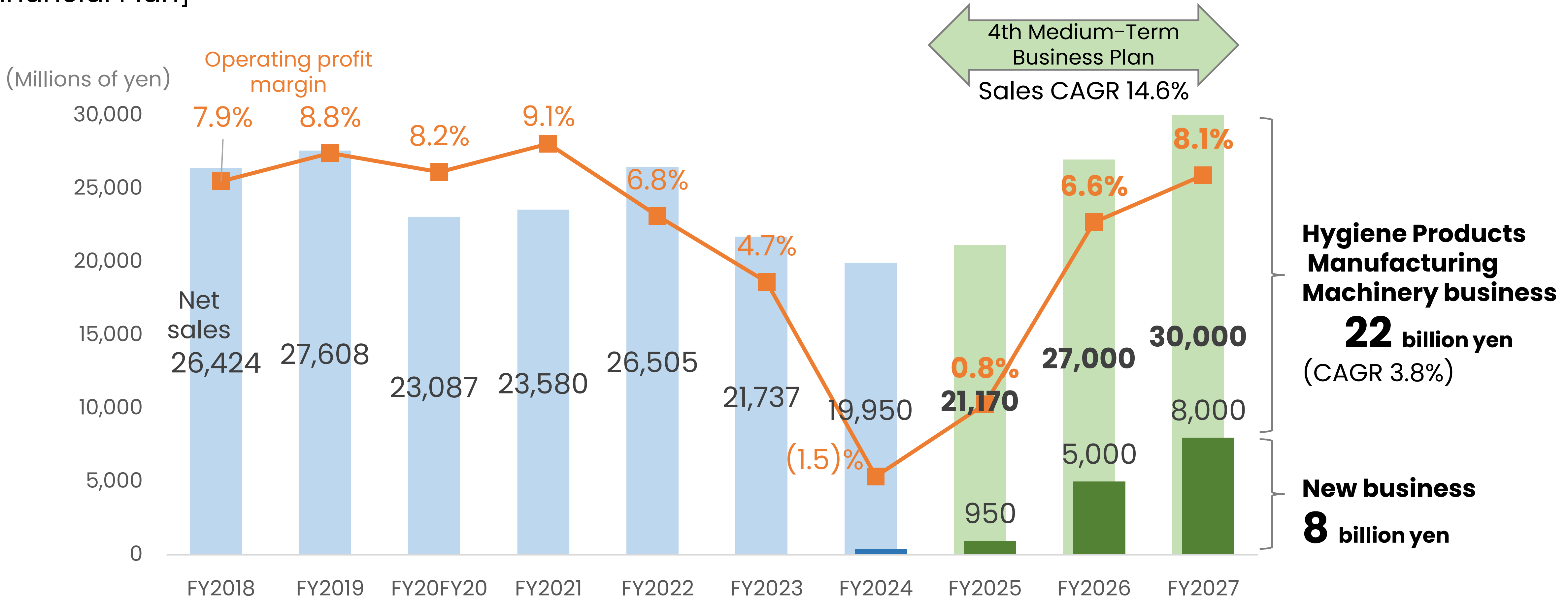
# Progress of the 4th Medium-Term Business Plan

1. Financial Plan
2. Cash Allocation Concept
3. Recent Highlights
4. Basic Policy and Key Strategies
5. Key Strategies (1)：
   Rebuild our competitiveness in hygiene product manufacturing machinery business
6. Key Strategies (2)： Expand our business portfolio by accelerating new businesses
7. Key Strategies (3)： Building an Organization to Execute “Speed & Challenge”

# Financial Plan

We plan sales of 30 billion yen and an operating profit margin of 8.1% in FY2027, the final year of the medium-term plan. In the hygiene product manufacturing machinery business, sales are expected to remain flat and the company will focus on improving profitability. New businesses will aim for big growth.

[Financial Plan]

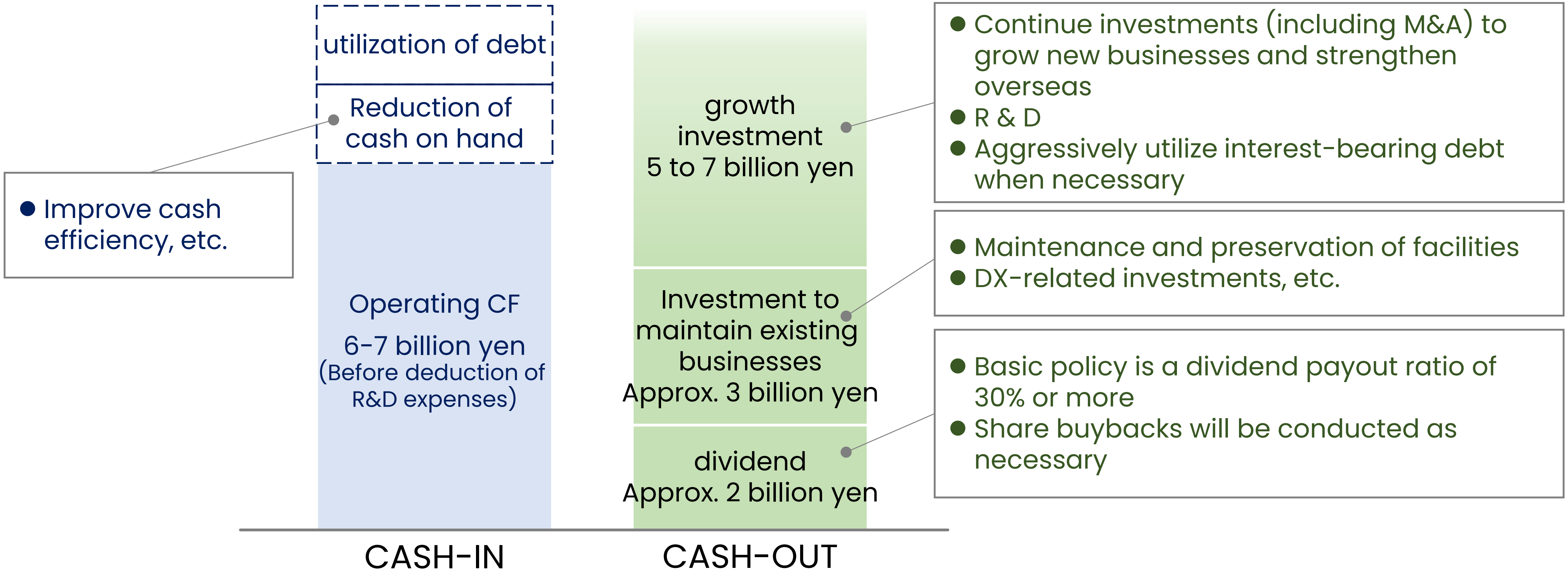


# 2. Cash Allocation Concept

ZUIKO

In order to build a new earnings pillar, we will make flexible and aggressive investments for growth, utilizing interest-bearing debt as necessary. At the same time, we will strengthen its dividend, planning to pay out more than 2 billion yen in dividends over the three-year period.

[Guideline for the cash allocation for the next cumulative three-year period]



# 3. Recent Highlights (80th Anniversary on May 1, 2026)

ZUIKO is a leading manufacturer of hygiene product manufacturing machinery, primarily for disposable diapers, handling the entire process from development and design to production, with a 90% share in Japan and ranking among the top three globally.

