

Second Quarter of the Fiscal Year Ending December 31, 2020 Unicharm Presentation Materials for Investor Meeting

August 5, 2020
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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.

Financial Performance Summary: Second Quarter of the Fiscal Year Ending December 31, 2020

◆ Document notations

WC: Wellness Care Business

FC: Feminine Care Business

BC: Baby Care Business

PC: Pet Care Business

Fiscal Year Ending Dec. 31, 2020: Second Quarter Financial Performance Summary



● Consolidated results

- Sales of 356.6 billion JPY (4.1% increase), core operating income 55.3 billion JPY (41.1% increase)
- Core operating income margin 11.5%⇒15.5%

● Japan (10.9% sales increase, 55.8% core operating income increase)

- Except for COVID-19 impact, sales increase approx. 7% and core operating income increase approx. 44%.
- Due to the infection prevention awareness, demand expansion for sanitary goods is continuing.

● Overseas (0.2% sales increase, 30.4% core operating income increase)

- Market has shrunk sharply in some regions due to impact of COVID-19, but currently recovering gradually.
⇒ Except COVID-19 impact, in Asia, sales approx. 3% up (real approx. 7%), core op. income approx. 26% up.
- China, Middle East, North America etc. grew, and these regions drove overseas earnings.

● Shareholder return

- Dividend per share: Interim dividend is 16 yen, an increase of 2 yen as planned. Year-end dividend is also planned to be 16 yen.
- Purchase of own shares: Plan to acquire 12.5 billion JPY, 4,200,000 shares (maximum). (As of July 31, acquired approx. 7.2 billion JPY)

Achieved new record highs: Sales increased 4.1%, Core operating income increased 41.1%



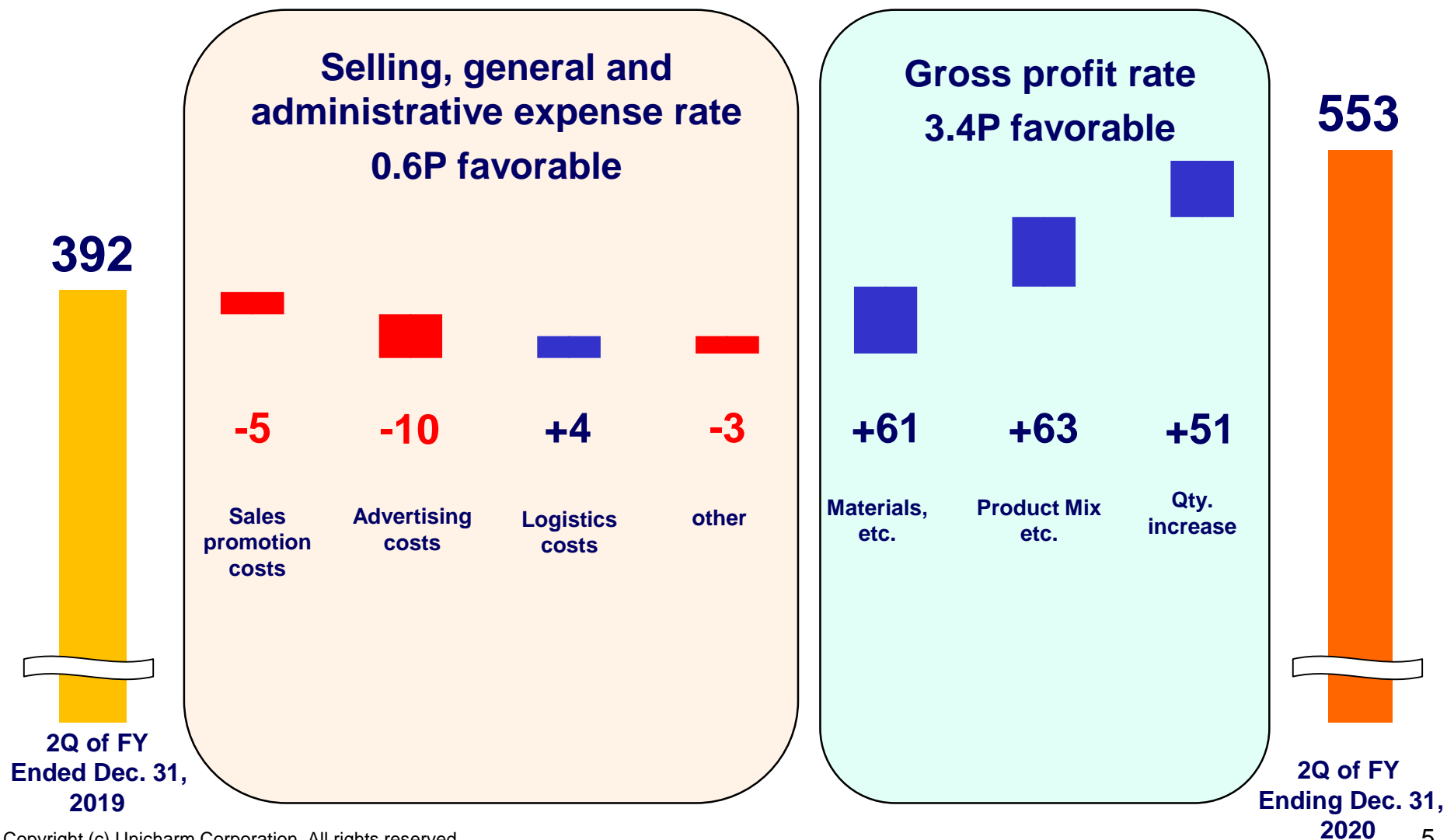
■ Consolidated financial result highlights (from Jan. to Jun.) (100 Millions of yen)

	2Q of FY Ended Dec. 31. 2019	2Q of FY Ending Dec. 31. 2020	Difference	Difference (%)	(Forecast) FY Ending Dec. 31. 2020	Achievement Rate
Net sales	3,425	3,566	+141	+4.1%	7,600	46.9%
Core operating income (Core operating income margin)	392 (11.5%)	553 (15.5%)	+161	+41.1% (+4.0P)	1,000 (13.2%)	55.3%
Profit before tax (margin)	390 (11.4%)	391 (11.0%)	+1	+0.2% (-0.4P)	980 (12.9%)	39.9%
Profit attributable to owners of parent (margin)	253 (7.4%)	193 (5.4%)	-60	-23.8% (-2.0P)	630 (8.3%)	30.6%
EBITDA (Profit before tax + Depreciation and amortization + Fire loss)	583	734	+151	+ 25.9%	1,365	53.8%
Basic earnings per share (JPY)	42.51	32.30	-10.21	-24.0%	105.54	—
USD Rate (JPY)	110.05	108.27	- 1.78	- 1.6%	109.00	—
CNY Rate (JPY)	16.20	15.39	- 0.81	- 5.0%	15.50	—

16.1 billion JPY increase in core operating income, because increase in sales mainly in Japan, increase in the composition ratio of high-margin products and the reduction in costs absorbed 1.4 billion JPY increase in SGA expenses.

■ Core operating income fluctuation (Jan-Jun)

(100 millions of yen)



In Japan WC achieved high growth thanks to demand expansion for sanitary products such as masks in addition to stable growth of PC and BC. Asian market shrinking sharply in some regions due to COVID-19 impact.



■ Geographical segment information (from Jan. to Jun.)

