

**Second Quarter of Fiscal Year  
Ending December 31, 2021  
(January 1, 2021 to June 30, 2021)  
Unicharm Investor Meeting  
Presentation Materials**

August 4, 2021

Takahisa Takahara  
President and CEO  
Unicharm Corporation



I am Takahara of Unicharm.

Thank you very much for participating in Unicharm Co., Ltd.'s second quarter financial results web conference for the fiscal year ending December 2021.

Please take a look at page 2 of the materials you have.

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## **Second Quarter of Fiscal Year Ending December 31, 2021 (January 1, 2021 to June 30, 2021) Financial Performance Summary**

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Projections stated in these materials include those based on the Company's currently obtained assumptions, forecasts and plans regarding the future. Therefore, actual results may differ significantly from projections due to risks and uncertainties associated with market competition, foreign exchange rates, etc.

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First, I would like to give you an overview of the financial results for the second quarter.

Second Quarter of Fiscal Year Ending December 31, 2021  
(January 1, 2021 to June 30, 2021)  
Financial Results Summary



**Consolidated**

**Sales 377 billion JPY** (YoY +5.7%)  
**Core operating income 61.8 billion JPY** (YoY +11.7%)

- Sales and all profit categories hit a record high.
- Performance steadily improved as expected. Achievement of profit was higher than expected.

**Japan**

**2.8% sales increase, 9.1% profit increase,  
Improved core operating income margin**

- Increased profit driven by Wellness Care Business and Pet Care Business
- Profitability improved by the product mix increase in high profitability segments

**Overseas**

**7.6% sales increase, 14.6% profit increase,  
Improved core operating income margin**

- Increase in sales and profits in Asia, Strong sales in China, Continued recovery trend in South East Asia and India
- Sales and profits increased in other areas, Strong sales continue in Brazil
- Sales improved dramatically in North America from 2Q

**Shareholder  
Return**

**Yearly dividend 36 yen per share  
Plan to increase dividend for 20 consecutive years**

- Purchase of own shares: approx. 16 billion JPY, 3.62 million shares

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Look at page 3.

Here is a summary of the second quarter of the fiscal year ending December 2021.

## 2Q Cumulative achieved a new record high



### ● Consolidated account highlights

(from Jan. to June)

(100 millions of yen)

	2Q of FY Ended Dec. 31, 2020	2Q of FY Ending Dec. 31, 2021	gap(yen)	gap(%)	(Forecast) FY Ending Dec. 31, 2021	Achievement
Net sales	3,566	<b>3,770</b>	+204	+5.7%	7,700	49.0%
Core operating income (margin-%)	553 (15.5%)	<b>618</b> <b>(16.4%)</b>	+65	+11.7% (+0.9P)	1,190 (15.5%)	51.9%
Profit before tax (margin-%)	391 (11.0%)	<b>648</b> <b>(17.2%)</b>	+257	+65.6% (+6.2P)	1,170 (15.2%)	55.3%
Profit attributable to owners of parent company (margin-%)	193 (5.4%)	<b>400</b> <b>(10.6%)</b>	+207	+107.3% (+5.2P)	750 (9.7%)	53.3%
EBITDA ( profit before tax + depreciation/ amortization + fire accident loss )	734	<b>835</b>	+101	+13.8%	1,570	53.2%
Basic earnings per share (JPY)	32.30	<b>66.77</b>	+34.47	+106.7%	125.90	53.0%
USD Rate (JPY)	108.27	<b>107.69</b>	-0.58	-0.5%	103.50	—
CNY Rate (JPY)	15.39	<b>16.66</b>	+1.27	+8.3%	15.80	—

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Please see page 4. Here are the highlights.

As for the results for the second quarter of the fiscal year ending December 2021,

sales increased by 5.7% to JPY377 billion, and core operating income increased by 11.7% to JPY61.8 billion, setting a new record high.

The core operating income margin also improved by 0.9 points to 16.4%, which is the highest income margin ever for the first half of a fiscal year.

The gross profit rate here improved by 1.2 points, and the key factor was a 0.4 point improvement in material-related costs in the first half of the fiscal year, which made a significant contribution.

The reason for the large increase in quarterly profit before tax and quarterly profit attributable to owners of the parent company is that JPY16.1 billion in losses from the fire at the plant in India, which was treated as other expenses in the previous fiscal year was recorded. In financial expenses, foreign exchange losses were recorded in the previous fiscal year.

In the current fiscal year, on the contrary, the appreciation of the local currency resulted in foreign exchange gains, which is the main reason for the improvement of JPY2.7 billion.

As for the progress of the consolidated forecast, as you can see on the right side of the table, both sales and core operating income ratio are progressing steadily, and especially core operating income is progressing more than expected.

The details of the financial results will be explained on the next and subsequent pages.

## Stable growth in sales and profits compared to pre-COVID-19 pandemic in 2019



### ● Sales trend (quarterly)



### ● Core operating income trend (quarterly)



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Please see page 5.

This is the transition of the quarterly results.

The coronavirus has spread again in Asia. In China, mutant viruses have recently reappeared.

But even in this environment, hygiene products have remained very stable because they are daily necessities.

Compared to 2019, the year before expansion of coronavirus, both sales and income have been growing steadily.

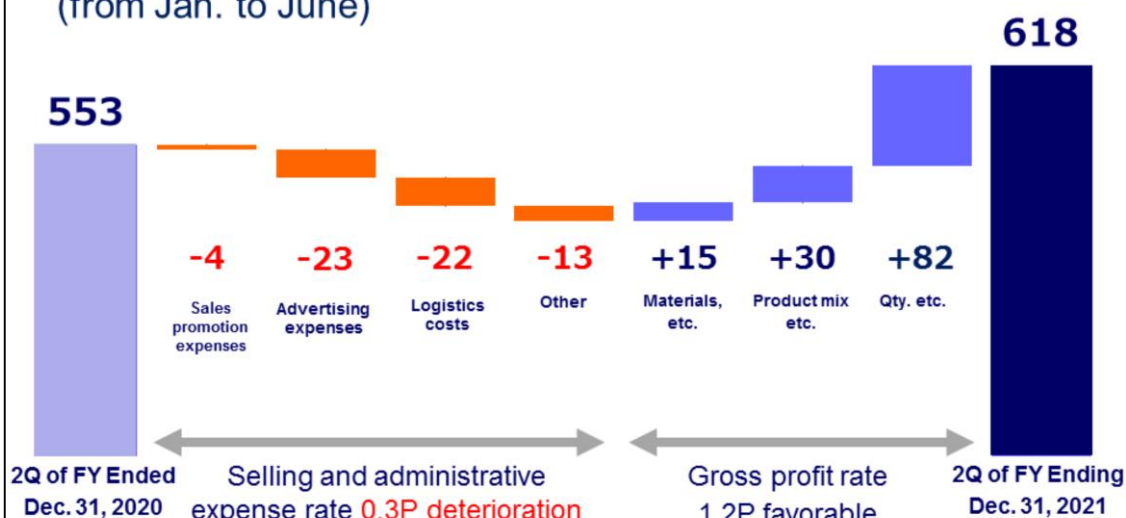
Incidentally, in terms of quarterly sales, for the second quarter, sales for the past 3 months were JPY194.9 billion, which is a record high on an IFRS basis.

6.5 billion JPY increase in profit due to sales increase  
affected by volume increase by aggressively investing in  
marketing expenses in China and Japan



● Core operating income fluctuation  
(from Jan. to June)

(100 millions of yen)



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Please see page 6. This is the core operating income fluctuation.

I will start with the items on the left of the table. SG&A expenses.