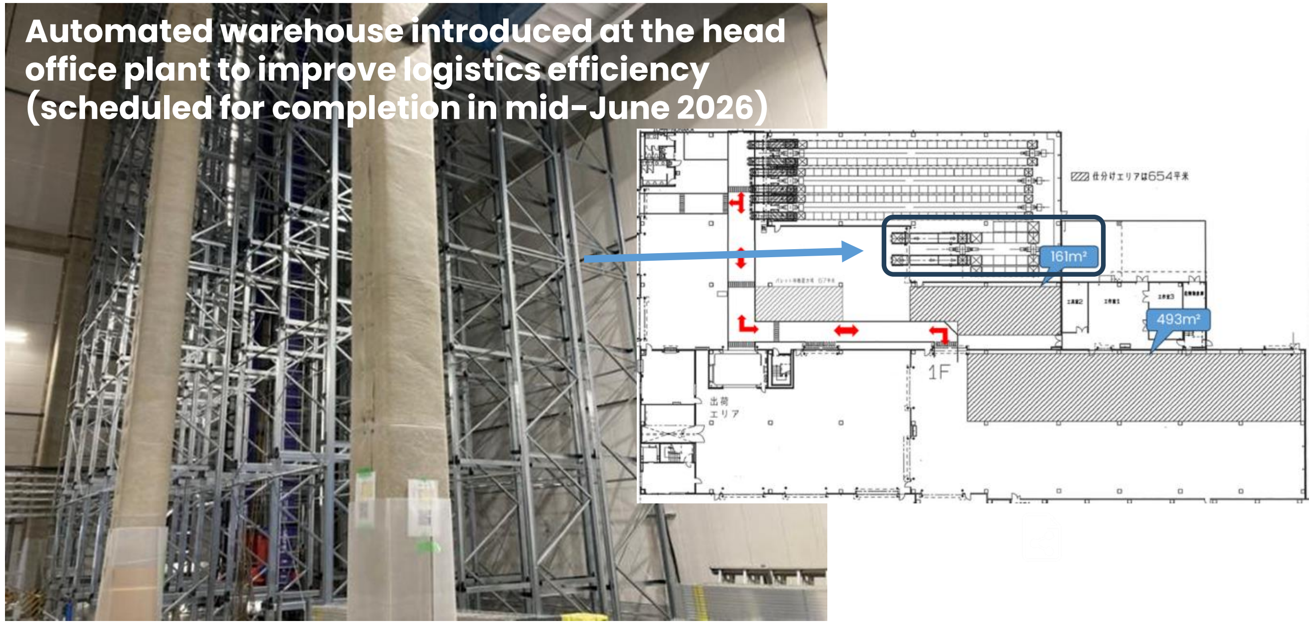
| Founded | Incorporated | Employees | Annual Production Capacity |
|---|---|---|---|
| 1946 | 1963 | 400+ | 30 |

**80th Anniversary of Foundation**

| 90% | 41 | 1200+ | 800+ |
|---|---|---|---|
| Japan Market Share | Countries Delivered | Machines Delivered | Patents (24% / 76%) |



**Spunlace business (Tarui Plant) acquired in January 2026**



# 4. Basic Policy and Key Strategies

We will take on the challenge of reforming our business structure to achieve sustainable growth and enhancing corporate value over the medium to long term by speedily working to "rebuild our competitiveness in hygiene product manufacturing machinery business" and "expand our business portfolio by accelerating new businesses.

**[Basic Policy in 4th Medium-Term Business Plan]**

Founded on May 1, 1946 (80th anniversary this year)
Incorporated on April 3, 1963 (63rd anniversary this year)

basic policy

***～SPEED & CHALLENGE～***

Key Strategies

(1) Rebuild our competitiveness in hygiene product manufacturing machinery business

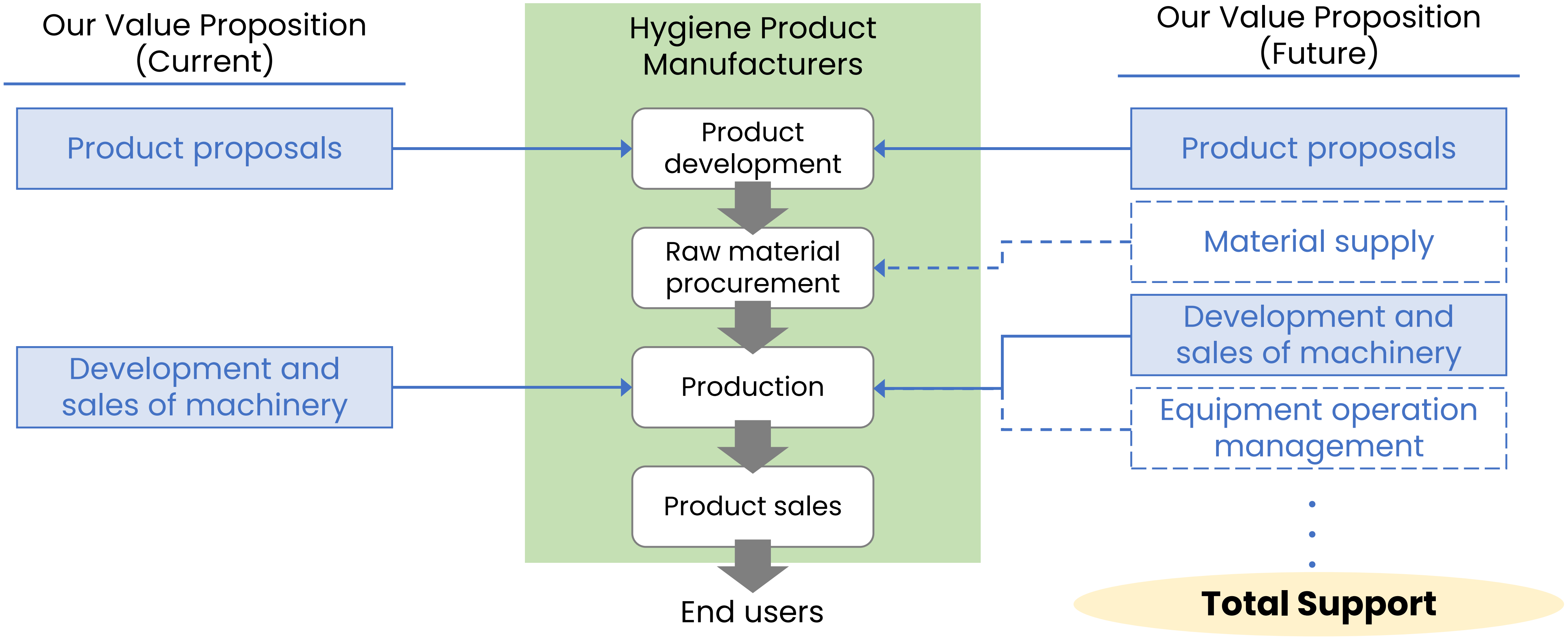
(2) Expand our business portfolio by accelerating new businesses

generate synergies with existing technologies and business areas

(3) Building an Organization to Execute "Speed & Challenge"

The market is shifting to a phase where being a machinery manufacturer alone is no longer sufficient to be selected by customers. We aim to expand our value proposition to hygiene product manufacturers and evolve into a company that can provide total support beyond machinery.

**【Expansion of the Hygiene Product Machinery Business Scope】**



# 6. Key Strategies (2) : Expand our business portfolio by accelerating new businesses

We work on businesses that are related to our existing technologies and business areas to build an upcoming earnings pillar as a foundation for sustainable growth. It leads to stable sales (curbing volatility) by mitigating the impact of fluctuations in sales of hygiene product manufacturing machinery.

