

TRANSLATION

Following is an English translation of the Report pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act. This Report is presented merely as supplemental information.

Annual Securities Report

(For the 66th fiscal year,
from January 1, 2025 to December 31, 2025)

Unicharm Corporation

(E00678)

The 66th Fiscal Year (from January 1, 2025 to December 31, 2025)

Annual Securities Report

This report is the Annual Securities Report submitted pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act via the Electronic Disclosure for Investors' Network ("EDINET") as set forth in Article 27-30-2 of the same Act, generated and printed with a Table of Contents and page numbers added.

Unicharm Corporation

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【Cover】	
【Document Submitted】	Annual Securities Report (“ <i>Yukashoken-Houkokusho</i> ”)
【Article of the Applicable Law Requiring Submission of This Document】	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
【Filed to】	Director-General of the Kanto Local Finance Bureau
【Date of Filing】	March 23, 2026
【Business Year】	The 66th Fiscal Year (from January 1, 2025 to December 31, 2025)
【Company Name】	Unicharm Kabushiki-Kaisha
【Company Name (in English)】	Unicharm Corporation
【Position and Name of Representative】	Takahisa Takahara, Representative Director, President and Chief Executive Officer
【Location of Head Office】	182, Shimobun, Kinsei-cho, Shikokuchuo-shi, Ehime, Japan (The above address is the official registered location of the head office. Actual operations are based as follows.) Sumitomo Fudosan Tokyo Mita Garden Tower, 3-5-19, Mita, Minato-ku, Tokyo, Japan
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【Place Where Available for Public Inspection】	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi Kabutocho, Chuo-ku, Tokyo, Japan)

Part 1. Information on the Company

I. Overview of the Company

1. Key financial data and trends

(1) Consolidated financial data

Fiscal year		62nd	63rd	64th	65th	66th
Year ended		December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024	December 31, 2025
Net sales	Millions of Yen	782,723	898,022	941,790	988,981	945,268
Core operating income	Millions of Yen	122,482	119,566	127,974	138,463	108,884
Profit before tax	Millions of Yen	121,977	115,708	132,308	134,537	105,386
Profit attributable to owners of parent	Millions of Yen	72,745	67,608	86,053	81,842	65,212
Comprehensive income attributable to owners of parent	Millions of Yen	97,670	98,094	120,371	119,743	72,582
Equity attributable to owners of parent	Millions of Yen	557,639	618,883	695,719	773,062	794,705
Total assets	Millions of Yen	987,655	1,049,218	1,133,627	1,239,973	1,223,176
Equity attributable to owners of parent per share	Yen	311.68	347.72	392.91	439.46	456.75
Basic earnings per share	Yen	40.59	37.87	48.47	46.41	37.30
Diluted earnings per share	Yen	40.56	37.86	—	—	—
Ratio of equity attributable to owners of parent	%	56.5	59.0	61.4	62.3	65.0
Return on equity attributable to owners of parent	%	13.8	11.5	13.1	11.1	8.3
Price earnings ratio	Times	41.0	44.6	35.1	28.1	24.0
Cash flows from operating activities	Millions of Yen	105,253	92,216	162,415	137,099	131,470
Cash flows from investing activities	Millions of Yen	(79,837)	(7,145)	(67,527)	(73,838)	(58,712)
Cash flows from financing activities	Millions of Yen	(45,180)	(61,652)	(67,007)	(66,794)	(83,865)
Cash and cash equivalents at end of fiscal period	Millions of Yen	187,547	217,153	253,770	261,054	253,092
Employees () represents the average number of part-time employees not included in the above numbers	Persons	16,308 (1,786)	16,206 (1,775)	16,223 (1,724)	16,464 (1,617)	16,542 (1,541)

Notes: 1. The number of employees represents the number of full-time employees.

- Effective January 1, 2025, the Company split its common shares at a ratio of three-for-one. Equity attributable to owners of parent per share, basic earnings per share, and diluted earnings per share are calculated on the assumption that this stock split was conducted at the beginning of the 62nd fiscal year. The share price at the end of the 65th fiscal year was an ex-rights share price owing to this stock split. Hence, the ex-rights stock split ratio was taken into account to calculate the price earnings ratio for the 65th fiscal year.
- The Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (hereinafter "IFRS").
- Diluted earnings per share for the 64th, 65th and 66th fiscal years are not shown because the Company has no potential ordinary shares that have dilutive effects.
- Core operating income information is a valuable benchmark for measuring the Group's recurring business performance. It is calculated by deducting selling, general and administrative expenses from gross profit.

(2) Non-consolidated financial data

Fiscal year		62nd	63rd	64th	65th	66th
Year ended		December 31, 2021	December 31, 2022	December 31, 2023	December 31, 2024	December 31, 2025
Net sales	Millions of Yen	382,210	344,281	348,740	369,638	369,227
Ordinary income	Millions of Yen	81,353	67,915	143,374	143,962	112,110
Profit	Millions of Yen	59,625	6,876	119,405	118,520	99,206
Capital stock	Millions of Yen	15,993	15,993	15,993	15,993	15,993
Number of shares issued	Shares	620,834,319	620,834,319	620,834,319	620,834,319	1,862,502,957
Net assets	Millions of Yen	333,849	301,907	384,676	463,483	516,243
Total assets	Millions of Yen	474,130	414,114	493,120	568,175	618,132
Net assets per share	Yen	186.48	169.63	217.25	263.48	296.70
Cash dividends per share (Interim cash dividends included herein)	Yen (Yen)	36 (18)	38 (19)	40 (20)	44 (22)	18 (9)
Earnings per share	Yen	33.27	3.85	67.26	67.20	56.75
Diluted earnings per share	Yen	33.25	3.85	–	–	–
Ratio of shareholders' equity	%	70.3	72.9	78.0	81.6	83.5
Earnings to shareholders' equity	%	18.5	2.2	34.8	27.9	20.3
Price earnings ratio	Times	50.1	438.6	25.3	19.4	15.8
Dividend payout ratio	%	36.1	328.9	19.8	21.8	31.7
Employees () represents the average number of part-time employees not included in the above numbers	Persons	1,465 (345)	1,433 (364)	1,457 (385)	1,404 (404)	1,429 (409)
Total shareholder return (Comparative indicator: TOPIX Total Return Index)	% (%)	102.9 (112.7)	105.1 (110.0)	106.5 (141.1)	83.1 (169.9)	59.2 (213.2)
Highest share price	Yen	5,208	5,323	5,958	5,408	1,365
Lowest share price	Yen	4,122	3,901	4,623	1,296	881

Notes: 1. The number of employees represents the number of full-time employees.

- Effective January 1, 2025, the Company split its common shares at a ratio of three-for-one. Net assets per share, earnings per share and diluted earnings per share are calculated on the assumption that this stock split was conducted at the beginning of the 62nd fiscal year. The number of shares issued, cash dividends per share, and dividend payout ratio are the ones before this stock split. Moreover, the share price at the end of the 65th fiscal year was an ex-rights share price owing to this stock split. Hence, the ex-rights stock split ratio was taken into account to calculate the price earnings ratio for the 65th fiscal year.
- The highest and lowest share prices are those quoted on the Tokyo Stock Exchange (First Section) on or before April 3, 2022, and on the Tokyo Stock Exchange (Prime Market) on or after April 4, 2022.
- The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the beginning of the 63rd fiscal year, and the key financial data, etc. for the 63rd fiscal year and the fiscal years thereafter is presented as data, etc. after applying the accounting standard, etc.
- Diluted earnings per share for the 64th, 65th and 66th fiscal years are not shown because the Company has no potential ordinary shares.

2. History

February 1961	Keiichiro Takahara established Taisei Kako Co., Ltd. Commenced the manufacture and sale of building materials
August 1963	Commenced manufacture and sale of feminine napkins
March 1974	The feminine napkin manufacturing business was transferred to Unicharm Industries Co., Ltd.
September 1974	Due to a change in the par value of shares, Okada Industries Co., Ltd. merged Taisei Kako Co., Ltd. by absorption, and changed the corporate name to Unicharm Corporation as surviving entity
August 1976	Listed stocks on the Second Section of the Tokyo Stock Exchange
August 1981	Launched disposable baby diapers
October 1984	Established United Charm Co., Ltd. (former United Charm Industries Co., Ltd.) in Taiwan - Greater China
March 1985	Company stock designated to be listed on the First Section of the Tokyo Stock Exchange
July 1987	Established Uni.Charm (Thailand) Co., Ltd.
June 1993	Established Unicharm East Japan Corp.
November 1993	Established Uni.Charm Mölnlycke B.V.
December 1995	Established Shanghai Unicharm Co., Ltd.
June 1997	Established PT UNI-CHARM INDONESIA Tbk (PT Uni-Charm Indonesia at time of establishment)
October 1998	Transferred the pet businesses to Uni-Taisei Corp.
February 1999	Uni-Taisei Corp. changed its company name to Uni Heartous Corporation
May 1999	Established Unicharm Central Japan Corporation
October 1999	Transferred Central Japan Production Department to Unicharm Central Japan Corporation
November 2001	Established Unicharm Consumer Products (China) Co., Ltd.
January 2002	Unicharm East Japan Corp. and Unicharm Central Japan Corporation were merged by absorption, with Unicharm Industries Co., Ltd. as the surviving entity. The corporate name was changed to Unicharm Products Co., Ltd.
February 2002	Established Unicharm Consumer Products and Services (Shanghai) Co., Ltd.
October 2002	Uni Heartous Corporation changed its corporate name to Unicharm PetCare Corporation
October 2004	Unicharm PetCare Corporation stock listed on the Second Section of the Tokyo Stock Exchange
September 2005	Unicharm PetCare Corporation stock designated to be listed on the First Section of Tokyo Stock Exchange
December 2005	Acquired Unicharm Gulf Hygienic Industries Co. Ltd.
February 2006	Launched joint venture business in South Korea at LG Unicharm Co., Ltd. (former Uni-Charm Co., Ltd.) with LG Household & Health Care Ltd.
July 2008	Established Unicharm India Private Ltd. (Unicharm India Hygienic Private Ltd. at time of establishment)
September 2008	After acquisition of all shares in APPP Parent Pty Ltd., corporate name was changed to Unicharm Australasia Holding Pty Ltd.
January 2009	Shanghai Unicharm Co., Ltd., Unicharm Consumer Products (China) Co., Ltd. and Unicharm Consumer Products and Services (Shanghai) Co., Ltd. merged to form Unicharm Consumer Products (China) Co., Ltd. as surviving entity
September 2010	Merged Unicharm PetCare Corporation by absorption
September 2011	Established Unicharm (China) Co., Ltd.
September 2011	Acquired 95% of the shares of Diana Unicharm Joint Stock Company (Diana Joint Stock Company at time of establishment)
December 2011	Acquired 51% of shares of The Hartz Mountain Corporation
July 2012	Established Unicharm Consumer Products (Jiangsu) Co., Ltd.
April 2013	Acquired all shares of CFA International Paper Products Pte. Ltd., holder of 88% of the shares of Myanmar Care Products Ltd.
August 2013	Acquired additional 10% of the shares of Myanmar Care Products Ltd. and the corporate name was changed to MYCARE Unicharm Co., Ltd.
September 2018	Acquired all shares of DSG (Cayman) Ltd.
December 2019	PT UNI-CHARM INDONESIA Tbk stock listed on the Main Board of the Indonesia Stock Exchange
November 2020	MYCARE Unicharm Co., Ltd. changed its corporate name to Unicharm Myanmar Company Limited
April 2022	Moved stock listing from the First Section to the Prime Market of the Tokyo Stock Exchange due to the restructuring of market segments by the Tokyo Stock Exchange

3. Description of business

Unicharm Corporation (the “Company”), 50 subsidiaries and 8 associates (collectively, the “Group”) is engaged chiefly in the manufacture and sale of wellness care products, feminine care products, baby care products, and pet care products.

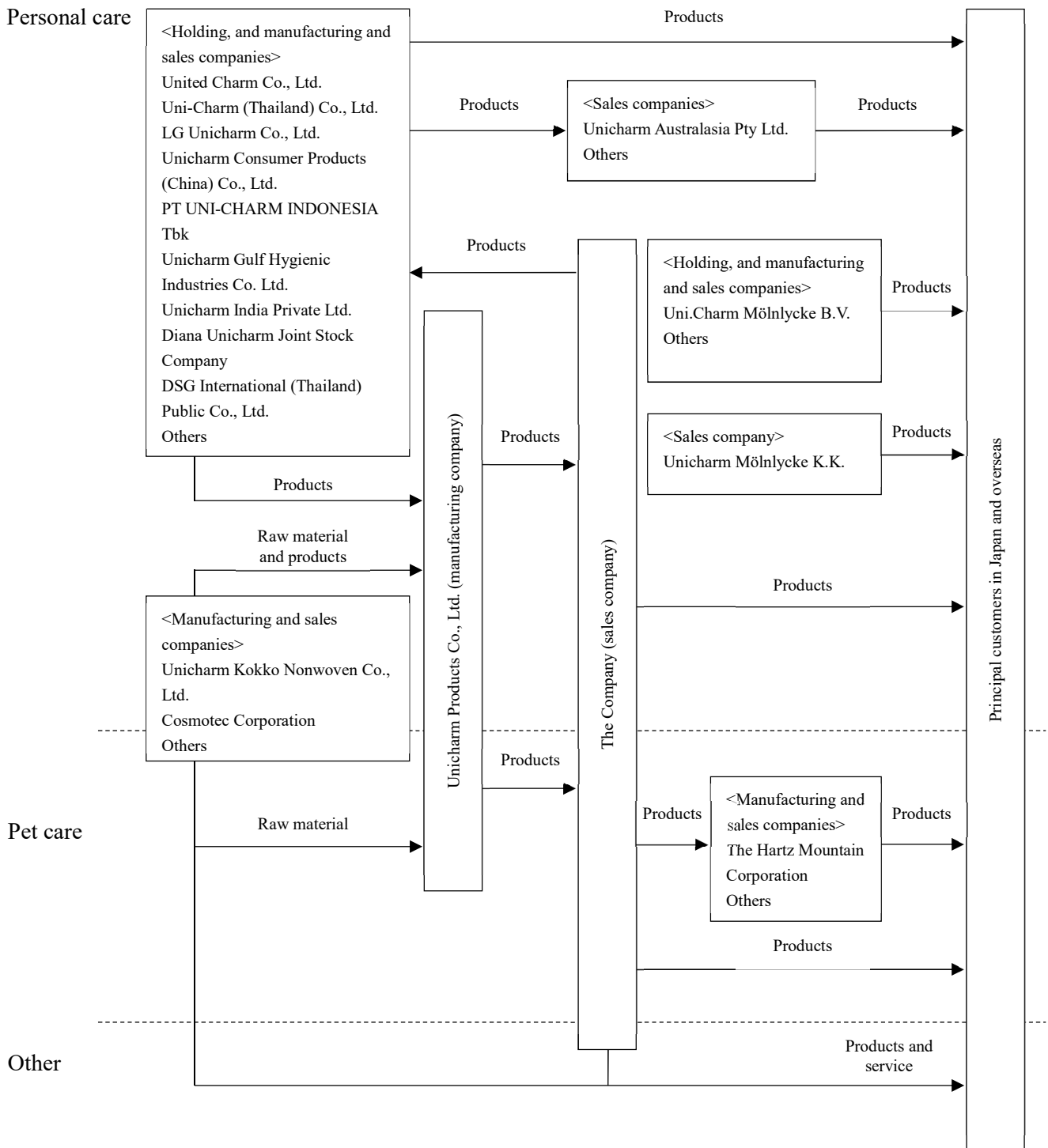
Organizational positioning and segment information of Group businesses are as follows.

The following business segmentation is harmonized with “V. Financial Information, 1. Consolidated Financial Statements (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements.”

Business category	Description of principal business	Principal companies
Personal care	Wellness care business Feminine care business Baby care business	The Company Unicharm Products Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Unicharm Mölnlycke K.K. United Charm Co., Ltd. Uni.Charm (Thailand) Co., Ltd. Uni.Charm Mölnlycke B.V. LG Unicharm Co., Ltd. Unicharm Consumer Products (China) Co., Ltd. PT UNI-CHARM INDONESIA Tbk Unicharm Gulf Hygienic Industries Co. Ltd. Unicharm India Private Ltd. Unicharm Australasia Holding Pty Ltd. Diana Unicharm Joint Stock Company DSG International (Thailand) Public Co., Ltd. Other 29 companies Total 45 companies
Pet care	Pet care business	The Company Unicharm Products Co., Ltd. Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Peparlet Co., Ltd. The Hartz Mountain Corporation Other 12 companies Total 18 companies
Other		Unicharm Kokko Nonwoven Co., Ltd. Cosmotec Corporation Unicharm Gulf Hygienic Industries Co. Ltd. Other 4 companies Total 7 companies

Note: In case a company operates several businesses, the company is included in each respective business category.

The organization chart of principal businesses is as follows.



4. Information on subsidiaries and associates

Name of company	Location	Capital	Principal businesses (Note 1)	Percentage of voting rights held (%)	Business relationship
(Consolidated subsidiaries)					
Unicharm Products Co., Ltd. (Note 2)	Shikokuchuo-shi, Ehime, Japan	Millions of JPY 200	Personal care	100.0	Sells products to Group companies Interlocking executives: 2 Cash loan relations: Yes
United Charm Co., Ltd. (Note 2)	Taiwan - Greater China	Thousands of TWD 588,800	Personal care	52.6	Sells products to Group companies Interlocking executive: 1
Uni.Charm (Thailand) Co., Ltd. (Note 2)	Kingdom of Thailand	Thousands of THB 718,843	Personal care	100.0	Sells products to Group companies
LG Unicharm Co., Ltd. (Note 2)	Republic of Korea	Millions of KRW 30,000	Personal care	51.0	Sells products to Group companies
Unicharm Consumer Products (China) Co., Ltd. (Notes 2, 3)	People's Republic of China	Thousands of USD 117,127	Personal care	75.0 (75.0)	Sells products to Group companies
PT UNI-CHARM INDONESIA Tbk (Note 2)	Republic of Indonesia	Millions of IDR 415,657	Personal care	59.2	Sells products to Group companies
Unicharm Gulf Hygienic Industries Co. Ltd. (Note 2)	Kingdom of Saudi Arabia	Thousands of SAR 506,667	Personal care	75.0	Sells products to Group companies Interlocking executive: 1
Unicharm India Private Ltd. (Note 2)	Republic of India	Millions of INR 45,642	Personal care	100.0	Interlocking executive: 1
Unicharm Australasia Holding Pty Ltd. (Note 2)	Commonwealth of Australia	Thousands of AUD 60,000	Personal care	100.0	Financial assistance: Yes
Unicharm Middle East & North Africa Hygienic Industries Company S.A.E. (Note 2)	Arab Republic of Egypt	Thousands of EGP 1,025,000	Personal care	95.0	Sells products to Group companies Interlocking executive: 1 Financial assistance: Yes
The Hartz Mountain Corporation (Note 2)	United States of America	Thousands of USD 197,398	Pet care	51.0	Sells products to Group companies
Unicharm (China) Co., Ltd. (Note 2)	People's Republic of China	Thousands of USD 280,346	Personal care	100.0	
UNICHARM DO BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS DE HIGIENE LTDA. (Note 2)	Federative Republic of Brazil	Thousands of BRL 873,783	Personal care	80.1	

Name of company	Location	Capital	Principal businesses (Note 1)	Percentage of voting rights held (%)	Business relationship
DSG International (Thailand) Public Co., Ltd. (Notes 2, 3)	Kingdom of Thailand	Thousands of THB 1,260,000	Personal care	99.3 (99.3)	Sells products to Group companies
Uni-Charm Corporation Sdn. Bhd. (Note 2)	Malaysia	Thousands of MYR 132,230	Personal care	100.0	Sells products to Group companies
Diana Unicharm Joint Stock Company (Note 2)	Socialist Republic of Vietnam	Thousands of VND 360,000,000	Personal care	95.0	Sells products to Group companies Interlocking executive: 1
Other 34 companies	–	–	–	–	–
(Associates accounted for by the equity method)					
UBS Corporation	Minato-ku, Tokyo, Japan	Millions of JPY 30	Shared services	20.0	
Jiangsu Jijia Pet Products Co., Ltd. (Note 3)	People's Republic of China	Thousands of CNY 19,630	Pet care	45.3 (45.3)	
Other 6 companies	–	–	–	–	–

- Notes: 1. The “Principal businesses” column states the name of the segment in the segment information.
2. Companies indicated are specified subsidiaries.
3. The figures in parentheses in the “Percentage of voting rights held” column show the percentage of indirect voting interests, which is a part of the total voting interest.
4. The principal financial data on the above subsidiary is omitted as its net sales (excluding intercompany sales within the Group) were 10% or less of consolidated net sales.
5. There is one other affiliate.

5. Employees

(1) Consolidated companies

(As of December 31, 2025)

Reportable segment	Number of employees (Persons)
Personal care	15,361 (1,311)
Pet care	565 (93)
Other	478 (98)
Corporate (common)	138 (39)
Total	16,542 (1,541)

- Notes: 1. The number of employees represents the number of full-time employees.
 2. The figures in parentheses represent the average number of part-time employees during a year, and are not included in the number of full-time employees.
 3. The figures in parentheses include the number of contract and part-time employees.

(2) The Company

(As of December 31, 2025)

Number of employees (Persons)	Average age (Years)	Average years of service (Years)	Average annual salary (Thousands of Yen)
1,429 (409)	40.7	14.7	8,754

Reportable segment	Number of employees (Persons)
Personal care	1,191 (361)
Pet care	100 (9)
Other	— (—)
Corporate (common)	138 (39)
Total	1,429 (409)

- Notes: 1. The number of employees represents the number of full-time employees.
 2. The figures in parentheses represent the average number of part-time employees during a year, and are not included in the number of full-time employees.
 3. The figures in parentheses include the number of contract and part-time employees.

(3) Trade union

Trade unions have been established at the Company and certain consolidated subsidiaries. There are no particular items concerning labor-management relations which require mentioning.

(4) Ratio of female employees in managerial positions, ratio of male employees taking childcare leave, and differences in wages between male and female employees

1) The Company

Fiscal year ended December 31, 2024						
Ratio of female employees in managerial positions (%) (Note 1)	Ratio of male employees taking childcare leave (%) (Notes 2, 3)	Differences in wages between male and female employees (%) (Notes 1, 4)				
		All employees	Regular employees	Part-time and fixed-term employees	Regular employees in management positions (employees in executive positions)	Regular employees in non-management positions
18.6	104.7	65.0	74.9	66.2	89.0	86.8

Fiscal year ended December 31, 2025						
Ratio of female employees in managerial positions (%) (Note 1)	Ratio of male employees taking childcare leave (%) (Notes 2, 3)	Differences in wages between male and female employees (%) (Notes 1, 4)				
		All employees	Regular employees	Part-time and fixed-term employees	Regular employees in management positions (employees in executive positions)	Regular employees in non-management positions
19.5	102.7	65.5	76.6	52.6	87.4	88.9

Notes: 1. Calculated based on the provisions of the Act on Promotion of Women’s Active Engagement in Professional Life (Act No. 64 of 2015).

Those seconded to positions at different companies are counted as employees of the company they were seconded to.

2. Calculated the percentage of male employees taking childcare leave, etc. provided for in Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

Those seconded to positions at different companies are counted as employees of the company they were seconded to.

3. Calculated by the formula: “male employees who took childcare leave in the fiscal year / male employees whose spouses gave birth in the fiscal year × 100.” The percentage of male employees taking childcare leave may exceed 100% given that the number of male employees who took childcare leave includes those whose spouses gave birth in the prior year.

4. Factors in differences in wages differ between regular and non-regular employees. In the case of regular employees, contributing factors are low ratios of female employees and female managers, and fewer years of service by female employees, among others. Yet differences in wages between male and female managers (employees in executive positions), and between male and female employees in non-management positions, tend to decrease about 20% compared to differences between all male and female employees. (The difference in base salaries between regular male and female employees is 82.6%.) In the case of non-regular employees, on the other hand, contributing factors in differences in wages include high pay levels for a large number of male employees who have been reemployed after reaching the mandatory retirement age, fewer years of service by many female employees, and many part-time and lower paid positions are filled by women. The Company’s salary policy and evaluation system do not stipulate any gender-based different treatment for regular and non-regular employees.

5. As part of our further actions, we will regularly evaluate the effectiveness of the following measures in reducing disparities and consider presenting medium- to long-term improvement targets.

- 1) Transparency of remuneration system: We have streamlined various allowances that are personal and not directly linked to results and adopted a fair system where remuneration is distributed according to contribution to business performance.
- 2) Support for continuing careers: In addition to maintaining our evaluation and promotion systems that prevent childbirth and childcare from becoming disadvantages, we will encourage our male employees to take childcare leave in order to correct the uneven distribution of childcare burden.
- 3) Building of a pipeline: We will accelerate the development of our next generation of leaders by expanding the Empowerment Program, our mentorship program for female executive candidates conducted with Executive Officers, lunch meetings between the President and female managers and management candidates, and the Room+ program for mentoring by female senior employees.

2) Consolidated subsidiaries

Fiscal year ended December 31, 2024					
Name of company	Ratio of female employees in managerial positions (%) (Note 1)	Ratio of male employees taking childcare leave (%) (Notes 2, 4)	Differences in wages between male and female employees (%) (Note 1)		
		All employees	All employees	Regular employees	Part-time and fixed-term employees
Unicharm Products Co., Ltd.	3.3	110.3	86.3	87.6	71.9
Unicharm Kokko Nonwoven Co., Ltd.	–	100.0	89.3	89.9	69.9
Unicharm Mölnlycke K.K.	51.4	–	98.0	100.1	85.8
Cosmotec Corporation	5.0	75.0	78.4	85.1	65.3
Peparlet Co., Ltd.	7.7	50.0	77.4	78.8	77.3

Fiscal year ended December 31, 2025					
Name of company	Ratio of female employees in managerial positions (%) (Note 1)	Ratio of male employees taking childcare leave (%) (Notes 2, 4)	Differences in wages between male and female employees (%) (Note 1)		
		All employees	All employees	Regular employees	Part-time and fixed-term employees
Unicharm Products Co., Ltd.	4.9	93.8	85.3	87.3	77.3
Unicharm Kokko Nonwoven Co., Ltd.	–	83.3	87.4	88.7	52.3
Unicharm Mölnlycke K.K.	51.5	75.0	96.3	98.5	81.1
Cosmotec Corporation	4.5	28.6	78.4	85.5	59.3
Peparlet Co., Ltd.	–	50.0	77.9	76.5	85.8

Notes: 1. Calculated based on the provisions of the Act on Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015).