(100 Millions of yen)

		2Q of FY Ended Dec. 31, 2019	2Q of FY Ending Dec. 31, 2020	Difference	Difference (%)	(Ref.) ※1 Actual Difference rate
Japan	Net sales	1,241	1,376	+135	+10.9%	—
	Core operating income	171	266	+95	+55.8%	—
	(margin)	(13.8%)	(19.3%)		(+5.5P)	
Asia	Net sales	1,635	1,620	-15	-0.9%	+3.0%
	Core operating income	188	229	+41	+21.8%	+26.2%
	(margin)	(11.5%)	(14.2%)		(+2.7P)	
※2 Others	Net sales	550	570	+20	+3.7%	+7.6%
	Core operating income	30	55	+25	+85.0%	+87.0%
	(margin)	(5.4%)	(9.6%)		(+4.2P)	
Consolidated	Net sales	3,425	3,566	+141	+4.1%	+6.6%
	Core operating income	392	553	+161	+41.1%	+43.4%
	(margin)	(11.5%)	(15.5%)		(+4.0P)	

【Actual difference rate of sales in principal countries】 ※Based on management accounting

China +7% Indonesia -1% Thailand +3% India -3% Vietnam +2%

Middle East +6% North America +19% Brazil +17%

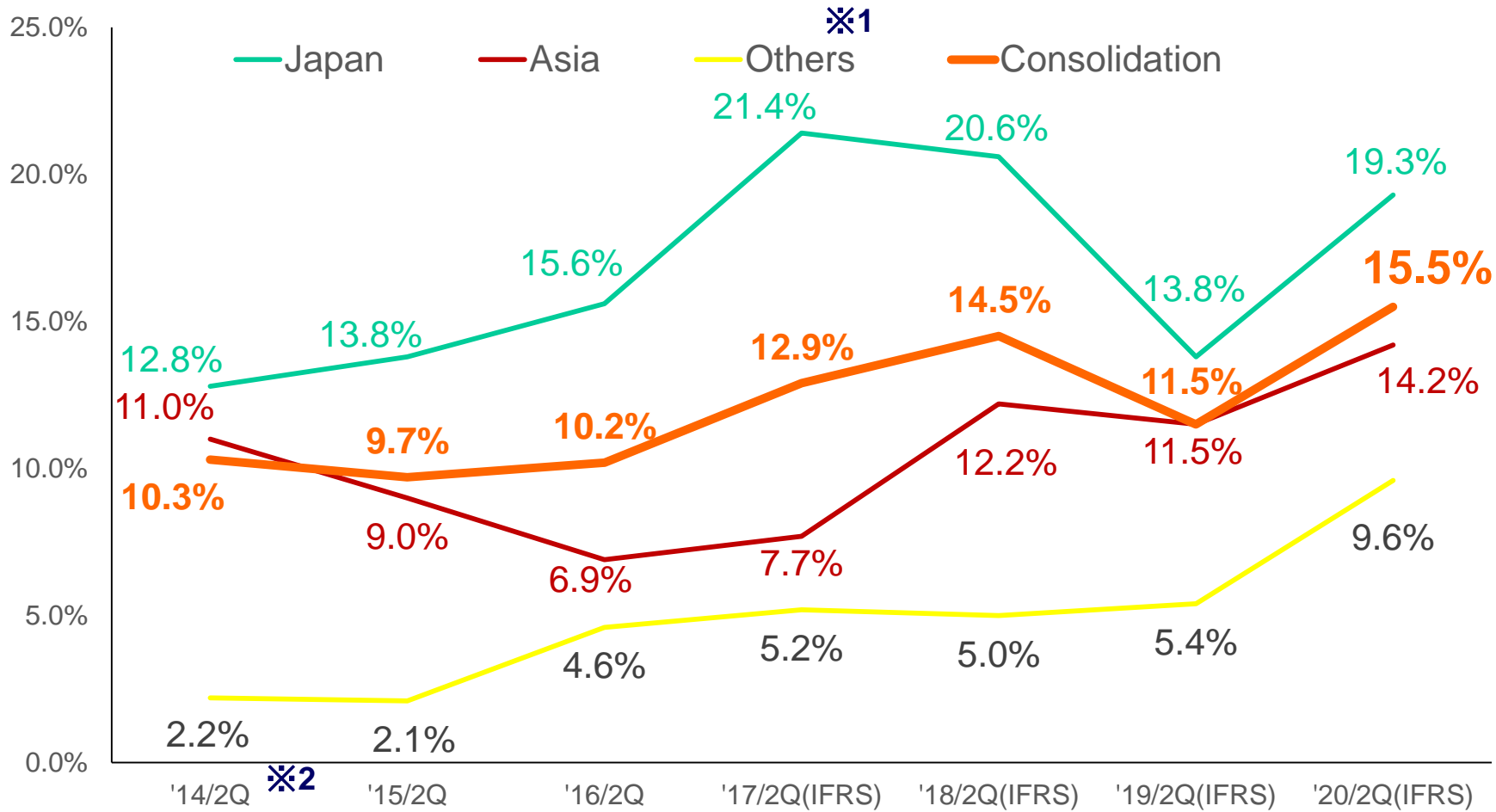
※1: Actual difference rates excluding foreign exchange effects

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

In spite of the COVID-19 impact, improving core operating income margin in all regions including Japan



■ Core operating income margin by geographical segment (from Jan. to Jun.)



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

*2 : Irregular fiscal year due to change in settlement period

**In Personal Care, WC drove growth.
In Pet Care, high-priority products continued to grow
in North America, and Japan also performed well**



■ Business Segment Information (from Jan. to Jun.)

(100 Millions of yen)

		2Q of FY Ended Dec. 31, 2019	2Q of FY Ending Dec. 31, 2020	Difference	Difference (%)
Personal Care	Net sales	2,989	3,087	+98	+3.3%
	Core operating	346	489	+142	+41.1%
	income (margin)	(11.6%)	(15.8%)		(+4.2P)
Pet Care	Net sales	404	444	+40	+9.9%
	Core operating	45	62	+16	+36.2%
	income (margin)	(11.2%)	(13.9%)		(+2.7P)
Others ※1	Net sales	32	35	+3	+9.0%
	Core operating	1	3	+ 2	+457.7%
	income (margin)	(1.6%)	(8.2%)		(+6.6P)
Consolidated	Net sales	3,425	3,566	+141	+4.1%
	Core operating	392	553	+161	+41.1%
	income (margin)	(11.5%)	(15.5%)		(+4.0P)

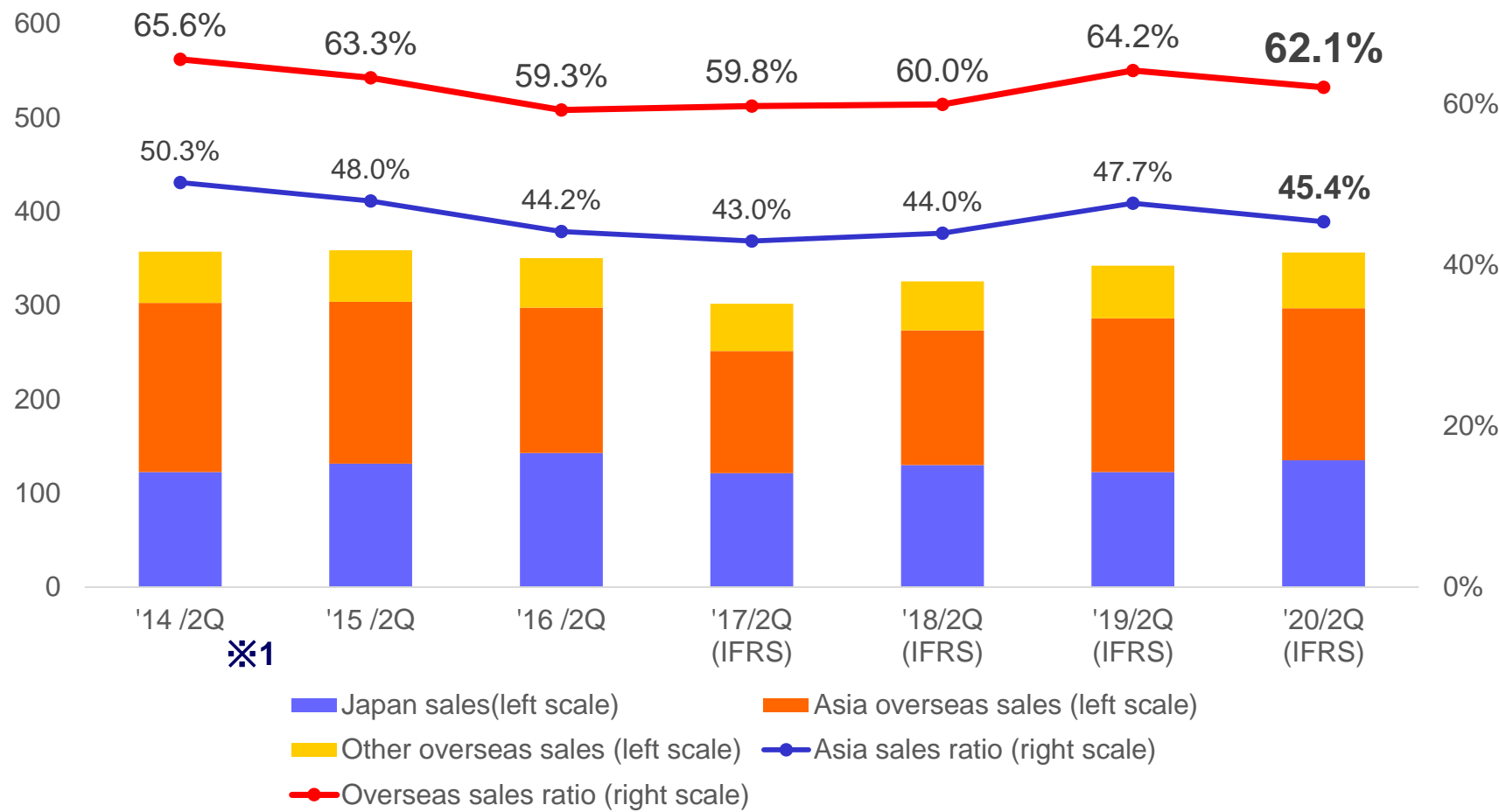
※1 : Other products related to industrial materials, etc., child care video streaming service.