**[Accelerate new businesses]**

aim

- Acquire earnings pillars and growth areas other than hygiene product manufacturing machinery
- Control sales volatility (increase the percentage of stable sales)

develop, launch and stabilize new business → business expansion and growth → Be upcoming earnings pillars

Protective gown manufacturing machinery

Used diapers converting

Automated excretion care system

Machining & Fabrication

Medical products [Zuiko Medical]

Cotton manufacturing [COTEX]

Spin off as a separate company to ensure independent profit management

✓ Investment in R&D and capex
✓ Early evaluation of business potential
✓ Proactive use of M&A (Explore business opportunities other than those listed on the left)

# Accelerating decision-making and execution to expand business domains

## Faster Decisions & Stronger Organization

- Introduce an executive officer system
- Streamline into three divisions
- Integrate sales, R&D, and production
- Revise performance evaluation

**SPEED & CHALLENGE**

## Talent Shift to Growth Areas

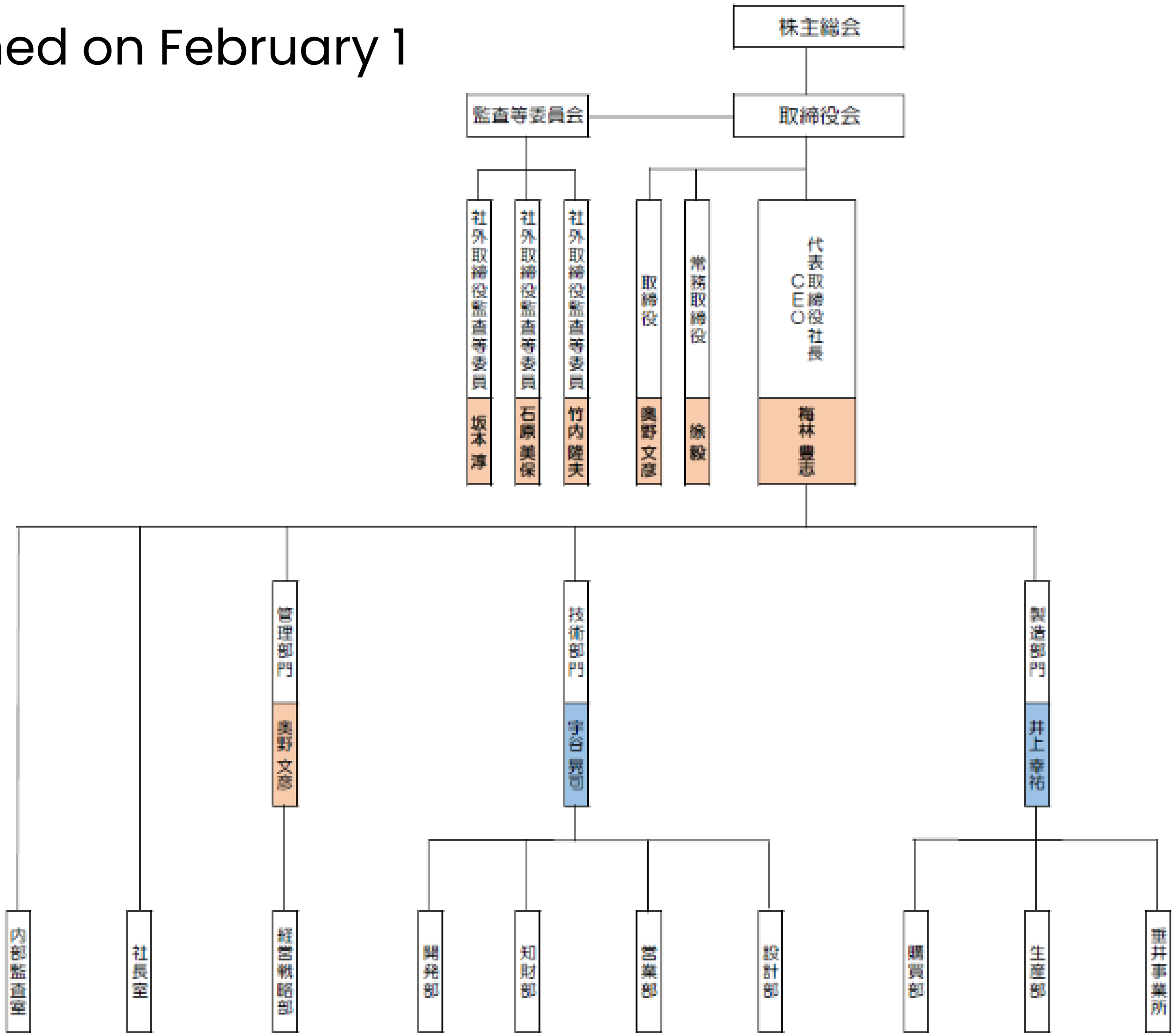
- Hire young talent for management
- Assign experienced talent to new businesses
- Shift talent to growth areas
- Promote job rotation

## Integrated Global Management

- Utilize overseas managers
- Optimize costs through local production
- Improve quality and technology through collaboration
- Leverage diverse talent