In particular, we are aggressively investing in advertising in Japan, China, and the Middle East, each focusing on new products, and have increased our advertising expenses by JPY2.3 billion.

As for logistics costs, they are increasing especially in Indonesia and China. This is the effect of the coronavirus. Also, regarding the export of products from Indonesia to India, in response to the decrease in supply due to the fire, we are importing products from Indonesia to India, and the export cost for that is increasing. Also, there is a global shortage of containers, so logistics costs are rising,

Also in China due to the coronavirus, logistics has been stopped in the previous fiscal year, which has led to an increase in inventory and other costs. This resulted in a cost increase of JPY2.2 billion.

The JPY1.3 billion increase in other items is due to the increase in personnel expenses (600 million yen), R&D expenses (300 million yen, and etc...

Next, with regard to material-related costs, JPY1.5 billion is the increase in profit due to the decline in unit prices.

The point is the "product composition, etc.", but the sales composition ratio of feminine care-related products and healthcare-related products, which have many high gross profit products, has increased, and conversely, the composition ratio of baby care-related products with low gross margin. The lower product mix has improved. As a result, gross profit increased by 3 billion yen in "Product composition, etc."

The main reason for the increase of 8.2 billion yen in the "quantity, etc." part is that the quantity increased due to the increase in sales in China, Japan, Southeast Asia, etc. As a result, Selling and administrative expenses increased by approximately 6.2 billion yen and gross margin increased by approximately 12.7 billion yen compared to the

previous fiscal year, resulting in an increase in operating income of 6.5 billion yen.



Japan maintains favorable conditions in Wellness Care Business and Pet Care Business  
In Asia, China drove sales growth, and recovery was seen in South East Asia



● Geographical segment information (from Jan. to June)		2Q of FY Ended Dec. 31, 2020	2Q of FY Ending Dec.31, 2021	Difference	Difference (%)	(Ref.) Actual*1 gap rate
(100 million yen)						
Japan	Net sales	1,376	1,414	+38	+2.8%	—
	Core operating income (margin)	266 (19.3%)	290 (20.5%)	+24	+9.1% (+1.2P)	—
Asia	Net sales	1,620	1,759	+139	+8.6%	+4.1%
	Core operating income (margin)	229 (14.2%)	260 (14.8%)	+30	+13.2% (+0.6P)	+7.6%
Others *2	Net sales	570	596	+26	+4.6%	+4.3%
	Core operating income (margin)	55 (9.6%)	66 (11.1%)	+11	+20.2% (+1.5P)	+20.8%
Consolidation	Net sales	3,566	3,770	+204	+5.7%	+3.6%
	Core operating income (margin)	553 (15.5%)	618 (16.4%)	+65	+11.7% (+0.9P)	+9.4%

[Actual gap rate of sales in main countries] \*based on management accounting  
China +8% Indonesia +8% Thailand +8% India +7% Vietnam +3% Middle East +5% North America +6% Brazil +16%

\*1 : Actual gap rate excluding foreign exchange effects

\*2 : Others: Main regions are U.S.A., Saudi Arabia, Brazil and the Netherlands

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Please see page 7.

This is the geographical segment information.

In Japan, sales increased by 2.8% to 141.4 billion yen, core operating income increased by 9.1% to 29 billion yen, and the core operating income margin improved to 1.2P to 20.5%.

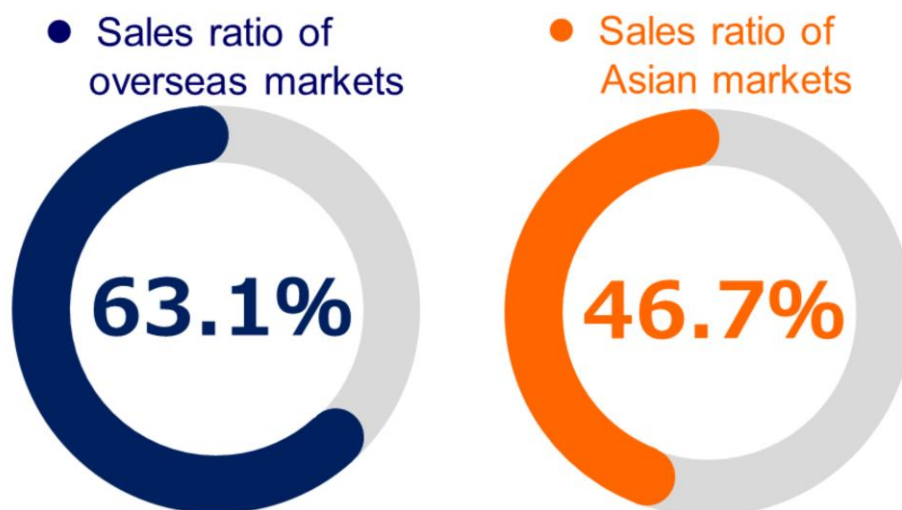
In the previous fiscal year, the spread of coronavirus led to a rapid increase in demand for masks and other hygiene-related products at the level of panic buying due to heightened awareness of infection prevention. In the current fiscal year, we had expected a decline in sales due to the reaction to that, but even in this environment, mask sales continued to grow at a high rate of 12%. Adult diapers at stores grew by 9%, while pet care grew by more than 10%.

Next, is the Asia region.

In Asia, sales were 175.9 billion yen, an increase of 8.6%, core operating income was 26 billion yen, an increase of 13.2%, and a core operating income margin was 14.8%, an improvement of 0.6 points from the previous fiscal year. In particular, sales in China continued to grow by about 8%, and among feminine care-related products, premium products such as pants-type napkins performed well. Regarding baby care-related products, unfortunately, demand for products made in Japan has continued to decline, but on the contrary, Moony made in China has been performing well.



## Overseas and Asian markets keep overwhelming sales ratio



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As you can see on page 8.

This graph for the sales ratio of overseas markets.

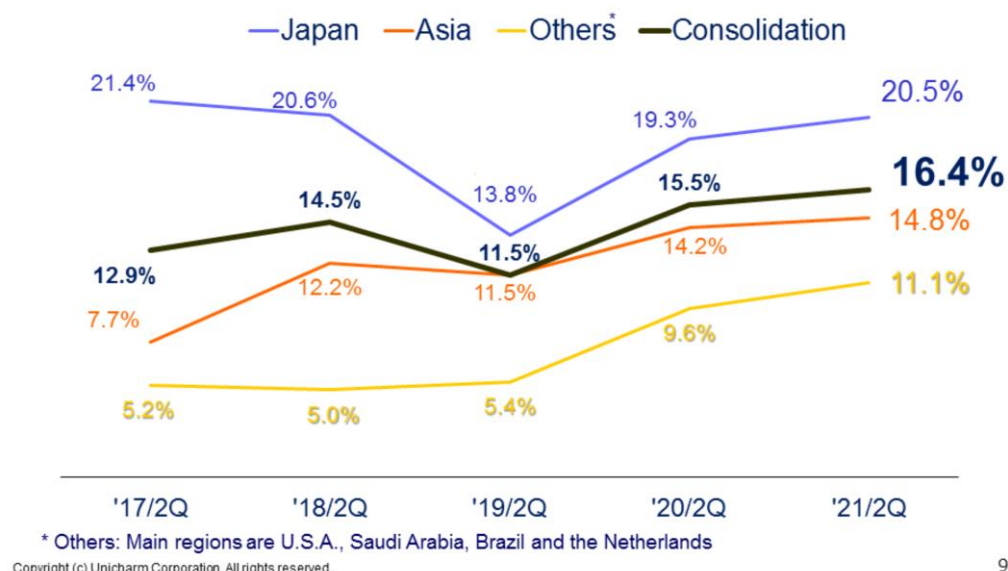
Overseas sales account for 63.1% of total sales.