Overseas sales composition ratio 62.1% because of Japan sales growth (63.0% excluding foreign exchange impacts)



Domestic, overseas sales trends (from Jan. to Jun.)

(Billions of yen)



*1: Irregular fiscal year due to change in settlement period.

Impacts of foreign exchange fluctuations.

Approx. 8.6 billion JPY decrease in sales.

Approx. 0.9 billion JPY decrease in core operating income



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

Currency	Exchange rate for 2019 2Q	Exchange rate for 2020 2Q	Rate change
China(CNY)	16.20	15.39	-5.0%
Indonesia(IDR)	0.0078	0.0075	-3.8%
Saudi Arabia(SAR)	29.38	28.89	-1.7%
India(INR)	1.58	1.47	-7.0%
Thailand(THB)	3.49	3.43	-1.7%
Vietnam(VND)	0.0047	0.0046	-2.1%
USA(USD)	110.05	108.27	-1.6%
Taiwan(TWD)	3.56	3.61	+1.4%
South Korea(KRW)	0.0962	0.0899	-6.5%
Australia(AUD)	77.74	71.21	-8.4%
Malaysia(MYR)	26.71	25.50	-4.5%
Brazil(BRL)	28.66	22.29	-22.2%
Netherland(EUR)	124.32	119.30	-4.0%
Egypt(EGP)	6.36	6.82	+7.2%

Promote to expand businesses by aggressive investing activities and improve corporate value continually by maximizing free cash flow

■ Free cash flow

(100 Millions of yen)

	FY Ended Dec. 31, 2Q 2019	FY Ending Dec. 31, 2Q 2020	Gap
Cash flow from operating activities	292	748	+456
Investment-related items in operating activities (Depreciation and amortization + fire loss)	193	343	+150
Cash flow from investing activities	-152	-204	-51
Investment-related items in investing activities (Acquisition of property, plant and equipment and intangible assets)	-232	-157	+75
Free cash flow※1	140	544	+404



Action

Investment for sustainable
growth

Shareholder return

*1: Free cash flow = Cash flow from operating activities + Cash flow from investing activities

Trends and business forecast in COVID-19 crisis

Activity in COVID-19 crisis ①



Activities for ensuring the health and safety of all stakeholders

February 2020,

- In China, donation of masks to Beijing, Shenzhen and Chengdu etc. to prevent the spread of infection.
- Donation of masks and sanitary goods to returnees from Wuhan, China and passengers on the cruise ship Diamond Princess.



In China three cities, street advertisement of thanks for donation

March 2020,

- Supply of masks to Hokkaido area where the emergency declaration was announced.
- Supply of masks to hospital facilities in Japan



Donation of masks, sanitary products, disposable diapers and so on in Japan.

April 2020,

- In Indonesia, donation of adult disposable diapers and sanitary products to hospitals in Jakarta and Karawang.
- In South Korea, donation of masks etc. in Gumi area to prevent the spread of infection.



Donation of masks etc. in Indonesia

Activity for ensuring health and safety of customers (a new example)

- “Online Moony-chan Class” to support pre-mama and papa (mother-to-be, fathers-to-be) who are worried about childbirth is held on the official Moony Instagram (After event, expanded to about 50,000 followers)

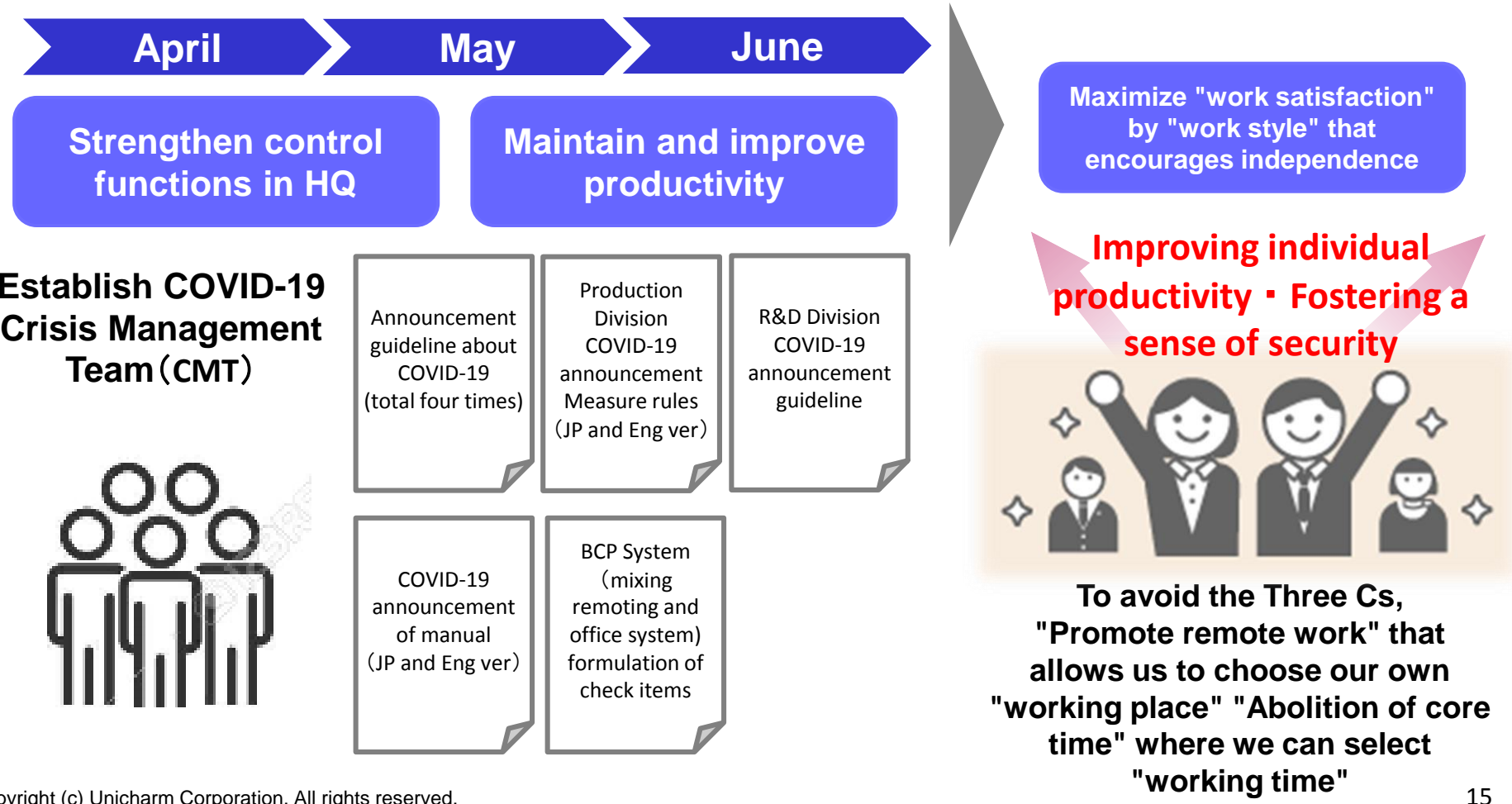


Held the event by inviting experts in specialized fields such as midwives online to create opportunities to get rid of concerns and anxieties about childbirth



Strengthen the crisis management function and deploy it globally

- Formulation of BCP (Business continuity plan) to adapted to COVID-19 crisis



The impact of COVID-19 on business performance:

Sales approx. +0.8 Bil JPY and

Core operating income approx. +1.3 Bil JPY

■ The impact of COVID-19 (from Jan. to Jun.)