Those seconded to positions at different companies are counted as employees of the company they were seconded to.

2. Calculated the percentage of male employees taking childcare leave, etc. provided for in Article 71-6, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991) based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

Those seconded to positions at different companies are counted as employees of the company they were seconded to.

3. Information on other consolidated subsidiaries is omitted as they are outside the scope of the disclosure obligations stipulated by the provisions of the Act on Promotion of Women's Active Engagement in Professional Life (Act No. 64 of

2015) and the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991).

4. Calculated by the formula: “male employees who took childcare leave in the fiscal year/male employees whose spouses gave birth in the fiscal year \times 100.” The percentage of male employees taking childcare leave may exceed 100% given that the number of male employees who took childcare leave includes those whose spouses gave birth in the prior year.

II. Business Overview

1. Management policies, management environment, and issues facing the Group

In the following, statements relating to the future are based on the judgment of the Group at the end of the fiscal year under review.

(1) Basic management policies

It is the Group's basic policy to conduct business activities with the aim of fulfilling its social responsibility and constantly striving for the creation of new value for stakeholders (customers, shareholders, clients, company employees and society). To achieve the aim, the Group has set forth a management philosophy "to contribute to creating a better quality of life for everyone by offering only the finest products and services to the market and customers, both at home in Japan and abroad."

(2) Target management indicators

The Group aims to create a foundation for sustainable growth and build a highly capital-efficient management structure that can beat the global competition, by advancing the continuous growth of sales, profit and ROE.

(3) Medium- to long-term management strategy

Under the 13th Medium-term Management Plan starting in 2026, the Group will promote both business growth and the restructuring (Rebirth) of capital policy to achieve a 17% ROE by 2030. The details of the plan are described in the 13th Medium-term Management Plan (FY2026–FY2030), which was released on February 12, 2026.

Said materials can be viewed at the following URL.

The Company's website:

<https://www.unicharm.co.jp/en/ir/library/chukei.html>

(4) Issues facing the Group

The operating environment surrounding the Group evidenced variation in economic sentiment between countries/regions, and the future outlook remains difficult to predict. Overseas, there is lingering economic uncertainty in Asian countries, while in the wake of the impact of COVID-19, there is growing demand among consumers for affordable products, especially baby care products. The market environment is also changing rapidly, with emerging e-commerce channels experiencing rapid growth.

Meanwhile in Japan, although there is a strong demand for the wellness care and pet care products, in addition to a sense of uncertainty about the direction of the economy, the rising prices of imported raw materials resulting from exchange rates and the price of crude oil are causing anxiety in the fiercely competitive sales environment. The personal care business is also forecast to see a decline going forward in the target population for baby care and feminine care products.

In the midst of such issues, in accordance with the management philosophy of the Company and its group companies, the Group will strive to consistently create new markets and new value, and speedily promote the maximization of demand for Japanese-made goods, the response to rapid aging in Asia, and the expansion of product line-ups in relation to infection prevention and to meet customer insights. As for overseas operations, the Group will enhance its risk management while aggressively developing business areas and establishing a position as a category leader in growth markets; and in Japan, the Group will aim to realize a "Cohesive Society" by way of expanding total industrial assets by revitalizing the market.

In order to further promote corporate reform in the future, in all businesses the Company will place greater emphasis on increasing value through continuous product innovation, and thoroughly pursue cost reduction and the efficient use of management resources.

Meanwhile, on the non-financial front, positioning environment (E), society (S), and governance (G) as important foundations for medium- to long-term sustainable improvement of corporate value, the Group will continue to promote policies, among other things, for environmental concerns and strengthening its governance system. Furthermore, to boost corporate management soundness and transparency, the Group will press forward with the improvement of procedures to verify the appropriateness of operation process concerning subsidiaries' internal controls in an effort to strengthen governance.

2. Approach to and initiatives on sustainability

The Group's approach to and initiatives on sustainability are as follows.

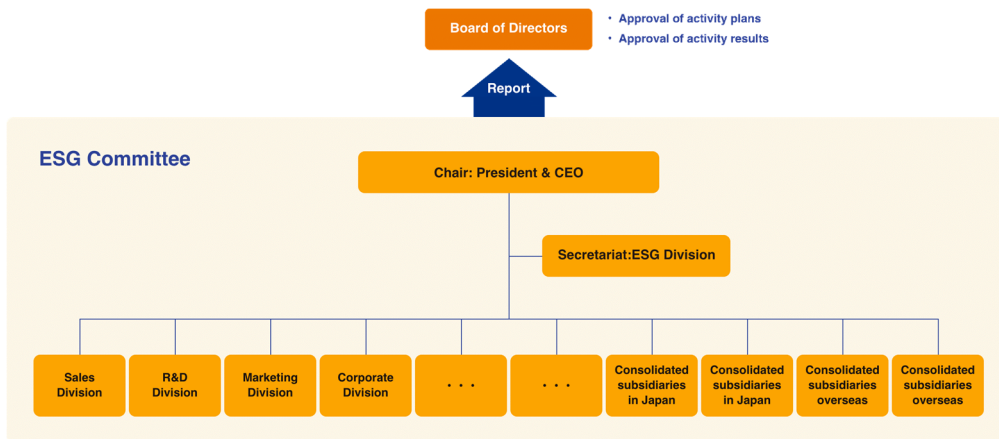
In the following, statements relating to the future are based on the judgment of the Group at the end of the fiscal year under review.

(1) Sustainability management

1) Governance

Presented below is the structure the Group has in place to seamlessly promote the sustainability initiatives that are expected by its stakeholders. The Group's ESG Committee is a cross-group structure chaired by the President & CEO for promoting ESG activities. The committee meets quarterly, four times a year, to discuss and determine policies and activities related to sustainability in general and governance and monitor their progress. The attendees of the ESG Committee include members of the management team, such as Directors and Executive Officers, and heads of Sales, R&D, Marketing, and Corporate Divisions, as well as consolidated subsidiaries both in Japan and overseas. We have thus established a structure that allows the Group to promptly carry out sustainability-related activities that have been determined. Details of the discussions held and decisions made at the ESG Committee are reported by the Executive Officer in charge of ESG to the Board of Directors at least once a year.

>> Sustainability promotion structure



>> Core themes and categories of ESG Committee initiatives

ISO 26000 Core Subjects	Organizational governance, human rights, labor practices, the environment, fair business practices, consumer issues, and community involvement and development
	Core Themes
E	<ul style="list-style-type: none"> • Climate change: Greenhouse gases, energy use management, and climate change-related risks • Water resources: Water use and its reduction • Pollution and resources: Waste disposal, resource usage, and recycling • Supply chain: Supplier policy, environmental issues, and sustainable procurement of forest resources and palm oil • Biodiversity • Development of eco-friendly products
S	<ul style="list-style-type: none"> • Labor standards: Forbiddance of child and forced labor, prohibition of discrimination, freedom of association, collective bargaining rights, minimum wage, and prevention of harassment • Safety and health • Human rights: Due diligence, children’s rights, forbiddance of child labor, community employment, and complaint handling • Society: Community investment and social contribution activities • Responsibilities to customers: Responsible advertising and marketing and customer satisfaction • Supply chain: Forbiddance of child and forced labor, prohibition of discrimination, freedom of association, collective bargaining rights, minimum wage, safety and health, due diligence, and capacity building • Product quality and safety
G	<ul style="list-style-type: none"> • Corruption prevention: Bribery prevention, insider trading, whistleblower hotline, education, and risk assessment • Corporate governance • Companywide risk management: Environment, society, corporate governance • Compliance • Tax transparency

2) Strategy

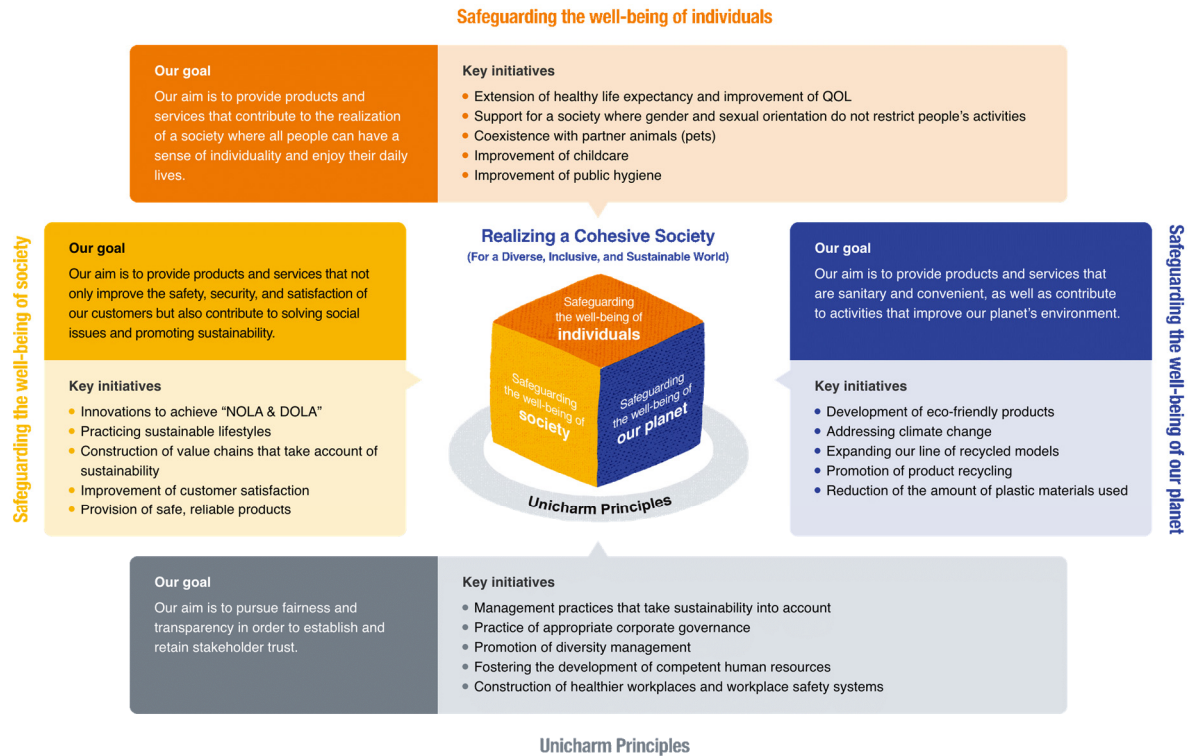
>> Medium- to long-term ESG goals, Kyo-sei Life Vision 2030

The Group’s corporate mission is to contribute to the realization of a “Cohesive Society.” The Group aims to contribute to the solution of natural environmental and social issues through its business activities. To be specific, the medium- to long-term ESG goals, Kyo-sei Life Vision 2030—For a Diverse, Inclusive, and Sustainable World— (hereafter referred to as “Kyo-sei Life Vision 2030”), were announced in October 2020. In formulating Kyo-sei Life Vision 2030, the Company defined its vision of the desirable future in 2030. To draw closer to that vision from where it is today, the opinions we received from internal and external stakeholders were organized and analyzed to identify material issues, and based on their relevance to our business development, we established 20 key themes, indicators, and targets—five each spanning the four themes of safeguarding the well-being of individuals, safeguarding the well-being of society, safeguarding the well-being of our planet, and the Unicharm Principles.

In safeguarding the well-being of individuals, 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. In safeguarding the well-being of society, our aim is to provide products and services that not only improve the safety, security, and satisfaction of our customers, but contribute to solving social issues and promoting sustainability. Safeguarding the well-being of our planet means providing products and services that are sanitary and convenient, as well as contributing to activities that improve our planet's environment. Finally, under the Unicharm Principles, we pursue fairness and transparency in order to establish and retain stakeholder trust.

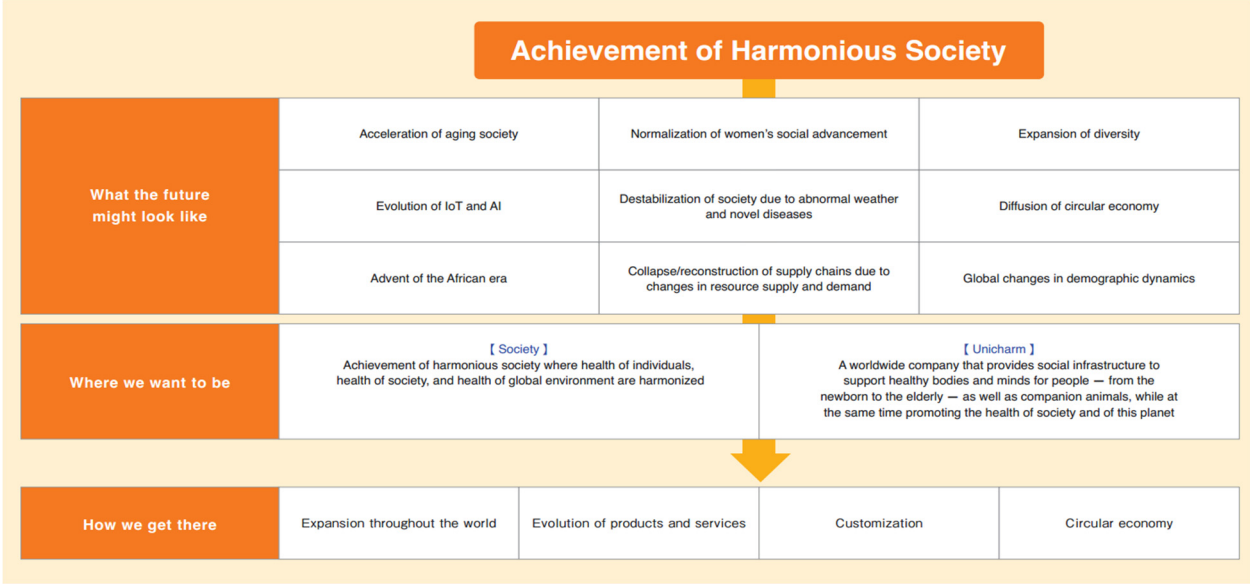
We believe the steady implementation of Kyo-sei Life Vision 2030 by each employee through their business activities will contribute to the resolution of natural environmental and social issues and the growth of local communities, which in turn will lead to the sustainable growth of our business.

>> Key initiatives of Kyo-sei Life Vision 2030



>> Our approach to realizing a “Cohesive Society” by 2050

In formulating Kyo-sei Life Vision 2030, we set the year 2050 as the target date for bringing such a society into being, defined our vision of the company we aspire to become, and conceived carefully focused approaches to draw closer to that vision from where we are today.



1

Phase 1

Identify Material Issues

To define our material issues, we implemented the following steps. These steps helped us extract material issues and draw a matrix diagram.

<p>1 Extraction of relevant issues</p> <p style="font-size: 8px;">We extracted 513 relevant social issues from many literature sources. We categorized them into 44 groups (ISO 26000, GRI, SDGs, FTSE, MSCI, DJSI, etc.) based on four points of view.</p>	<p>2 Internal assessment</p> <p style="font-size: 8px;">We surveyed about 900 people associated with Unicharm, including members of the Board of Directors, executive officers, headquarters directors, subsidiary presidents, and managers.</p>	<p>3 External assessment</p> <p style="font-size: 8px;">We asked 56 organizations to participate in surveys to assess the degree of importance assigned to various issues from an external viewpoint (stakeholders' viewpoint) and received responses from 32 organizations.</p>
<p>4 Workshop with executive officers</p> <p style="font-size: 8px;">A meeting of executive officers was held to study the SDGs, followed by a workshop where executives offered their opinions about what society might look like in 2050 as well as possible directions the Company should take.</p>	<p>5 Identify Material Issues</p> <p style="font-size: 8px;">We listed the main themes underlying where we wanted the Company to be in 2030 and the various approaches that we would have to take in order to achieve those goals; then we specified material issues. The results of these deliberations were subsequently approved by the ESG Committee.</p>	

Material Issue Matrix Diagram

♥ Safeguarding the well-being of individuals
 \$ Safeguarding the well-being of society
 ● Safeguarding the well-being of our planet
 ○ Unicharm Principles

The diagram is a 2x2 matrix with 'Stakeholder Importance' on the vertical axis (Low to High) and 'Unicharm Group Importance' on the horizontal axis (Low to High). Issues are plotted as follows:

- High Stakeholder, Low Group:** Addressing climate change (Reduction of greenhouse gas emissions/ expansion of optimal energy usage), Support for a society where gender and sexual orientation do not restrict, Improvement of childcare, Improvement of public sanitation and hygiene, Consideration for biodiversity.
- High Stakeholder, Medium Group:** Practicing sustainable lifestyles, Provision of safe, reliable products, Coexistence with companion animals, Practice of appropriate corporate governance (Thorough implementation of compliance), Promotion of diversity management.
- High Stakeholder, High Group:** Construction of value chains that take account of sustainability (Sustainable raw material procurement), Development of eco-friendly products, Promotion of product recycling, Reduction of the amount of plastic materials used, Improvement of customer satisfaction, Innovations to achieve "NOLA & DOLA", Fostering the development of competent human resources, Expanding our line of recycled models.
- Low Stakeholder, Low Group:** None.
- Low Stakeholder, Medium Group:** None.
- Low Stakeholder, High Group:** Construction of healthier workplaces and workplace safety systems, Management practices that take sustainability into account.

2

Phase 2

Formulation of indicators linked to the material issues and target values

We examined various indicators and targets pertaining to the material issues as outlined below.

<p>1</p> <p style="font-size: 8px;">Implementation of research into ESG assessment institutions and competitors' benchmarks</p>	<p>2</p> <p style="font-size: 8px;">Comparison between branding strategies of our products</p>	<p>3</p> <p style="font-size: 8px;">Exchange of opinions with general managers and senior managers</p>
<p>4</p> <p style="font-size: 8px;">Creation of indicators and initial proposals for targets</p>	<p>5</p> <p style="font-size: 8px;">Discussions with the Marketing Division and the R&D Division</p>	<p>6</p> <p style="font-size: 8px;">Finalization of indicators and target values</p> <p style="font-size: 8px;">We formulated indicators linked to the material issues and target values. These were subsequently approved by the ESG Committee.</p>
<p>7</p> <p style="font-size: 8px;">Approval by ESG Committee</p>		

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3) Risk management

At the Group, in order for steady promotion of the medium- to long-term ESG goals, Kyo-sei Life Vision 2030, our efforts are collectively managed and overseen by the ESG Committee, which is chaired by the President & CEO and operated under the Board of Directors. The implementation of the key initiatives, which closely relate to our day-to-day operations, is pursued independently by relevant departments and involves a Plan–Do–Check–Act (PDCA) cycle and gate control based on preset control points and key performance indicators (KPIs). The ESG Division is responsible for tasks such as understanding the progress of the key initiatives and it reports to the ESG Committee, which meets quarterly, four times a year. Information and discussion points arising in the ESG Committee are also reported by the Executive Officer in charge of ESG to the Board of Directors at least once a year.

The key initiatives of Kyo-sei Life Vision 2030 are translated into targets for each individual division and involve finely tuned activities such as individual targets and weekly action plans linked to each division.

4) Indicators and targets

>> Key initiatives, indicators, target values, and results of Kyo-sei Life Vision 2030

Key initiatives	Indicators	Results			Medium- to long-term goals	
		FY2022	FY2023	FY2024	Target value	Target year
Safeguarding the well-being of individuals 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%	100%	100%	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%	100%	100%	100%	2030
Coexistence with pets	Percentage of products and services that contribute to the realization of a society where pets are welcomed by family members and community residents	100%	100%	100%	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%	100%	100%	100%	2030
Improvement of public hygiene	Percentage of products and services that contribute to activities that can reduce the spread of preventable infectious diseases (contact transmission or droplet transmission)	100%	100%	100%	100%	2030
Safeguarding the well-being of society 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 freedom from various burdens and finding enjoyment in life	100%	100%	100%	100%	2030
Practicing sustainable lifestyles	Percentage of products and services suitable for the SDGs Theme Guideline, an internal guideline for contributing to sustainability	10.5%	5.9%	15.4%	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	Development ongoing	Development ongoing	Development ongoing	Double (Compared with 2020)	2030

Key initiatives	Indicators	Results			Medium- to long-term goals	
		FY2022	FY2023	FY2024	Target value	Target year
Improvement of customer satisfaction	Percentage of products and services supported by consumers (No. 1 market share)	24.0%	23.6%	23.1%	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%	100%	100%	100%	2030
Safeguarding the well-being of our planet						
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	2	2	5	10 or more	2030
Addressing climate change	Percentage of renewable energy used for business operations in total	11.0%	22.8%	25.8%	100%	2030
Expanding our line of recycled models	Number of disposable paper diaper recycling facilities introduced	1	1	1	10 or more	2030
Promotion of product recycling	Material recycling of nonwoven products using recycling resources	Development ongoing	Development ongoing	Development ongoing	Start of commercial usage	2030
Reduction of the amount of plastic materials used	Percentage of virgin plastics to total plastics	Development ongoing	Development ongoing	Development ongoing	Reduced by half (Compared with 2020)	2030
Unicharm Principles						
Our aim is to pursue fairness and transparency in order to establish and retain stakeholder trust.						
Management practices that take sustainability into account	Maintain and improve ratings by external evaluation agencies	-	-	-	Highest level	Every year starting from 2026
	Number of serious human rights violations in the value chain	1 (revised)	1 (revised)	Zero	Zero	Every year
Practice of appropriate corporate governance	Number of serious compliance violations	Zero	Zero	Zero	Zero	Every year
Promotion of diversity management	Percentage of female managers driven by the provision of various opportunities for women	23.2%	24.7%	25.5%	30% or more	2030
Fostering the development of competent human resources	Percentage of positive answers received for the "Growth through Work" section of the employee awareness survey	89.2%	88.7%	90.1%	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	7 employees (Japan)	9 employees (Japan)	13 employees (Japan)	Reduced by half (Compared with 2020)	2030

For FY2025 results, please refer to our Integrated Report 2026, which will be released in June 2026.

>> Kyo-sei Life Vision 2035

Given that FY2025 marks the fifth year of the Kyo-sei Life Vision 2030 initiative, we renewed it in October 2025 by integrating it with Environmental Targets 2030 to form the new Kyo-sei Life Vision 2035, in order to further accelerate our ESG initiatives across the entire Group. In Kyo-sei Life Vision 2035, we have reviewed our key initiatives and quantified our targets based on the opinions and advice from our stakeholders, formulating more practicable and effective medium- to long-term ESG goals. For more details, please visit our website below:

(2) Responding to climate change

In the following, statements relating to the future are based on the judgment of the Group as of the date of filing of this Annual Securities Report.

1) Governance

At the Group, the President & CEO is responsible for evaluating risks and opportunities related to climate change and for setting and enforcing CO₂ reduction targets, among others. The ESG Committee, chaired by the President & CEO and staffed by Directors and all Executive Officers, meets quarterly, four times a year, to report and deliberate on overall natural environmental activities including those related to climate change, including updates on the progress of the Group’s medium- to long-term environmental targets, Environmental Targets 2030 and the medium-to long-term ESG goals, Kyo-sei Life Vision 2030, our response to social issues, and important issues for governance. For these committee meetings, the ESG Division—which is responsible for responding to Groupwide natural environmental issues—collects and reviews natural environmental data and information on our activities every month for each site, and discusses this information with the Executive Officer in charge of ESG and selects the agenda for the ESG Committee meetings.

The activities of the ESG Committee are then supervised by the Board of Directors, which receives reports on committee activities from the Executive Officer in charge of ESG at least once a year. The ESG Committee and the Board of Directors perform checks and provide guidance and instructions on these activities in accordance with the progression of Environmental Targets 2030 and Kyo-sei Life Vision 2030. To allow Unicharm to achieve its goals, we also set the term (years) for return on investment, deliberate on investment decisions on a case-by-case basis, implement the necessary measures, and aim to meet our targets. Following the recommendations of the TCFD*¹, we have publicly shared information about specific plans based on Environmental Targets 2030 and Kyo-sei Life Vision 2030 since 2021.

Moreover, in order to ensure that Directors and Executive Officers demonstrate leadership for the achievement of ESG strategies and targets, ESG criteria have been incorporated since 2020 into the evaluation indicators for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Executive Officers, which determine their performance-linked remuneration. ESG criteria were also added as evaluation indicators for all employees in 2023.