# 7-2. Organizational Changes to Execute “Speed & Challenge”

- New organizational structure launched on February 1



# 7-3. Club Activities

Strengthening communication among employees through club activities

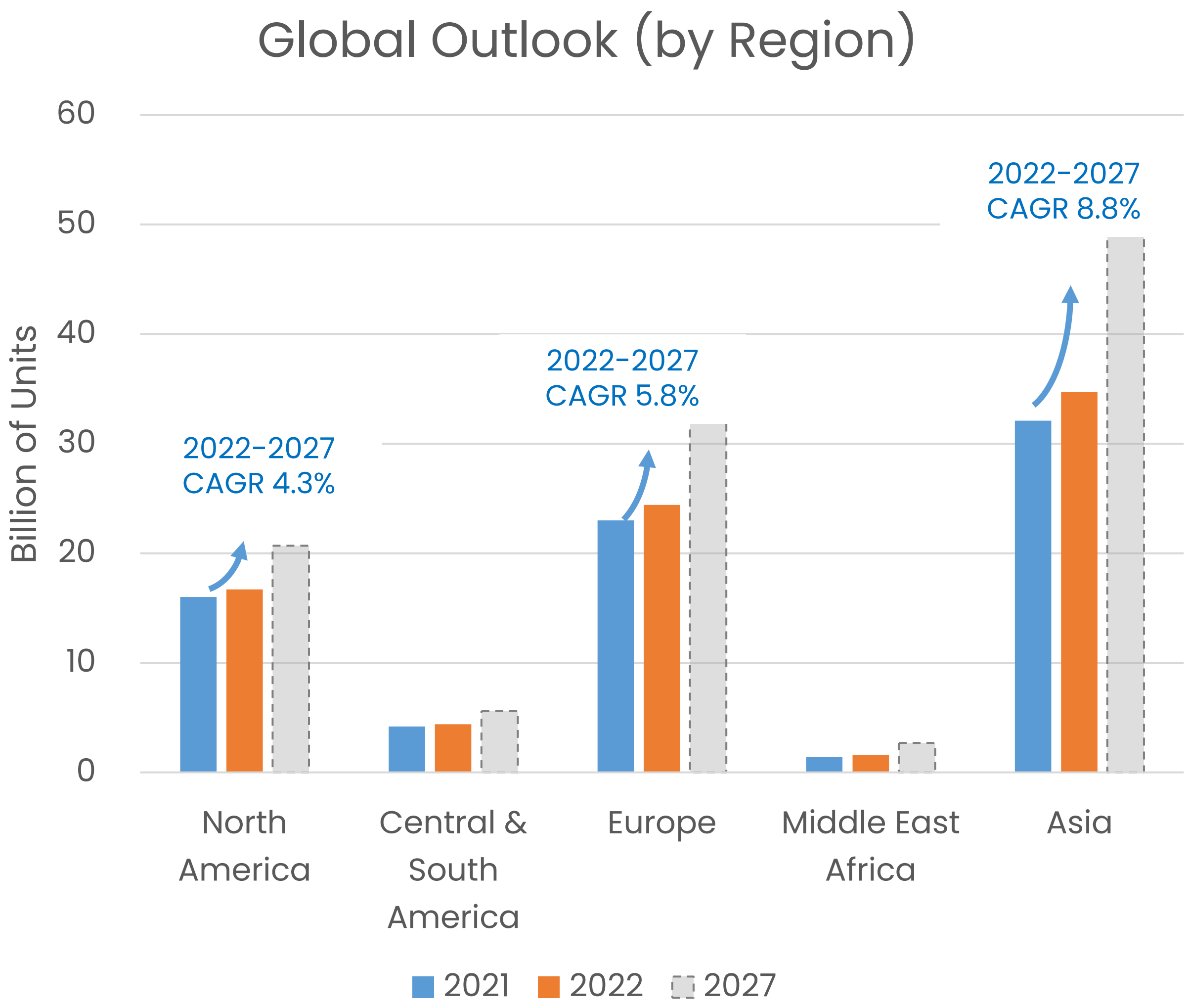


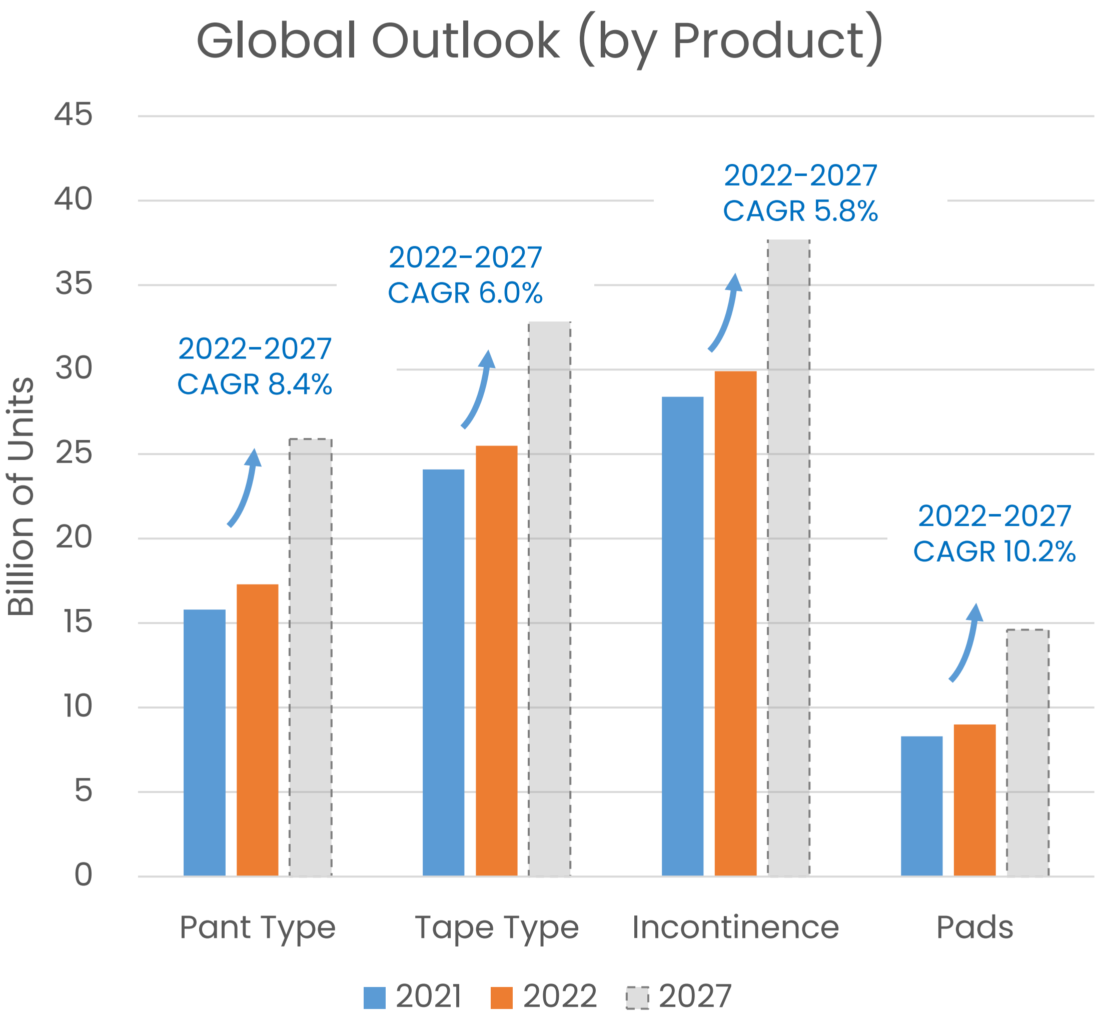
4

# Initiatives for Future Growth

1. New Product Development
2. Service Business
3. Spunlace Business
4. Recycling Business
5. Excretion Care Equipment Business
6. PPE (Personal Protective Equipment) Business

# 1. Growth Potential of Adult Products

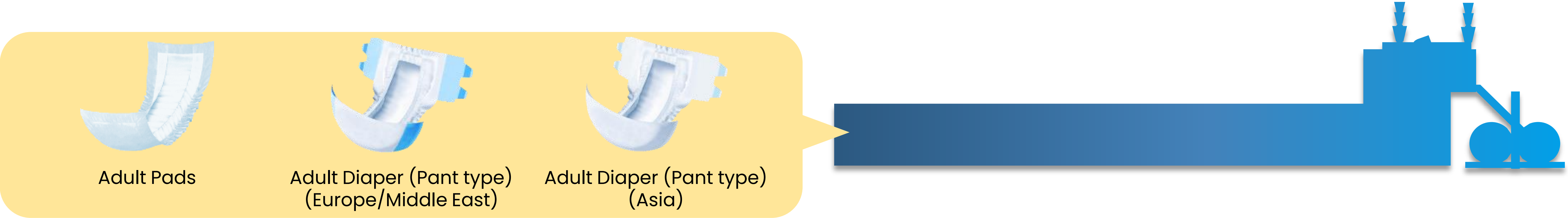


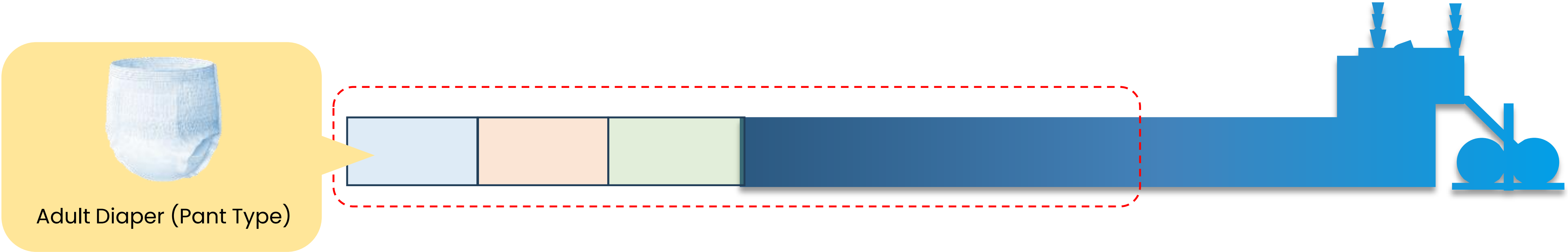

Source: Price Hanna Consultants, “Global Outlook for Absorbent Hygiene Products and Key Raw Materials”