Sales	Approx. +0.8Bil JPY	①Market expansion of masks and wet tissues continued mainly in Japan, due to increasing awareness of infection prevention.	Approx. +8.5Bil JPY
		②Market shrink mainly in India and Indonesia due to closure of some stores, reduced use of disposable diapers due to restrictions on logistics and consumption behavior, and refraining from buying.	Approx. - 7.7Bil JPY
Core operating income	Approx. +1.3Bil JPY		

■ Business performance forecast

【Market assumptions】

- ✓ COVID-19 caused market to shrink sharply in some regions, but will gradually recover from Q3
- ✓ Demand for infection prevention-related products will continue after Q3

【Outlook Point】

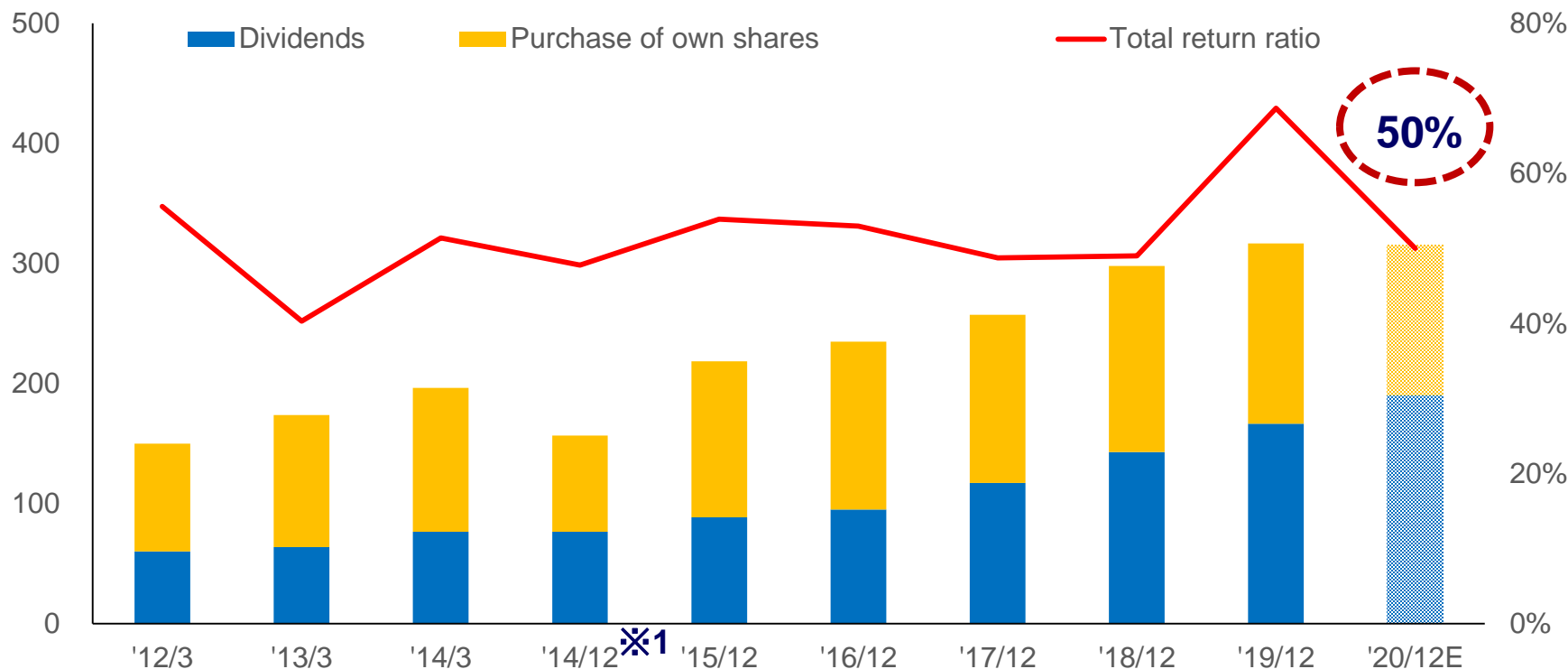
- ✓ Expected to fall in Q3, considering last-minute demand before consumption tax hike in Japan in the last year, supply challenges in India due to fire accident, and the impact of COVID-19
- ✓ In Q4, hurdles for last year are low, but aiming for more than previous year in view of the moderate recovery trend of COVID-19
- ✓ Both sales and core operating income are expected to be in line with the previous year in the second half

Shareholder Return Policy

Through dividend and acquisition of own shares linked to business performance, aiming for total return ratio of 50% in 2020

■ Shareholder return policy

(100 millions of yen)



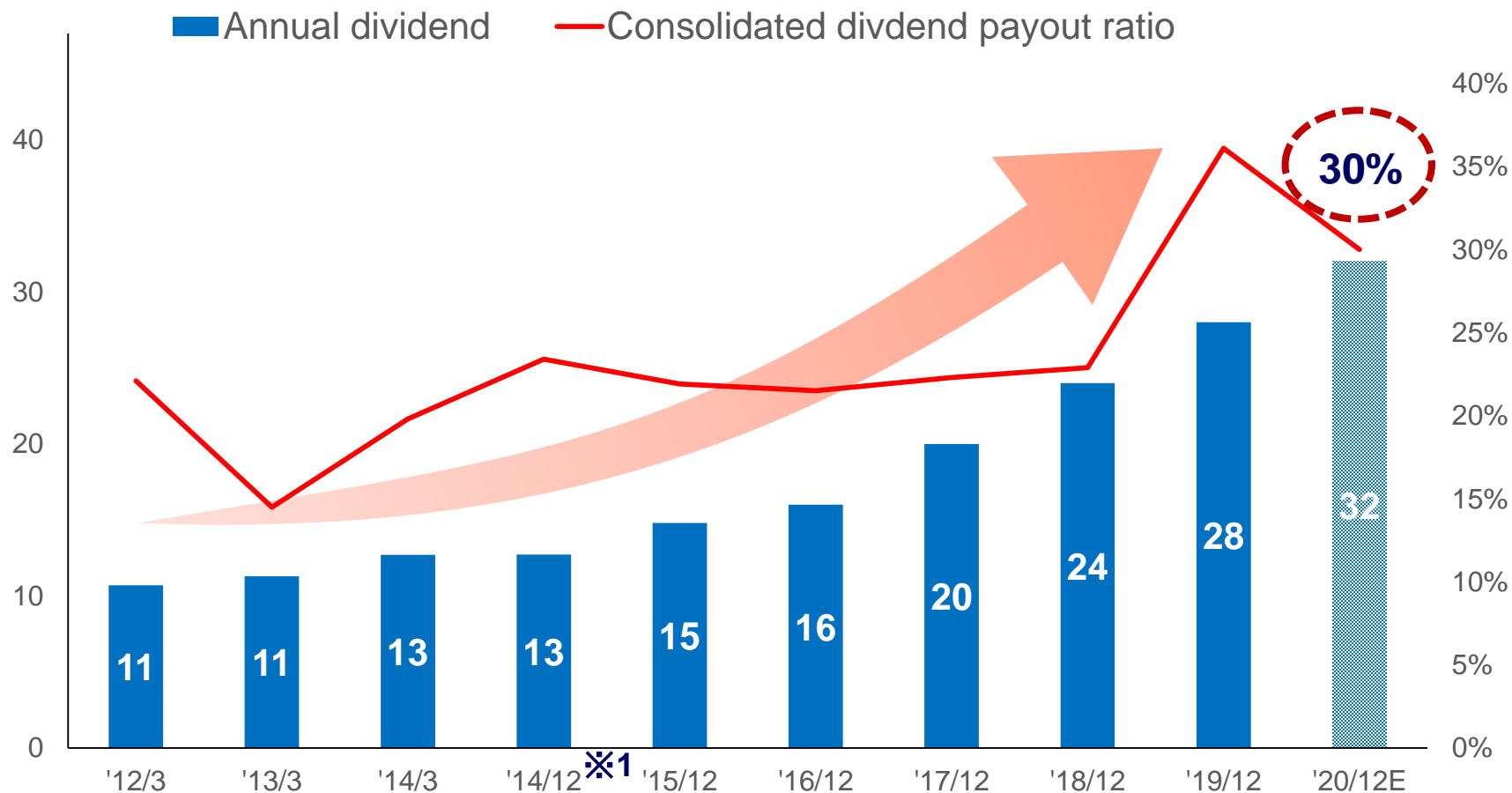
*1: Irregular accounting period of 9 months.