*1 TCFD: Task Force on Climate-related Financial Disclosures

>> Overview of TCFD pillars and initiative status

TCFD recommended disclosure pillars		Unicharm initiative status
Governance	Organizational governance with respect to climate-related risks and opportunities	<ul style="list-style-type: none"> The ESG Committee, chaired by the President & CEO, meets quarterly, four times a year, and reports deliberations and decisions to the Board of Directors one or more times annually In FY2020, we introduced ESG criteria into the evaluation indicators for determining performance-linked remuneration of executives
Strategy	Impact of climate-related risks and opportunities on organization’s businesses, strategy, and financial planning	<ul style="list-style-type: none"> We conducted scenario analysis of financial impacts in 2030 based on 1.5°C and 4°C conditions in accordance with the TCFD recommendations In Environmental Targets 2030 and Kyo-sei Life Vision 2030, we set reduction targets by scope and targets for switching to renewable electricity, and disclosed the results Through the GHG Emissions Visualization Project, we formulated the GHG emissions reduction road map and promoted the visualization of GHG emissions of raw materials
Risk management	Methods for identifying, assessing, and managing climate-related risks	<ul style="list-style-type: none"> Risks and opportunities related to climate change are positioned as “business and other risks,” with the ESG Committee discussing details and taking appropriate actions as necessary

Indicators and targets	Indicators and targets used to assess and manage relevant climate-related risks and opportunities	<ul style="list-style-type: none"> In May 2018, we received certification for our 2.0°C target from the Science Based Targets initiative (SBTi). However, to promote further reduction of CO₂ and other greenhouse gases, we established our 1.5°C target, for which we received certification from the SBTi in October 2024 Under our 2050 Vision, we have set the target of realizing a “three zeros” society (zero plastic waste, net zero CO₂ emissions, and zero deforestation) in 2050, and to achieve this, formulated specific targets in Environmental Targets 2030 and Kyo-sei Life Vision 2030, and disclosed progress toward their achievement
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2) Strategy

The Group considers risks and opportunities with reference to each of our situation year by year (the short term), our management plan (the medium term, three to five years), and international prospects (the long term, 10 to 20 years, encompassing factors such as the SDGs and the Paris Agreement). We also use an ERM^{*2} approach to identify risks to the Group as a whole and engage with climate change risks as one of these. In order to respond to the risks and opportunities identified, we are implementing the following course of action in conjunction with our financial plan.

>> Scenarios and planning

Scenario analysis was conducted using two situations assuming global average temperature increases of 1.5°C and 4°C by 2100 compared to pre-industrial times. Unicharm uses RCP scenarios^{*3} as a basis from which to calculate estimated physical impacts.

To participate with a scientific approach in efforts focused on the 2°C target indicated in the Paris Agreement of 2015, we received approval from the SBTi^{*4} in 2018 for our reduction target toward 2030. However, due to the need for a more stringent 1.5°C target, announced at COP26 of 2021, we obtained certification for this target in October 2024.

We set 2030 targets in Environmental Targets 2030 and Kyo-sei Life Vision 2030, which are key environmental targets for the entire Group. Environmental consciousness has been promoted as part of the Company’s product development strategy within the Marketing and R&D Divisions, while plans incorporating both short- and long-term perspectives, including energy conservation activities and the adoption of renewable electricity, are being instituted as part of our strategy within the Manufacturing Division.

*2 ERM: Enterprise Risk Management

*3 RCP (Representative Concentration Pathway) scenarios set out several “representative concentration pathways” and allow the formulation of various socioeconomic scenarios that would lead to each of these concentration pathways. These include risks related to factories in coastal zones with rising sea levels, operating risks linked to supply chain disruption caused by cyclones and other disasters, the risk of falling GDP in equatorial regions due to heat waves, and the impact of increased raw materials costs stemming from delays in harvests of agricultural and other products and the development of forest resources as a result of changes in terrestrial ecosystems.

*4 SBTi: Science Based Targets initiative

3) Risk management

At the Group, we also use an ERM approach to identify risks to the Group as a whole and engage with climate change risks as one of them. Groupwide climate-related risk assessment is conducted by the ESG Division. First, we run simulations of climate change impact that cover severity, scope, and transition risks (carbon pricing, energy prices, etc.) based on the recommendations of the TCFD and create multiple qualitative scenarios (1.5°C target scenario and 4°C scenario) for the period up to 2050, using information from sources such as the IPCC’s^{*5} Climate Change Report and the IEA’s^{*6} World Energy Outlook 2023.

These scenarios are then used, together with the estimated value of damage (calculated as part of site-level risk assessment), to estimate the total damage costs of Group companies. The results of this evaluation are reported to the ESG Committee and the Board of Directors and are then used in the formulation of our business strategy and business plan. In the event that the ESG Committee, in which the Directors and all Executive Officers participate, judges that the aforementioned scenarios would be impacted, a responsible task team will be established for developing a plan, with the ESG Division acting as a secretariat. This plan will then be approved at the next ESG Committee meeting, upon which the responsible team will implement it and report on progress at ESG Committee meetings.

*5 IPCC: Intergovernmental Panel on Climate Change

*6 IEA: International Energy Agency

4) Indicators and targets

To develop a specific action plan for mitigating climate change, the Group endorsed the international SBTi in May 2017. Unicharm conducted simulations up to 2045, consulted with SBTi, and, in June 2018, became the 17th company in Japan to have its reduction plan certified for consistency with the 2°C target. Working toward these targets, we have set specific long-term CO₂ reduction targets for both Scope 1*⁷ and Scope 2*⁸. Furthermore, in response to COP26, we have applied for a revision of the 1.5°C target, which was approved by the SBTi in October 2024.

Moreover, in light of increasing global momentum to promote the reduction of CO₂ and other greenhouse gases, we obtained certification for the 1.5°C target in October 2024. We have set specific long-term CO₂ reduction targets for both Scope 1 (direct emissions from our own factories, offices, vehicles, etc.), Scope 2 (indirect emissions from our own factories, vehicles, etc.), and Scope 3*⁹ (indirect emissions from the supply chain).

Moreover, the Group has established a medium- to long-term vision and targets for climate change in its 2050 vision and Environmental Targets 2030. “Reducing CO₂ emissions associated with raw materials procurement” (Scope 3, Category 1*⁹), “reducing CO₂ emissions in manufacturing” (Scope 1 and Scope 2), and “reducing CO₂ emissions associated with disposal of used products” (Scope 3, Category 12*⁹), which account for a large proportion of CO₂ emissions over the product life cycle, have been set as our targets for climate change response. For Scope 1 and Scope 2, we hold meetings on energy conservation and renewable energy with promoters of environmental activities at each site four times a year, and implement and monitor the progress of annual plans. For “CO₂ emissions from raw materials procurement” (Scope 3, Category 1) that form the bulk of our Scope 3 emissions, we perform LCAs*¹⁰ to calculate CO₂ emissions for each product from the design phase onward, and product developers and the ESG Division discuss these emissions and consider countermeasures from the perspectives of product function and CO₂ emissions.

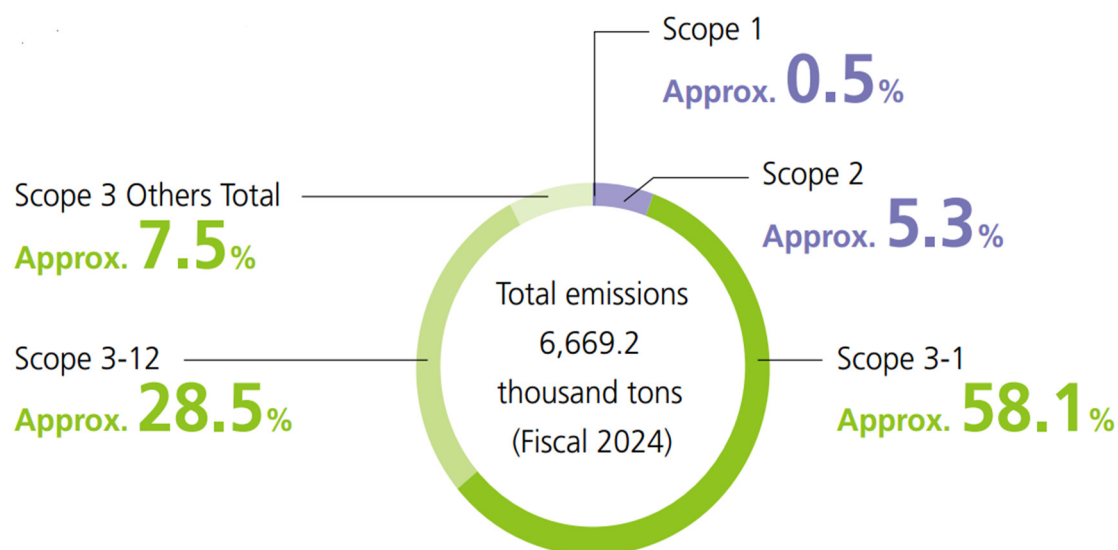
*7 Scope 1: Direct emissions from our own factories, offices, vehicles, etc.

*8 Scope 2: Indirect emissions originating from energy consumed by us, such as electricity

*9 Scope 3: Indirect emissions not covered by Scopes 1 and 2 (emissions from other companies related to our business activities). Comprised of 15 categories that classify corporate activities. Category 1: Purchased goods and services, Category 12: End-of-life treatment of products after use.

*10 LCA: Life Cycle Assessment. A method to quantitatively assess the utilized resources, environmental burden, and their potential environmental impacts on the Earth and ecosystems throughout the lifecycle of a product, from the procurement of raw materials to production, distribution, use, and disposal.

>> Overall picture of Scopes 1, 2, and 3 at the Group



>> Responding to climate change under Environmental Targets 2030

Implementation items	Base year	FY2022 results	FY2023 results	FY2024 targets	FY2024 results	FY2025 targets	2030 targets	2050 vision	
Reducing CO ₂ emissions associated with raw materials procurement Scope 3, Category 1	Per unit of sales	2016	(12.6)% (Japan)	+5.9%	(5.9)%	+4.1%	+0.6%	(17)%	Realizing a society with net zero CO ₂ emissions
Reducing CO ₂ emissions in manufacturing Scope 1, Scope 2			(35.2)%	(55.4)%	(57.8)%	(59.8)%	(62.2)%	(34)%	
Reducing CO ₂ emissions associated with disposal of used products Scope 3, Category 12			(11.6)% (Japan)	(35.8)%	(37.0)%	(38.0)%	(39.9)%	(26)%	

>> Kyo-sei Life Vision 2030 “Safeguarding the well-being of our planet”

Indicators	FY2022 results	FY2023 results	FY2024 results	FY2030 targets
Percentage of renewable energy used for business operations in total	11.0%	22.8%	25.8%	100%

>> CO₂ emissions at the Group by scope and category

(Thousands of tons)

Scope	Category	FY2022	FY2023	FY2024	Remarks
Scope 1	Direct emissions	31.6	29.2	30.1	
Scope 2	Indirect emissions originating from energy	454.5	376.9	354.6	
Scope 3*1	1 Purchased goods and services	3,830.6	3,756.1	3,877.7	
	2 Capital goods	85.2	99.0	121.2	
	3 Fuel- and energy-related activities not included in Scope 1 or Scope 2	59.3	51.1	49.5	
	4 Upstream transportation and distribution	320.7	225.5	206.7	*2
	5 Waste generated in operations	40.1	28.7	26.2	
	6 Business travel	2.1	2.0	2.1	
	7 Employee commuting	12.7	12.8	13.2	
	8 Upstream leased assets	–	–	–	*3
	9 Downstream logistics	79.9	81.0	63.2	*2
	10 Processing of sold products	–	–	–	*3
	11 Use of sold products	–	–	–	*3
	12 End-of-life treatment of sold products	2,151.8	1,875.7	1,903.4	
	13 Downstream leased assets	–	–	–	*3
	14 Franchises	–	–	–	*3
	15 Investments	39.6	34.7	21.3	
	Total for Scope 3	6,622.0	6,166.5	6,284.5	
Total		7,108.1	6,572.6	6,669.2	

For FY2025 results, please refer to our Sustainability Report 2026, which will be released in May 2026.

*1 For Scope 3, calculations are made using values from LCI database AIST-IDEA Ver. 3.4 Research Laboratory for IDEA, RISS, AIST, IPCC2021 with LULUCF AR6. Additionally, the figures up to FY2023 were also recalculated based on the above database, and the calculation method for activity level was revised as well.

*2 The overseas portion of 3-1, 3-2, 3-3, 3-5, 3-6, 3-7, 3-12, and 3-15 are calculated based on activity level, while other categories are estimated based on the percentage of sales.

*3 Does not apply to any work process.

(3) Biodiversity conservation

In the following, statements relating to the future are based on the judgment of the Group as of the date of filing of this Annual Securities Report.

1) Governance

Plans and progress on important biodiversity-related issues are shared and reported at ESG Committee meetings held four times a year and chaired by the President & CEO. Specific plans are organized in line with the TCFD and TNFD frameworks and reported in accordance with Environmental Targets 2030 and Kyo-sei Life Vision 2030.

2) Strategy

The Group promotes the use of resources in a sustainable manner based on the belief that damage to biodiversity caused by our business activities would result in tremendous damage to the entire value chain. With regard to pulp, paper, and palm oil in particular, which we use as raw materials, we established the Forest-Derived Raw Materials Procurement Guidelines, procure materials only from properly managed forests, and contribute to the mainstreaming of biodiversity by eliminating illegally logged timber and protecting the rights of local residents and forestry-related workers.

Under the theme of “helping prevent deforestation (response to procurement-related issues),” part of our Environmental Targets 2030 announced in May 2020, we declared our 2050 Vision of “realizing a society with zero deforestation related to the purchasing of timber” to contribute to the preservation of biodiversity. To realize this vision, we set targets for 2030 that include ensuring traceability, completing confirmation of origin, and switching to 100% certified pulp and palm oil, as well as promoting the recycling of used disposable pants (disposable diapers).

3) Risk management

Pulp raw materials come from North American slash pine that has been systematically planted and logged. However, if the cultivation of slash pine becomes difficult due to drought caused by global warming or forest fires caused by excessive dryness, there is a risk that the balance of supply and demand for raw materials will collapse, making stable procurement difficult, which could lead to higher purchase prices. There is also a risk that procurement costs for palm oil will increase due to higher demand for certified oil from the RSPO*¹ and other organizations in consideration of sustainability, while in the absence of such consideration, there is a risk that wholesalers, retailers, and other distributors will stop handling our products and consumers will refrain from purchase. Furthermore, there is a risk of incurring substantial costs to restore sites to their original state in the event of adverse impacts on biodiversity. Proactive use of certified materials contributing to sustainability is expected to lead to the stable procurement of raw materials and control costs. Additionally, through collaboration with wholesalers and retailers to offer products that focus on the importance of biodiversity, we expect to gain consumer understanding and expand sales. Furthermore, by utilizing pulp made from hardwoods, which grow quickly and can be planted and logged systematically in Southeast Asia, we can expect to secure stable supplies of raw materials and reduce transportation costs in Asia, where we are expanding business. We believe these efforts will also lead to the revitalization of local economies through local production for local consumption.

*1 RSPO: Roundtable on Sustainable Palm Oil

4) Indicators and targets

>> Procuring sustainable forest-derived raw materials (pulp)

The Company is promoting the procurement of sustainable forest-derived raw materials. Much of the pulp used in product absorbent materials is made from Forest Management (FM)-certified softwood forests native to North and South America. We also request that suppliers not use raw materials harvested from high conservation value forests (HCVFs) and high carbon stock forests (HCSFs), which have a significant impact on biodiversity. Since FY2016, we have expanded the scope of this policy to include local suppliers overseas in an effort to promote sustainable raw material procurement. In FY2024, the percentage of forest-derived raw material (pulp) traceable to its origin was 99.3% for the Group overall.

>> Expanding the use of certified pulp (PEFC*¹- and CoC-certified*²)

We are working on a Groupwide basis to acquire CoC certification under the PEFC, and in FY2024, acquired certification for our Shanghai Factory in China and Bắc Ninh Factory in Vietnam. As of December 31, 2024, 18 of 30 eligible factories have acquired certification, bringing the percentage of PEFC- and CoC-certified factories to 60.0%, while 70.3% of the pulp we procured was PEFC-certified.

PEFC- and CoC-certified labels have been included on the packaging of disposable baby diaper products, such as *Moony Low Irritation, More Comfort, Moonyman Low Irritation, More Comfort, Moony, Moonyman, Moony Oyasumi-Man* (Japan), *MamyPoko* (South Korea), *MamyPoko Pants* and *PETPET Pants* (Malaysia), and *MamyPoko Premium Care Pants* (Taiwan - Greater China), as well as *Sofy Hadaomoi* (Japan) and other sanitary pads produced at our CoC-certified factories around the world. Moreover, we endeavor to promote awareness of Unicharm’s initiatives among consumers by posting information on our products containing pulp and paper made from appropriately managed forest-derived raw materials on social media and our corporate website.

*1 PEFC (Program for the Endorsement of Forest Certification) is a certified program with mutual recognition of forest certification programs around the world.

*2 CoC (Chain of Custody) certification certifies appropriate processing and distribution of forest products produced from certified forests.

>> Procuring sustainable palm oil

The Company joined the RSPO in FY2017 and promotes the procurement of certified sustainable palm oil. The palm oil used in our domestically produced pet foods is Fuji Oil Group's RSPO-certified oil. Fuji Oil Group is working to improve the traceability of palm oil to the oil mills and plantations of its suppliers.

In FY2024, Unicharm's procurement of RSPO-certified palm oil (Japan) based on the mass balance system^{*1} was 194.6 tons, while 99.4% of the palm oil used was traceable to its origin. Going forward, Unicharm will continue sustainable procurement activities while confirming quality and procurement routes to switch all our palm oil purchases to RSPO-certified oil.

*1 A certification model in which certified oil produced at certified farms is mixed with other uncertified oil during the distribution process. Although the certified oil physically contains uncertified oil, the certified farms and the amount of certified oil purchased are guaranteed.

>> Helping prevent deforestation (response to procurement-related issues) under Environmental Targets 2030

Implementation items		FY2022 results	FY2023 results	FY2024 targets	FY2024 results	FY2025 targets	2030 targets	2050 vision
Ensuring traceability to pulp and palm oil production locations (country/region)	Forest-derived raw material ^{*2}	97.1%	99.2%	100%	99.3%	100%	Completed	Realizing a society with zero deforestation related to the purchasing of timber
	Palm oil (Japan)	62.8%	58.5%	95%	99.4%	100%		
Expanding the use of certified pulp (PEFC- and CoC-certified)	Percentage of certified factories ^{*3}	48.4%	58.6%	72%	60.0%	75%	100%	
	Percentage of certified material procured	72.3%	65.3%	73%	70.3%	75%		
Expanding the use of certified palm oil (RSPO-certified) ^{*4} (Japan)	—	62.8%	58.5%	95%	99.4%	100%	100%	
Promoting the recycling of disposable pants (disposable diapers)	—	2 ^{*5}	2	2	2	2	Rolled out in at least 10 municipalities	

*2 Percentage of raw materials derived from forest resources for which traceability has been established to their place of origin (country and region), in addition to third-party certified materials

*3 Percentage of Unicharm factories that have acquired chain of custody (CoC) certification

*4 RSPO-certified palm oil based on the mass balance system

*5 In FY2022, we commenced operation of recycling facilities in two municipalities, Shibushi City and Osaki Town in Kagoshima Prefecture (conducted demonstration experiments on the collection of used disposable pants in Higashiyamato City and Machida City in Tokyo in FY2020 and FY2021, respectively).

>> Kyo-sei Life Vision 2030 “Safeguarding the well-being of our planet”

Indicators	FY2022 results	FY2023 results	FY2024 results	2030 targets
Number of products and services that implement “3Rs + 2Rs” based on Unicharm's unique approach	2	2	5	10 or more
Number of disposable pants (disposable diapers) recycling facilities introduced	1	1	1	10 or more

For FY2025 results, please refer to our Sustainability Report 2026, which will be released in May 2026.

(4) Water resources

In the following, statements relating to the future are based on the judgment of the Group as of the date of filing of this Annual Securities Report.

1) Governance

Plans and progress on important matters related to water resources are shared at ESG Committee meetings held four times a year and chaired by the President & CEO, and upon approval from the Board of Directors, a PDCA cycle is implemented toward the achievement of targets. Furthermore, the ESG Division collects and monitors data on water usage (water withdrawal) on a monthly basis, and wastewater at least twice a year.

2) Strategy

Although the Group uses limited amounts of water directly in manufacturing processes, water is an integral part of pulp, paper, and other material manufacturing processes conducted by suppliers of raw materials. Accordingly, we believe it necessary to make effective use of limited water resources, and in the interest of water conservation, we conduct water risk assessments of all our business activities and take measures accordingly, reduce water usage (water withdrawal) at production sites, and recycle and purify water, in accordance with the Unicharm Group Basic Environmental Policy.

3) Risk management

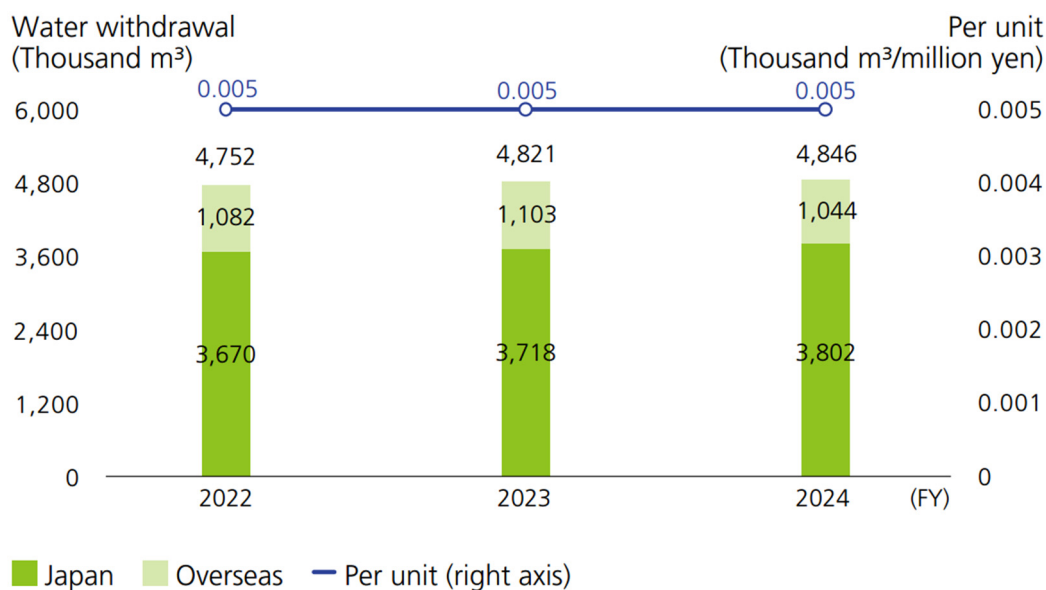
We mainly manufacture and sell disposable pants (disposable diapers) and sanitary products, as well as wet wipes and other hygiene products and pet food. Although we use a small amount of water directly in our manufacturing processes, our upstream suppliers, from whom we procure materials, utilize substantial amounts of water as they use pulp, paper, and forest-derived resources as raw materials. There is a risk we will be forced to suspend operations due to instability in the supply of forest-derived raw materials, which is an underlying cause of water resource depletion; a risk of product sales suspension due to a dwindling supply of water used in wet wipe and pet food manufacturing processes; and a risk of cost increases in line with higher water usage costs and difficulty ensuring stable supplies of water. To this end, we ask all suppliers to understand and cooperate with the Unicharm Group Sustainable Procurement Guidelines.

We have conducted a medium- to long-term water risk assessment using the Aqueduct Overall Water Risk Map, a World Resources Institute (WRI) tool, and request that our suppliers operating in particularly high-risk river basins carefully manage water resources and work to alleviate risk. Of 40 total factories in the Group, 14 were identified as having “extremely high” or “high” water stress scores in FY2024 using Aqueduct. Even in areas with high water stress scores, we have set the goal of reducing water usage (water withdrawal) by 1% annually year on year, and are engaged in efforts to achieve these reductions. Furthermore, based on climate change and other future scenarios, we also identified seven factories that will have “extremely high” water stress scores in 2050, and recognize the need to address water risk going forward.

4) Indicators and targets

The Group uses water mainly for equipment cooling, cleaning associated with machine maintenance, some nonwoven fabric manufacturing processes, and pet food manufacturing processes. We have set a goal of reducing water usage (water withdrawal) by 1% annually year on year, and are reviewing processes, introducing water-saving equipment, and at some locations using rainwater to water plants. Total water usage (water withdrawal) in FY2024 was 4,846 thousand m³, an increase of 0.5% from FY2023. Moreover, water usage per unit of net sales was 0.005 thousand m³/million yen, an amount almost equivalent to that in FY2023.

>> Water usage (water withdrawal)*1



*1 Consolidated net sales are used as the denominator for per unit of sales.

For FY2025 results, please refer to our Sustainability Report 2026, which will be released in May 2026.

(5) Human capital

In the following, statements relating to the future are based on the judgment of the Group as of the date of filing of this Annual Securities Report.

1) Governance

Under the direction of the President & CEO, the Global Human Resources & Administration Division takes the lead in the Group's human resource development, with the basic principle of globally developing resonant personnel who can demonstrate BOP-Ship*1. Our human resource development plan is approved through periodic reports to management, including Directors and Executive Officers, and the implementation status and effectiveness thereof are also reported regularly. In addition, our human resource development strategies and measures are formulated and implemented throughout the Group, in conjunction with the human resource managers of the relevant divisions and the human resource departments of Group companies and associates.

*1 BOP-Ship: Standards to be demonstrated by the Group's employees

Best Practice-ship: Accumulating best practices, abandoning past resolutions, constantly making updates, and incorporating best practices with an emphasis on speed

Ownership: Recognizing everything as "our own matter" and thinking and acting on our own initiative to overcome difficulties

Partnership: Always respecting collaboration with peers with a mind to altruism

2) Strategy

The Group maintains a basic policy on human resources of enabling each employee to pursue three aspects of wealth: aspirational wealth, economic wealth, and wealth of both mind and body. We believe that operating policies that strike a good balance between each of these types of wealth is of vital importance.

Employees who are wealthy in terms of their aspirations aim to contribute to society as a whole through their work while having an ambitious and broad outlook. Utilizing My Career Vision & Career Plan, a unique format created by Unicharm, each employee independently develops a plan for their own career development. Specifically, the first step is to take stock of one's own values and what is important to them, and based on this, create a life vision and career vision of where one wants to be in three years or ten years. A career plan is then formulated to realize that vision. The contents of My Career Vision & Career Plan are incorporated into KYOSHIN, a human resource development platform that we have operated since FY2021. To help each and every employee fulfill their personal

goals, we are working to expand the scope of our various training programs and support the growth of our employees.