Within that, Asia accounts for 46.7% of the total.

Consolidated core operating income margin reached a new high due to product mix increase in high profitability segments



- Core operating income margin by geographical segment



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See Page 9

This the graph of core operating income margin.

On a consolidated basis, it reached a record high of 16.4% for the cumulative second quarter.

Income margins are improving, with Japan exceeding 20% to 20.5%, Asia to 14.8%, and others to 11.1%.

Feminine and Baby Care business drove Personal Care Business  
Strong sales in Pet Care Business in Japan, Recovery trend in  
North America, Increased investment in Asia



■ Business Segment Information  
(from Jan. to June )

		2Q of FY Ended Dec.31. 2020	2Q of FY Ending Dec. 31, 2021	(100 million yen)	
				gap (yen)	Gap (%)
Personal Care	<b>Net sales</b>	3,087	<b>3,254</b>	+167	+5.4%
	<b>Core operating income</b>	489	<b>545</b>	+57	+11.6%
	<b>(margin)</b>	(15.8%)	<b>(16.8%)</b>		(+1.0P)
Pet Care	<b>Net sales</b>	444	<b>486</b>	+42	+9.5%
	<b>Core operating income</b>	62	<b>69</b>	+8	+12.4%
	<b>(margin)</b>	(13.9%)	<b>(14.3%)</b>		(+0.4P)
Others*	<b>Net sales</b>	35	<b>30</b>	-5	-14.0%
	<b>Core operating income</b>	3	<b>3</b>	+0	+11.1%
	<b>(margin)</b>	(8.2%)	<b>(10.6%)</b>		(+2.4P)
Consolidation	<b>Net sales</b>	3,566	<b>3,770</b>	+204	+5.7%
	<b>Core operating income</b>	553	<b>618</b>	+65	+11.7%
	<b>(margin)</b>	(15.5%)	<b>(16.4%)</b>		(+0.9P)

\* Other products refer to those related to industrial materials, etc..

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Please see page 10.

Here is the segment information by business. Regarding an increase of sales and an increase of income in the Personal Care, the impact of the reemergence of coronavirus infection had a negative effect, especially in Asia. But sales of feminine care-related products increased by 12%, amounting to an increase of JPY9.4 billion.

For healthcare-related products, sales increased by 8% here, equivalent to the amount of JPY5.8 billion. Sales of baby care products also increased by 3%, or up JPY3.7 billion.

Each of them performed well, especially Feminine Care, which posted higher income and sales.

On the other hand, in the Clean & Fresh category, as with masks, there was a reaction to the special demand for wet wipes in the previous fiscal year, and sales of wet wipes and cleaning products declined by double digits, or down 13%. In terms of value, sales decreased by JPY2.2 billion, and profits also declined by JPY0.7 billion.

However, when compared to the year before last, the so-called normal month, the normal period, the sales situation of wet wipes is that it has increased by 30% compared to 2019. It's not getting any worse.

Both sales and profit in pet care increased, especially in Japan where sales increased by JPY3.3 billion and income increased by JPY0.3 billion. In particular, cat-related products have been performing well among them. In the US, as I explained earlier by region, the negative effects of the shortage

of products because of the unavailability of imports due to the coronavirus were recovered in the second quarter, resulting in increased sales and income. Sales increased by JPY900 million, and income increased by JPY500 million.

Impacts of foreign exchange fluctuations:  
 Approx. 7.5 billion JPY increase in sales and  
 approx. 1.2 billion JPY increase in core operating income



■ Rate fluctuations by currency (Jan. to Jun. average rate)

Currency	Exchange rate for 2Q of FY ended December 31, 2020	Exchange rate for 2Q of FY ending December 31, 2021	Rate change
China(CNY)	15.39	16.66	+8.3%
Indonesia(IDR)	0.0075	0.0076	+1.3%
Saudi Arabia(SAR)	28.89	28.75	-0.5%
India(INR)	1.47	1.48	+0.7%
Thailand(THB )	3.43	3.50	+2.0%
Vietnam(VND)	0.0046	0.0047	+2.2%
USA(USD)	108.27	107.69	-0.5%
Taiwan(TWD)	3.61	3.85	+6.6%
South Korea(KRW)	0.0899	0.0965	+7.3%
Australia(AUD)	71.21	83.07	+16.7%
Malaysia(MYR)	25.50	26.29	+3.1%
Brazil(BRL)	22.29	20.03	-10.1%
Netherland(EUR)	119.30	129.82	+8.8%
Egypt ( EGP )	6.82	6.85	+0.4%

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Next, please see page 11.

This is the effect of exchange fluctuations in each currency.

Due to rate fluctuations in each currency,

the impact of converting financial statements on the settlement rate is that sales increased by approximately 7.5 billion yen year-on-year.

Core operating income increased by approximately 1.2 billion yen.

## **Mid- and long- term strategies and financial goals (2023 and 2030)**

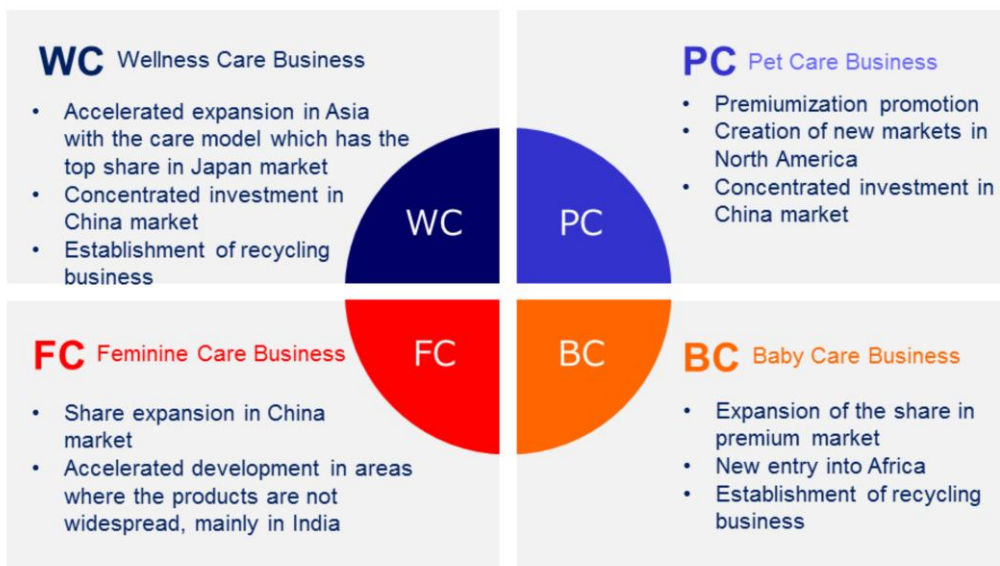
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Please see page 12.

I would like to explain again about our medium and long-term strategies and financial goals.