By prioritizing business investment in order to achieve continuous growth while paying out stable and continuous dividends based on the growth of mid-to-long term earnings, and carrying out the flexible purchasing of our own shares if necessary, we aim to return profit to shareholders with **a goal of total return ratio of 50%.**

Plan to increase dividends for the 19th consecutive year through stable and continuous dividend increases. Aim for a dividend payout ratio of 30%



■ Dividends per share (JPY)



※1: Irregular accounting period of 9 months

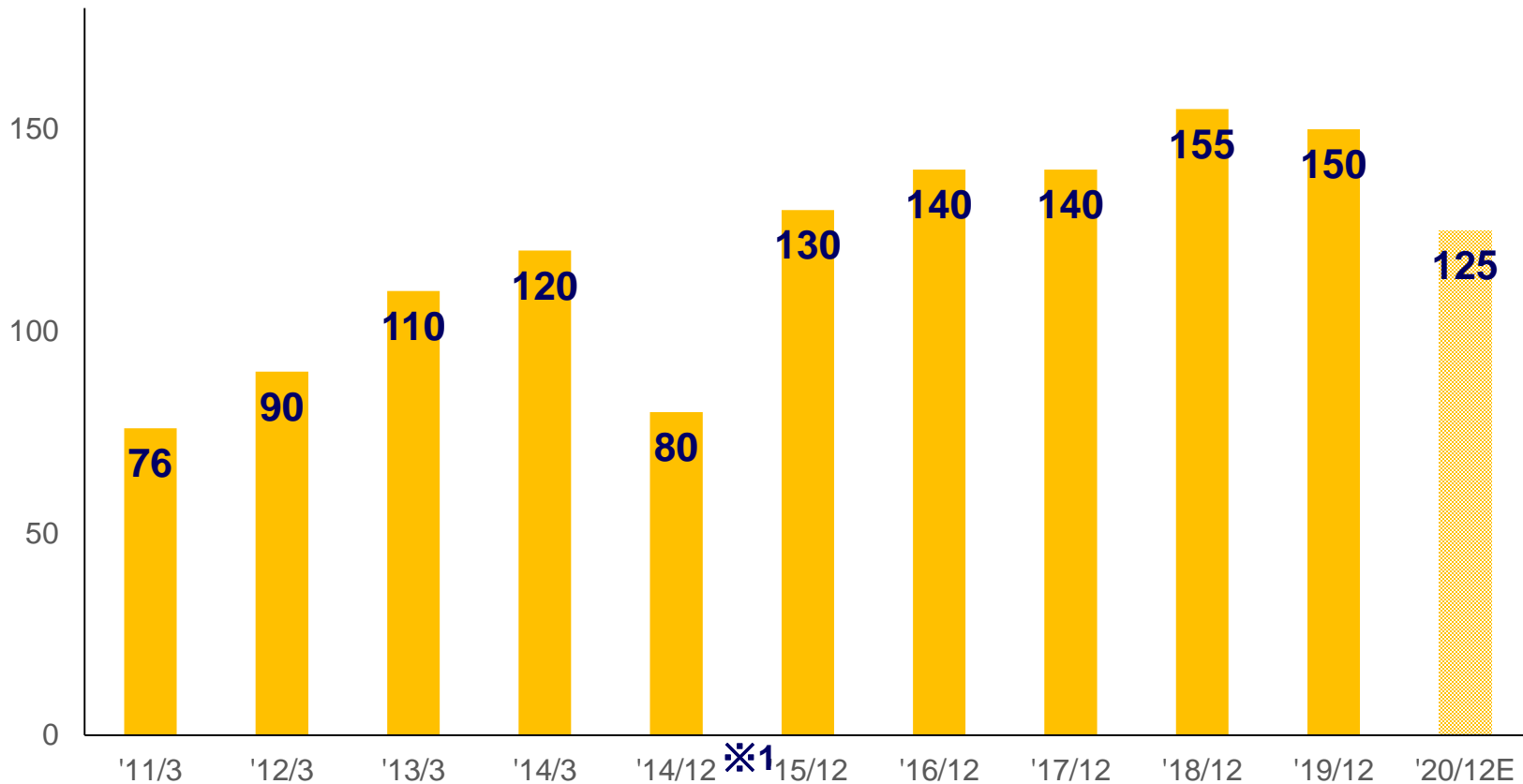
Flexibly acquire stocks through buy-back based on cash conditions. Acquired approx. 12.5 billion JPY(4.2M stocks) in FY20



■ Stock buy-back acquisition graph

(100 millions of yen)

■ Stock buy-back acquisition



*1: Irregular accounting period of 9 months.

The structure of supporting Unicharm's sustainable growth

Aiming for the sustainable growth with SDGs as a “purpose” by the innovation of back-casting thought based on three layers’ of “Mission・Vision・Value”



Resolve social issues (SDGs) and achieve sustainable growth, through business activities to realize a “Cohesive Society” Unicharm aims to reach.



Initiatives for purpose

G

E

S

WC

Realizing a cohesive society with comfortable and healthy life as ourselves

PC

Making comfortable lives for pets with health and hygiene

FC

Making comfort for women into a science to create freedom

BC

Achieving improvements in child-caring

【Corporate Philosophy】

NOLA & DOLA

Necessity of Life with Activities & Dreams of Life with Activities

The world Unicharm aims to reach



Unicharm's corporate culture inherited from the beginning of foundation

From “The Three DNAs” to “The New Three DNAs BOP-ship”

◆ The Three DNAs

Creating new value
by connecting our own
changes to self-growth

Changing Values

Learn from mistakes
and continue to grow

**Find reason
within ourselves**

Outstanding
customer satisfaction
at all times

**No.1 through
continuous
dedication**

◆ The New Three DNAs

Learn and adopt
the best practice
worldwide with speed

**Best
Practice-ship**

Break through
difficulties by taking
the initiative

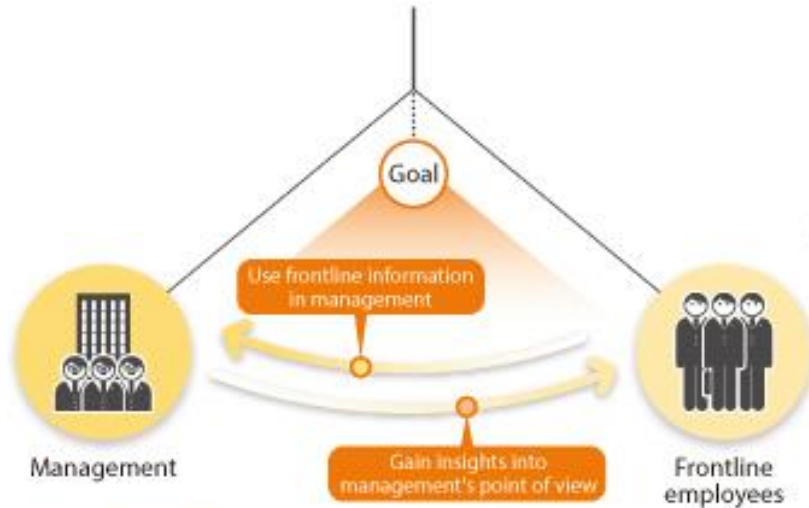
Ownership

With mind of
selflessness, always
respect collaboration

Partnership

Resolve issues, practicing Unicharm's original management method, "Management with Resonance" with the business management approach, "OODA-Loop"

◆Management with Resonance



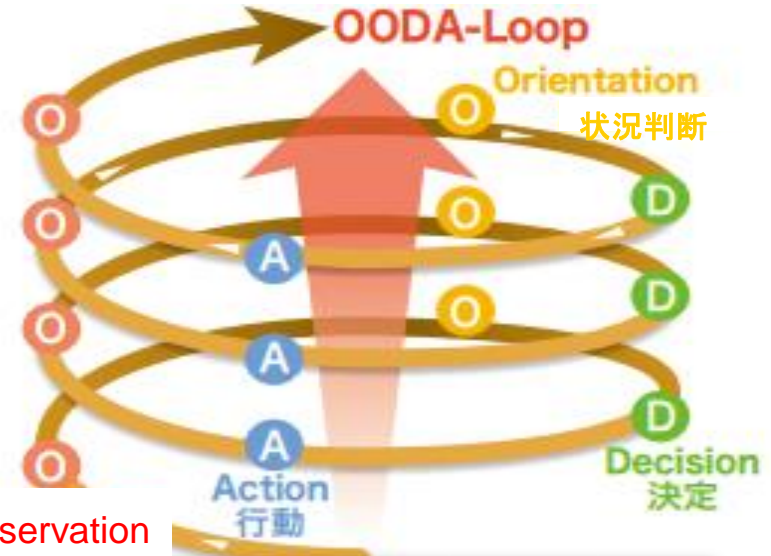
Frontline employees and management share information to ensure they are working toward the same goals