In pursuit of economic wealth, we have endeavored to foster and strengthen engagement with employees in several ways, such as through establishing and maintaining a consistently industry-leading compensation system while also introducing a restricted share-based remuneration plan to serve as a medium- to long-term incentive for employees.

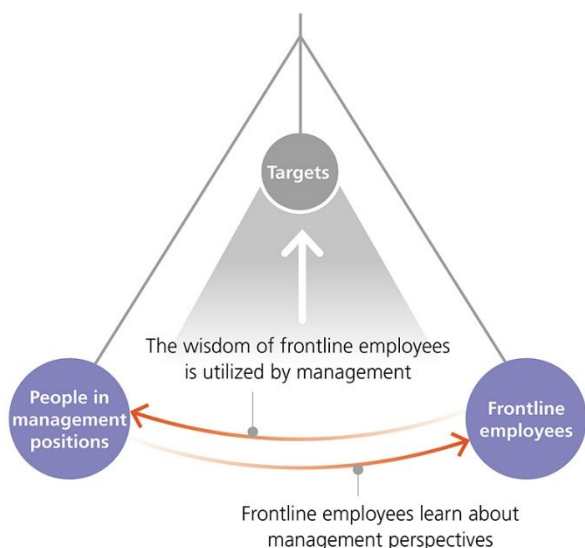
For wealth of mind and body, we ensure that our employees maintain good health through various measures, such as providing health checkups once a year. In addition, through training programs on mental health awareness and stress checks to monitor the mental health of our employees, we do our utmost to provide an environment where they can work in good health, both mentally and physically, and with peace of mind.

Through the above efforts, we are strengthening our investment in human capital to allow each and every one of our diverse human resources to contribute to the achievement of business results and the enhancement of corporate value by making the workplace a rewarding place to work where they can utilize their respective strengths to the fullest.

>> Management with resonance: Unicharm's unique management method

The Group has developed a unique management method known as “management with resonance.” More specifically, it is a business practice and creation of corporate culture that enable the industriousness of each and every employee to become the epicenter of change, increasing the resonance of individuals who then reverberate together to effect change across the entire Company and allow each employee to realize their respective visions. Through the implementation of this management method, people in management are able to come into direct contact with frontline employees and share information and honest opinions frequently and in a timely manner, while frontline employees are able to learn management perspectives, viewpoints, and time frames through dialogue with management. It thus facilitates better understanding on both sides. In this way, both management and employees effectively share goals and objectives, fostering a sense of rigorous but comfortable unity. Daily ingenuity and wisdom therefore resonate and swing between the front line and management like a pendulum. This is what we aim for.

Management with Resonance



>> KYOSHIN human resource development platform

Appropriate on-site guidance from supervisors is essential to the development of employees. In order to provide appropriate guidance, supervisors must be able to visualize information on their subordinates. To strengthen supervisors' ability to provide guidance and the visualization of human resources information across the Group, in FY2020 Unicharm began implementing KYOSHIN, a human resource development platform focused on strengthening talent management that is utilized at 17 local subsidiaries including Japan as of December 31, 2024. KYOSHIN features various functions, including employee profiles, performance goals and assessments, career plans and vision, and e-learning. Below is an example of how performance goals and assessments are managed. First, employees enter their goals in a format on KYOSHIN every half year, and their supervisors have a meeting with them, check the content in the format, and approve it. After that, they monitor the employees' progress and

provide feedback at meetings every quarter. By utilizing KYOSHIN in this way, we enhance the frequency and quality of communication between superiors and subordinates, thereby strengthening our human resource development capabilities.

3) Risk management

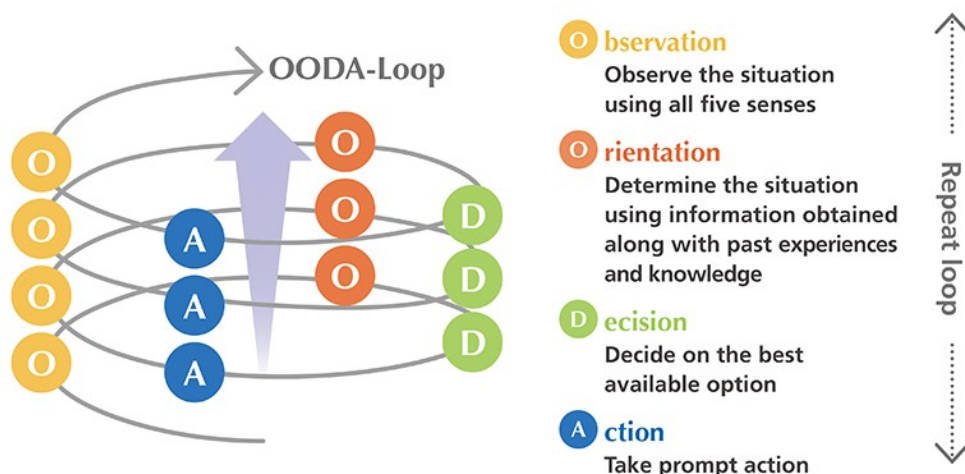
>> OODA Loop methodology

Since FY2003, the Group has been operating the Schedule–Action–Performance–Schedule (SAPS) management model through which employees think and act on their own initiative to achieve goals by actively operating a PDCA cycle, enhancing the strengths of both employees and the organization. However, in the current environment where the business landscape is constantly changing, it became necessary to establish a model that more flexibly accommodates such changes to the business environment.

Recognizing this need, we replaced the SAPS management model with the Observe–Orient–Decide–Act (OODA) Loop methodology in 2019.

With the OODA Loop methodology, we quickly grasp unexpected changes by observing current business conditions and appropriately orient ourselves to the situation and reach a decision, and then take action. This cycle is repeated like drawing a loop while constantly reviewing approaches and continuing to make fundamental reforms. The OODA Loop methodology enables us to develop employees who can take independent action based on their judgment of situations and decision-making that adapts quickly to changes in the business environment.

Philosophy of the OODA Loop Methodology



4) Indicators and targets

>> Promotion of diversity and inclusion

In accordance with the Unicharm Group Charter of Actions, the Group aims to be a company where diverse human resources acknowledge and respect each other's differences in nationality, race, religion, gender, sexual orientation, age, ancestry, and disability, and are able to demonstrate and utilize their individuality and abilities to the fullest.

1. Promotion of women's empowerment

The Company is working to establish a workplace environment and a human resource system that enable our employees to constantly play an active role at any stage of their lives, regardless of gender. We are also strengthening our efforts to ensure that women are able to take on significant roles, such as through social events for young employees.

As a way to help female employees build networks, we launched in FY2021 our Room L+ mentorship system to help them overcome and eliminate their career-related and personal concerns by sharing them in mentorships and discussions. The Maternity Leave Room L+ was also established for employees who are about to return to work from maternity or childcare leave, providing a venue to exchange information in accordance with the type of profession to foster a sense of safety after returning to work. In FY2024, we collaborated with other companies

and held interviews with mentors to help broaden the perspectives of participants by creating opportunities for mentees to connect with not only other mentees but also senior employees and employees of other companies.

We also introduced in FY2022 the Empowerment System, in which we provide individual support to women in department head positions or who are candidates for executive positions, as well as promote the development of Executive Officer candidates through information exchange meetings including conducting one-on-one meetings with Executive Officers who are not in charge of developing personnel (immediate supervisors). A total of 13 female leaders participated in this program in FY2024, which in addition to the aforementioned one-on-one meetings, consisted of exchange meetings and social gatherings for all mentors and mentees, a lecture held by a female Outside Director, and an event to celebrate our accomplishments.

>> Kyo-sei Life Vision 2030 “Unicharm Principles”

Indicators	FY2022 results	FY2023 results	FY2024 results	2030 targets
Percentage of female managers driven by the provision of various opportunities for women	23.2%	24.7%	25.5%	30% or more

>> Results related to the promotion of women’s empowerment

	FY2022 results	FY2023 results	FY2024 results	2025 targets
Percentage of female employees	35.8%	36.4%	36.8%	–
Percentage of female managers	23.2%	24.7%	25.5%	–
Percentage of female Executive Officers	3.4%	3.6%	3.4%	6.0%
Number of female officers in Japan	2 persons	2 persons	2 persons	3 persons
Number of female officers overseas	12 persons	10 persons	10 persons	–

For FY2025 results, please refer to our Sustainability Report 2026, which will be released in May 2026.

2. Hiring employees of diverse nationalities and promoting them to management positions

Our Group’s subsidiaries operate around the world, with executive and management positions mainly held by local employees hired locally. Meanwhile, in Japan we also hire employees and promote them to managerial roles regardless of their nationality or race. We strive to create a system and foster a corporate culture in which all of our employees across the Group can engage and flourish regardless of nationality or race.

>> Kyo-sei Life Vision 2030 “Unicharm Principles”

	FY2022 results	FY2023 results	FY2024 results	2030 targets
Percentage of local employees in executive positions (general manager and above) at overseas subsidiaries	52.2%	52.3%	58.7%	80%

For FY2025 results, please refer to our Sustainability Report 2026, which will be released in May 2026.

3. Hiring experienced personnel and promoting them to management positions

The Group actively recruits individuals with a wealth of experience and skills who are experts in their field. Employees who join the Company as experienced professionals are actively promoted to management positions upon determining their respective abilities and aptitude. We also promote the rehiring of employees who have left the Company for family or other reasons.

4. Expanding our recruitment of people with disabilities

We actively employ highly motivated individuals, regardless of disability, and aim to provide them with a workplace where they can demonstrate their abilities and fulfill their ambition for growth. Specifically, we have set appropriate goals in accordance with their respective abilities and desires, encouraged them to gain success

experiences by providing appropriate guidance and advice on a weekly basis, and established a corporate cultural environment that emphasizes team accomplishments. In 2023, we built a new massage room at our head office and hired a nationally certified dedicated anma massage shiatsu therapist who is visually impaired. In FY2024, we introduced Room C, an internal network that provides a community for employees with disabilities to establish contacts across departments and creates a mutually supportive work environment in which members can freely exchange information. We provide opportunities for regular information exchange and networking during lunch breaks.

We strive to provide an appropriate workplace environment where each individual can demonstrate their talents in accordance with the characteristics of their disability, such as by installing slopes and handrails, enabling them to move freely and safely by removing obstacles, and giving due regard to providing work instructions by means of email or chat.

Moreover, at Unicharm's satellite office in Mito City, Ibaraki Prefecture, employees with disabilities are engaged in scanning, invoice processing and other duties.

5. Creating a workplace for people of all ages

We have introduced the Re-Create System, in which employees in their 50s can apply for transfer to other departments by reflecting on their career to date and identifying what they would like to do, what they can do, and what they must do going forward. Moreover, the Company has developed an environment where employees who have reached retirement age can make full use of their abilities in order to pass on their skills and expertise to the next generation. Those who wish to continue working can remain employed as an "industry professional."

Compensation is determined in accordance with the roles and responsibilities of their position, in which they can draw on their past experiences and existing skills and knowledge while making the most of their newly acquired skills and knowledge, ensuring that their compensation appropriately reflects the nature of their positions. When determining the compensation of industry professionals, we also refer to market assessments of their potential abilities. Also, the hiring of retirement-age personnel does not have any impact on our recruitment of young employees.

6. Respect for sexual orientation

We respect the diversity of each employee, including their sexual orientation and gender identity, and provide a workplace environment where they can feel at ease and demonstrate their full potential. In 2022, we reviewed our Harassment Prevention Regulations and added a provision prohibiting SOGI*¹ harassment. In addition to deepening understanding of sexual minorities, we are promoting awareness through e-learning and training according to levels and roles.

As part of diversity and inclusion training, in November 2023, we held a workshop for all employees of Unicharm Corporation to promote awareness of unconscious bias. Participants were shown examples of what unconscious bias is, and then learned about desirable ways to address it through watching videos. They then discussed within their section and group ways to deal with it in their own workplaces. In FY2024, an advanced version of this workshop was held to further deepen understanding of unconscious bias and enable participants to put their knowledge into practice. In addition, we introduced a "same-sex partnership system" so that sexual minorities can receive the same benefits as heterosexuals.

By continuing to educate and raise awareness through such initiatives, we are working to foster a workplace culture in which each individual respects one another, leveraging diversity.

*1 SOGI: Sexual Orientation and Gender Identity

>> Conducting employee awareness surveys

The Group aims to create a virtuous cycle in which employees develop through their work, which, in turn, leads to the growth of our business. To this end, we conduct employee awareness surveys once a year at all Group companies to verify employee awareness and satisfaction toward work. The survey questions have been translated into eight languages so that employees working in countries and regions outside Japan can also respond. By conducting the survey every year, we are able to use the results not only to motivate employees and facilitate organizational reform but also as a reference when considering various human resource and management policies. As an example of the survey response, the percentage of positive answers received for the "Growth through Work" section for FY2024 was 90.1%.

>> Kyo-sei Life Vision 2030 “Unicharm Principles”

Indicators	FY2022 results	FY2023 results	FY2024 results	2030 targets
Percentage of positive answers received for the “Growth through Work” section of the employee awareness survey	89.2%	88.7%	90.1%	80% or more

For FY2025 results, please refer to our Sustainability Report 2026, which will be released in May 2026.

>> Reskilling

In a VUCA (volatile, uncertain, complex, and ambiguous) world marked by drastic changes to both our business and the environment thereof, keeping up to date with the latest information has become more important than ever to creating new value.

To enhance IT literacy and develop more digital human resources, we encourage employees to acquire IT Passport certification and provide allowances to those who get certified. In FY2024, over 350 employees acquired IT Passport certification.

Additionally, to enable employees to effectively use the UniChat AI text generation service in their daily work, UniChat Utilization Navi, an e-newsletter containing educational content, was distributed 22 times in FY2024. We also held a workshop on generative AI, which spurred an increase in the use of generative AI among Unicharm Corporation employees to 77%.

Moreover, to provide employees with a stepping stone for further growth, we also implemented LinkedIn Learning, an online learning platform that allows employees to study at their own pace and without being bound by time or location, at our business sites in Japan and 12 subsidiaries.

We will continue to provide information in such ways to help employees maintain their desire to continue learning and acquire new skills.

>> Time/costs allocated to employee skills development

	FY2022 results	FY2023 results	FY2024 results
Total training hours allocated to employee skills development	49,824 hours	50,503 hours	68,067 hours
Total training costs allocated to employee skills development	¥84.00 million	¥75.31 million	¥101.09 million
Training days per employee	4.4 days	3.5 days	4.8 days
Training hours per employee	35 hours	28 hours	38 hours
Training cost per employee	¥58,618	¥42,119	¥56,349

For FY2025 results, please refer to our Sustainability Report 2026, which will be released in May 2026.

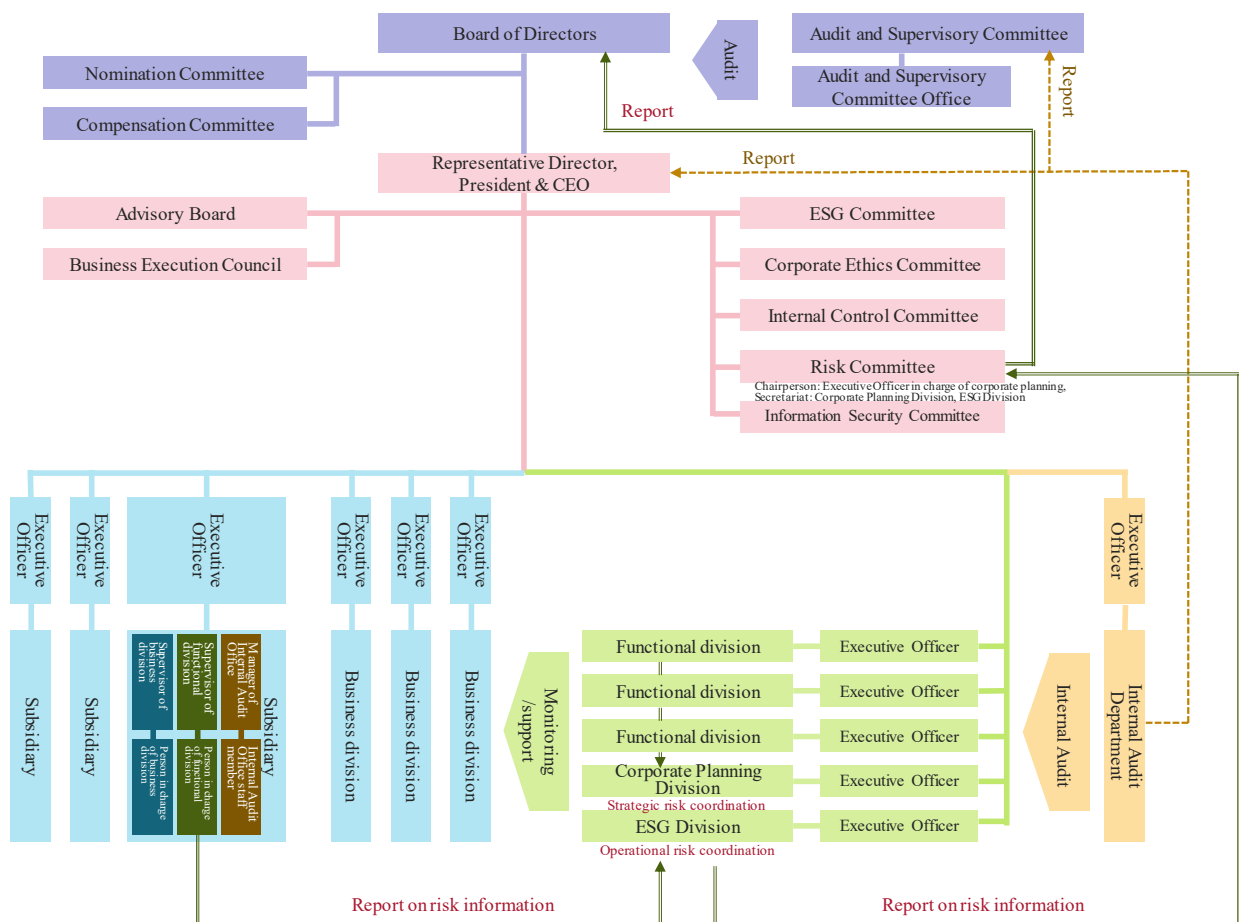
3. Business and other risks

The Group has positioned the prevention of risks and the minimization of their impact and prevention of recurrence as an important management issue by appropriately identifying various risks that may affect the performance and achievement of corporate activities as stated in the Company's basic management policy (please refer to "1. Management policies, management environment, and issues facing the Group (1) Basic management policies"). Based on this, we have established a risk management system for the Company as a whole, defining risk as "uncertainties (events) that could affect corporate value" and classifying and managing risk into three categories: strategic risks, significant operational risks, and operational risks.

Classification	Definition	Management method
Strategic risks	Risks that may affect management strategies, business plans and other matters decided by the Board of Directors of Unicharm Corporation and the execution thereof	The Board of Directors, based on the results of deliberations by the Risk Committee, takes these risks into consideration when making decisions. The Board of Directors will monitor the situation after decisions are made on the basis of regular reports to the Board of Directors or through discussions by all Directors.
Significant operational risks	Risks that, if materialized, could significantly impede the execution of the Group's business or damage its reputation	The Risk Committee will compile a list of the severity (impact × likelihood of occurrence) of these risks and the level of response readiness. The results of Control Self-Assessments (CSA) and business audits conducted by the Internal Audit Department are taken into consideration in determining the level of response readiness. The reports are made to the Board of Directors at least once a year following periodic review from the standpoint of changes in severity and whether there are any issues with the response readiness policy, and the Board of Directors monitors the situation.
Operational risks	Risks that can be prevented or mitigated to an acceptable extent through compliance with policies, rules, guidelines and operation processes established for daily business activities	The Executive Officer in charge shall be responsible for risk management and allocate management resources and execute management decisions based on these risks.

(1) Risk management system

The Group has established a risk management system as shown in the diagram below. Under the supervision of the Board of Directors of Unicharm Corporation, the Representative Director, President & CEO determines the basic policy for risk management of the Unicharm Group. In order to ensure effective and efficient risk management, Executive Officers of Unicharm Corporation are allocated the necessary authority, responsibilities, and management resources, and the Risk Committee compiles risk information of the Group as a whole and reports regularly to the Board of Directors. In addition, an independent Internal Audit Department has been established to oversee these activities.



(2) Status of strategic risks and significant operational risks

Strategic risks and significant operational risks are reviewed at least once a year and reported to the Board of Directors. Strategic risks and significant operational risks identified during the fiscal year under review and the measures taken to address these risks are as follows.

<Method of evaluating risks>

- Impact: Evaluated on a 3-point scale, in comprehensive consideration of the impact on human resources, tangible and intangible assets, reputation, and financial conditions. Evaluation of financial impact adopts the ratio relative to profit before tax as the quantitative criterion, with “5.0% or more” of the profit as “3: serious impact,” “0.1% or more but less than 5.0%” as “2: certain level of impact,” and “less than 0.1%” as “1: minor impact.”
- Likelihood of occurrence: The frequency is evaluated on a 3-point scale (3: materialized, 2: may materialize within three years, and 1: likelihood of materializing is low).

1) Strategic risks

Item	Changes in consumers			
Risk events and impacts	If the Group's products and services fail to respond in a timely and appropriate manner to rapid changes in consumer values or purchasing behavior or fluctuations in the macroeconomic environment, we may lose our competitive advantage in the market or damage our brand value, resulting in a decline in revenue and market share.			
Factors	<ul style="list-style-type: none"> • The diversification of information gathering and purchasing processes, along with the shorter cycles of consumption trends, driven by the evolution of digital technology and widespread use of social media. • A global economic downturn and inflationary pressures leading to reduced spending on daily necessities and a shift in demand towards lower-priced goods. 			
Evaluation	Impact	3	Likelihood of occurrence	3
Measures	<ul style="list-style-type: none"> • We are proactively leveraging digital technologies such as generative AI to build a system that identifies and analyzes insights in real time from vast amounts of consumer data. • We are driving efforts to shorten development and production lead times to enable immediate development of products inspired by rapidly changing trends. We also flexibly review our brand and price portfolio in response to changes in the market environment in each region. 			

Item	Changes in distribution channels			
Risk events and impacts	If we are slow to restructure our sales strategies and supply chains in response to the dramatic changes in the distribution structure caused by the rapid expansion of online sales channels, we may miss out on new growth opportunities and our presence in existing channels may diminish, which may result in a decline in our revenue and market share.			
Factors	Changes in consumer purchasing behavior due to the expansion of the e-commerce (hereinafter, "EC") market and the diversification of sales methods through digital channels, such as social media and live commerce.			
Evaluation	Impact	3	Likelihood of occurrence	3
Measures	<ul style="list-style-type: none"> • We are strengthening strategic partnerships with major EC platform operators and collaborating with existing retailers to promote initiatives that integrate physical and digital channels, thereby maximizing our contact points with customers. • We are strengthening our direct-to-consumer (D2C) sales channels through our own EC and social media, accumulating proprietary data through direct interactions with our customers. The insights gained are being applied not only to optimize marketing strategies but also to enhance sales proposals for existing distribution channels. • In accordance with the different levels of EC penetration and trends of major players in each country and region, our dedicated departments and subsidiaries formulate the optimal channel mix. 			

Item	Changes in competitive environment			
Risk events and impacts	A delay in responding to the intensifying competition in the market (including changes in the competitive environment due to market entries of new players that transcend existing frameworks and changes in roles in the supply chain) may lead to reduced profitability due to price competition and a decline in market share.			
Factors	<ul style="list-style-type: none"> • The expansion of major global manufacturers through M&A and intensifying price competition due to the rise of manufacturers from emerging countries. • Launch of innovative new products by competitors in existing categories. • Changes in the rules of competition due to the entry of players such as digital platform operators and private brands that transcend traditional industry boundaries. • The commoditization of existing product categories due to technological innovation. 			
Evaluation	Impact	3	Likelihood of occurrence	3
Measures	<ul style="list-style-type: none"> • To avoid getting caught up in a price competition, we are working to maintain and expand our market share by securing absolute superiority in quality through proprietary patented technologies and sustainability initiatives. • We conduct regular and rigorous review of our business portfolio. From the perspective of growth potential and capital efficiency, we will prioritize the allocation of management resources to high-value-added fields and high-growth areas. For businesses where a competitive advantage cannot be maintained, we will decisively implement structural reforms, including discontinuance or downsizing. 			

Item	Investment decisions			
Risk events and impacts	In investment decisions aimed at achieving business transformation or discontinuous growth, miscalculation of changes in the business environment or delays in post-investment integration processes or business launch may result in an extended period before a return on investment is earned or impairment losses. This may adversely affect our financial position and operating results.			
Factors	Deviations from return on investment plans due to the materialization of geopolitical risks and abrupt changes in the macroeconomic environment (interest rates, exchange rates, material prices, etc.) and laws and regulations.			
Evaluation	Impact	2	Likelihood of occurrence	1
Measures	<ul style="list-style-type: none"> • To avoid excessive dependence on specific countries or regions, we constantly monitor geopolitical risks and regulatory trends, striving to diversify our supply chains and investments. • When deciding whether to proceed with an investment project, we examine whether it is possible to expect a return that exceeds the cost of capital. In addition, based on risk appetite, the Board of Directors and the Risk Committee evaluate the balance between risk and return. 			

2) Significant operational risks

Significant operational risks are evaluated in terms of impact, likelihood of occurrence, and the level of response readiness, and are prioritized and addressed according to the results of evaluation.

Item	Cyber security			
Risk events and impacts	There is a risk that data leakages and system shutdowns or malfunctions due to cyberattacks may result in compensation claims, restoration and response costs, lost profits due to disruption or suspension of operations, and loss of trust over the medium to long term.			
Evaluation	Impact	3	Likelihood of occurrence	2
Measures	All Group companies in Japan and overseas are implementing a unified security system that combines Endpoint Detection and Response (EDR) and Security Operation Center (SOC) to enhance early detection of cyberattacks and strengthen proactive response capabilities. We are also working to continuously improve and expand our IT asset management and incident response systems.			