# 1-2. New Product Development (Multi-Product Machine™)

✓ Flexible design enables easy modification on a single production line

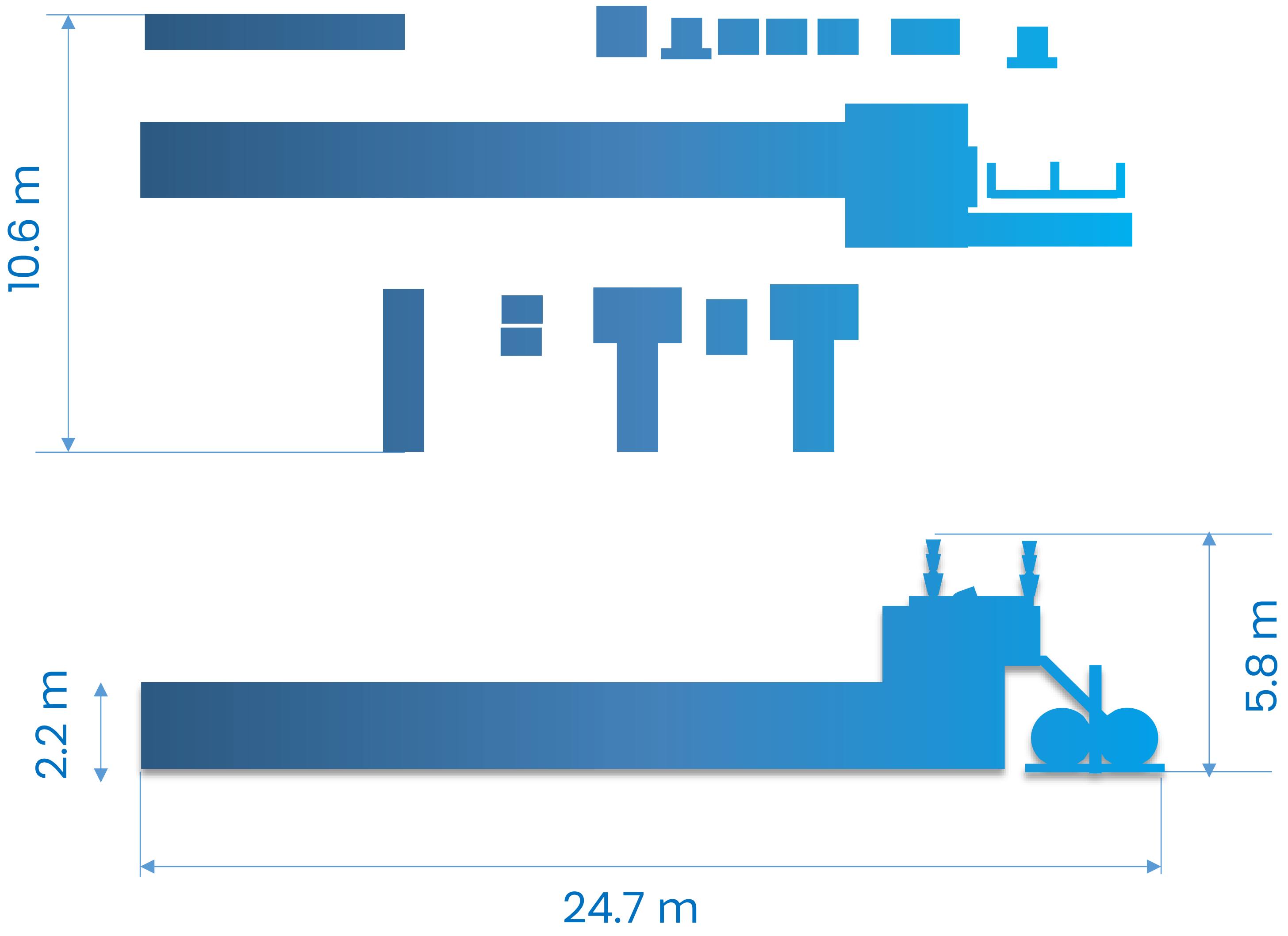



✓ Expandable from a base machine to support pant-type products



# 1-3. Compact Base Machine

- Reduced machine footprint through improved manufacturing processes
- 30–37% shorter than conventional machines*
- More efficient use of factory space
- Easier operation for operators



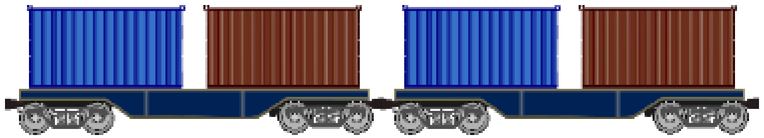

*Compared with our conventional machines

# 1-4. Optimized for Transportation

- Designed to fit into standard 40-ft containers

**x 15**

- Easy handling and transport at local sites




- Reduced transportation costs

# 2. Transition to Service-Based Business

ZUIKO

- Strengthening services to shift from an equipment sales–focused model to a recurring revenue model combining equipment and services

## Service Initiatives

**Regular Customer Visits**
- Periodic equipment inspections
- Monitoring operating conditions
- Preventive maintenance

**Spare Parts & Consumables Proposals**
- Parts replacement based on operating conditions
- Maintenance proposals for stable operation

**Retrofit & Upgrade Proposals**
- Improving production capacity
- Enhancing product quality
- Adding new functionalities

## Business Model Including Services

Equipment Sales ▶ Delivery ▶ **Regular Customer Visits** ▶ Spare Parts / Retrofit

## Expected Benefits

- **Expansion of stock-type (recurring) revenue**
  ⇒ Growth in parts and maintenance sales
- **Stronger relationships with existing customers**
  ⇒ Increased customer touchpoints
- **Expansion into new business areas**
  ⇒ Module sales, system sales, and collaboration with new businesses

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We go beyond supplying individual machines by providing a full package—from auxiliary equipment selection to line setup—enabling customers to start production immediately after installation.

## End-to-End Line Setup & Start-Up Support

**Machinery + Auxiliary Equipment**

**Operator Training**

**Global Support**

## Immediate Production After Installation

**Lower Barriers to Adoption**
Even startups can implement with confidence

**Expansion of Customer Base**
Stronger approach to new market entrants

**Higher Value-Added Solutions**
Differentiation through line setup and training support

# 3. Cotton Spunlace Business (COTEX)

- Became a consolidated subsidiary in 2024
- Manufactures high-quality absorbent cotton and cotton products

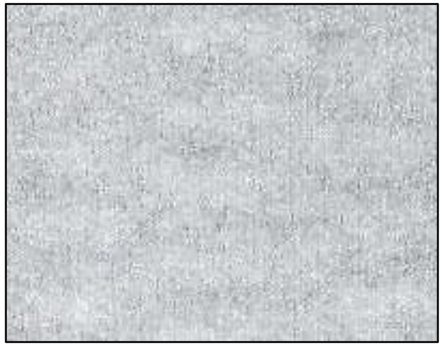
**Conventional**: Raw Cotton → Carding → Bleaching → Drying → Cottonizing