【 BOP-ship 】All employees continue to make changes by demonstrating

①Best Practice-ship ②Ownership ③Partnership

◆OODA-Loop Approach



【An environment where change has become normal (new normal)】

Observation: Observe the situation by five senses

Orientation: Orient by obtaining the information, past experience and knowledge

Decision: Decide what needs to be done by thought-out options

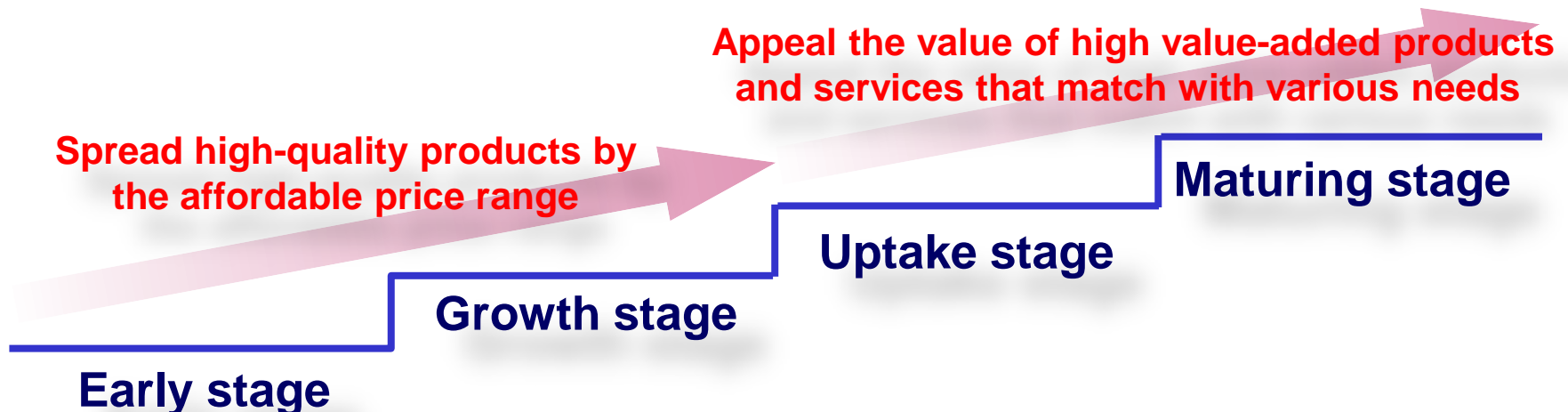
Action: Act promptly (repeat loop)

Strengths that support Unicharm's sustained growth

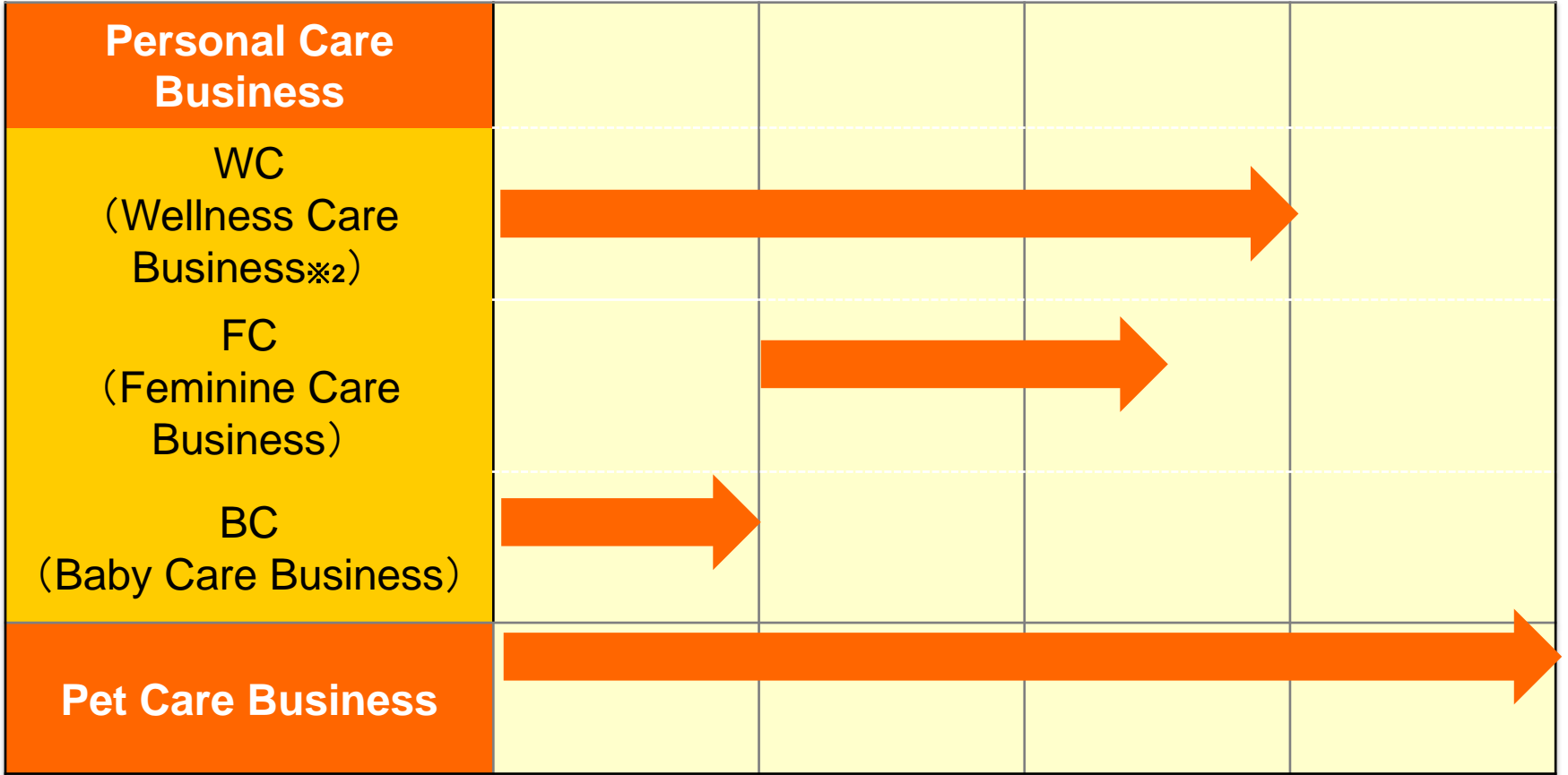
◆ Evolution of our "winning patterns"



◆ Expand market by strategies for each phase of market growth by country by business



Pursue LTV※1 through business development targeting a wide range of people



※1: Life Time Value
 ※2: HC (Health Care Business) and C&F (Clean & Fresh Business) are unified as WC from April 1st, 2020
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Examples of initiatives for important CSR themes

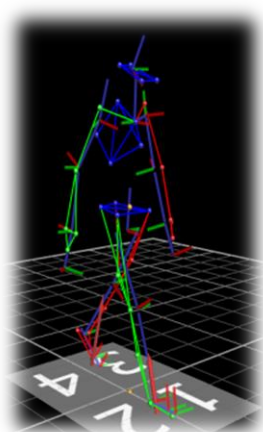


(Contribution to the community and respecting people)

Reduce Frailty※ risk in COVID-19 crisis by “New habit to wear” and “New habit to move”



◆“Lifree Walking Assistance Pants” supporting the body trunk and scientifically pursuing a walk by oneself and keeping ADL by “exercise inside home”



※Status of hypokinesia or cognitive decline by aging.
Its status immediately before nursing care



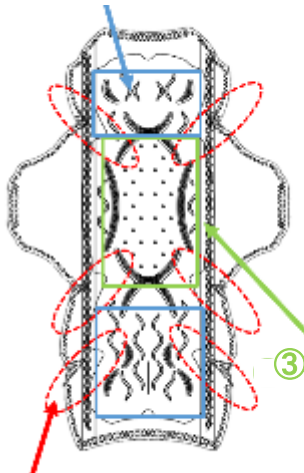
(Supporting women's independence and improving hygiene)
Advanced technology eliminates menstrual discomfort, providing peace of mind and comfort