Item	Natural disasters and large-scale accidents			
Risk events and impacts	If an occurrence of natural disasters such as earthquakes, typhoons and floods, or large-scale accidents causes damage to our Group's production sites or supply chain, prolonged shutdown of operations or disruptions to the supply chain may occur, potentially leading to significant impacts on our business operations, including recovery costs and lost profits due to operational disruptions or shutdowns.			
Evaluation	Impact	3	Likelihood of occurrence	1
Measures	<p>Each Group company in Japan and overseas has formulated its business continuity plan (BCP) and is working to improve the effectiveness of emergency response measures through regular training and educational activities for raising awareness. We have established fire prevention standards globally and conduct checks while continuously improving the status of compliance with these standards at each of our business sites globally.</p> <p>Strengthening the resilience of our supply chain is a material issue, and we are working to build collaboration frameworks for rapid information sharing and supply continuity, including conducting joint drills with major suppliers and establishing a safety confirmation system.</p>			

Item	Serious quality defects			
Risk events and impacts	Product defects or poor design may lead to fatal accidents or serious health problems, which may result in compensation claims, criminal penalties, brand damage and lower sales.			
Evaluation	Impact	3	Likelihood of occurrence	1
Measures	<p>We have established a mechanism to maintain a consistent level of quality throughout the entire Group. Furthermore, we regularly analyze the situations where nonconformities or complaints occur, and continuously update the management system itself to enable the prompt implementation of corrective actions and the formulation of measures to prevent recurrence in the event of a serious quality incident. We have established an emergency response system to ensure prompt information disclosure and sincere response in the event of unforeseen circumstances, and have built a highly transparent internal information sharing mechanism.</p>			

Item	Climate change			
Risk events and impacts	There is a risk that the introduction of a carbon tax, as well as higher tax rates and significant fluctuations in energy prices, may result in higher operating costs and higher procurement costs due to soaring raw material prices. In addition, there is a risk that product development that fails to take into consideration the reduction of greenhouse gas emissions may result in loss of trust over the medium to long term.			
Evaluation	Impact	3	Likelihood of occurrence	1
Measures	<p>We utilize primary greenhouse gas (GHG) emissions data by material and promote product development that strikes a balance between the efficient use of materials and reduction of GHG emissions. We will also continue to develop and market products that conform to the SDGs Theme Guideline, an internal guideline for contributing to sustainability, and will advance a roadmap to achieve a 100% ratio of renewable electricity by 2030.</p>			

Item	Protection of personal information			
Risk events and impacts	Leakage of personal information due to cyberattacks, human errors or inadequate management systems may result in compensation claims and a loss of social trust. Compliance with laws and regulations of each country and region is essential, particularly in global operations. Should any deficiencies arise in compliance, substantial fines may be imposed, potentially leading to brand damage.			
Evaluation	Impact	2	Likelihood of occurrence	2
Measures	To prevent human error, we will provide ongoing education to our employees regarding the protection of personal information. We will also establish and maintain an emergency response manual to ensure prompt disclosure and prevent damage from spreading in the event of a leakage of information. Furthermore, in order to comply with the personal information protection laws and cross-border data transfer regulations of each country and region, we will enter into intra-group data transfer agreements and thoroughly implement a legally appropriate data management system.			

Item	AI			
Risk events and impacts	Bias or technical flaws in the algorithms of generative AI or other technologies we introduce may lead to incorrect decision-making or inappropriate dissemination of information, potentially resulting in a loss of social trust and exposure to legal responsibility.			
Evaluation	Impact	2	Likelihood of occurrence	2
Measures	In order to create a safe environment for using AI, we will establish a code of conduct that all Group employees must adhere to. In addition, we will put a checklist in place to determine whether or not generative AI can be used outside the workplace, controlling the risk of copyright infringement or the output of inappropriate content.			

Item	Product reliability			
Risk events and impacts	Product defects and poor design may lead to product recalls, minor health problems and brand damage. Misrepresentation, false advertisement, and illegal or unethical marketing practices may result in compensation claims, social media backlash and brand damage.			
Evaluation	Impact	2	Likelihood of occurrence	2
Measures	In order to provide customers with products that comply with the laws and regulations of each country/region, we have established stringent internal standards that address the laws and regulations of the respective countries/regions and ensure quality and product safety, while making sure that all Group companies in Japan and overseas comply with these standards. In order to convey correct information, we have established a system of gate meetings and labeling reviews and conduct strict checks to ensure compliance with relevant laws and regulations as well as evidence-based and appropriate advertising/labeling. We have set up a framework to promptly investigate the cause of complaints on our products and address the problems, if any, regardless of the number of complaints, to ensure reliability of our products is not affected.			

Item	Exchange rate fluctuations			
Risk events and impacts	Depending on the sales revenue and procurement cost of raw materials dominated by foreign currencies, there is a risk that exchange rate fluctuations caused by changes in regulations, economic environment, and situation for both society and politics in certain countries and regions may cause drastic changes in markets and affect the Company's business activity and values of assets held. The financial statements of Group companies denominated in the currency of each country or region are translated into Japanese yen in the consolidated financial statements; as such, there is a risk that the financial standing and business performance of the Company may be negatively affected at the time when the exchange rate shifts to a stronger yen.			
Evaluation	Impact	2	Likelihood of occurrence	3
Measures	We will strive to minimize risk by hedging foreign currency transactions, including raw material purchases, and by comprehensively taking into account the receivables and payables we hold. In addition, in order to contribute to the stable return of profits to shareholders and the internal circulation of funds, we will control the negative impact of the appreciation of the yen on overseas assets by proactive paying dividends from Group companies that hold funds in excess of their planned investments.			

Item	Creditworthiness of business partners			
Risk events and impacts	Our major business partners in Japan and overseas may experience bankruptcy or delay payments due to economic downturns, changes in consumption patterns, or unexpected deterioration in the business environment, which may result in accounts receivable and other receivables becoming uncollectible. There is a risk that such an event causes declining net sales or deterioration of business performance due to recognition of provisions and allowances.			
Evaluation	Impact	2	Likelihood of occurrence	3
Measures	Based on our own Credit Management Regulations, we ensure that strict screening for new transactions is conducted and that credit limits for each business partner are set and regularly reviewed. We continuously monitor the financial conditions of our business partners by such means as utilizing external institutions and strive to identify early signs of payment concerns and other issues. If any risk becomes materialized, we take measures to preserve receivables and minimize losses by such means as changing terms and conditions of transactions. These statuses of creditworthiness are regularly reported to the management, which ensures the establishment of systematic risk management.			

Item	Human resources (hiring, development and departure)			
Risk events and impacts	There is a risk that delays or failure to hire highly specialized personnel or leadership talent, or the departure of key personnel may delay the implementation of management plans and strategies.			
Evaluation	Impact	2	Likelihood of occurrence	2
Measures	Through talent management leveraging data and generative AI, we will place the right person in the right role and systematically select and develop the best successors. We will focus on developing resonant personnel who autonomously drive value creation by highly utilizing the OODA Loop and generative AI, while flexibly recruiting external talent as needed. At the same time, by supporting employees in developing their own careers based on their career visions and career plans, we will enhance their job satisfaction and strengthen employee engagement. This will enable us to maintain and strengthen our sustainable competitiveness through a lean organizational structure with talented personnel.			

Item	Workplace accidents			
Risk events and impacts	The occurrence of fatalities and serious permanent disabilities resulting from workplace accidents as well as mental health issues stemming from overwork or other similar factors may not only result in the loss of precious lives and damage to health, but could also lead to a decline in employee morale, long-term absenteeism, and reduced engagement, thereby hindering the implementation of medium- to long-term management plans.			
Evaluation	Impact	2	Likelihood of occurrence	2
Measures	In accordance with the Safety and Health Management Regulations, we have established a workplace environment that places the highest priority on ensuring the safety of our employees and maintaining and improving their health. In addition to thoroughly implementing a system in which managers consistently check on the mental and physical health of their subordinates and practice early detection and prompt response, we hold monthly discussions on measures for promoting employee health at meetings of the Safety and Health Committee, which includes industrial physicians and public health nurses. Additionally, we promote the creation of a workplace that is safe and comfortable in both physical and mental terms through OSHMS operations and the obtaining of ISO 45001 certification at our production sites, preventive measures based on risk assessments, and efforts to raise awareness through “Occupational Safety Day.”			

4. Management’s analysis of financial position, operating results and cash flows

(1) Overview of operating results, etc.

Core operating income comprises gross profit less selling, general and administrative expenses. While this is not an indicator defined in IFRS, the Company voluntarily discloses this as it is believed to be a valuable benchmark for measuring the Group’s recurring business performance.

1) Financial position and operating results

	Fiscal Year Ended Dec. 31, 2024 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2025 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales	988,981	945,268	(43,713)	(4.4)
Core operating income	138,463	108,884	(29,579)	(21.4)
Profit before tax	134,537	105,386	(29,150)	(21.7)
Profit attributable to owners of parent	81,842	65,212	(16,629)	(20.3)
Basic earnings per share (Yen)	46.41	37.30	(9.11)	(19.6)

Note: Effective January 1, 2025, the Company split its common shares at a ratio of three-for-one. Basic earnings per share have been calculated as if the split had taken place at the beginning of the previous fiscal year.

The Company’s net sales, core operating income, profit before tax, profit for the period, and profit attributable to owners of parent in the fiscal year under review reached ¥945,268 million (down 4.4% year on year), ¥108,884 million (down 21.4% year on year), ¥105,386 million (down 21.7% year on year), ¥70,858 million (down 25.6% year on year), and ¥65,212 million (down 20.3% year on year), respectively.

In September 2025, a revision of the GST (Goods and Services Tax) system was implemented in India, and a valuation loss of ¥6,920 million was recognized in the fiscal year under review. Regarding this tax revision, apart from this matter, no other matters that could have a significant impact on performance have been identified at this point in time. For more details, please refer to “V. Financial Information, 1. Consolidated financial statements, (1) Consolidated financial statements, Notes to the consolidated financial statements, 26. Other income and other expenses.”

Operating results by segment are as follows.

(a) Personal Care Business

	Fiscal Year Ended Dec. 31, 2024 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2025 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	826,100	774,428	(51,672)	(6.3)
Core operating income	110,883	83,197	(27,686)	(25.0)

Note: Net sales represent those to external customers.

● Wellness Care Business

Looking at overseas markets, in countries in the Southeast Asian region such as Thailand, Indonesia, and Vietnam, where demand for adult excretion care products is rising, the Company continued to expand its product lineup and promote the Japanese care model by using both pad-type products and disposable underwear. Also, in China, the population is aging even faster than in Japan and there is a large target market. However, awareness of high-quality and high value-added specialized products is still low, and many people make do with alternatives such as using bed sheets. Considering these circumstances, the Company strengthened the product lineups that meet local needs and continued to actively invest in marketing, actively allocating management resources to achieve business growth.

In Japan, under the concept of “Increasing the things you can do, one at a time,” we launched new products such as pants-type disposable diapers and paper pants pads. The Company achieved high sales growth as a result of developing a wide range of products in line with ADL*1, focusing primarily on light to moderate incontinence products that help extend healthy life expectancy. Additionally, we continued to provide product information and

knowledge for users and caregivers through services such as the AI chatbot *Charm-san*, which supports product selection tailored to users, and *Incontinent adult diaper counseling*. We also launched *Lifree Nobiru Fit® Thin Lightweight Tape-on RefF* which utilizes recycled pulp from used disposable diapers as part of its raw materials. By enhancing product functionality while considering the environment, we contributed to addressing social issues.

In the mask category, the Company revitalized the market by the various products lineup in both the *Chokaiteki* and *Cho-rittai* brands. The Company will continue to aim to expand its market share by continuously launching new products to meet consumer needs.

*1 An abbreviation for Activities of Daily Living, an indicator of the level of nursing care provided to those being cared for, which represents the basic activities necessary for daily living, such as excretion, eating, and bathing

- Feminine Care Business

Overseas, we responded to consumer needs with a unique and wide-ranging product lineup such as cooling sanitary napkins and shorts-shaped napkins.

In China, amid continued uncertainty about the economic outlook and a tendency to prefer lower-priced products among young people, the Company worked to revitalize the market by launching products such as a new concept of a shorts-shaped napkin for daytime use with enhanced ease of change, as well as products featuring characters.

However, in response to the temporary decline in sales due to the impact of rumors reported in November 2024, March and October 2025 regarding the quality of sanitary products and waste management, the Company worked to enhance its brand value by strengthening digital marketing in e-commerce and thoroughly disseminating information to foster a brand image of safety, security, and trust.

In countries in the Asian region such as Thailand, Indonesia, and Vietnam, the Company continued to expand the offering of high value-added products, including cooling sanitary napkins and activated charcoal blended sanitary napkins.

In India, where the penetration rate of sanitary products is low, we introduced products based on the concept of antibacterial care, mainly in urban areas, along with more accessible options tailored to local usage and price sensitivity, such as flat-type products without individual packaging or folding. This initiative aimed to expand the number of stores selling our products. As a result, we achieved high sales growth and improved profitability.

In the Middle East, domestic sales in Saudi Arabia remained steady and exports to countries neighboring Saudi Arabia expanded thanks to aggressive investments in marketing, like the promotion of new products containing olive oil that have been tailored to local customs.

In Japan, despite a decrease in the target population, the Company maintains the No. 1 market share by rolling out high value-added products that cater to the growing emphasis on health and peace of mind, as well as by proposing in-store displays and pursuing the strategy of continuous communication via social media. Furthermore, we are strengthening our engagement with consumers in the digital domain and continuing to provide personalized information tailored to each individual's condition through the menstrual and health management app *Sofy Be*, which focuses on hormonal changes. As the environment and values surrounding women change and lifestyles become more diverse, we continue to aim to maximize the lifetime value of women by providing comprehensive support not only during their menstrual periods but throughout the entirety of their daily lives. This empowers each woman to understand and manage her physical and mental state, thereby contributing to the improvement of her health and quality of life.

- Baby Care Business

Overseas, we promoted the use of our products, particularly our pants-type disposable diapers, which are one of our strengths, as well as the deployment of unique products. In India, where the use of disposable diapers is still low, even compared to other target countries, the Company continued to expand the sales areas and engage in awareness activities. With the reopening of a third factory in February 2025, the supply system was strengthened, and our market share held a record-high level, thus sustaining a growth trend. On the other hand, although sales temporarily stagnated due to inventory adjustments by distributors against the backdrop of tax reductions following the revision of the GST (Goods and Services Tax) system in September, consumer demand on a real demand basis remained robust.

Markets in Southeast Asian regions such as Vietnam, Thailand, and Indonesia continued to see a trading down tendency for some products against a backdrop of a decreasing birth rate and sluggish economy. Amid the

ongoing severe situation caused by intensifying price competition, the Company has promoted a two-brand strategy, catering to the needs of both premium-conscious and price-conscious consumers.

In Thailand, we implemented collaborations with popular characters to enhance brand awareness and public interest.

In Indonesia, as local companies strengthen their sales capabilities and price competitiveness, we launched the economy-type *MamyPoko GEMBUNG*, which offers long-lasting usability and remains thin even after absorption, as well as small packs that promote trial purchases by keeping the unit price low. In addition, we increased the number of sales employees to strengthen our proposal capabilities, among other sales measures, executing our strategy from both product and sales perspectives.

In the Middle East, where domestic sales in Saudi Arabia are strong and exports to neighboring countries are also steady, the Company achieved high net sales growth and market share expansion by continuing to invest aggressively in marketing including for new products that contain olive oil tailored to local customs.

In Japan, while the market is shrinking with lower birth rates, we have continued to address diverse needs through the two brands, *moony* and *MamyPoko*, based on our business philosophy of “giving parents more enjoyment as they raise their babies.” As a result, we maintained the No. 1 market share and achieved improved profitability.

We also actively worked to improve consumer satisfaction and reduce environmental impact through both products and services. For example, for nursery facilities that have introduced the *Tebura Toen® (Hands-Free Commute)*2* service developed in collaboration with BABY JOB Inc., we promoted the introduction of the nursery facility-exclusive product that uses recycled pulp extracted from used paper diapers.

As a result, net sales and segment profit (core operating income) for the personal care business for the fiscal year under review were ¥774,428 million (down 6.3% year on year) and ¥83,197 million (down 25.0% year on year), respectively.

*2 *Tebura Toen®* is a flat-rate subscription service for nursery facilities designed to reduce the burden on both parents and childcare workers, including the need for parents to prepare disposable diapers and wipes, carry bulky items to the facility, and for childcare workers to manage disposable diapers and wipes.

(b) Pet Care Business

	Fiscal Year Ended Dec. 31, 2024 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2025 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	148,673	156,084	7,411	5.0
Core operating income	25,840	24,067	(1,773)	(6.9)

Note: Net sales represent those to external customers.

Under the slogan “More together, forever together,” which aims to create a “Cohesive Society” with pets, we are working to create a society where dogs and cats can live happy lives while staying connected to society. In the pet food business in Japan, we responded to the needs of consumers with a diverse lineup that addresses the growing demand among pet owners for their dogs and cats to enjoy a variety of textures and flavors, as well as increased health consciousness. For snacks for cats, we launched *Silver Spoon Snacks that Make Cats Happy Kari-kari Rich Complete & Balanced Food Treats* and *Silver Spoon Treats Fish-flavored Cream Donuts Hair Balls Control**³ as new snack types with added health benefits from the *Silver Spoon* brand. For dogs, we newly launched *Stew Style*, *Minestrone Style*, and *Steamed Egg Custard Style* as three new types of wet food from the *Gran Deli Side Dish Style Pouch* brand, which focuses on appearance and taste reminiscent of human meals, to respond to the diverse needs of consumers.

In the domestic pet toiletry business, for cats, we launched *Does Not Scatter**⁴ *Cat-shaped Chip* and *Easy to Get Used To Small Grain Type* made from natural wood, from the *Deo-Toilet Deodorizing and Antibacterial Chip* sand replacement line for system litter boxes. For dogs, we expanded our lineup by launching *Manner Wear Long Hours Comfortable Diapers Unisex M Size* absorbent wear designed for medium-sized dogs.

With the expansion of the pet market and the diversification of purchasing behavior influenced by information gathering through social media, in addition to our existing services, *DOQAT* and the AI-powered *Food Matching* service, we have newly launched the *Unicharm Pet Official Shop* on TikTok Shop. Through this initiative, the Company will further strengthen its engagement with consumers, enhance brand recognition, and achieve sustainable growth.

In North America, as brisk sales of wet-type snacks for cats incorporating Japanese technology and new concepts continued, we also expanded our product lineup for the growing e-commerce market, achieving high net sales growth. In response to the tariff increase, the Company implemented measures such as advancing imports and passing on value. Additionally, the impact on sales remained minimal due to steady demand. We will continue to closely monitor developments in tariff policy and aim to respond flexibly and swiftly.

China, the second largest regional market after North America, is expected to continue growing. The Company entered into a capital and business alliance with Jiangsu Jijia Pet Products Co., Ltd. (“JIA PETS”), an associate accounted for by the equity method, through its local Chinese subsidiary in November 2022, and began manufacturing pet food incorporating its unique concepts and technologies. Since then, the Company has introduced new products to revitalize the market and meet a wide range of needs. By continuing to leverage combining manufacturing technology and know-how on production management, which have been cultivated in Japan, with JIA PETS’ production and R&D capacities, as well as sales capabilities in its e-commerce the Company aims to achieve the No. 1 market share in the priority cities in China.

Also, in the Southeast Asia region, where future market growth is expected, the Company aims to achieve dramatic business growth by proactively investing management resources in both food and toiletries in the emerging pet care markets in Thailand, Indonesia, and Vietnam, etc.

As a result, net sales and segment profit (core operating income) for the pet care business for the fiscal year under review were ¥156,084 million (up 5.0% year on year) and ¥24,067 million (down 6.9% year on year), respectively.

*3 Helps promote natural elimination along with stool through the power of dietary fiber.

*4 Compared to *Deo-Sand Paper Sand that Deodorizes Urine with Fragrance*

(c) Other Businesses

	Fiscal Year Ended Dec. 31, 2024 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2025 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	14,208	14,755	547	3.9
Core operating income	1,740	1,620	(120)	(6.9)

Note: Net sales represent those to external customers.

In the category of business-use products mainly utilizing its core non-woven fabric and absorber processing and forming technology, the Company focused on promoting the sales of industrial materials.

As a result, net sales and segment profit (core operating income) in other businesses for the fiscal year under review were ¥14,755 million (up 3.9% year on year) and ¥1,620 million (down 6.9% year on year), respectively.

The overview of the financial position for the fiscal year under review is as follows.

	As of December 31, 2024 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2025 (Millions of Yen)	Difference (Millions of Yen)
Total assets	1,239,973	1,223,176	(16,797)
Total liabilities	366,263	331,917	(34,346)
Total equity	873,711	891,259	17,548
Ratio of equity attributable to owners of parent (%)	62.3	65.0	—

Total assets as of the end of the fiscal year under review amounted to ¥1,223,176 million, down ¥16,797 million over the end of the previous fiscal year. The major decrease was ¥17,482 million in property, plant and equipment. Total liabilities were ¥331,917 million, down ¥34,346 million from the end of the previous fiscal year. The major decreases were ¥15,796 million in borrowings, ¥9,816 million in trade and other payables, and ¥6,752 million in income tax payables. Total equity amounted to ¥891,259 million, up ¥17,548 million over the end of the previous fiscal year. The major increase was ¥65,212 million in profit attributable to owners of parent, and the major decreases were ¥28,649 million in dividends paid to owners of parent and ¥21,016 million in increase in treasury shares.

Consequently, the ratio of equity attributable to owners of parent increased from 62.3% as of the end of the previous fiscal year to 65.0% as of the end of the fiscal year under review.

2) Cash flows

	Fiscal Year Ended Dec. 31, 2024 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2025 (Millions of Yen)	Difference (Millions of Yen)
Cash flows from operating activities	137,099	131,470	(5,628)
Cash flows from investing activities	(73,838)	(58,712)	15,125
Cash flows from financing activities	(66,794)	(83,865)	(17,071)
Cash and cash equivalents at end of period	261,054	253,092	(7,962)

Cash and cash equivalents as of the end of the fiscal year under review were ¥253,092 million, a decrease of ¥7,962 million from the end of the previous fiscal year. The respective cash flow positions for the fiscal year under review were as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥131,470 million (¥137,099 million was provided in the previous fiscal year). The main inflow was due to profit before tax.

(Cash flows from investing activities)

Net cash used in investing activities was ¥58,712 million (¥73,838 million was used in the previous fiscal year). The main inflow was due to proceeds from sale and redemption of financial assets, and the main outflows were due to purchase of financial assets, and purchase of property, plant and equipment, and intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities was ¥83,865 million (¥66,794 million was used in the previous fiscal year). The main outflows were due to dividends paid to owners of parent, payments for purchase of treasury shares, dividends paid to non-controlling interests, and repayments of long-term borrowings.

3) Actual production, orders received and sales

(a) Actual production

Reportable segment	Production amount (Millions of Yen)	Year-on-year change (%)
Personal care	775,135	(9.0)
Pet care	157,477	(1.0)
Other	15,119	2.3
Total	947,731	(7.6)

Notes: 1. Intersegment transactions have been eliminated.
2. Production amount is based on selling prices.

(b) Actual orders received

Make-to-order-based production is not undertaken, so this item does not apply.

(c) Actual sales

Reportable segment	Sales amount (Millions of Yen)	Year-on-year change (%)
Personal care	774,428	(6.3)
Pet care	156,084	5.0
Other	14,755	3.9
Total	945,268	(4.4)

Note: Intersegment transactions have been eliminated.

(2) Analysis and assessment of operating results, etc. from a management's perspective

Recognition, analysis and assessment of the Group's operating results, etc. from a management's perspective are as follows.

In the following, statements relating to the future are based on the judgment at the end of the fiscal year under review.

1) Recognition, analysis and assessment of operating results, etc.

(a) Analysis of operating results

During the fiscal year under review, the operating environment surrounding the Group experienced significant variation in economic sentiment and consumer trends between countries/regions, and the future outlook remains difficult to predict due to uncertainties such as additional tariff policies in the United States and delayed demand recovery in the Chinese market.

Overseas, due to a decreasing birth rate and economic sentiment, consumers' cost-consciousness has increased, leading to a continued trend of trading down for some baby care products. In Asia, profitability was pressured by marketing investments in the emerging e-commerce market and the impact of intense price competition. Particularly in China, amid a situation where sales opportunities temporarily decreased due to reputational damage and recovery for the year is still underway, the Company has strengthened digital marketing initiatives and sales networks, showing signs of recovery in recent trends. Meanwhile, in regions such as the Middle East and North America, where performance remained strong, we continued to maintain sales growth.

In Japan, demand has remained stable as the products the Company handles are daily necessities, and it has also addressed diverse consumer needs with a wide-ranged product lineup.

In these environments and under the basic policy of “we constantly provide the world’s No. 1 and unprecedented products and services to everybody around the globe, and deliver comfort, impression, and satisfaction,” the Company and its group companies have worked to create a “Cohesive Society” with social inclusion, as a society where people around the world are equal, unencumbered, respectful of each other’s individuality, and support each other with kindness, making heart-to-heart connections under the banner of “Love Your Possibilities.”

As a result, net sales, core operating income, profit before tax, profit for the period, and profit attributable to owners of parent in the fiscal year under review reached ¥945,268 million (down 4.4% year on year), ¥108,884 million (down 21.4% year on year), ¥105,386 million (down 21.7% year on year), ¥70,858 million (down 25.6% year on year), and ¥65,212 million (down 20.3% year on year), respectively.

(b) Risks materially affecting operating results

See “3. Business and other risks.”