**Our Process**: Raw Cotton → Carding → Winding → Bleaching → Drying → Cottonizing





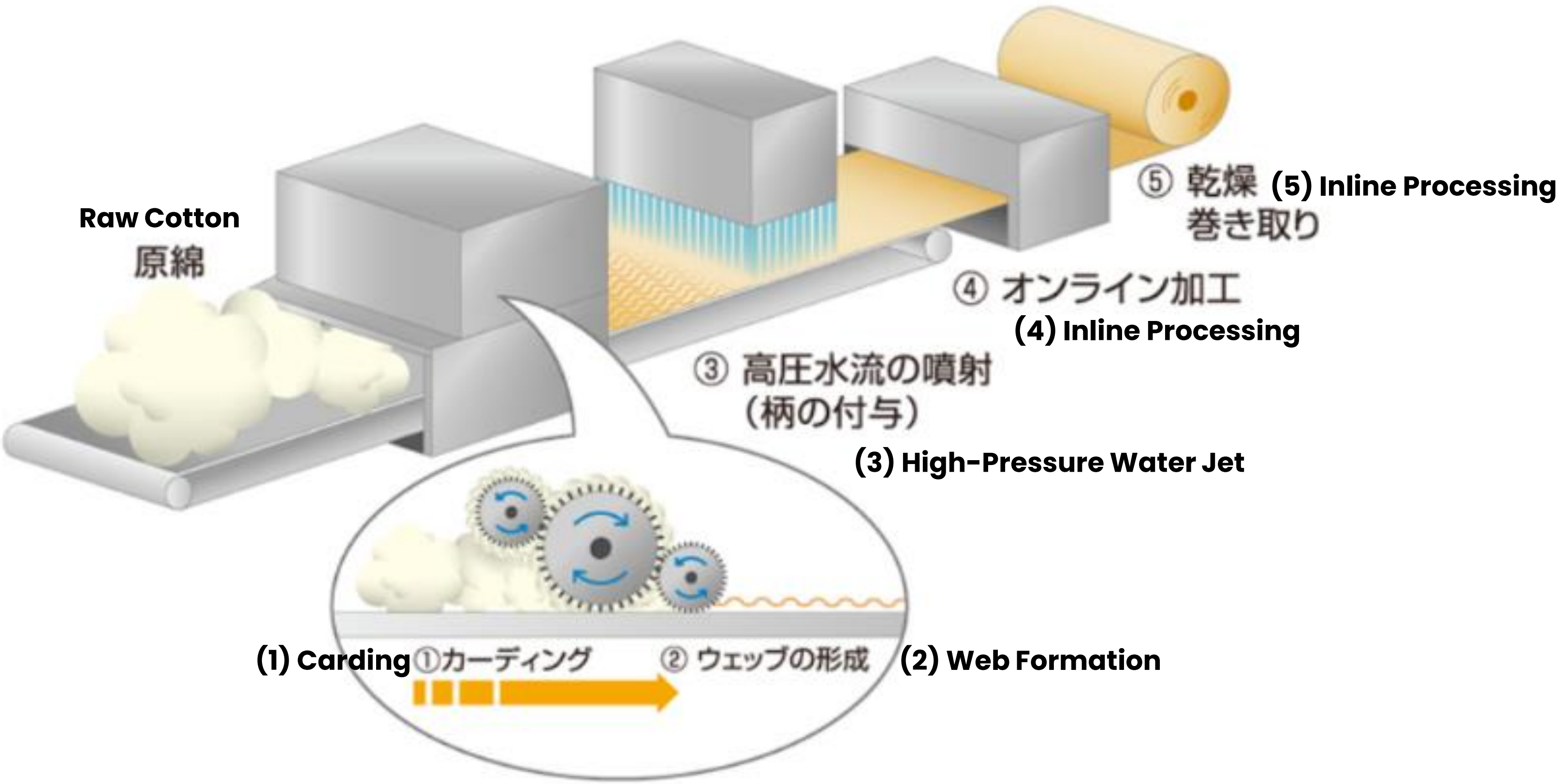
- ➢ Maintains cotton’s natural absorbency and bulkiness
- ➢ Provides soft, moist, and fluffy absorbent cotton


# 3-2. Cotton Spunlace (Acquired from Unitika, Jan 2026)

COTTOACE
コットエース®

Manufacturing of cotton spunlace nonwoven fabrics




Layering

Fiber blending

Basis weight control

ZUIKO designs and builds **MACHINES** for the production of

Baby Diapers | Adult Diaper & Incontinence | Feminine Products | Other Hygiene Products

Baby Diapers

Adult Incontinences

Feminine Napkins

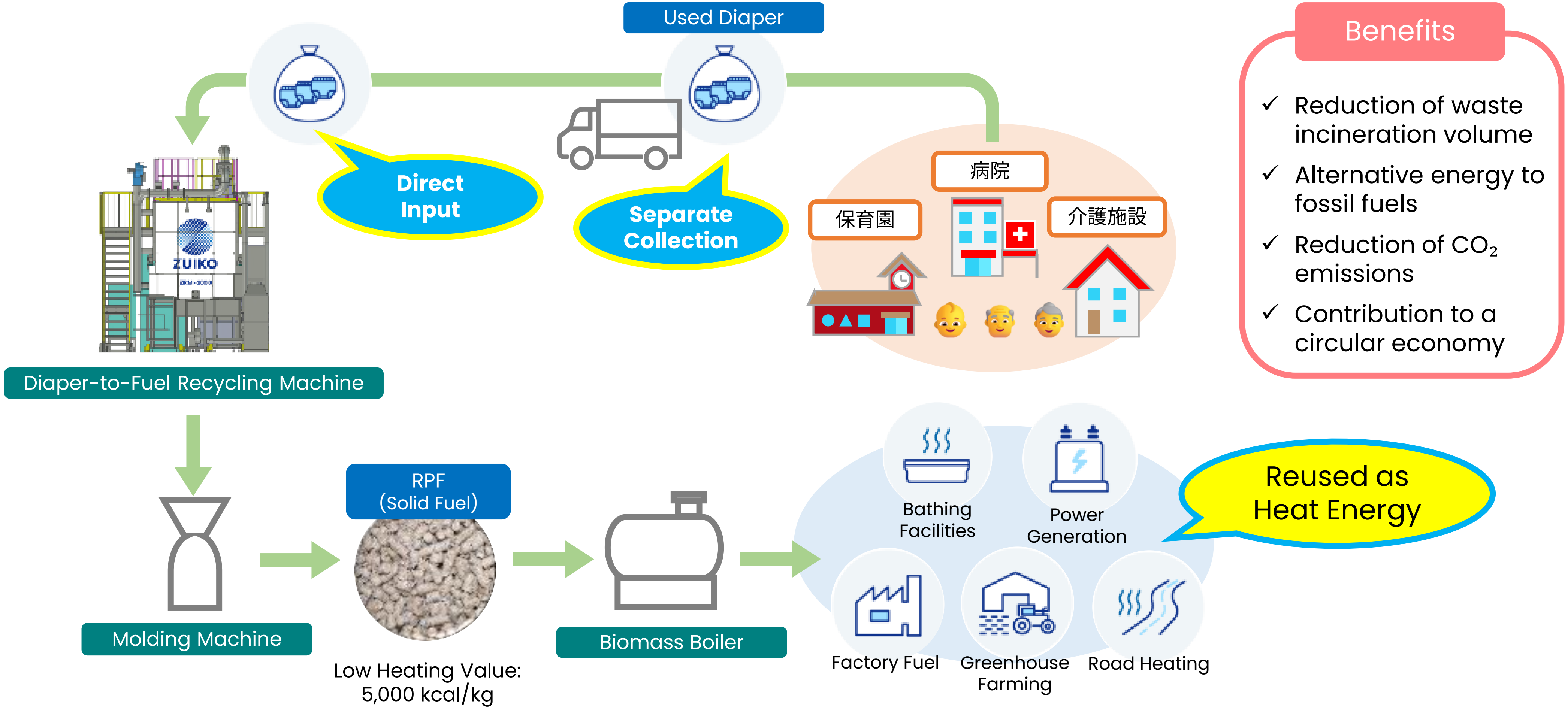
Nursing Pads and Pet Sheets

Applying technologies developed in machinery manufacturing and material processing for hygiene products to cotton spunlace.