◆『Sofy SPORTS』surprisingly mispositioning-resilient napkin fits your body even with heavy movements



② Cross fit processing



③ 360° guard Processing

① Cutting processing
Flexible・Cutting sheet

Conventional absorbent core

Softwood pulp

Easy to mold, because fiber is thick and hard

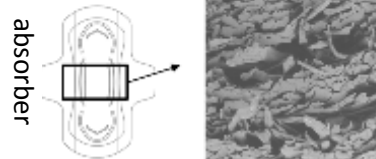
New absorbent core

Hardwood pulp

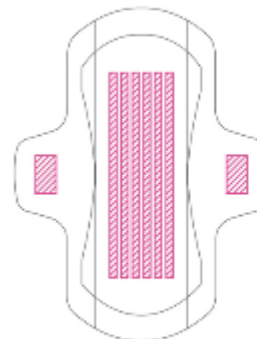
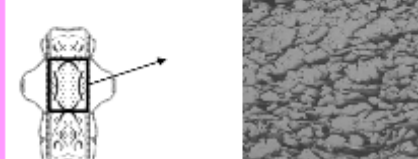
Hard to mold, because fiber is thin and soft

Molding becomes possible by 3D fiber processing!

Mold with softwood pulp only



High-density absorber fits body

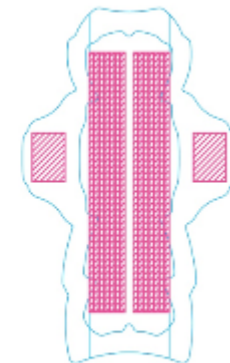


Conventional product

A ratio of the mispositioning prevention area to the total product area

Approx. 1.6 times

※Comparison between daytime products with wings



New product



(Supporting women's independence and improving hygiene)
**Knowledge enhancement about menstruation
 and promoting mutual understanding**



◆Start Sofy “ #NoBagForMe” in 2020, aiming for a society where women can spend more of their own time



#NoBagForMe 
 話そう、知ろう。生理のこと。

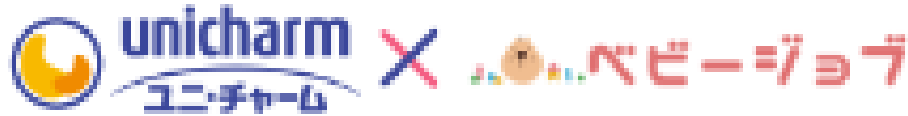




(Supporting women's independence and improving hygiene) Reducing burden on parental guardians and childcare staff and infection risk of COVID-19 through new lifestyles



◆「Tebura Toen」, a subscription service for baby diapers for nursery schools,
received the “1st Japan Parenting Support Award※”



おむつ・おしりふき持参なし!
笑顔で手をつないで登降園を♪



Evaluation that curbing the exchange of
disposable diapers between home and nursery
may reduce the risk of COVID-19 infection

※This award is for the moms and dads raising children, as
well as their grandparents, to greatly appreciate the
“useful” stuff and things.

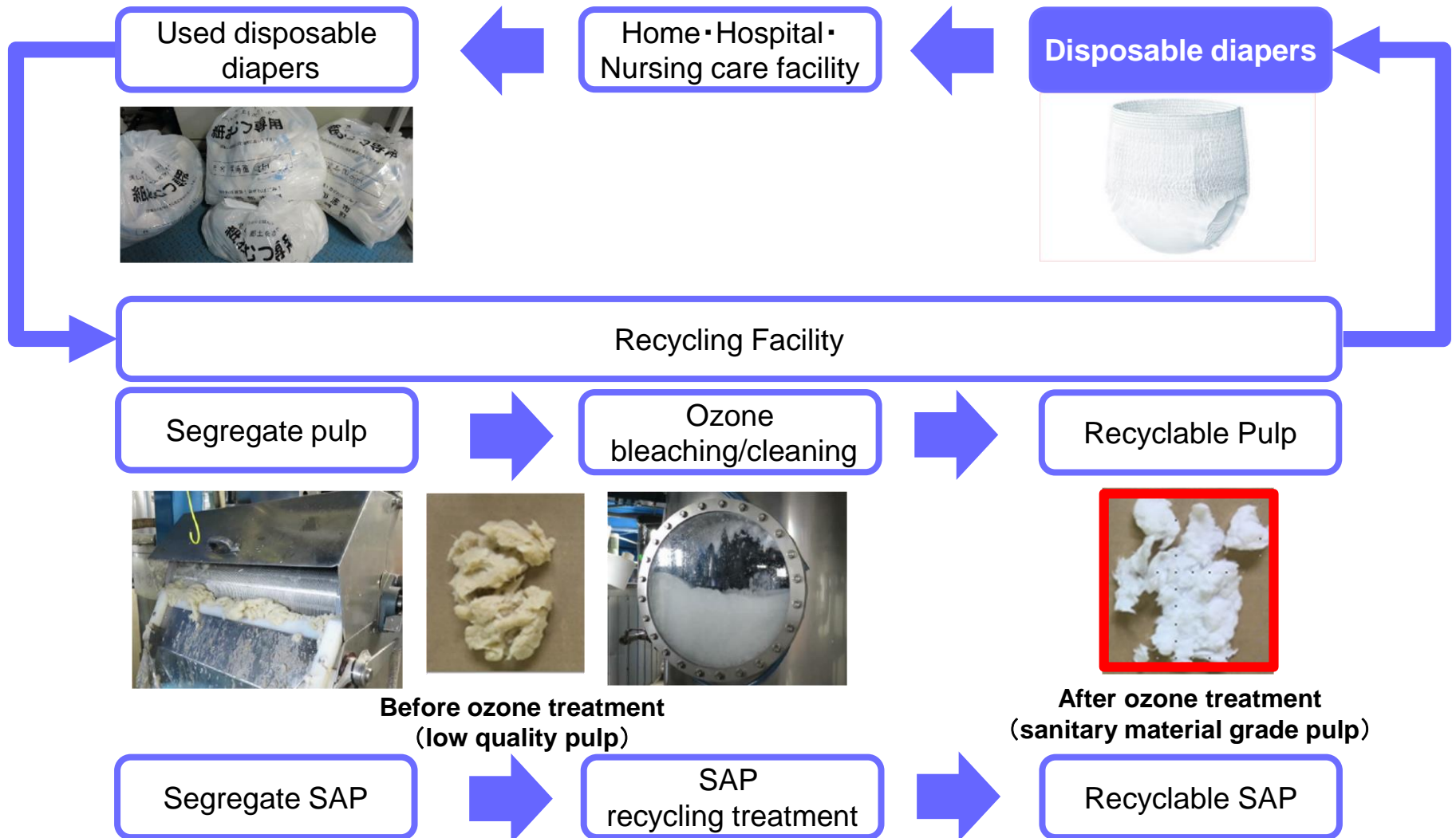


(Contribution to Global Environment)

The world's first “recycling technology of used disposable diapers”



◆ Realize disposable diaper recycling by crushing, segregating and washing with ozone treatment





(Contribution to Global Environment)

Producing prototype of used disposable diapers by recycling technology. Contributing to reduce garbage disposal cost and environmental burden



◆Producing prototype; Disposable diapers and disaster stockpile, toilet paper, Notepad and paper file etc



Recycle pulp



Disposable diapers and disaster stockpile etc.

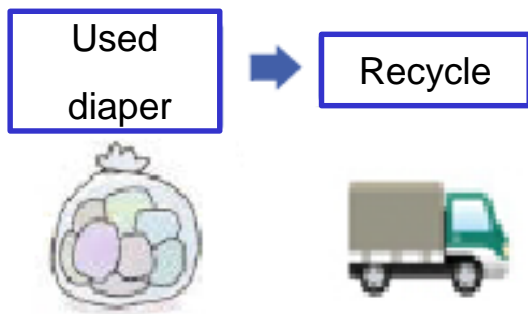


Toilet paper etc.



Recycle SAP

◆Effectiveness; if adult diapers from 100 users are recycled for a year,



We can reduce two tons of trash. It impacts **23** garbage trucks

We can protect **100** trees.