## Outline of key strategies for continuing growth with SDGs as Purpose toward 2030



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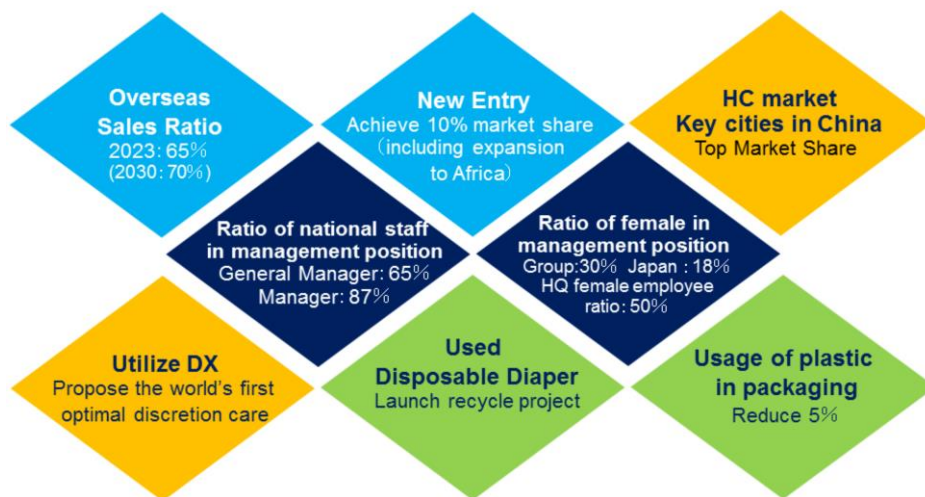
Please see page 13.

This is the outline of strategies for each segment toward 2030.

The 11th mid-term management plan has been formulated with the aim of contributing to the SDGs as the Unicharm Group's purpose, and as a strategy to realize a cohesive society.

As growth strategies that can only be achieved by Unicharm, we aim to support a cohesive society as a result of our contribution to the entire life of our customers, including babies and the elderly, including pets, over the long term.





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Please see page 14.

This the FY2023 target.

First, from the top left corner to the right, the percentage of overseas sales will increase from 63% to 65% by 2023. In particular, we envision new areas of entry, expansion into Africa, etc. We would like to gain a 10% market share in new areas.

In addition, we have set a goal to become the number one in the market in terms of adult diapers category share in China's key cities.

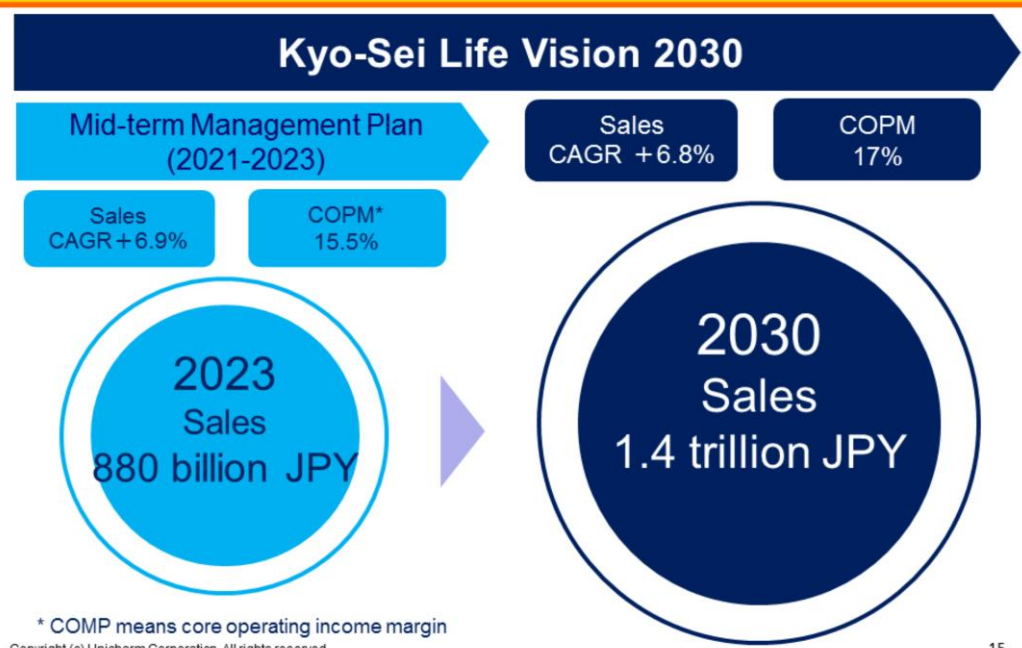
And then proceed with localization. Localization of management is one of Unicharm's challenges, and we will increase the number of companies that are managed by local executives in their home countries.

The KPI is 65% for the general manager class. From the perspective of diversity, we will promote the ratio of female managers to 30% on a consolidated basis and 18% in Japan as a KPI.

And digital. If you look at the bottom row from left to right, you will see that we have set a goal of providing the world's first optimal excretion care proposal by 2023, especially in the areas of health care tech, baby tech, and feminine tech, as well as excretion care using digital technology.

In terms of the environment, we have set a goal for 2023 to recycle used disposable diapers and reduce the use of plastic packaging materials by 5%.

## 'Sustainable growth strategy' with SDGs as Purpose



As you can see on page 15, we are aiming for sales of JPY888 billion, and a core operating income margin of 15.5% in 2023 as our financial targets. Further ahead, in 2030, we aim to achieve sales of JPY1.4 trillion and a core operating income margin of 17%.

Although we have just started our new medium to long-term management plan, we have determined our KPIs and have made a good start in this interim period. The environment is always harsh, but we will continue to do our best.

## **Shareholders Return Policy**

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From page 16 onwards, we will discuss the return policy for shareholders.

Through the payment of dividend linking to the business performance and buy-back of our own shares, we are aiming for total return ratio of 50% in 2021



## ● Shareholders return policy



We are aiming at returning profits to our shareholders **with a goal of total return ratio of 50%** by paying dividends on a consistent and continuous basis and buying back our own shares, upon necessity, on a flexible manner based on the growth of med-to-long term consolidated earnings while focusing on the business investment for achieving the uninterrupted growth.

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Look at page 17.

We plan to maintain a total return ratio of 50% this fiscal year through dividends linked to business performance and share buybacks.

Dividend per share  
Plan to increase dividend for 20 consecutive years  
(36 yen a year)



● Dividends per share (JPY)



\* Irregular accounting period of 9 months

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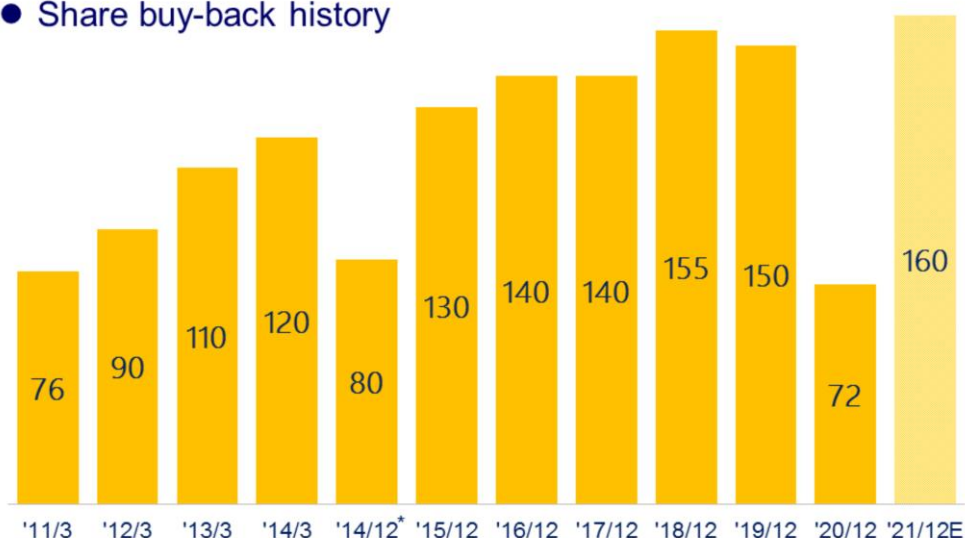
Please see page 18.