(c) Analysis and assessment of the status of cash flows and information related to sources of capital and liquidity of funds

In the fiscal year under review, the Company’s main source of funds was operating cash flow (inflow of ¥131,470 million in the fiscal year under review), except for external borrowing by some overseas consolidated subsidiaries to reduce foreign exchange risks. In addition, the Company strives to ensure sufficient liquidity of funds so that it can use its own funds as much as possible to meet the demand for funds for business activities, investments, and the return of profits to shareholders including purchase of treasury shares.

Please refer to “(1) Overview of operating results, etc. 2) Cash flows” for the cash flow analysis for the fiscal year under review.

Own funds will be appropriated for the funds for capital investment for the fiscal year ending December 31, 2026.

(d) Objective indicators, etc. to determine the achievement of management policies, strategies and targets

The status of key indicators targeted by the fiscal year under review and the 13th Medium-term Management Plan starting in the following fiscal year is as follows.

During the fiscal year under review, we carried out flexible, targeted investments to respond to developments in the transition to e-commerce and the polarization of consumer spending in the Asian market. At the same time, repeated reputational damage in the Chinese market, the recording of certain assets as impairment, inventory adjustments accompanying changes to our sales structure in Indonesia, and other factors placed pressure on our profits in the immediate term. However, in addressing these temporary risks, which will pose concern in the next fiscal year and beyond, we have thoroughly taken fundamental measures during the fiscal year under review. In doing so, we have successfully established a sure path toward renewed growth.

Based on the above, in the initial year of our newly launched “13th Medium-term Management Plan” (the next fiscal year), rather than solely relying on environmental factors such as a recovery in external markets or stability in raw material prices, we will position the “results of our self-driven structural reforms,” including our e-commerce reforms in China and efforts aimed at normalization in Indonesia that we carried out during the fiscal year under review, as reliable growth drivers. With the absence of temporary negative factors and the full reaping of the benefits of these structural reforms, we will surpass the milestone of ¥1 trillion in company-level sales, return to a trajectory of steady revenue and profit growth, and establish a new growth phase.

Furthermore, as the core of our medium- to long-term management strategy under this Medium-term Management Plan, we will promote the evolution of our business model through the “3 Rs.” For the first R, “Renaissance (creating high added value),” we will utilize AI and digital platforms to create new value and provide personalized recommendations. In doing so, we will continuously increase our unit prices. For the

second R, “Rebirth (beyond manufacturing),” we will strategically utilize our external partners (OEMs/ODMs), particularly those in the Global South, to push forward with our transition to a flexible, highly efficient revenue structure. For the third R, “Resonance (empathy with customers and society),” we will build a company-wide data infrastructure and optimize our operation processes to maximize our organization’s capacity for action and the efficiency of selling, general and administrative expenses.

Through these fundamental structural reforms, we will proceed to dramatically elevate our profitability and capital efficiency and make progress toward the definite achievement of the following objective indicators that we have adopted to determine the achievement status of our management targets: consolidated net sales of ¥1.5 trillion, core operating income margin of 17%, and ROE of 17%.

	Fiscal Year Ended December 31, 2024	Fiscal Year Ended December 31, 2025	Target under the 13th Medium-term Management Plan (Fiscal year ending December 31, 2030)
Net sales	¥988,981 million	¥945,268 million	¥1,500,000 million
Net sales growth rate	5.0% (YoY)	(4.4)% (YoY)	(Note) 10.0% Compound annual growth rate (CAGR)
Core operating income margin	14.0%	11.5%	17.0%
Return on equity attributable to owners of parent (ROE)	11.1%	8.3%	17.0%

Note: The target figures for the net sales compound annual growth rate (CAGR) are set excluding impacts from foreign exchange rate fluctuations.

(e) Current state of and prospects for management strategy

The operating environment surrounding the Group evidenced variation in economic sentiment between countries/regions, and the future outlook remains difficult to predict. However, in key target markets, despite lingering economic uncertainty, a gradual economic recovery is expected.

In overseas, within this environment, we intend to grow with a speed exceeding that of the market and strive for revitalization through offering products that meet individual needs in the target countries and regions and aggressive sales activities. In the personal care business in Japan, to respond to anticipated cost increases related to inflation, the Company will promote passing on value by offering high value-added products reflecting consumer needs as it strives to achieve stable growth and improve the profitability.

(f) Recognition, analysis and assessment of the financial position and operating results by segment

Please refer to “(1) Overview of operating results, etc.”

2) Significant accounting estimates and assumptions used in making such estimates

The Group’s consolidated financial statements are prepared in accordance with IFRS.

Material accounting policies and estimates are presented in “V. Financial Information, 1. Consolidated financial statements, (1) Consolidated financial statements, Notes to the consolidated financial statements.”

5. Important contracts

Not applicable.

6. Research and development activities

Guided by the vision “Research Locally, Develop Globally,” the research and development activities of the Group are centered on the Kagawa Technical Centre and Engineering Centre in Kanonji-shi, Kagawa. The Company identifies needs to turn unpleasant experiences into comfortable ones in daily life across various countries and creates value through hypothesis testing and verification. In addition to its expertise in non-woven fabric and absorbent polymer technologies, the Company has continuously developed technologies that contribute to pet health and address intricate segmentation needs. Through its integrated marketing, development, and production framework, it is committed to fostering category-leading products and shortening the time required to market introduction.

During the fiscal year under review, overall research and development expenses totaled ¥13,611 million (1.4% of consolidated net sales). Principal achievements were as follows.

(1) Personal Care

● Wellness Care Business

We launched *Lifree Thin Light Organic Cotton Touch Pants (M/L)* under *Lifree*, an excretion care brand for adults. The 100% organic cotton sheet on the surface that comes into direct contact with skin is positioned around the waist to absorb moisture and sweat. Furthermore, by minimizing friction from the inner sheet against the skin to the same level as underwear, it achieves the gentle comfort of fabric underwear. We also launched *Lifree Premium Underwear Feel (M/L)*. The waistband features a rubber-free design to minimize tightness, achieving an exceptionally comfortable fit like underwear. We launched an improved version of *Lifree Peace of Mind Without Slippage Thin Disposable Pants Diaper - Exclusive Urine Pads (absorbs 2/4 urinations)*. It now incorporates a new “flex fit design” that hugs the body closely for ease of movement. We launched *Lifree Nobiru Fit Thin Lightweight Tape-on RefF^{*1} (SM/L)*. This product features the partial use of pulp recycled from used disposable pants. The RefF project^{*1}, which generates high-quality recycled pulp using our proprietary ozone technology, was started in 2015, and in 2022, we launched disposable diapers for adults made from recycled raw materials. We have further expanded our product lineup by introducing tape-type products as part of efforts toward realizing a sustainable society.

Overseas, in Thailand, we launched an improved version of *Lifree Comfortable Absorb Pants*, our first pants-type disposable diaper for adults that incorporates activated charcoal deodorizing technology. In Vietnam, we launched an improved version of *Caryn Pants thin airy*, a pants-type disposable diaper featuring ventilation openings along the waist aimed at relieving moisture around the abdomen. In China, we launched an improved version of *Lifree Super Absorbent and Breathable Waist-Type Diapers for Adults (M/L/XL)* featuring a new “bottom fit guide” for easy wearing by anyone to address the increase in first-time caregivers due to the rapidly aging population. In Brazil, we launched the new pants-type disposable diapers *Lifree PANTS PROTEÇÃO PROLONGADA SUPER CONFORT (PM/GXG)* and *Lifree PANTS PROTEÇÃO PROLONGADA EXTRA ABSORÇÃO (PM/GXG)*, which are designed to prevent sagging of the absorbent core. In addition, we have been working to invigorate the market by developing products that meet local needs, mainly at our development bases in Indonesia, India, Saudi Arabia, etc., and expanding our product lineup.

*1 Acronym for “Recycle for the Future” and the brand name of Unicharm’s horizontal recycling initiative. We are committed to recycling aimed at creating a future where used disposable pants are not simply thrown away, in order to contribute to the realization of a sustainable society.

● Feminine Care Business

We launched the *Sofy Ultra Sound Sleep Odekake Koukan Shorts (M/L)* under our Japanese feminine sanitary product brand *Sofy*. This is an imported version of the *Sofy New Day Overnight Disposable Underwear*, a shorts-shaped napkin with a removable opening flap that can be easily changed without completely removing the pants, even when outside, which launched in China last year. We also launched the *Sofy Kit for Checking Iron Deficiency Using Menstrual Blood*. This product can be used to check for potential iron deficiency using a sheet that attaches to sanitary napkins containing a tester that indicates the possibility of iron deficiency based on menstrual blood. We launched the *Sofy Be Ultra Sound Sleep Pajamas (M/L)*. This is Unicharm’s first recovery wear, and it incorporates thoughtful features and functions that have been designed with women in mind. In South Korea, we launched *SOFY Nature organic (26 cm/29 cm/42 cm)*, an eco-friendly sanitary napkin boasting an unbleached absorbent layer that utilizes unbleached organic cotton top sheet, unbleached pulp, and unbleached tissue. Furthermore, in Thailand, we launched the *SOFY BAB KANG KENG DUENG PUP MAI PAP (M/L)*. This product is a shorts-shaped napkin with a double-layered absorbent core, allowing for easy replacement by simply peeling off the top layer. In addition, we have worked to improve quality and functionality mainly through our development bases in India, Vietnam, and Saudi Arabia.

- Baby Care Business

We launched a new product under the *moony* series of disposable diapers designed for low irritation and peace of mind by reviewing the materials used in response to the need to protect the delicate skin of babies. This product was designed to reduce skin irritation in order to prevent skin issues before they occur, thereby maintaining a healthy skin environment and enhancing peace of mind for parents. The tape-type diaper features a stool liquid absorption sheet with a two-layer structure, with the lower layer absorbing moisture from the loose stool of younger infants and preventing it from coming into contact with their skin. This helps to contain the stools and minimize adhesion to skin. Additionally, we have newly incorporated a “bottom fit guide” into the M-sized product, allowing anyone to easily and correctly place the diaper. This significantly enhances convenience by supporting the switch to the appropriate size and easy wearing. Furthermore, we introduced a new “happy bottom fit guide” design to bring joy and fun to childcare, with the aim of improving visibility while relieving the day-to-day burden of childcare and increasing satisfaction. For pants-type disposable diapers, we have not only incorporated moisturizing ingredients^{*1} to reduce friction on the skin but also adopted the use of an additive-free top sheet that is free from four ingredients^{*2} and introduced a blend of three types of natural botanical oils^{*3} that boast moisturizing and anti-inflammatory effects, thereby achieving a design that is gentle on the delicate skin of babies. Through these product developments, we have worked to further expand the high value-added market and strengthen our brand competitiveness.

For *MamyPoko* pants-type disposable diapers, we introduced our proprietary “glue-free technology” to larger sizes, revolutionizing both product value and environmental performance. Ultrasonic bonding reduces the use of hot-melt adhesives (HMA), thereby curbing approximately 1,300 tons of greenhouse gas emissions per year. Functionally, enhanced stretchability improves ease of wear and facilitates usage by infants up to 22 kg, earning positive reviews from the perspective of customer satisfaction. We seek to enhance our brand competitiveness and environmental value through sustainable manufacturing.

Overseas, we launched *MamyPoko Happy Pants* featuring ventilation holes in Thailand. To address concerns about moisture trapped in diapers due to Southeast Asia’s unique climate, we incorporated ventilation holes that combine aesthetics with leak-proof performance with the goal of keeping babies comfortable all day long. We have worked to improve customer satisfaction and revitalize markets by introducing highly breathable products that meet local needs. In Brazil, we relaunched *MamyPoko Fralda-Calça Dia&Noite* with a new 3D top sheet. In the expanding premium pants-type diapers market, we have worked to improve customer satisfaction and revitalize the market by strengthening the need for peace of mind throughout the night. We also launched the new XXXG size. This marks our entry into the expanding market for larger sizes for older babies. In Saudi Arabia, we launched *BabyJoy Tape (NB/S)*, which features a stool pocket to prevent leakage from the back, a major concern in the country. By incorporating our proprietary technology to prevent leakage from the back, a major concern for younger infants, we strengthened the brand’s competitive advantage in the entry-level market with the aim of improving customer satisfaction and revitalizing the market. In India, we relaunched *Gentle Coco care* by infusing *MamyPoko Pants All Night Absorb* with coconut oil. We have worked to alleviate skin concerns from the prolonged use of diapers during the growth phase of babies in India and revitalized the market. In China, we launched *moony Precious Soft Skin (L/XL/XXL)*. Compared to our past products, we reduced thickness by 30% and enhanced breathability by incorporating large 24 mm heart-shaped ventilation holes around the waist, with the aim of improving customer satisfaction. We also launched *moony Vicuna (XXXL/XXXXL)*. This marks our entry into the expanding market for larger sizes for older babies.

*1 Formulated to ensure a smooth sheet surface

*2 Free from petroleum-based oil, fragrance, latex and synthetic coloring

*3 Formulated with olive oil, jojoba oil and rice oil

- Research achievements

First, we conducted a large-scale study to identify sleep issues experienced by women. Through an industry-academia joint collaboration involving Nagoya University, Hiroshima University, IdeaLab Inc., Waseda University, University of Tsukuba, and S’UIMIN inc., we conducted a comparative study on sleep quality across life stages among Japanese women. The results revealed that mothers during the infant care period experience the most severe sleep issues. This finding was presented at the 49th Annual Meeting of Japanese Society of Sleep Research and is positioned as a socially significant achievement that points to the importance of supporting sleep improvement for both mothers and infants.

Second, we verified thermal comfort for the sleep environments of infants. Through joint research with Hiroshima University and Nagoya University, we elucidated the thermal characteristics of bedding that is suitable for infants with immature body temperature regulation functions. We confirmed that systems that combine a sleeper with a mattress with excellent heat dissipation reduce heat build-up, a risk factor for sudden infant death syndrome (SIDS), and contribute to improving the sleep environment during the critical period with increased secretion of melatonin, the hormone regulating our circadian rhythm. These research achievements were presented at World Sleep 2025

and the 34th Annual Meeting of the Japan Society of Sleep and Environments. The novelty and practical value of our research were positively received at the latter, where it received the “Best Research Presentation Encouragement Award.” Our achievements from this and other research projects have been utilized for the commercialization and functional enhancement of the infant bedding product *moony Bedding Set*.

As a result of the above, research and development expenses in the personal care business for the fiscal year under review totaled ¥11,273 million.

(2) Pet Care

As for research and development activities in the pet-care business, based on a business philosophy of “Creating a life-style filled with full of happiness for living all along with the mentally and physically healthy pets,” the Company develops pet food products at the Itami Plant of the Company in Hyogo, while pet toiletry products are developed in Kanonji-shi in Kagawa.

For cat food, we have responded to the strong desire of owners for the good health of their cats, particularly the high demand for good gut health. We first launched the *10 Kinds of Natural Ingredient* series under the *AllWell* brand of functional health food for cats, followed by the *Digestive Health Care* series under *Silver Spoon Three-Star Gourmet*, including *Silver Spoon Three-Star Gourmet Tailored Fragrant Fish*, with its fragrant, baked dry morsels that offer a satisfying crunch and aroma, and *Silver Spoon Three-Star Gourmet Fish Cream*, with fish-flavored cream coating the dry morsels and releasing its aroma and flavor with every bite. In addition, in the expanding cat snacks market, we responded to the demand for ever-popular dry snacks that offer various textures and flavors by launching *Silver Spoon Tuna Chips in Cookies*, which contain tuna chips and deliver three types of delicious flavors in each bite. We also launched under our cat snacks series *Silver Spoon Snacks that Make Cats Happy Kari-kari Rich Complete & Balanced Food Treats*, a new type of complete and balanced food treat with added health benefits that provides balanced nutrition essential for adult cats, as well as *Silver Spoon Treats Fish-flavored Cream Donuts Hair Balls Control*, which is formulated with dietary fiber to assist with excretion of hair swallowed by cats during grooming.

For dog food, we launched *Gran Deli Side Dish Style Pouch*, wet food for dogs reminiscent of human meals designed to bring joy to owners who wanted dog-food versions of their favorite dishes. This series includes six variations of popular side dishes that can be enjoyed by dogs based on their preferences, health condition, and mood, i.e., *Japanese-Style Simmered Meat and Potatoes*, *Pot-au-Feu Style*, *Japanese-Style Minced Meat*, *Stew Style*, *Minestrone Style* and *Steamed Egg Custard Style*.

Overseas, in the United States, we have started selling the cat snacks *Delectables Lickable Treat Gravy* and *Delectables Lickable Spoon* in physical stores, following their pre-sales on e-commerce platforms. *Gravy* offers a texture familiar to U.S. consumers and is strongly associated with the use of gravy as sauce, offering a new type of texture that can potentially overcome concerns about overfeeding. *Spoon* features a new container design that allows even users preferring dry snack who have avoided wet snacks due to concerns about getting their hands dirty to try such snacks with ease. In China, we launched *Golden Spoon Double Treasure Essence* to prioritize the desire of young pet owners for their cats to enjoy their meals. Using Silkie chicken as well as cod meat and extracts, our proprietary technology achieves high palatability and digestibility for this product. In Thailand, we launched dry food containing freeze-dried toppings and functional health products in response to the growing emphasis on health and movement toward all-natural food. Furthermore, in Thailand, we launched *OMAKASE*, a spoon-type premium pet food named after sushi restaurants that incorporates the use of carefully selected ingredients aimed at recreating a meal experience similar to human meals. In Indonesia, we launched four flavors of *Deli-Joy Stick* cat snacks designed to let cats experience the feeling of enjoying international cuisine together with their owners: Indonesian-style soup, Italian-style tuna and cheese pizza, Japanese-style sashimi, and American-style chicken wings.

For pet toiletry products, we launched *Deodorizing and Antibacterial Chip (Does Not Scatter*¹ Cat-shaped Chip/Easy to Get Used To Small Grain Type)* made from natural wood as a sand replacement line for *Deo-Toilet®* system litter boxes for cats. The *Cat-shaped Chip* features a unique design (patent pending) modeled after the face of a cat to minimize scattering outside the litter box, with our patented water-repellent technology preventing the chips from becoming soggy or breaking apart for approximately one month, thereby maintaining cleanliness. The product also boasts excellent antibacterial performance, capable of inhibiting the growth of odor-causing bacteria by 99.9%*². Furthermore, we launched *Deo-Sand® Paper Sand that Deodorizes with Fragrance RefF Pure Floral Scent*, which incorporates the use of polymer absorbent material recycled from used disposable diapers collected in Shibushi-shi and Osaki-cho, Kagoshima, as part of its raw materials. Through this, we have established a technology*³ capable of utilizing all materials from used disposable pants (disposable diapers). We are promoting sustainable product

development by achieving powerful deodorizing and solidification performance equivalent to those of existing products while reducing environmental impact.

As for absorbent wear for pets, we launched *Manner Wear Long Hours Comfortable Diapers Unisex M Size*, designed to fit a wide range of medium-sized dogs weighing 12 to 25 kg. Featuring a high-stretch waist gathering and wide-tape design, this product remains secure even during active movement. With up to 12 hours of absorption performance^{*4}, it provides peace of mind during extended outings. We also relaunched *Manner Wear Long Hours Comfortable Diapers for Male Dogs*, which now incorporates the new “fully elastic gathering” (our patented technology) that stretches up to 1.3 times around the girth for a comfortable fit. The improved “secure tape” enhances ease of wear, while the product has been refreshed with a loungewear-style design for greater ease of use indoors. (SSS features design changes only)

Overseas, we are expanding our diaper lineup in the Chinese market and are introducing new products such as cat litter tailored to regional needs, primarily in Asian countries such as Vietnam, Thailand and Indonesia. In the North American market, we introduced *Hartz® Comfitables® Dog Wraps*, a belly belt for male dogs under the *Hartz* brand. This product features a highly elastic waistband, a first in the market, that ensures a secure fit and stays in place even during vigorous movement. It also incorporates our proprietary FlashDry™ technology, which provides up to 12 hours of absorption performance. In view of the high number of large-sized dogs in the local market, we offer an L-sized product that can be used by dogs weighing up to 85 pounds (approx. 38.5 kg), as part of efforts to provide high value-added products that balance convenience with pet comfort.

*1 Compared to *Deo-Sand Paper Sand that Deodorizes Urine with Fragrance*

*2 Odor-causing bacteria refers to bacteria that trigger the release of ammonia from urine. Results are from an antibacterial test conducted by a third-party organization. Not all bacteria are inhibited.

*3 Refers to technology that allows for complete recyclability of disposable pants (disposable diapers), which are primarily composed of the three materials of pulp, plastic, and polymer absorbent material

*4 Based on the average 12-hour urine output of a healthy dog. Urine output may vary across individual dogs.

As a result of the above, research and development expenses in the pet care business for the fiscal year under review totaled ¥2,335 million.

(3) Other

The Company expanded product lines for business-use featuring non-woven fabric and absorbent material technologies.

As a result of the above, research and development expenses in other businesses for the fiscal year under review totaled ¥4 million.

III. Equipment and Facilities

1. Overview of capital investments

Capital investments by segment for the fiscal year under review are as follows.

The amounts include investments in property, plant and equipment, intangible assets, and right-of-use assets.

(1) Personal care

Capital investments totaling ¥27,919 million were made for the purposes of strengthening and rationalizing production of disposable diapers and feminine sanitary items, etc.

No significant disposals or sales, etc. of major facilities took place.

(2) Pet care

Capital investments totaling ¥5,113 million were made for the purpose of strengthening and rationalizing production of pet care-related products.

No significant disposals or sales, etc. of major facilities took place.

(3) Other

Capital investments totaling ¥378 million were made for the purpose of strengthening and rationalizing production of industrial materials.

No significant disposals or sales, etc. of major facilities took place.

2. Major facilities

Major facilities of the Group are as follows.

Carrying amounts are presented in conformity with IFRS.

(1) The Company

(As of December 31, 2025)

Facilities (Location)	Segment	Description	Carrying amount (Millions of Yen)					Land area (Thousands of m ²)	Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land	Other	Total		
Kagawa Technical Centre Engineering Centre (Kanonji-shi, Kagawa)	Personal care Pet care	R&D facilities	1,096	908	397	135	2,535	32	412 (171)

Notes: 1. "Other" includes right-of-use assets.

2. The figures in parentheses represent the average number of part-time employees during a year, and are not included in the number of full-time employees.

(2) Domestic subsidiaries

(As of December 31, 2025)

Company	Facilities (Location)	Segment	Description	Carrying amount (Millions of Yen)					Land area (Thousands of m ²)	Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land	Other	Total		
Unicharm Products Co., Ltd.	Shikoku Plant (Kanonji-shi, Kagawa)	Personal care	Facilities for manufacture of disposable diapers and feminine sanitary products, etc.	2,964	7,834	1,255	6,363	18,416	99	443 (73)
	Fukushima Plant (Tanagura-cho, Higashi-shirakawa-gun, Fukushima)	Personal care	Facilities for manufacture of disposable diapers and feminine sanitary products, etc.	2,995	7,576	2,139	113	12,824	128	299 (46)
	Shizuoka Plant (Kakegawa-shi, Shizuoka)	Personal care	Facilities for manufacture of disposable diapers and feminine sanitary products, etc.	2,280	2,653	1,498	21	6,452	83	242 (36)
	Kyushu Plant (Kanda-machi, Miyako-gun, Fukuoka)	Personal care	Facilities for manufacture of disposable diapers	11,432	9,090	3,525	43	24,089	160	54 (1)
	Itami Plant (Itami-shi, Hyogo)	Pet care	Facilities for manufacture of pet foods, etc.	383	982	1,105	51	2,520	13	46 (15)
	Mie Plant (Nabari-shi, Mie)	Pet care	Facilities for manufacture of pet toiletries, etc.	199	322	62	102	685	17	20 (1)
	Saitama Plant (Kamisato-machi, Kodama-gun, Saitama)	Pet care	Facilities for manufacture of pet foods, etc.	270	359	146	10	786	8	21 (6)

Notes: 1. "Other" includes right-of-use assets.

2. The figures in parentheses represent the average number of part-time employees during a year, and are not included in the number of full-time employees.

(3) Overseas subsidiaries

(As of December 31, 2025)

Company	Facilities (Location)	Segment	Description	Carrying amount (Millions of Yen)					Land area (Thousands of m ²)	Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land	Other	Total		
Unicharm India Private Ltd.	(Republic of India)	Personal care	Facilities for manufacture of disposable diapers and feminine sanitary products, etc.	19,454	20,737	–	3,980	44,171	540	1,155 (1)
Unicharm Gulf Hygienic Industries Co. Ltd.	(Kingdom of Saudi Arabia)	Personal care	Facilities for manufacture of disposable diapers and feminine sanitary products, etc.	6,886	18,648	424	3,902	29,861	119	2,739 (–)
Unicharm Consumer Products (China) Co., Ltd.	(People's Republic of China)	Personal care	Facilities for manufacture of disposable diapers and feminine sanitary products, etc.	3,222	6,202	–	4,262	13,686	133	1,239 (27)
PT UNI-CHARM INDONESIA Tbk	(Republic of Indonesia)	Personal care	Facilities for manufacture of disposable diapers and feminine sanitary products, etc.	4,602	4,772	1,463	1,160	11,996	355	1,938 (480)
Unicharm Consumer Products (Jiangsu) Co., Ltd.	(People's Republic of China)	Personal care	Facilities for manufacture of disposable diapers and feminine sanitary products, etc.	4,971	3,511	–	1,465	9,947	220	137 (–)

Notes: 1. "Other" includes right-of-use assets.

2. The figures in parentheses represent the average number of part-time employees during a year, and are not included in the number of full-time employees.

3. Plans for new additions or disposals

(1) New additions and renovations

With business operations in various countries, as of the end of the fiscal period under review, the Group has not made case-by-case decisions regarding construction and expansion of facilities per project. For this reason, figures are disclosed on a segment basis.

The Group's capital investment plans (new construction and expansion, etc.) for the following fiscal year as of December 31, 2025 are as follows.