# 4. Used Diaper-to-Fuel Recycling Model

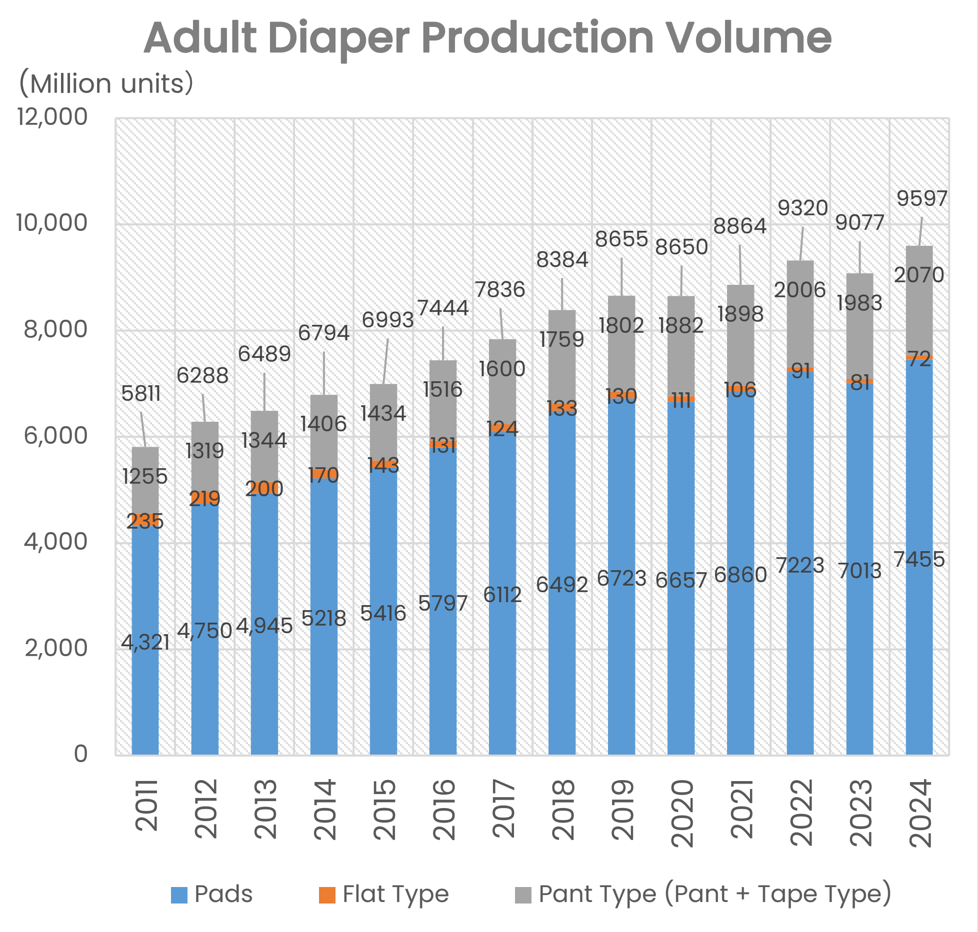
## Converting used disposable diapers into a new energy source (solid fuel)

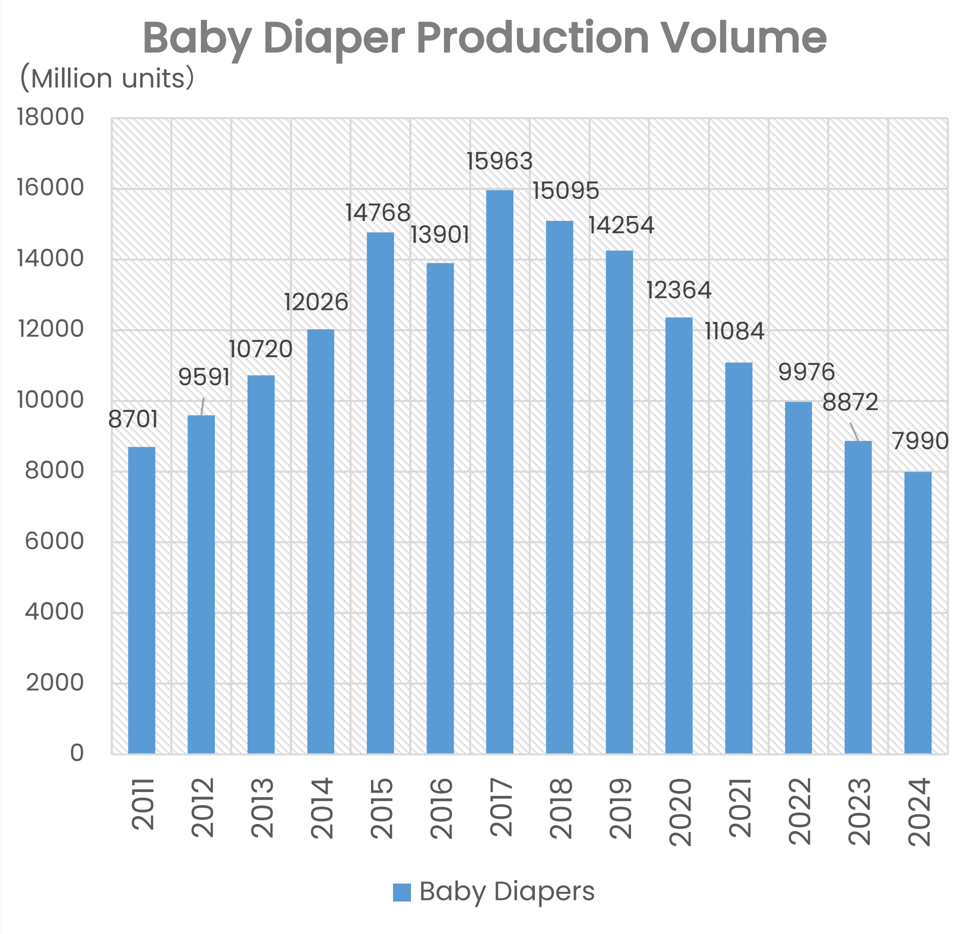
Used diapers from daycare centers, hospitals, and nursing care facilities are separately collected and processed using our recycling systems (ZRM-1000/2000) to produce recycled fuel, reducing the volume of waste for incineration.
The recycled fuel can be utilized on-site, contributing to $CO_2$ emission reduction.



# 4-2. Trends in Diaper Production

Production of baby diapers is declining due to the falling birthrate, while adult diapers continue to increase with the aging population. After use, diapers expand to about four times their original size, increasing collection and incineration costs. Their high moisture content also makes them difficult to burn, placing a burden on incinerators and raising maintenance costs.