Regarding the dividend per share, in FY2021, we will pay a dividend of 18 yen per share at the end of the second quarter, a dividend increase of 2 yen per share for the year, and a dividend of 36 yen for the full year.

## Purchase of own shares worth 16 billion JPY (3.62 million shares) as initially planned



### ● Share buy-back history



\* Irregular accounting period of 9 months

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Please see page 19.

This is history of share buy-back.

In FY2021, the board of directors on February 15, 2021 resolved to acquire a maximum acquisition amount of 16 billion yen and a maximum of 4 million shares, so by the end of June, about 16 billion yen of treasury stock has been acquired.

Going forward, we will continue to pay stable and continuous dividends and acquire treasury stock, and consider returning profits to shareholders as one of our important management policies. We will strive to improve.

## **Approach to realize a “Cohesive Society (Social Inclusion)”**

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From page 20 of the presentation, we have formulated 20 specific most important themes as an initiative toward the realization of a cohesive society.



# Formulating Med-to-Long Term ESG Objectives “Kyo-sei Life Vision 2030”



## ◆ 20 key themes with the goal in 2030



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Please see page 21.

Toward the realization of a cohesive society, we have formulated the medium-to long-term ESG objectives "Kyo-sei Life Vision 2030" and announced it in October 2020.

# Formulating Med-to-Long Term ESG Objectives “Kyo-sei Life Vision 2030”



## ◆ 20 key themes of initiatives to realize “Cohesive Society (Social Inclusion)”

<b>Safeguarding the well-being of individuals</b>	<ul style="list-style-type: none"> <li>• Extension of healthy life expectancy and improvement of QOL</li> <li>• Support for a society where gender and sexual orientation do not restrict people's activities</li> <li>• Coexistence with partner animals (pets)</li> <li>• Improvement of childcare</li> <li>• Improvement of public hygiene</li> </ul>
<b>Safeguarding the well-being of society</b>	<ul style="list-style-type: none"> <li>• Innovations to achieve “NOLA&amp;DOLA”</li> <li>• Practicing sustainable lifestyles</li> <li>• Construction of value chains that take account of sustainability</li> <li>• Improvement of customer satisfaction</li> <li>• Provision of safe, reliable products</li> </ul>
<b>Safeguarding the well-being of our planet</b>	<ul style="list-style-type: none"> <li>• Development of eco-friendly products</li> <li>• Addressing climate change</li> <li>• Expanding our line of recycled models</li> <li>• Promotion of product recycling</li> <li>• Reduction of the amount of plastic materials used</li> </ul>
<b>Unicharm Principles</b>	<ul style="list-style-type: none"> <li>• Management practices that take sustainability into account</li> <li>• Practice of appropriate corporate governance</li> <li>• Promotion of diversity management</li> <li>• Fostering the development of competent human resources</li> <li>• Construction of healthier workplaces and workplace safety systems</li> </ul>

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Please see page 22 of the material.

In the "Kyo-sei Life Vision 2030" that we created this time, Under the Unicharm Principles, we have formulated the 20 most important themes that safeguard the well-being of people, society, and the planet earth. In creation, we conducted a questionnaire to about 900 executives of managers and above, as well as 32 organizations such as business partners, shareholders, government agencies, NPOs, and NGOs, and selected five "items that we consider to be particularly important for Unicharm." We decided the importance of stakeholders and the importance of the Unicharm Group from the aggregated results received and the workshops within the executive officers, and extracted 20 themes from them.

From the next page, examples are shown of the results of implementing these 20 themes into concrete strategies.

◆Safeguarding the well-being of individuals

Key initiatives	Indicators	Target value	Target year
Our aim is to provide products and services that contribute to the realization of a society where all people can have a sense of individuality and enjoy their daily lives.			
Extension of healthy life expectancy and improvement of QOL	Percentage of products and services that contribute to the realization of a society where everyone can have a sense of individuality.	100%	2030
Support for a society where gender and sexual orientation do not restrict people's activities	Percentage of products and services that contribute to a society where people around the world are free from discrimination by gender or sexual orientation (including products and services that contribute to the elimination of sexual discrimination still present in certain countries and regions).	100%	2030
Coexistence with partner animals (pets)	Percentage of products and services that contribute to the realization of a society where partner animals (pets) are welcomed by family members and community residents.	100%	2030
Improvement of childcare	Percentage of products and services that contribute to the realization of a society where infants and their families can live healthily and happily.	100%	2030
Improvement of public hygiene	Percentage of products and services that contribute to activities which can reduce the spread of preventable infectious diseases (contact transmission or droplet transmission).	100%	2030

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Please see page 23.  
This is the list of indicators and targets for the most important themes of the initiative.

(Safeguarding the well-being of each individual)

## Support “lengthening healthy life expectancy” with products and services for the senior citizens



### ◆ Extension of healthy life expectancy and improvement of QOL



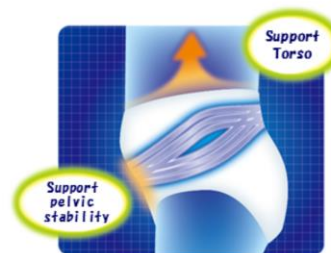
Lifree Rehabili-Pants was released in 1995 aiming a total of “zero bedridden elderly”

Expand  
toward 2030



Rollout of products and services that  
enable living with a sense of individuality

### ◆ “Lifree Walk Assist Pant” provides support for the senior citizen’s torso and helps them walk independently



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Please see page 24. This is to extend healthy life expectancy and improve QOL. Lifree Walk Assist Pants to help you walk independently. Specifically, we are developing products and services like this.

(Safeguarding the well-being of each individual)

## Rollout of activities tailored to national and regional characteristics to develop a society where women shine



- ◆ Support for a society where gender and sexual orientation do not restrict people's activities



Expand  
toward 2030



Rollout of products and services that enable to be free from discrimination by gender or sexual orientation

- ◆ Aims to create the world where we feel free to talk about menstrual periods with SOFY “#NoBagForMe”

#NoBagForMe

話そう、知ろう。生理のこと。



TOKYO CREATIVITY AWARDS

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- ◆ Menarche education in India and Myanmar

Please see page 25.

In Asia as well, we will contribute to a society where activities are not restricted by gender or sexual orientation.

We will also continue to promote #NoBagForMe, which will help aim to create a world where people can talk about menstruation without hesitation.

As for India, there is a study group on physiology, with a total of over 340,000 students since 2014. We have been promoting menarche education and have provided menarche education to over 341,000 students in total.

In Myanmar, we have implemented menarche education to over 437,000 students since 2016.



(Safeguarding the well-being of each individual)  
**New value proposition tailored to  
national and regional characteristics**



◆ Shorts-shaped pad that integrates a pad and underwear



◆ Cool napkin featuring refreshing cooling sensation that reduces stuffy discomfort



◆ SOFY Hot “Dan” °C, a heating napkin featuring warm sensation during menstruation



◆ The napkin features antibacterial sheet that inhibits 99.9% of bacterial growth, and keeps it completely safe from leakage and smell



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26

Page 26 is a new value proposition tailored to the characteristics of each country and region.

Providing these high-performance, advanced feminine care products is a key to improve the product mix.

The top left is a sanitary napkin in the shape of a pants, and the top right is a sanitary product with a warming function for menstrual cramps that is sold in China.

The bottom left is a cool type of sanitary napkin that feels cool in ASEAN, and the bottom right is an odor control napkin, a type of sanitary napkin that suppresses the formation of bacteria and also deals with odor.

This is what is driving the profits and sales of the market.