Segment	Amount (Millions of Yen)	Description
Personal care	38,000	Facilities for manufacture of disposable diapers and feminine sanitary products, etc.
Pet care	2,000	Facilities for manufacture of pet foods, pet toiletries, etc.
Total	40,000	—

Note: Own funds will be appropriated for the above plans.

(2) Disposals and sales

Except for disposals and sales for renewing equipment and facilities on a recurring basis, there is no plan for significant disposals or sales.

IV. Corporate Information

1. Information on the Company's shares

(1) Total number of shares and other

1) Total number of shares

Type	Number of shares authorized to be issued (Shares)
Common shares	2,483,337,276
Total	2,483,337,276

2) Number of shares issued

Type	Number of shares issued		Stock exchanges on which the Company is listed	Description
	As of December 31, 2025 (Shares)	As of March 23, 2026 (filing date of this Annual Securities Report) (Shares)		
Common shares	1,862,502,957	1,862,502,957	Prime Market of the Tokyo Stock Exchange	The number of shares constituting a unit is 100
Total	1,862,502,957	1,862,502,957	–	–

(2) Status of the share acquisition rights

1) Stock option plans

Not applicable.

2) Right plans

Not applicable.

3) Status of other share acquisition rights

Not applicable.

(3) Exercise status of bonds with share acquisition rights containing a clause for exercise price adjustment

Not applicable.

(4) Changes in the number of shares issued and the amount of capital stock and other

Period	Changes in the total number of shares issued (Shares)	Balance of the total number of shares issued (Shares)	Changes in capital stock (Millions of Yen)	Balance of capital stock (Millions of Yen)	Changes in legal capital surplus (Millions of Yen)	Balance of legal capital surplus (Millions of Yen)
January 1, 2025 (Note)	1,241,668,638	1,862,502,957	–	15,993	–	18,591

Note: The number of shares issued increased by 1,241,668,638 shares with a three shares per one stock split of common shares undertaken on January 1, 2025.

(5) Details by shareholder classification

(As of December 31, 2025)

Classification	Status of shares (1 unit = 100 shares)								Shares less than one unit
	National and local governments	Financial institutions	Japanese financial instruments business operators	Other corporations	Foreign shareholders		Individuals and other	Total	
					Other than individuals	Individuals			
Number of shareholders (Persons)	–	61	58	581	736	318	97,886	99,640	–
Number of shares held (Units)	–	3,714,282	417,637	6,093,571	5,688,586	2,760	2,703,230	18,620,066	496,357
Shareholding ratio (%)	–	19.95	2.24	32.73	30.55	0.01	14.52	100.00	–

Note: Treasury shares of 122,577,638 shares are included in “Individuals and other” at 1,225,776 units, and in “Shares less than one unit” at 38 shares. The number of shares held by substantial shareholders as of the last day of the fiscal period is the same.

(6) Major shareholders

(As of December 31, 2025)

Name	Address	Number of shares held (Thousands of shares)	Number of shares held as a percentage of total shares issued (excluding treasury shares) (%)
Unitec Corporation	4087-24, Kawanoe-cho, Shikokuchuo-shi, Ehime	464,870	26.72
The Master Trust Bank of Japan, Ltd. (Trust account)	Akasaka Intercity AIR, 1-8-1, Akasaka, Minato-ku, Tokyo	174,952	10.06
Takahara Kikin K.K.	3-2-34, Shirokanedai, Minato-ku, Tokyo	84,240	4.84
Custody Bank of Japan, Ltd. (Trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	61,467	3.53
The Iyo Bank, Ltd. (standing proxy: Custody Bank of Japan, Ltd.)	1, Minamihoribata-cho, Matsuyama-shi, Ehime (1-8-12, Harumi, Chuo-ku, Tokyo)	45,900	2.64
Nippon Life Insurance Company (standing proxy: The Master Trust Bank of Japan, Ltd.)	1-6-6, Marunouchi, Chiyoda-ku, Tokyo (Akasaka Intercity AIR, 1-8-1, Akasaka, Minato-ku, Tokyo)	36,566	2.10
JP MORGAN CHASE BANK 385864 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (SHINAGAWA INTERCITY A, 2-15-1, Konan, Minato-ku, Tokyo)	30,662	1.76
STATE STREET BANK AND TRUST COMPANY 505223 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. (SHINAGAWA INTERCITY A, 2-15-1, Konan, Minato-ku, Tokyo)	28,539	1.64
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	240 GREENWICH STREET NEW YORK, NEW YORK 10286 U.S.A. (SHINAGAWA INTERCITY A, 2-15-1, Konan, Minato-ku, Tokyo)	23,490	1.35
STATE STREET BANK AND TRUST COMPANY 505001 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE1, BOSTON, MASSACHUSETTS (SHINAGAWA INTERCITY A, 2-15-1, Konan, Minato-ku, Tokyo)	19,217	1.10
Total	—	969,903	55.74

Notes: 1. The Company holds 122,578 thousand shares of treasury shares. As they have no voting rights, those shares are excluded from the above list of major shareholders.

2. In the report on major shareholders made public on June 16, 2025, MUFG Bank, Ltd. and its joint owners Mitsubishi UFJ Trust and Banking Corporation, Mitsubishi UFJ Asset Management Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., First Sentier Investors (Australia) IM Ltd., and First Sentier Investors (Australia) RE Ltd. are listed as shareholders as of June 9, 2025, as detailed below. But the Company was unable to confirm the number of shares actually held by them as of December 31, 2025. Accordingly, details of these major shareholders are not included here.

Reported details of these major shareholders are as follows.

Name of company	Location	Number of shares held (Shares)	Ratio of shares held (%)
MUFG Bank, Ltd.	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	8,122,356	0.44
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	27,301,300	1.47
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1, Higashi Shinbashi, Minato-ku, Tokyo	10,931,600	0.59
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2, Otemachi, Chiyoda-ku, Tokyo	16,933,116	0.91
First Sentier Investors (Australia) IM Limited	Level 5, Tower Three International Towers Sydney, 300 Barangaroo Avenue, Barangaroo, NSW 2000, Australia	19,183,400	1.03
First Sentier Investors (Australia) RE Limited	Level 5, Tower Three International Towers Sydney, 300 Barangaroo Avenue, Barangaroo, NSW 2000, Australia	2,407,000	0.13

(7) Status of voting rights

1) Shares issued

(As of December 31, 2025)

Classification	Number of shares (Shares)	Number of voting rights (Units)	Description
Non-voting shares	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares, etc.)	(Treasury shares) Common shares 122,577,600	–	Standard common shares of the Company without any restriction
Shares with full voting rights (Other)	Common shares 1,739,429,000	17,394,290	Same as above
Shares less than one unit	Common shares 496,357	–	Same as above
Total shares issued	1,862,502,957	–	–
Total voting rights held by all shareholders	–	17,394,290	–

Note: “Shares less than one unit” include 38 shares of treasury shares held by the Company.

2) Treasury shares, etc.

(As of December 31, 2025)

Shareholders	Addresses of shareholders	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total shares held (Shares)	% of interest in number of shares issued (%)
(Treasury shares) Unicharm Corporation	182, Shimobun, Kinsei-cho, Shikokuchuo-shi, Ehime	122,577,600	–	122,577,600	6.58
Total	–	122,577,600	–	122,577,600	6.58

2. Acquisition of treasury shares

Class of shares: Acquisition of common shares under Article 155, Item 3, Article 155, Item 7, and Article 155, Item 13 of the Companies Act

(1) Acquisition of treasury shares based on a resolution at the General Meeting of Shareholders

Not applicable.

(2) Acquisition of treasury shares based on a resolution by the Board of Directors

Acquisition under Article 155, Item 3 of the Companies Act

Classification	Number of shares (Shares)	Total amount (Yen)
Resolution at the Board of Directors meeting (February 13, 2025) (Period of acquisition: From February 14, 2025 to December 18, 2025)	25,000,000	22,000,000,000
Treasury shares acquired before the fiscal year under review	–	–
Treasury shares acquired during the fiscal year under review	20,019,800	21,999,977,216
Total number and value of remaining shares subject to the resolution	4,980,200	22,784
Percentage of un-exercised acquisition as of the last day of the fiscal year under review (%)	19.92	0.00
Treasury shares acquired during the period	–	–
Ratio of un-exercised acquisition as of the date of filing (%)	19.92	0.00

Classification	Number of shares (Shares)	Total amount (Yen)
Resolution at the Board of Directors meeting (February 12, 2026) (Period of acquisition: From February 13, 2026 to December 17, 2026)	30,000,000	19,000,000,000
Treasury shares acquired before the fiscal year under review	–	–
Treasury shares acquired during the fiscal year under review	–	–
Total number and value of remaining shares subject to the resolution	–	–
Percentage of un-exercised acquisition as of the last day of the fiscal year under review (%)	–	–
Treasury shares acquired during the period	8,676,400	8,929,612,898
Ratio of un-exercised acquisition as of the date of filing (%)	71.08	53.00

Notes: 1. Treasury shares acquired are stated on a transfer date basis.

2. Treasury shares acquired during the period does not include the number of shares acquired pursuant to the resolution during the period from March 1, 2026 to the filing date of this Annual Securities Report.

(3) Acquisition of treasury shares not based on a resolution at the General Meeting of Shareholders or on a resolution by the Board of Directors

Acquisition under Article 155, Item 7 of the Companies Act

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired during the fiscal year under review	1,412	1,706,980
Treasury shares acquired during the period	–	–

Note: Treasury shares acquired during the period does not include the number of shares less than one unit purchased during the period from March 1, 2026 to the filing date of this Annual Securities Report.

Acquisition under Article 155, Item 13 of the Companies Act

Classification	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired during the fiscal year under review	61,080	53,960,500
Treasury shares acquired during the period	–	–

Note: The treasury shares acquired during the fiscal year under review was acquired through the restricted share-based remuneration plan.

(4) Current status of the disposition and holding of acquired treasury shares

Classification	Fiscal year under review		The period	
	Number of shares (Shares)	Total disposition amount (Yen)	Number of shares (Shares)	Total disposition amount (Yen)
Treasury shares acquired for which subscribers were solicited (Note 1)	248,400	287,150,400	–	–
Treasury shares acquired that were cancelled	–	–	–	–
Treasury shares acquired for which transfer of shares was conducted in association with merger/share exchange/share delivery/company split	–	–	–	–
Other (Note 2)	650,000	752,700,000	–	–
Number of treasury shares held (Note 3)	122,577,638	–	131,254,038	–

Notes: 1. The detail of the disposition for the fiscal year under review is the disposal of treasury shares as restricted share-based remuneration (number of shares: 248,400, total disposition amount: ¥287,150,400).

2. “Other” includes disposal through third-party allotment for the purpose of contributing to the SDGs by supporting the activities of Shinagawa Joshi Gakuin.

3. Number of treasury shares held during the period does not include the increase and decrease in the number of shares due to acquisition of shares, and purchase and transfer by sale of shares less than one unit from March 1, 2026 to the filing date of this Annual Securities Report.

3. Dividend policy

The Company recognizes that one of its most important management policies is to return profits to shareholders, and it is striving to increase corporate value by generating cash flows to achieve this goal. In the fiscal year under review, while prioritizing business investments to achieve sustainable growth, the Company has aimed to enhance profit returns by implementing stable and continuous dividends based on the medium- to long-term growth of consolidated performance. Additionally, the Company flexibly acquired treasury shares as needed. With a target of achieving a total payout ratio of over 50%, the Company has been committed to enhancing shareholder returns.

Based on Article 459, Paragraph 1, Item 4 of the Companies Act, the details of distribution of surplus, etc., are decided by resolution of the Board of Directors, as provided in the Articles of Incorporation, and the Board of Directors handles decision-making regarding dividend payments. The basic policy of the Company is to pay dividends from surplus twice annually, at the end of the interim period and the end of the fiscal year.

The annual dividend for the fiscal year under review was ¥18, comprising a year-end dividend of ¥9 per share, in addition to a ¥9 per share dividend for the end of the interim period. This is the 24th consecutive period of an increase in dividends, with a dividend on equity attributable to owners of parent (DOE) being 4.0%.

Dividends from surplus based on a resolution approved by the Board of Directors for which the record date belongs to the fiscal year ended December 31, 2025 are as follows:

Date of resolution	Total dividend amount (Millions of Yen)	Dividend per share (Yen)
August 5, 2025	15,749	9.0
February 12, 2026	15,659	9.0

Board of Directors

The Board of Directors of the Company comprises six Directors, one of whom is a Representative Director, and two of whom are Outside Directors. The Board of Directors has the authority on such matters as decisions on the basic management policies, establishment of internal control systems and other major decision-making in business execution and establishes an environment where management can make appropriate decisions at the right time by playing the functions such as decisions on the medium- to long-term direction and the supervision on execution, and by offering advice from various internal and external perspectives.

Members	Representative Director	Takahisa Takahara	(Chairperson)
	Director	Kenji Takaku	
	Director	Tetsuya Shite	
	Outside Director	Hiroaki Sugita	
	Outside Director	Noriko Rzonca	
	Director	Shigeru Asada	

The Board of Directors met nine times during the fiscal year under review to discuss the Medium-term Management Plan, budgets and financial results, organizational change, appointment and dismissal of Directors and Executive Officers, along with the activities, etc. of the ESG Committee, the Corporate Ethics Committee, the Internal Control Committee, and the Information Security Committee. The table below shows the attendance of the Directors.

Name	Number of meetings held	Number of meetings attended
Takahisa Takahara	9 times	9 times (100%)
Toshifumi Hikosaka	3 times	3 times (100%) *1
Kenji Takaku	9 times	9 times (100%)
Tetsuya Shite	6 times	6 times (100%) *2
Hiroaki Sugita	9 times	9 times (100%)
Noriko Rzonca	9 times	9 times (100%)
Shigeru Asada	9 times	9 times (100%)

*1 This figure indicates Toshifumi Hikosaka's attendance at meetings of the Board of Directors held before he retired on March 19, 2025.

*2 This figure indicates Tetsuya Shite's attendance at meetings of the Board of Directors held since he assumed office on March 19, 2025.

Audit and Supervisory Committee

The Audit and Supervisory Committee of the Company comprises three Directors, two of whom are Outside Directors, and one of whom is a full-time Audit and Supervisory Committee Member. The reason for the appointment of a full-time Audit and Supervisory Committee Member is that the effectiveness of audits carried out by the Audit and Supervisory Committee will be enhanced based on information obtained through having someone well-versed in internal matters participate in major meetings, etc. other than the Board of Directors meetings, and closely cooperate with the internal auditing department, etc.

Members	Outside Director	Hiroaki Sugita	
	Outside Director	Noriko Rzonca	
	Director	Shigeru Asada	(Chairperson of the Committee) (Full time)

For activities of the Audit and Supervisory Committee during the fiscal year under review, please refer to “(3) Audit 1) Audit by the Audit and Supervisory Committee II Activities of the Audit and Supervisory Committee.”

Nomination Committee

The Company has voluntarily established the Nomination Committee for the purpose of ensuring transparency and objectivity of the nominations of Director candidates and the appointments of Executive Officers. The Nomination Committee has the authority to deliberate on (1) proposals concerning appointment and dismissal of Directors to be submitted to General Meetings of Shareholders, (2) appointment and dismissal of Representative Directors, and (3) proposals concerning appointment and dismissal of Executive Officers and appointment and dismissal of Senior Executive Officers.

Members	Outside Director	Hiroaki Sugita	(Chairperson)
	Outside Director	Noriko Rzonca	
	Representative Director	Takahisa Takahara	
	Director	Shigeru Asada	

The Nomination Committee met once during the fiscal year under review to discuss candidates for Directors and Executive Officers, among other items. The table below shows the attendance of the Committee Members.

Name	Number of meetings held	Number of meetings attended
Hiroaki Sugita	1 time	1 time (100%)
Noriko Rzonca	1 time	1 time (100%)
Takahisa Takahara	1 time	1 time (100%)
Shigeru Asada	1 time	1 time (100%)

Compensation Committee

The Company has voluntarily established the Compensation Committee for the purpose of ensuring transparency and objectivity of remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers. The Compensation Committee has the authority to deliberate on (1) proposals concerning remuneration, etc. of Directors to be submitted to General Meetings of Shareholders, (2) policies concerning decisions on remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers, and (3) evaluation indicators and evaluation results concerning decisions on remuneration, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers.

Members	Outside Director	Hiroaki Sugita	(Chairperson)
	Outside Director	Noriko Rzonca	
	Representative Director	Takahisa Takahara	
	Director	Shigeru Asada	

The Compensation Committee met once during the fiscal year under review to discuss Director and Executive Officer performance evaluation, and remuneration for Directors and Executive Officers, among other items. The table below shows the attendance of the Committee Members.

Name	Number of meetings held	Number of meetings attended
Hiroaki Sugita	1 time	1 time (100%)
Noriko Rzonca	1 time	1 time (100%)
Takahisa Takahara	1 time	1 time (100%)
Shigeru Asada	1 time	1 time (100%)

<Reasons for adopting the system>

(Role of the Board of Directors)

The Company believes that the following functions performed by the Board of Directors will lead to the establishment of an environment where the management can make appropriate decisions at the right time, and eventually to greater corporate value.

- Decision-making on medium- to long-term directions
- Offering advice to the management from various internal and external perspectives
- Supervising transparent and fair decision-making processes through major decision-making in business execution and deliberations on reported matters

The Company has Internal Directors and Executive Officers who on the whole are highly skilled professionals in its business domains. With the premise that these Internal Directors and Executive Officers have technical discussions, the Board of Directors supervises each of the discussion processes. It also makes decisions on medium- to long-term directions and offers advice from various perspectives, thereby performing the functions in its role.

(Composition of the Board of Directors)

The Board of Directors is composed to be an appropriate size in order to ensure thorough deliberations so that it plays the role stated above. The Company focuses on appointing Outside Directors whose forte is in the fields that are strategically important for the Company, and whose advice offered from an external perspective has particularly great significance. We also believe that having a certain proportion of Internal Directors appointed prevents any impediment to proper risk-taking and an incentive to provide information to the Board of Directors, leading to stronger decision-making and advisory functions. We focus on supervising the transparency and fairness of our decision-making process to establish suitable supervision by Internal Directors and Outside Directors in collaboration.

(Audit and Supervisory Committee)

A company with audit and supervisory committee is where Audit and Supervisory Committee Members are involved in decision-making and offering advice as Directors. The Company has decided that having the committee is right for it because the system is suitable for the Board of Directors to supervise transparent and fair decision-making processes. The Company's Articles of Incorporation do not prescribe that major decision-making in business execution may be delegated to Directors according to Article 399-13, Paragraph 6 of the Companies Act, and thus any major decision-making in business execution is proposed to the Board of Directors.

(Nomination Committee and Compensation Committee)

The Company has voluntarily established the Nomination Committee and the Compensation Committee to ensure transparency and objectivity in the nomination of candidates for Directors and Executive Officers and in the determination of their compensation. To prevent any impediment to proper risk-taking and an incentive to provide information to the Board of Directors while ensuring the transparency and objectivity of appointment and remuneration, we have decided that the current Committee chaired by an Outside Director has the right composition, with Internal Directors and Outside Directors comprising 50% each.

3) Other matters concerning corporate governance

I Status of establishment of internal control systems

The Company has the internal control system in place in accordance with the following basic policy.

1. Compliance System

- In Unicharm Ideals and the charter of action, the policy for compliance shall be specified.
- Training shall be provided so that officers and employees can acquire necessary knowledge.
- Regular monitoring on compliance awareness shall be conducted.
- Audits by the Internal Audit Department independent of the audited department shall be conducted.
- Whistleblowing contacts shall be established for problem recognition at an early stage.
- The Company shall cut off any relationships with anti-social forces. The Company shall also strive to prevent any forms of corruption, including extortion and bribery.

2. System of Retention and Management of Information

- Information about the execution of duties of Directors shall be properly retained and managed, considering confidentiality, integrity and availability, and compliance with laws and regulations, if they are enacted.

3. Risk Management System

- Roles and responsibilities related to risk management shall be clarified.
- Proper consideration shall be made for assumed risks in decision-making.
- Regarding the material risks of management, the Company shall construct a system to handle countermeasures across the entire company.
- The Company shall prepare organizations and systems and plan for corresponding risks.
- Audits of risk management process shall be conducted.

4. System to Ensure Efficiency of Performance of Duties

- By clarifying the roles and responsibilities related to the performance of duties, duplication shall be eliminated and expeditious decision-making shall be realized.
- Management approaches ensuring efficiency of performance of duties shall be adopted and carried out.
- Consistent strategies and plans shall be developed at various levels from the entire Group to field sites.

- Management strategies shall be flexibly reviewed, corresponding to changes in the business environment.
- Streamlining of business shall be vigorously promoted.

5. Group Management System

- It shall be the basic policy for domestic and overseas Group companies to carry out autonomous management at their own responsibility.
- Regarding the compliance system, risk management system, system to ensure the efficiency of performance of duties, the matters to be commonly applied to the domestic and overseas Group companies shall be clarified and such systems shall be constructed.
- Matters to be reported to the Company by domestic and overseas Group companies and to obtain approval of the Company shall be clearly specified.
- Transactions among the Group companies shall be made properly.
- Proper monitoring and supervision of the domestic and overseas Group companies shall be conducted.
- Effective audits of the domestic and overseas Group companies shall be conducted.

6. Employee Assigned to Assist the Audit and Supervisory Committee

- An employee assisting the Audit and Supervisory Committee shall be assigned to assist the duties of the Audit and Supervisory Committee.
- Independence of the employee assisting the Audit and Supervisory Committee from Directors other than the Audit and Supervisory Committee Members shall be ensured.
- Effectiveness of instructions of the Audit and Supervisory Committee on the employee assisting the Audit and Supervisory Committee shall be ensured.

7. Systems of Reporting to the Audit and Supervisory Committee

- Systems in which the Audit and Supervisory Committee can receive reports from the related persons and the Audit and Supervisory Committee can obtain cooperation of the related persons when the Audit and Supervisory Committee Members investigate the status of business and assets, shall be established.
- Systems for reporting to the Audit and Supervisory Committee of facts which might cause significant damage to the Company shall be established.
- Systems for reporting to the Audit and Supervisory Committee by the full-time Audit and Supervisory Committee Member shall be established.
- Systems for reporting to the Audit and Supervisory Committee by Accounting Auditor and Internal Audit Department shall be established.
- Systems which ensure that the person reporting to the Audit and Supervisory Committee shall not be unfairly treated shall be established.

8. Other Systems to Ensure the Effectiveness of Audit by the Audit and Supervisory Committee

- Access to the internal information by the Audit and Supervisory Committee Members shall be ensured.
- Collaboration among an Accounting Auditor, Internal Audit Department and Auditors of Group companies shall be ensured.
- Exchanges of information and opinions with officers other than the Audit and Supervisory Committee Members shall be conducted.
- Expenses required for performance of duties of the Audit and Supervisory Committee Members shall be borne by the Company.
- Collaboration with external experts shall be made possible as necessary.

II Overview, etc. of a liability insurance contract for directors and officers, etc.

The Company has entered into a liability insurance contract with an insurance company for directors and officers, etc., as stipulated in Article 430-3, Paragraph 1 of the Companies Act, to cover damages that may arise from the insured, including Directors of the Company, assuming responsibility for the execution of their duties or receiving claims related to the pursuit of such responsibility. However, the coverage excludes the events of the insured receiving private profits or benefits illegally, criminal acts by the insured, acts of the insured carried out with recognition of a violation of a law, and other events. The Company pays all insurance premiums, and in effect the insured is not responsible for the insurance premium.

III Number of Directors

The Company stipulates in its Articles of Incorporation that the number of Directors of the Company (excluding Audit and Supervisory Committee Members) shall be fifteen or less and Directors who are Audit and Supervisory Committee Members of the Company shall be three or less.

IV Requirement of a resolution for electing Directors

The Company stipulates in its Articles of Incorporation that a resolution for the election of Directors, in distinction between Directors who are Audit and Supervisory Committee Members and Directors who are not, shall be adopted by a majority vote of shareholders present holding not less than one-third (1/3) of the shares with voting rights held by shareholders entitled to exercise their voting rights. In addition, the Company stipulates in its Articles of Incorporation that a resolution for the election of Directors shall not be adopted by a cumulative vote.

V Requirement of a special resolution at the General Meeting of Shareholders

For the purpose of ensuring that the General Meeting of Shareholders is operated smoothly, the Company stipulates in its Articles of Incorporation that a special resolution at the General Meeting of Shareholders, stipulated in Article 309, Paragraph 2 of the Companies Act, shall be adopted by a two-thirds (2/3) vote of shareholders present holding not less than one-third (1/3) of the shares with voting rights held by shareholders entitled to exercise their voting rights.

VI Decision-making body for dividend of surplus, etc.

To ensure flexible capital and dividend policy, the Company stipulates in its Articles of Incorporation that dividends from surplus and other matters laid down in Article 459, Paragraph 1 of the Companies Act are subject to resolution of the Board of Directors, not of the General Meeting of Shareholders, except where special provisions laid down by laws and regulations apply.