※Survey by Unicharm



(Contribution to Global Environment)

Development of Eco-charming products & realization of zero waste by commercializing waste



- “Eco-charming products” are defined as top products that further promote adaptation to a sustainable society . There were 161 products that cleared this criteria. (As of December 2019)
- Realized zero landfill waste by commercializing waste generated in diaper manufacturing process
- Achieved zero landfill waste at the Thailand factory





(Contribution to Global Environment)

Promoting Three “Zeros” in 2050



◆Set 「Environmental Target 2030」

「“0” waste plastic, “0” CO2 emission, “0” natural forest destruction」

Environmental Issues	Action Items	Base Year	2030 Target	2050 Vision
Plastic Problems	Reduction of usage in packaging materials	2016	Per unit.▲30%	Realization of a new society of “0” waste plastic
	Launch of petrochemical-origin plastic-free products	–	Over 10 SKUs	
	Enlightenment of how to dispose used products	–	All the LMUs	
	Zero the use of plastics with promotional materials	–	All the LMUs	
Climate Change	CO2 reduction when procuring raw materials	2016	Per unit ▲17%	Realization of a society with “0” CO2 emission
	CO2 reduction when manufacturing	2016	Per unit ▲34%	
	CO2 reduction when disposing used products	2016	Per unit ▲26%	
No Complicity in Deforestation (Procurement)	Confirmation of traceability of the origin (country/region) of pulp and palm oil	–	Complete	Realization of a society with “0” destruction of natural forests regarding the timber we procure
	Expansion of certified pulp (PEFC/CoC certification)	–	100%	
	Expansion of certified palm oil (RSPO)	–	100%	
	Promotion of recycling of used diapers	–	Over 10 local governments	



(Contributions to the Community and Respecting People) Continuous support to disaster-affected area and regional activation support



◆Activities for disaster-affected area

- Continuing the Matching Fund* from 2011 which combines disaster-affected area support and energy-saving initiatives. A cumulative total of 18,705 people participated in Super Cool Biz / Warm Biz activities.
- Supplies to disaster-affected area "Reiwa 2 year, July Heavy Rain"



※Created for the "Support of Disaster-Affected Areas". and "Promotion of Energy Conservation", original polo shirts etc. are sold to employees. Through this system, we double the money collected and donate it to charity



◆Regional activation support

- "Agreement on supplying cooperation in case of disaster" in Fukuoka and Kagawa prefecture and Fukushima and Kumamoto city etc.
- "Comprehensive cooperation agreement" in seven fields such as disaster countermeasures, child care support, health promotion with Kakegawa city and Shibushi city
- Continued support and communication with Indonesian orphanage
- Technical education and creation of employment opportunities in Egypt subsidiary.
- Hygiene information "My Style Disaster Prevention" for family disaster preparedness
- Top partner contract with FC Imabari



Visit to an orphanage in Indonesia



My Style Disaster Prevention
<http://www.unicharm.co.jp/csr-eco/mystylebosai/index.html>



High school in Egypt
Operator OFF-JT



FC Imabari
home uniform



Maximization of "work satisfaction" by "work style" that promotes independence in COVID-19 crisis

◆ Build systems flexibly so that each employee can respond appropriately

System reform aimed at realizing a "work style" that promotes independence



System tailored to COVID-19

「Promote Remote Work」

「Eliminate Core Time」

8 Rewarding
Economic growth



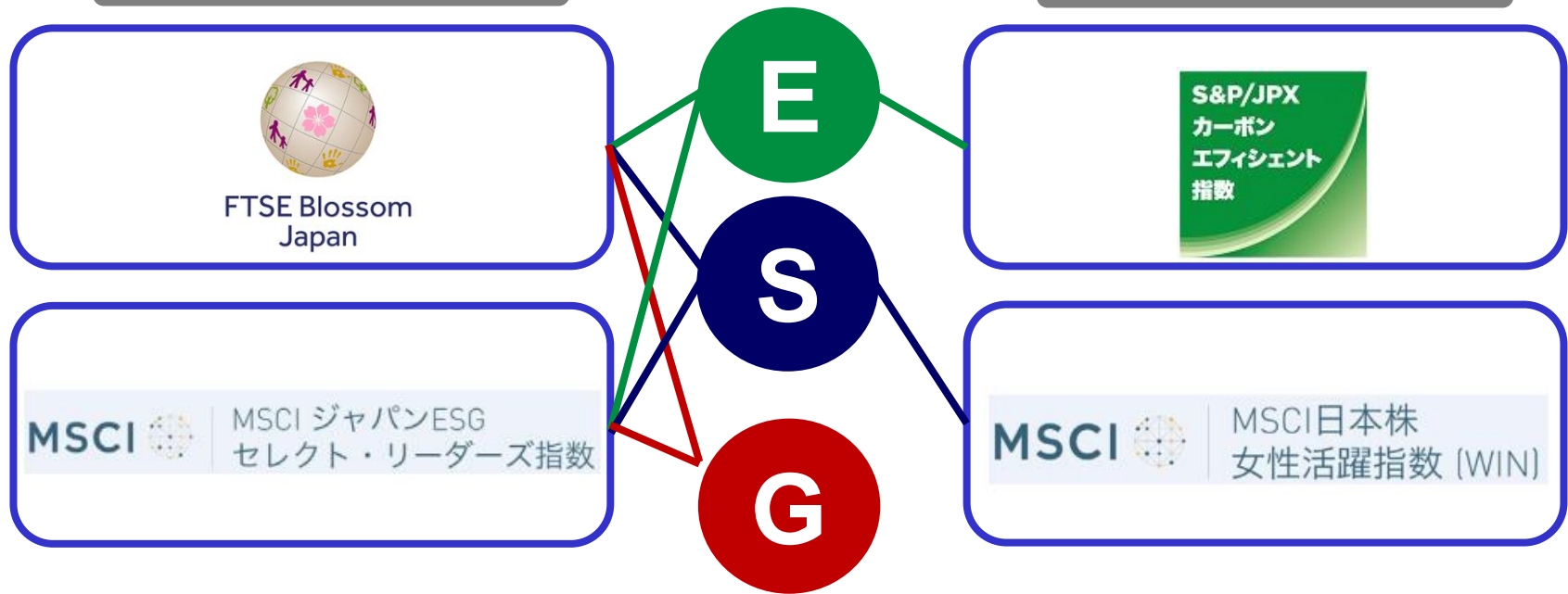
Creating value-added results together

Evaluation from and cooperation with external agencies

Included in 4 ESG Investment Indices Selected by GPIF

Integrated indices

Thematic indices



Other SRI indices



FTSE4Good

Evaluation from and cooperation with external agencies

■ Science Based Target



- ✓ In June 2018, the company was certified as the 17th target setting company in Japan.
- ✓ Set the target of the reduce amount for CO₂.

■ RSPO



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

■ JCI (Japan Climate Initiative)



- ✓ Develop the best practices for advanced groups as a startup member

■ CDP Japan 500



- ✓ Functioned PDCA cycle for forest resource management at a high level. Received a B rating.

■ FSC (Forest stewardship council)



The mark of
responsible forestry
FSC® N002492

- ✓ Use the pulp preferentially that pass the the strictest certification standards in forest certification.
- ✓ Agreed to the Vancouver Declaration to promote SDG's

■ SOMPO Sustainability Index



Sompo Sustainability Index

- ✓ Efforts related to ESG are highly evaluated and selected as a constituent of the "SOMPO Sustainability Index" for 9 consecutive years.

Evaluation from and cooperation with external agencies

■ Sedex



- ✓ Registered 19 factories in Japan, principal countries in Asia, Saudi Arabia to Sedex.
- ✓ Join AB member to expand sustainable and global supply-chain structure.

■ White 500



- ✓ Certified initiatives for maintaining and improving health, and efforts in work style reform, acknowledgement continued in 2020.

■ Male childcare leave 100%



- ✓ Support “Male childcare leave 100%” which WORK LIFE BALANCE Co., Ltd. is promoting to create the work place where all employees are able to shine and having work that is rewarding.

■ Ecorailmark



- ✓ Promote modal shift from truck to ship or train.
- ✓ Submit self declaration of “white logistics” promoting activity.

■ Japan Parenting Support Award



- ✓ Flat-rate service of baby paper diapers for nurseries received the 1st “Japan Parenting Support Award” sponsored by Nihon kosodate shien-kyoukai.※

※Supporting the environment where we can produce Good products and services for raising children.