(Safeguarding the well-being of each individual)  
**Support everyday health of partner animals (pets)  
 and the mind of owners with original technology**



◆ Coexistence with partner animals (pets)



Rollout of products and services that enable partner animals (pets) to be welcomed by people

◆ “Physicalife,” body building food that support the health of major muscles of whole body

◆ Health-promoting food “All Well” supports cats’ mind and body with 7 features centered on reducing the vomiting made with the original technology



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27

Page 27 is about pet care.

This is to take care of the daily health of partner animals and the owner’s mind with our unique technology.

The bottom left is Physicalife, a new brand that is being launched this month to support the health of important muscles in the body.

Bottom right, this has also become a very smash hit product,

AllWell in orange packaging. It supports the health with seven functions and has been a big hit with its unique technology to reduce spitting back.



(Safeguarding the well-being of each individual)  
**Support improvement of childcare environment through  
 products and services that eliminate discomfort and  
 create the comfort of babies and parents**



◆Improvement of childcare



Expand  
toward 2030



Rollout of products and services that enable  
happy and healthy life of babies and families

◆Launched “BabyJoy Olive”, Saudi Arabia’s first<sup>\*1</sup> disposable baby diaper containing olive oil that is gentle on the skin



<sup>\*1</sup> Among major domestic baby diapers in Saudi Arabia  
 (Survey by Unicharm, February 2021)  
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◆”Mamy Poko Extra Dry Protect” features the world’s first<sup>\*2</sup> AntiMos Capsule for keeping dengue virus-transmitting mosquitoes away from diaper



<sup>\*2</sup> The structure in which microcapsule containing natural active ingredient is applied to the tape part that holds diaper. Survey targets are disposable baby diapers with major global brands.  
 (Survey by Unicharm, December 2020)

28

Page 28.

We support babies and their parents by eliminating their discomfort.

Bottom left, the world’s first disposable baby diaper containing olive oil in Saudi Arabia, the Middle East.

This is a premium type.

Bottom right, here is a diaper with a mosquito repellent function, thanks to a diaper containing lemongrass, which repels mosquitoes that carry the dengue virus.

This product is being sold mainly in Malaysia.

(Safeguarding the well-being of each individual)

Capital and business alliance with First Ascent Inc.\* to create a moving experience that enables understanding babies' feelings and comfortably enjoy childrearing



- ◆ Establish partnership with First Ascent inc. to develop disposable baby diaper based on babies' "cry" analysis, and expand childrearing support service



# First Ascent

Realize the cohesive society where all generations live independently together by supporting each other and respecting boundaries

Promote digital transformation in childrearing  
"Change childrearing through technology"



Improve childcare environment

\* A company that creates new services to enrich the childrearing environment with cutting-edge technology utilizing AI and IoT  
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29

This is page 29.

This is a specific example of Unicharm's baby tech.

We entered into a partnership with First Ascent and became an equity method affiliate.

Based on the analysis of babies' cries, we are now in the process of developing more appropriate diapers and timing of diaper changes.

We are finally at the stage of starting operations.

(Safeguarding the well-being of each individual)  
**Protect everyday health and support safe  
and comfortable living**



◆Improvement of public hygiene



Expand  
toward 2030



Rollout of products and services that support the efforts of  
each one of us to reduce the spread of infectious diseases

◆Boost high value-added masks rollout globally

◆Policy of acquiring a certification of "Mask  
Japanese Industrial Standards (JIS)" was  
decided following its establishment.



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Please see page 30.

This is about the theme of safeguarding the well-being of each individual.  
Even in the post-coronavirus era, masks will continue to be worn. We would like  
to contribute to the improvement of the sanitation environment.  
Now that we are in an environment where quality is more important for masks,  
we will strengthen the development of high value-added types of masks that  
match the design, functionality, and characteristics of each country.  
In response to the enactment of JIS, we will work on acquiring JIS as well.

## Key initiatives, indicators, and target values



### ◆Safeguarding the well-being of society

Key initiatives	Indicators	Target value	Target year
Our aim is to provide products and services that not only improve the safety, security, and satisfaction of our customers, but also contribute to solving social issues and promoting sustainability.			
Innovations to achieve "NOLA & DOLA"	Percentage of products and services that contribute to liberation from various burdens and finding enjoyment in life.	100%	2030
Practicing sustainable lifestyles	Percentage of products and services suitable for the "SDGs Theme Guideline," an internal guideline for contributing to sustainability.	50%	2030
Construction of value chains that take account of sustainability	Percentage of products and services that use raw materials procured from local production for local consumption, thereby contributing to local economies based on the perspectives of the environment, society, and human rights.	Double (Compared to 2020)	2030
Improvement of customer satisfaction	Percentage of products and services supported by consumers (No. 1 market share).	50%	2030
Provision of safe, reliable products	Percentage of products to which a new internal guideline for safety and quality has been set and certification has been granted.	100%	2030

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31

Moving onto page 31.

Safeguarding the well-being of Society, our important theme to address.

(Safeguarding the well-being of society)  
**Rollout of products and services toward the realization of  
social inclusion so that everyone can lead  
a healthy and sanitary life comfortably**



◆ **Innovations to achieve “NOLA & DOLA”**



Rollout of products and services that contribute to  
liberation from various burdens and find joy in life

◆ **Launched “clear face mask” to improve communication between nursery teachers and children  
At nurseries subscribing “Tebura Toen”\* service that lighten the burden of parents and teachers  
and reduce infection risk**



[ Effects of prolonged wearing of face-mask ]

- \* Unable to learn emotions due to inability to read nursery teachers' facial expressions of emotions
- \* Unable to understand speech correctly due to inability to read lips of nursery teachers
- etc.

\* Flat-rate service of baby paper diapers for nurseries launched to reduce the burden of parents preparing diapers and carrying bulky bags to nurseries.

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32

Please see page 32.

Specific examples of products and services for social inclusion are clear face masks and Tebura Toen service.

This is Unicharm’s subscription model, and we will also be working on specific initiatives like this.



## Key initiatives, indicators, and target values



### ◆Safeguarding the well-being of our planet

Key initiatives	Indicators	Target value	Target year
Our aim is to provide products and services that are sanitary and convenient, as well as contribute to activities that improve our planet's environment.			
Development of eco-friendly products	Number of products and services that implement "3Rs + 2Rs" based on Unicharm's unique approach.	10 or more	2030
Addressing climate change	Percentage of renewable energy used for business operations in total.	100%	2030
Expanding our line of recycled models	Number of disposable paper diaper recycling facilities introduced.	10 or more	2030
Promotion of product recycling	Material recycling of non-woven products using recycling resources	Start of commercial usage	2030
Reduction of the amount of plastic materials used	Percentage of virgin plastics to total plastics.	Reduced by half (Compared to 2020)	2030

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33

On page 33, Safeguarding the well-being of the planet, we will continue with these key initiative themes.

We have decided on specific KPIs and quantitative KPIs.