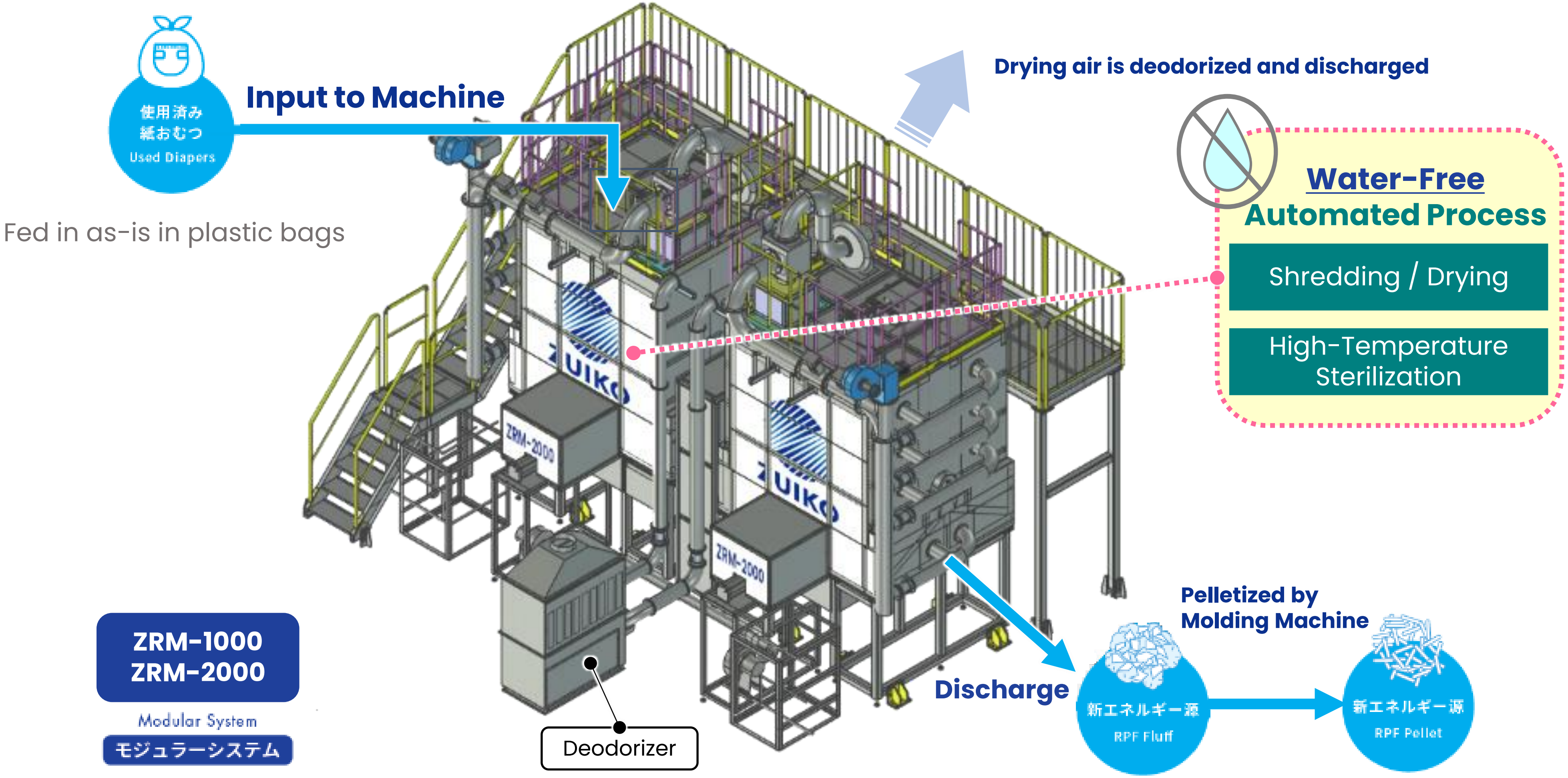



Source: Japan Hygiene Products Industry Association, "Production Volume Trends by Type of Adult Diapers" and "Production Volume Trends of Baby Diapers"

# 4-3. ZRM Processing Flow

Used diapers are fed into the machine while still in garbage bags, where shredding, drying, and high-temperature sterilization are carried out automatically. No water is used in the process. The air used for drying is deodorized and then discharged outside. After processing, the volume is reduced to approximately one-third, producing cotton-like fuel. This material can be further processed into pellets and utilized as fuel for biomass boilers and other applications.



# 4-4. Overview of ZRM System Specifications & Features

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ZRM-1000
ZRM-2000

Modular System
モジュラーシステム

## ◆ Processing Capacity: 1t/run or 2t/run

– Output weight reduced to approx. one-third through drying

## ◆ Processing Time: ≤16–18 hours

– Ongoing R&D to further shorten processing time

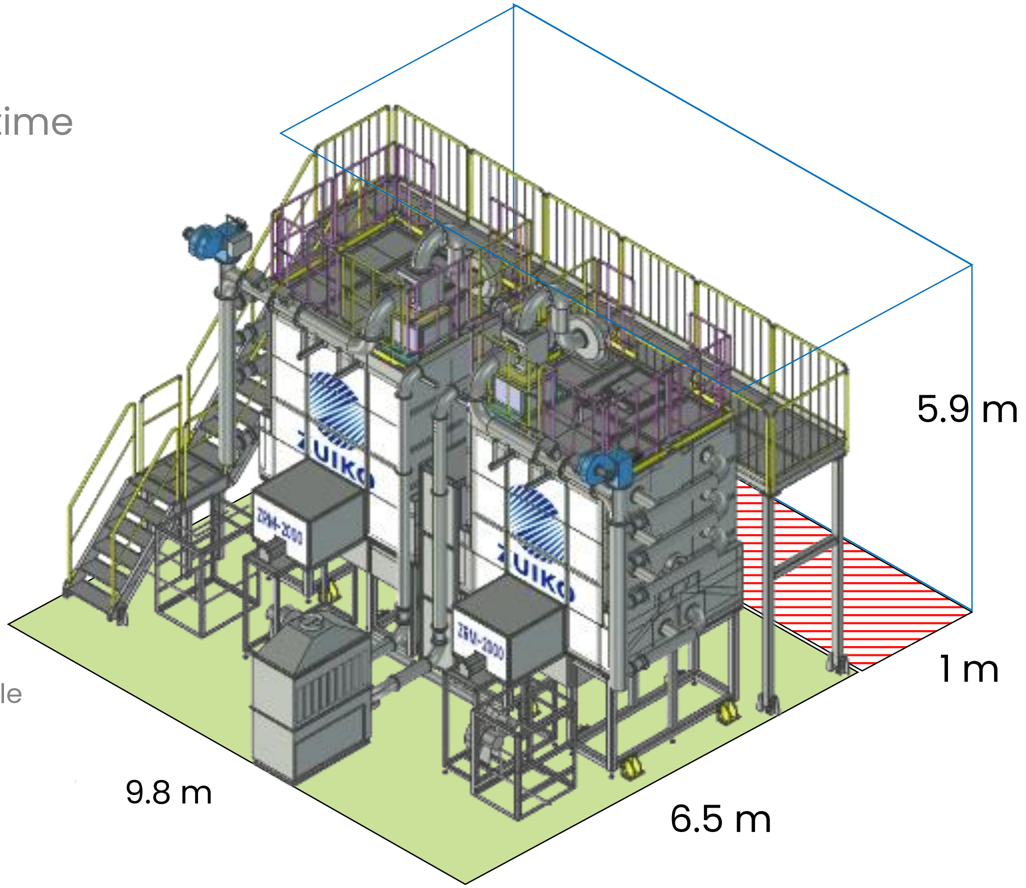
## ◆ Modular Design

– Flexible capacity to suit regional and facility needs

## ◆ Electric Heater System

– Operates solely on electricity (no gas required)
– Eliminates the need for gas infrastructure

* Gas burner option also available



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## New Energy Optimized for Fuel Recycling

Reduced to less than one-third of original weight

Low odor

Moisture content below 10%

Calorific value: approx. 5,000 kcal/kg

Suitable composition for fuel use

High safety through effective sterilization

# 5. Excretion Care Equipment

Leakage testing using a transparent mannequin

# 5-2. Lease Agreement Overview

The land and buildings for the manufacturing facility have already been secured under a lease agreement

Exterior

Entire Facility

Factory Building

Factory Interior

Interior

Office Building

# 6. PPE Business (Coverall Market and Automation)

- Coverall gowns market: $6.7bn in 2024 (est.) → $10.5bn in 2033 (est.) (CAGR: 5.3%)
- Disposable gowns: $2.5bn (est.) → $4.5bn (est.) (CAGR: 7.5%)
- Approx. $2 per unit
- North America & Europe: approximately 50%

- **World's first** fully automated coverall manufacturing machine

We manufacture coveralls for the following industries:

1. Chemical
2. Petrochemical
3. Semiconductor

Each product is designed with different specifications and materials.

*Image for illustration purposes only (actual products may differ)

ZUIKO

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