◆ 「“0” waste plastic, “0” CO<sub>2</sub> emission, “0” natural forest destruction」 in 2050

Environmental issues	Implementation items	Baseline year	2030 targets	2050 vision
<b>Responding to the problem of plastic waste</b>	Reducing usage in relation to packaging materials	2019*	Per unit of sales –30%	Realizing a new society with “zero” plastic waste
	Sale of products that contain no petroleum-derived plastic	—	10 stock-keeping units (SKU) or more sold	
	Raising awareness about proper disposal of used products	—	Rolled out at all local management units (LMU)	
	Eliminating the use of plastic in sales promotional items	—	In principle, reduced to zero at all local management units (LMU)	
<b>Addressing climate change</b>	Reducing CO <sub>2</sub> emissions associated with raw materials procurement	2016	Per unit of sales –17%	Realizing a society with “zero” CO <sub>2</sub> emissions
	Reducing CO <sub>2</sub> emissions in manufacturing	2016	Per unit of sales –34%	
	Reducing CO <sub>2</sub> emissions associated with disposal of used products	2016	Per unit of sales –26%	
<b>Not contributing to forest destruction (response to procurement-related issues)</b>	Ensuring traceability to pulp and palm oil production locations (country/region)	—	Completed	Realizing a society with “zero” forest destruction related to the purchasing of timber
	Expanding the use of certified pulp (PEFC and CoC certified)	—	100%	
	Expanding the use of certified palm oil (RSPO certified)	—	100%	
	Promoting the recycling of disposable diapers	—	Rolled out in at least 10 municipalities	

\*Initially, the baseline year for “Reducing usage in relation to packaging materials” was set to “2016”, but it was reexamined in 2020 and changed to “2019”.

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34

On page 34, under the main theme of “Zero” Waste Plastic, “Zero” CO<sub>2</sub> Emissions, and “Zero” Natural Forest Destruction, we will identify environmental issues and set targets.



◆ Development of eco-friendly products



◆ Launch in Taiwan baby wipes using an organic cotton compound sheet which has been certified STANDARD100 by “OEKO-TEX®”, a proof of the world's highest safety standard, and “FSC® Certification,” a proof of using fabrics properly managed by an International forest certification system.



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35

Please see page 35. This our specific examples for development of environmentally friendly products.

Top left, this one also uses environmentally friendly materials, and is already being commercialized and sold.

Baby wipes that use organic cotton compound sheets with FSC Certification, a proof of using fabrics properly managed by an international forest certification system, are already available in Taiwan.

(Safeguarding the well-being of our planet)

**Switch all electric power used at factories to green electric power\* aiming to reduce CO<sub>2</sub> emission**



◆ Addressing climate change



Percentage of renewable electric power used for business operation

◆ Switch to green electric power generated by renewable energy using natural resources such as solar and falling water

Thai Factory	11% of its annual electric power consumption (9 million kWh)
Vietnam Factory	22% of its annual electric power consumption (10.2 million kWh)
Brazil Factory	100% of its annual electric power consumption (160.32 million kWh)
Kyushu Factory	100% of its annual electric power consumption (9.8 million kWh)
Toyohama Works, Shikoku Factory	100% of its annual electric power consumption (5 million kWh)
Itami Factory	3% of its annual electric power consumption (0.27 million kWh)

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36

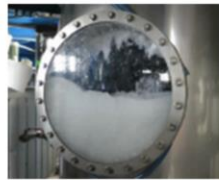
Please see page 36. Switching to green electric power.  
For this, we have started with the Thai factory, then Vietnam, Brazil, Kyushu, Shikoku, and Itami in Kansai.  
We will be switching to green energy in our respective annual power usage.

(Safeguarding the well-being of our planet)

## Reduce waste disposal cost and environmental burden through recycling used paper diaper



### ◆ Expand our line of recycle models



2030 Target  
More than 10  
cases



Number of disposable paper diaper  
recycling facilities introduced

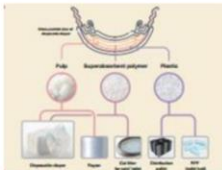
### ◆ Keep it safe and convenient, toward the future where recycling is the norm

**Recycle**  
all materials

Used disposable diaper  
**sanitary material**  
Clean quality

**No pollution  
to water and air**  
By ozone bleach and  
sterilization

Approaching  
**The future where  
recycling is  
the norm**



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37

Please see page 37.

This model reduces both waste disposal costs and environmental impact by recycling used disposable diapers.

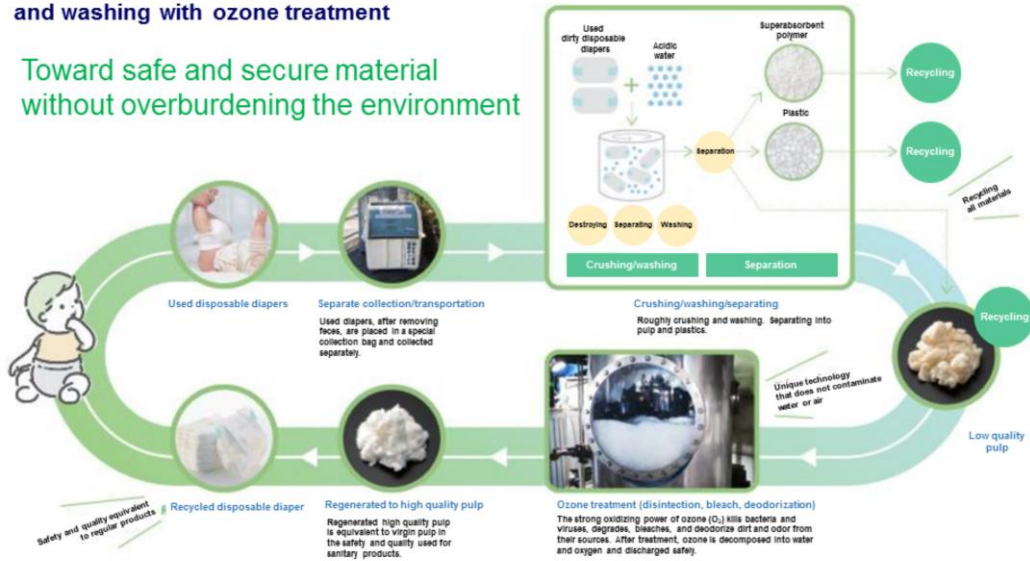
(Safeguarding the well-being of our planet)

## The world's first\* "used disposable diaper recycling using the ozone-treatment technology"



◆ Realized the recycling of used disposable diaper by water-soluble crushing, segregating, and washing with ozone treatment

Toward safe and secure material without overburdening the environment



\* In terms of horizontal recycling technology from disposable diaper to disposable diaper by ozone treatment technology (Survey by Unicharm, December 2020)  
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Please see page 38.

In particular, our recycling model is characterized by ozone treatment, which enables horizontal recycling and the use of materials as sanitary products again. The feature of this is that it can be recycled.

(Safeguarding the well-being of our planet)

**Started a demo-project of collection and transportation methods in Tokyo metropolitan area to promote the recycling of used disposable diapers**



- ◆ Started demo-trial for separation and collection of used disposable diapers in association with the municipality and others at nursing home for elderly and child day care centers.



(Above pictures are images and may be different from actual demo-project)

Through this demo-project, we will build a recycling-oriented model based on which the used disposable diaper recycling business can be rolled out in Japan and overseas and take measures while identifying the new issues.

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Please see page 39.

The Tokyo Metropolitan Government has also conducted a demonstration experiment by collecting used disposable diapers.

We tested to see if we could accurately and correctly collect used diapers and send them to the recycling plant.



(Safeguarding the well-being of our planet)

Released “An illustrated guide to recycling Unicharm disposable diapers” to promote recycling used disposable diapers



◆ Explain graphically how used diapers are not garbage with four-step “Study Notes” that can be used as a material of independent research in summer holidays for elementary and middle school students.



<https://www.unicharm.co.jp/ja/csr-eco/education.html>

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40

Please see page 40.

This is a research notebook divided into four sections for elementary and junior high school students, which can be used for free research during summer vacation.

You can see it on the website, and it explains to elementary and junior high school students that used disposable diapers are no longer garbage.

It is easy to understand, and of course, adults will find it very easy to understand as well, and I hope they will raise it as a theme for their summer vacation homework.

# Key initiatives, indicators, and target values



## ◆Unicharm Principles

Key initiatives	Indicators	Target value	Target year
Our aim is to pursue fairness and transparency in order to establish and retain stakeholder trust.			
Management practices that take sustainability into account	Construct a workplace of health and occupational safety system.	Highest level	Every year starting from 2026
	Number of serious human rights violations in the value chain.	Zero occurrences	Every year
Practice of appropriate corporate governance	Number of serious compliance violations.	Zero occurrences	Every year
Promotion of diversity management	Percentage of female managers driven by the provision of various opportunities for women.	30% or more	2030
Fostering the development of competent human resources	Percentage of positive answers received for the “Growth through Work” employee awareness survey.	80% or more	2030
Construction of healthier workplaces and workplace safety systems	Reduction in the percentage of employees on leave for mental or physical health reasons by improving the workplace environment so that employees can work with peace of mind and maintain mental and physical health.	Reduced by half (Compared to 2020)	2030

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41

Please see page 41.

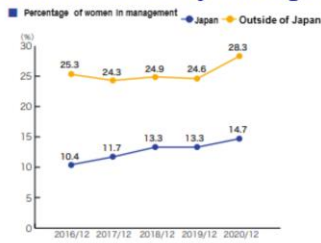
This one is to aim for fair and highly transparent corporate management that will earn the trust of all stakeholders, and we decide on major themes, set targets, deadlines, and announce them.



(Unicharm Principles)  
Strengthen initiatives toward women empowerment



◆ Promotion of diversity management



2030 Target  
Over 30%



The ratio of female employees in managerial positions  
by providing various opportunities to female employees

◆ Joined “30% Club Japan” that  
aims at women’s empowerment



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◆ Endorsed Women’s Empowerment  
Principles (WEPs) <sup>\*1</sup> and signed the  
statement to act in accordance with the  
principles.

In support of

**WOMEN’S  
EMPOWERMENT  
PRINCIPLES**

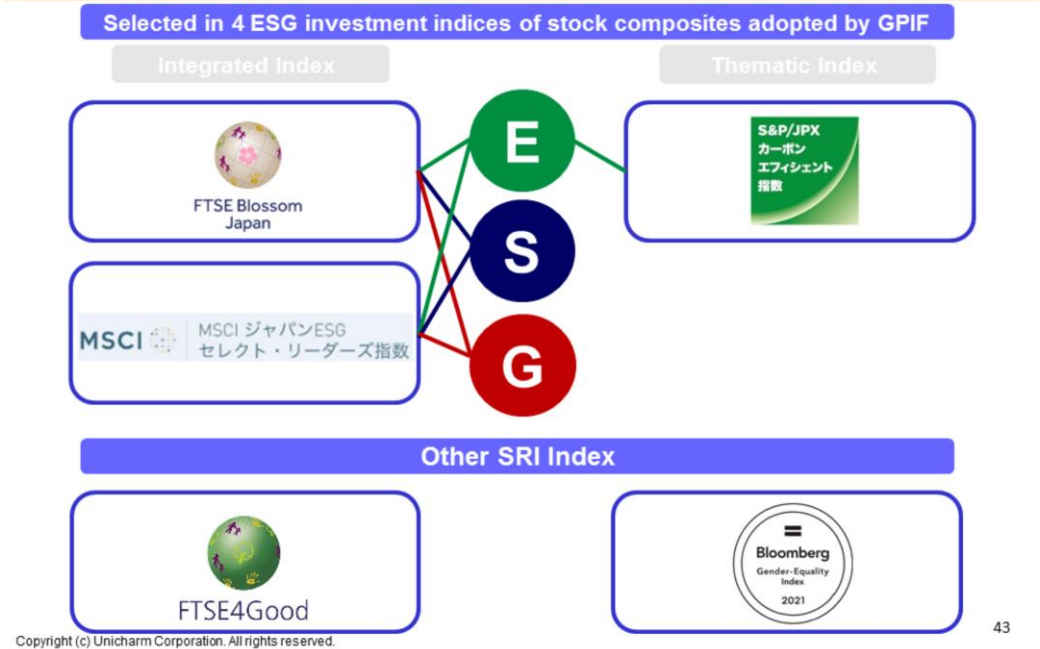
Established by UN Women and the  
UN Global Compact Office

42

Please see page 42.

We will further deepen and strengthen our efforts to promote the advancement of women. Diversity is steadily increasing, and we have declared our support for 30% Club Japan, which aims to support the advancement of women, as well as the purpose of the Women’s Empowerment Principles.

# Evaluation by external organizations and coordination with them



43

From page 43 onward to the end of the page, you can see that we are evaluated by external organizations and coordinate with them. Pages 44, 45, and 46 are evaluations from external organizations, and specific details of the coordination. We have posted an updated version of this. This is my explanation of the financial results. Thank you.

## Evaluation by external organizations and coordination with them

### ■ Science Based Target



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

- ✓ In June 2018, the company was certified as the 17<sup>th</sup> target-setting company in Japan.
- ✓ Set the target for CO2 overall reduction amount.

### ■ TCFD

(Task Force on Climate-related Financial Disclosures)



TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES

- ✓ Endorsed "TCFD Recommendations"
- ✓ Participated in TCFD consortium

### ■ JCI

(Japan Climate Initiative)



- ✓ Rolled out the best practices for advanced group as a startup member

### ■ CDP Japan 500



- ✓ Obtained A- rating for efforts to combat climate change and excelling in information disclosure.

### ■ FSC®

(Forest stewardship council®)



The mark of  
responsible forestry  
FSC® N002492

- ✓ Preferential use of the pulp which cleared the strictest certification standards in forest certification.
- ✓ Cosponsoring the FSC Japan promotional campaign for 3 consecutive years

### ■ CoC certification of PEFC Forest Stewardship



- ✓ Factories in Thailand, Indonesia, Korea and Japan acquired the certification

\* A scheme that certifies the proper management and processing of forest products sourced from the Forest Management certified forests. Applicable to all business entities that have ownership in the product from FM certified forest to the final product.

## Evaluation by external organizations and coordination with them

### ■ RSPO



- ✓ Started using certified palm oil (Mass Balance) in 2018 with the aim of procuring responsible palm oil

### ■ SOMPO Sustainability Index 2021



Sompo Sustainability Index

- ✓ Efforts related to ESG were highly valued and we were selected in stock composites of "SOMPO Sustainability Index" for 10 consecutive years.

### ■ Sedex



- ✓ Joined as AB member toward the expansion of sustainable supply chain built on a global scale
- ✓ Completed registration of UC group's factories in Japan and overseas

### ■ Selected as DX Stock 2021 and Noteworthy DX companies 2021

- ✓ Developed "digital scrum system" that enables remotely observing real-life situations and habits of clients
- ✓ A new business model utilizing digital technology, "Tebura Toen," which is a disposable diaper subscription model
- ✓ Transformed Kyushu factory to smart factory

### ■ Inclusion for people with disabilities Advancement of International Initiative Joined "The Valuable 500"



### ■ Signed the project "My human rights declaration" promoted by Ministry of Justice



# Evaluation by external organizations and coordination with them



- Won a special prize in Environment Sustainable Corporate category of the 2nd ESG Finance Awards Japan



- Certified as Sports Yell Company 2021 by Japan Sports Agency



- Won Outstanding Merit Award at the 37 Corporate Communication Award

✓ Contributed to boost corporate value significantly through various PR activities to gain recognition of “safe, secure and reliable Unicharm’s masks” amid the mask shortage, which became a social problem under COVID pandemic.