(2) Directors

1) List of Directors

5 males, 1 female (female ratio of 16.7%)

Title	Name	Date of birth	Career profile		Term of office	Number of shares owned (Thousands)
Representative Director, President & CEO	Takahisa Takahara	July 12, 1961	April 1991 June 1995 April 1996 June 1997 April 1998 October 2000 June 2001 June 2004	Joined the Company Director Director, General Manager of Procurement Division and Deputy General Manager of International Division Senior Director Senior Director, General Manager of Feminine Hygiene Business Division Senior Director, Responsible for Management Strategy Representative Director, President Representative Director, President & CEO (to present)	(Note 2)	11,642.9
Director, Senior Management	Kenji Takaku	October 5, 1960	April 1983 April 1997 October 2000 April 2002 October 2005 April 2008 December 2014 July 2017 January 2022 March 2023 July 2023 January 2024 January 2025 February 2026	Joined the Company Marketing Director of Sanitary Business Group, Marketing Division Director of Marketing Department, Baby Care Business Division Deputy Managing Director and General Manager of Marketing Department, Shanghai Unicharm Co., Ltd. Deputy General Manager of Global Marketing Division and Department Manager of Feminine Care SBU Executive Officer and General Manager of Global Marketing Division Managing Executive Officer and General Manager of Global Marketing Division, Country President, UNICHARM DO BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS DE HIGIENE LTDA. Managing Executive Officer, Managing Director, Unicharm India Private Ltd. Senior Managing Executive Officer, Co-Chief Marketing Officer (CMO), Chairman, Unicharm India Private Ltd., Responsible for Unicharm Gulf Hygienic Industries Co. Ltd. and Unicharm Middle East & North Africa Hygienic Industries Company S.A.E. Director, Senior Managing Executive Officer, Marketing, Sales Director, Senior Managing Executive Officer, Responsible for Lifetime Value Promotion Department Director, Senior Managing Executive Officer, Responsible for Uni-Charm Corporation Sdn. Bhd. Director, Senior Management, Co-Chief Marketing Officer (CMO), Marketing, Sales Director, Executive Management, Responsible for PT UNI-CHARM INDONESIA Tbk and DSG International (Thailand) Public Company Limited (to present)	(Note 2)	105.7

Title	Name	Date of birth	Career profile		Term of office	Number of shares owned (Thousands)
Director, Senior Managing Executive Officer, Co-Chief Inclusion Officer (CIO)	Tetsuya Shite	August 16, 1962	<p>April 1985 April 1993 April 2010 January 2016 January 2019 January 2021 January 2022 January 2024 March 2025</p>	<p>Joined the Company Sales Division, Sales Planning Department Deputy General Manager of Global Human Resources & Administration Division Executive Officer, General Manager of Global Human Resources & Administration Division Executive Officer, General Manager of Global Human Resources & Administration Division, General Manager of CSR Division, Department Manager of Corporate Ethics Office Managing Executive Officer, Chief Quality Officer (CQO), General Manager of Global Human Resources & Administration Division, Responsible for ESG Division, Customer Communication Center and Global Quality Assurance Department Senior Managing Executive Officer, Co-Chief Inclusion Officer (CIO), General Manager of Corporate Planning Division, Responsible for Customer Communication Center and Global Quality Assurance Department Senior Managing Executive Officer, Co-Chief Inclusion Officer (CIO), General Manager of Global Human Resources & Administration Division, Responsible for Secretary Office (to present) Director, Senior Managing Executive Officer, Co-Chief Inclusion Officer (CIO) (to present)</p>	(Note 2)	71.4
Director (Audit and Supervisory Committee Member)	Hiroaki Sugita	February 14, 1961	<p>April 1983 April 1994 January 2001 November 2006 May 2007 January 2014 January 2016 January 2021 March 2021 March 2022 January 2023 October 2024 June 2025</p>	<p>Joined JAPAN TRAVEL BUREAU Inc. (currently JTB Corp.) Joined the Boston Consulting Group (currently Boston Consulting Group LLC) Partner & Managing Director Supervisor of Japan Office Senior Partner & Managing Director Asia Pacific Client Team Leader Japan Co-chair Managing Director & Senior Partner Outside Director of the Company (Audit and Supervisory Committee Member) (to present) Outside Director of Kaizen Platform, Inc. Senior Advisor, Boston Consulting Group LLC (to present) Independent Director, Luup, Inc. (to present) Outside Director, Calbee, Inc. (to present) Outside Director, ExaWizards Inc. (to present)</p>	(Note 3)	18.0

Title	Name	Date of birth	Career profile	Term of office	Number of shares owned (Thousands)	
Director (Audit and Supervisory Committee Member)	Noriko Rzonca	July 16, 1968	November 2000	(Note 3)	11.0	
			May 2005			Joined Allstate Insurance Company in the U.S. Associate Market Manager at Marketing Analytics, W.W. Grainger, Inc. in the U.S.
			June 2006			Deputy Head of Marketing Business Analytics, CFJ G.K.
			May 2008			Head of Consumer Marketing Business Analytics Department, Nikko Citi Business Services Inc. (currently Citigroup Services Japan G.K.)
			September 2008			Vice President of Decision Management at Retail Banking Division, Citibank Japan Ltd. (dissolved in October 2017)
			May 2014			Marketing Director, Aegon Direct and Affinity Marketing Services Co., Ltd. (currently Aegon Insight Japan Co., Ltd.)
			May 2015			AVP, Head of Advanced Data Analytics Department, MetLife Insurance K.K.
			November 2017			Executive Officer, Head of Data Analytics Department and Responsible for CX Design Department, Sony Bank Incorporated
			June 2019			Executive Officer, Head of Marketing Science Department and Responsible for Content Planning Department
			April 2020			Executive Officer, Responsible for DX Strategy Department and Content Planning Department
			April 2021			Executive Officer, Head of Content Planning Department and Responsible for DX Strategy Department
			November 2021			Executive Officer, Chief Digital Officer (CDO), Head of Corporate DX Strategy Department, Cosmo Energy Holdings Co., Ltd.
			April 2022			Senior Executive Officer, Chief Digital Officer (CDO), Responsible for Corporate DX Strategy Department, Corporate Communication Department, and IT Initiative Department (to present)
			March 2023			Outside Director of the Company (Audit and Supervisory Committee Member) (to present)

Title	Name	Date of birth	Career profile		Term of office	Number of shares owned (Thousands)
Director (Audit and Supervisory Committee Member)	Shigeru Asada	March 20, 1949	April 1973	Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)	(Note 3)	10.0
			March 1994	Managing Director Chief Financial Officer of Panasonic Do Brasil Limitada		
			April 1999	General Manager (tax) of Corporate Accounting Department of Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)		
			April 2004	Managing Director Chief Financial Officer of Panasonic Europe Co., Ltd.		
			April 2006	Director General Manager of Internal Auditing Department of Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)		
			April 2009	Standing Corporate Auditor of IPS Alpha Technology, Ltd. (Dissolved in September 2023)		
			February 2013	Advisor for the Office of Audit and Supervisory Committee Member of the Company		
			April 2013	Executive Officer, General Manager of Accounting Control and Finance Division		
			March 2017	Director (Audit and Supervisory Committee Member)		
			April 2019	Advisor, Audit and Supervisory Committee Office		
			March 2021	Director (Audit and Supervisory Committee Member) (to present)		
Total						11,858.9

Notes: 1. Directors (Audit and Supervisory Committee Members) Hiroaki Sugita and Noriko Rzonca are Outside Directors.

2. For one year from the conclusion of the Ordinary General Meeting of Shareholders held on March 19, 2026

3. For two years from the conclusion of the Ordinary General Meeting of Shareholders held on March 19, 2025

2) Outside Directors

The Company appoints two Outside Directors. No interpersonal, capital- or transaction-based, or any other noteworthy conflicts of interest exist between the Company and these Outside Directors or any other company where these Outside Directors may serve as executives.

The Company appoints Independent Outside Directors who meet the “Standards for Appointment of Independent Directors” stipulated by the Company as Outside Directors who are Audit and Supervisory Committee Members. The details of the “Standards for Appointment of Independent Directors” of the Company are as follows.

1. In order for a Director of the Company to be recognized as being independent (hereinafter “Independent Director”), the Director must not be an executive Director, Executive Officer, manager or other employee of the Company (collectively “Executive Directors, etc.”) and must not be an Executive Director, etc. of the Company during the past 10 years before assuming office (however, for any Director who has once been a non-executive Director (meaning a Director who is not executive director; hereinafter the same shall apply), Auditor, or accounting advisor of the Company at any time during the past 10 years before assuming office, during the past 10 years before assuming such a position).
2. In order for a Director of the Company to be recognized as Independent Director, the Director must not be an Executive Director, etc. of any current subsidiary of the Company and must not be an Executive Director, etc. of the subsidiary during the past 10 years before assuming office (however, for any Director who has once been a non-executive director, auditor, or accounting advisor of the subsidiary at any time during the past 10 years before assuming office, during the past 10 years before assuming such a position).
3. In order for a Director of the Company to be recognized as Independent Director, the Director must not fall under any of the following items:
 - (i) a current principal shareholder of the Company or any of its subsidiaries (meaning a shareholder who holds 10% or more of the voting rights; hereinafter the same shall apply), or, if the principal shareholder is a corporation, director, auditor, accounting advisor, operating officer, associate officer, executive officer, or manager or other employee of the principal shareholder, its parent company, or important subsidiary;

- (ii) a person who has once been a director, auditor, accounting advisor, operating officer, associate officer, executive officer, or manager or other employee of a current principal shareholder, its parent company or important subsidiary of the Company or any of its subsidiaries in the recent five years; or
 - (iii) a director, auditor, accounting advisor, operating officer, executive officer, or manager or other employee of a corporation for which the Company or any of its subsidiaries is currently a principal shareholder.
4. In order for a Director of the Company to be recognized as Independent Director, the Director must not fall under any of the following items:
- (i) an entity whose major business partner is the Company or any of its subsidiaries (meaning an entity that has received payments from the Company or any of its subsidiaries, equivalent to 2% or more of its annual consolidated gross sales for the most recent fiscal year; hereinafter the same shall apply) or its parent company or important subsidiary, or, if any of the foregoing is a corporation, its executive director, operating officer, executive officer, or manager or other employee;
 - (ii) an entity whose major business partner was the Company or any of its subsidiaries (meaning an entity that received payments from the Company or any of its subsidiaries, equivalent to 2% or more of its annual consolidated gross sales for the most recent fiscal year; hereinafter the same shall apply) or its parent company or important subsidiary, or, if any of the foregoing is a corporation, its executive director, operating officer, executive officer, or manager or other employee, in any fiscal year among the three fiscal years prior to the most recent fiscal year;
 - (iii) an entity who is a major business partner of the Company or any of its subsidiaries (meaning an entity that has made payments to the Company or its subsidiaries, equivalent to 2% or more of annual consolidated gross sales for the most recent fiscal year of the Company; hereinafter the same shall apply) or its parent company or important subsidiary, or, if any of the foregoing is a corporation, its executive director, operating officer, executive officer, or manager or other employee;
 - (iv) an entity who was a major business partner of the Company or any of its subsidiaries (meaning an entity that made payments to the Company or its subsidiaries, equivalent to 2% or more of annual consolidated gross sales for the most recent fiscal year of the Company; hereinafter the same shall apply) or its parent company or important subsidiary, or, if any of the foregoing is a corporation, its executive director, operating officer, executive officer, or manager or other employee, in any fiscal year among the three fiscal years prior to the immediately preceding fiscal year; or
 - (v) an associate officer (limited to a person who executes business) or other person who executes business (meaning an officer, member or employee who executes business of an organization described below; hereinafter the same shall apply) of the organization (for example, public interest incorporated foundation, public interest incorporated association, non-profit corporation, etc.) which has received donation or grants from the Company or any of its subsidiaries exceeding a certain amount (an annual amount of ¥10 million on average for the past three fiscal years or 30% of the average annual total expenses of the said organization, whichever is larger).
5. In order for a Director of the Company to be recognized as Independent Director, the Director must not be a director, auditor, accounting advisor, operating officer or executive officer of a corporation, its parent company, or subsidiary which has accepted any director from the Company or any of its subsidiaries (regardless of whether on a full-time or part-time basis).
6. In order for a Director of the Company to be recognized as Independent Director, the Director must not fall under any of the following items:
- (i) a director, auditor, accounting advisor, operating officer, executive officer, or manager or other employee of a financial institution or other large creditor (hereinafter “Large Creditor, etc.”) or its parent company or important subsidiary which is indispensable for the Company or any of its subsidiaries in its fund raising and on which the Company or any of its subsidiaries relies to the extent that there is no alternative; or
 - (ii) a person who has once been a director, auditor, accounting advisor, operating officer, executive officer, or manager or other employee of a current Large Creditor, etc. or its parent company or important subsidiary of the Company or any of its subsidiaries in the recent three years.
7. In order for a Director of the Company to be recognized as Independent Director, the Director must not fall under any of the following items:
- (i) a person who is a certified public accountant (or certified tax accountant), or member, partner or employee of auditing firm (or tax accounting firm), that is the accounting auditor or accounting advisor of the Company or any of its subsidiaries;
 - (ii) a person who is a certified public accountant (or certified tax accountant), or member, partner or employee of auditing firm (or tax accounting firm), that has once been the accounting auditor or accounting advisor of the Company or any of its subsidiaries, and was actually engaged in the audit service for the Company or any of its subsidiaries (excluding, however, supportive involvement) (including any person who is already retired or resigned) in the recent three years;
 - (iii) a person who is a lawyer, certified public accountant, certified tax accountant, or other consultant who does not fall under Item (i) or (ii) above and has received money or other property benefit from the

- Company or any of its subsidiaries in the annual amount of ¥10 million or more on average for the past three fiscal years, aside from executive remuneration; or
- (iv) a person who is a member, partner, associate, or employee of a law firm, auditing firm, tax accounting firm, or consulting firm or other professional advisory firm which does not fall under Item (i) or (ii) above and is a firm whose major business partner is the Company or any of its subsidiaries (meaning a firm that has received payments from the Company or any of its subsidiaries, equivalent to 2% or more of consolidated gross sales on average for the past three fiscal years of the firm; hereinafter the same shall apply).
8. In order for a Director of the Company to be recognized as Independent Director, the Director must not fall under any of the following items:
- (i) a spouse, relative within the second degree of consanguinity or cohabiting relative of a director, executive officer, or manager or other important employee of the Company or any of its subsidiaries;
 - (ii) a spouse, relative within the second degree of consanguinity or cohabiting relative of a person who has once been a director, executive officer, or manager or other important employee of the Company or any of its subsidiaries in the recent five years;
 - (iii) a spouse, relative within the second degree of consanguinity or cohabiting relative of a current principal shareholder of the Company or any of its subsidiaries or its director, auditor, accounting advisor, operating officer, associate officer, or executive officer;
 - (iv) a spouse, relative within the second degree of consanguinity or cohabiting relative of a person who has once been a principal shareholder of the Company or any of its subsidiaries, or its director, auditor, accounting advisor, operating officer, associate officer, or executive officer, in the recent five years;
 - (v) a spouse, relative within the second degree of consanguinity or cohabiting relative of a director, auditor, accounting advisor, operating officer, or executive officer of a corporation for which the Company or any of its subsidiaries is currently a principal shareholder;
 - (vi) a spouse or relative within the second degree of consanguinity or cohabiting relative of a person (an individual) whose major business partner is the Company or any of its subsidiaries, or, a spouse or relative within the second degree of consanguinity or cohabiting relative of an executive director, operating officer or executive officer of a corporation whose major business partner is the Company or any of its subsidiaries;
 - (vii) a spouse or relative within the second degree of consanguinity or cohabiting relative of a person (an individual) whose major business partner has once been the Company or any of its subsidiaries in any fiscal year among the recent three fiscal years, or, a spouse or relative within the second degree of consanguinity or cohabiting relative of an executive director, operating officer or executive officer of a corporation whose major business partner has once been the Company or any of its subsidiaries in any fiscal year among the recent three fiscal years;
 - (viii) a spouse or relative within the second degree of consanguinity or cohabiting relative of a person (an individual) who is a major business partner of the Company or any of its subsidiaries, or, a spouse or relative within the second degree of consanguinity or cohabiting relative of an executive director, operating officer or executive officer of a corporation which is a major business partner of the Company or any of its subsidiaries;
 - (ix) a spouse or relative within the second degree of consanguinity or cohabiting relative of a person (an individual) who has once been a major business partner of the Company or any of its subsidiaries in any fiscal year among the recent three fiscal years, or, a spouse or relative within the second degree of consanguinity or cohabiting relative of an executive director, operating officer or executive officer of a corporation which has once been a major business partner of the Company or any of its subsidiaries in any fiscal year among the recent three fiscal years;
 - (x) a spouse, relative within the second degree of consanguinity or cohabiting relative of an associate officer (limited to a person who executes business) or other person who executes business of the organization (for example, public interest incorporated foundation, public interest incorporated association, non-profit corporation, etc.) which has received donation or grants from the Company or any of its subsidiaries exceeding a certain amount (an amount of ¥10 million on average for the past three years or 30% of the annual total expenses of the said organization, whichever is larger);
 - (xi) a spouse, relative within the second degree of consanguinity or cohabiting relative of a director, auditor, accounting advisor, operating officer, or executive officer of a current Large Creditor, etc. of the Company or any of its subsidiaries;
 - (xii) a spouse, relative within the second degree of consanguinity or cohabiting relative of a person who has once been a director, auditor, accounting advisor, operating officer, or executive officer of a current Large Creditor, etc. of the Company or any of its subsidiaries in the recent three years;
 - (xiii) a person whose spouse, relative within the second degree of consanguinity or cohabiting relative falls under the category of a certified public accountant (or certified tax accountant), or member or partner of auditing firm (or tax accounting firm), that is the accounting auditor or accounting advisor of the Company or any of its subsidiaries;

- (xiv) a person whose spouse, relative within the second degree of consanguinity or cohabiting relative falls under the category of a certified public accountant (or certified tax accountant), or employee of auditing firm (or tax accounting firm), that is the accounting auditor or accounting advisor of the Company or any of its subsidiaries, and is currently and actually engaged in the audit service for the Company or any of its subsidiaries (excluding, however, supportive involvement);
 - (xv) a person whose spouse, relative within the second degree of consanguinity or cohabiting relative falls under the category of a certified public accountant (or certified tax accountant), or member, partner or employee of auditing firm (or tax accounting firm), that is the accounting auditor or accounting advisor of the Company or any of its subsidiaries, and was actually engaged in the audit service for the Company or any of its subsidiaries (excluding, however, supportive involvement) in the recent three years; or
 - (xvi) a person whose spouse or relative within the second degree of consanguinity or cohabiting relative is a lawyer, certified public accountant, certified tax accountant, or other consultant who does not fall under Item (i) or (ii) of above Paragraph 8 and has received money or other property benefit from the Company or any of its subsidiaries in the annual amount of ¥10 million or more on average for the past three fiscal years, aside from executive remuneration, or, a person who falls under the category of member or partner of a law firm, auditing firm, tax accounting firm, or consulting firm or other professional advisory firm which does not fall under Item (i) or (ii) of above Paragraph 8 and whose major business partner is the Company or any of its subsidiaries.
9. In order for a Director of the Company to be recognized as Independent Director, the Director is otherwise required to be, on a permanent basis, a person with no possibility of substantial conflict of interests with the Company's public shareholders as a whole caused by any reason other than those considered in Paragraphs 1 through 8 above.
 10. Even if the person falls under any of the Paragraphs 3 through 8 above, when the Company believes that he or she is appropriate for Independent Director in light of the personality, insight, etc. of the said person, the Company may designate the said person as Independent Director of the Company on the condition that the said person satisfies the requirements for outside directors stipulated in the Companies Act and the Company publicly explains the reasons why it believes that he or she is appropriate for Independent Director of the Company.
 11. When an incumbent Independent Director of the Company is to be reappointed as Independent Director, his or her cumulative total term of office needs to be 10 years or less.

The Company has appointed Outside Directors with insight into and experience of corporate management, and believes that they play an effective role.

- 3) Mutual collaboration between supervision and internal audit by Outside Directors, audit by the Audit and Supervisory Committee, and accounting audit, as well as the relationship with internal control departments

The Outside Directors of the Company are Audit and Supervisory Committee Members and carry out their role as auditors, etc. as part of Audit and Supervisory Committee. In addition, the Outside Directors of the Company play a role in supervising the performance of duties by Directors and in major decision-making, etc. in business execution, as members of the Board of Directors. Please refer to “(3) Audit 2) Internal audit” for mutual collaboration between internal audit and accounting auditor and the relationship with internal control departments.

(3) Audit

1) Audit by the Audit and Supervisory Committee

I Organization and personnel

The Audit and Supervisory Committee of the Company comprises three members, one full-time Audit and Supervisory Committee Member who is a non-executive Director and two Audit and Supervisory Committee Members who are Outside Directors.

Audit and Supervisory Committee Member, Outside Director Hiroaki Sugita has long-standing experience in the use of knowledge in corporate management and corporate governance. He served as Japan Co-chair and Managing Director & Senior Partner of the Boston Consulting Group, a leading foreign consulting firm where he still works as a Senior Advisor, and is an Outside Director of Calbee, Inc., among other positions he has held. He has ample insight into corporate management and corporate governance.

Audit and Supervisory Committee Member, Outside Director Noriko Rzonca has secular experiences overseas and at major foreign subsidized financial institutions in Japan both at hands-on and management levels. She has a high level of insight in corporate management strategy and corporate governance. At Sony Bank Incorporated and Cosmo Energy Holdings Co., Ltd., she bolstered DX strategies and nurtured DX personnel while promoting the establishment of data-driven management foundations, attesting to her high level of expertise in DX strategies.

Full-time Audit and Supervisory Committee Member Shigeru Asada has experience as Executive Officer, General Manager of Accounting Control and Finance Division of the Company, in addition to the experience as the head of the internal audit department and the tax department of global headquarters, and as an officer in charge of accounting of overseas subsidiaries, at Panasonic Corporation, and has ample insight into finance and accounting matters.

Based on reporting from the Internal Audit Department and other internal control systems, the Audit and Supervisory Committee systematically organizes audits, including requests for separate reports and expressions of opinions.

II Activities of the Audit and Supervisory Committee

1. Frequency of meetings

The Audit and Supervisory Committee of the Company basically meets once a month, and also meets as needed.

2. Specific details of discussion

The following resolutions and reports were made during the fiscal year under review.

Resolutions: Audit plan and division of duties of the Audit and Supervisory Committee, reappointment/non-reappointment of the Accounting Auditor, agreement on compensation, etc. of the Accounting Auditor, audit report by the Audit and Supervisory Committee, etc.

Reports: Prior confirmation of the draft of the Board of Directors' meeting, audit plans and audit reports by the Accounting Auditor, internal control and audit reports by the Internal Audit Department, reports on strategies, financial statuses, and business restructurings of domestic and overseas subsidiaries

3. Attendance at meetings of the Audit and Supervisory Committee Member

Attendance at meetings of the Audit and Supervisory Committee held during the fiscal year under review is as follows.

The average time required for the Audit and Supervisory Committee meetings is approximately 60 minutes.

Name	Number of meetings held (Note)	Number of meetings attended (Note)
Hiroaki Sugita	11 times	11 times (100%)
Noriko Rzonca	11 times	11 times (100%)
Shigeru Asada	11 times	11 times (100%)

Note: Based on the number of meetings held during their terms of office.

4. Activities of full-time Audit and Supervisory Committee Members

The full-time Audit and Supervisory Committee Members of the Company make efforts to collect information within the Company, monitor the dissemination of information by the management, attend regular meetings of the Business Execution Council and Advisory Board, which deliberates on the Company's corporate strategy and the management plans of each domestic and overseas subsidiary, audit

business reports, financial statements, consolidated financial statements and supplementary schedules, inspect important approval documents and contracts, and listen to the reports from the Internal Audit Department. Through regular meetings with the Accounting Auditor, members confirm whether the methods and results of the Accounting Auditor's audit are appropriate and whether the Accounting Auditor's internal control system is in place. They also examine the status of the internal control system to audit its appropriateness while sharing the information with part-time Outside Audit and Supervisory Committee Members.

2) Internal audit

The Company has established the Internal Audit Department comprising seven members directly under the Representative Director, President & CEO as its internal auditing department. The Internal Audit Department, in cooperation with the Audit and Supervisory Committee, conducts internal audits of business divisions and creates internal audit reports in which findings and necessary remedial measures are described. These reports are submitted to the Company's Representative Director, President & CEO, the Audit and Supervisory Committee, and the business divisions that have been audited. In the event that issues requiring remediation and/or deficiencies are identified, remedial measures are formulated and implemented. The Internal Audit Department monitors the outcomes of the remedial measures.

The Internal Audit Department, Audit and Supervisory Committee and Accounting Auditor hold regular meetings for exchange of information and opinions, etc. Audits carried out by these units also cover establishment and operational status of internal control systems by internal control departments.

3) Audit of financial statements

I Name of auditing firm

KPMG AZSA LLC

II Continuous audit period

3 years

III Certified public accountant who performed the service

Designated Limited Liability and Engagement Partner: Takashi Kondo

Designated Limited Liability and Engagement Partner: Daika Azuma

Designated Limited Liability and Engagement Partner: Daisuke Nakagawa

IV Assistants to the audit service

Assistants to the accounting audit service for the Company comprised 35 Certified Public Accountants and 70 others.

V Policy on and reason for selecting the auditing firm

When selecting Accounting Auditor, the Audit and Supervisory Committee of the Company makes decisions in consideration of audit systems, independence, specialization, etc. of Accounting Auditor. Based on this policy, the Company determined that it is appropriate to reappoint KPMG AZSA LLC as Accounting Auditor for the fiscal year under review.

In addition, if Accounting Auditor is determined to be falling under any of the items of Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee will dismiss Accounting Auditor based on the unanimous consent of its members. Whether to approve reappointment of Accounting Auditor will be examined each fiscal year with the considerations of the suitability, independence, performance of services, etc. of Accounting Auditor in mind. If it is determined that the refusal of reappointment is appropriate as a result of such examination, the Audit and Supervisory Committee will decide on the content of a proposal concerning the refusal of reappointment of Accounting Auditor to be submitted to the General Meeting of Shareholders.

VI Evaluation of the auditing firm by the Audit and Supervisory Committee

In order to ensure the appropriateness and reliability of accounting audit, the Audit and Supervisory Committee verifies and evaluates whether Accounting Auditor maintains fair attitude and independence and conducts appropriate audit as a professional.

4) Content of audit fees

I Remuneration to the Certified Public Accountants engaged in the financial statements audit

(Millions of Yen)

Category	Previous fiscal year		Fiscal year under review	
	Remuneration for audit certification work	Remuneration for non-audit services	Remuneration for audit certification work	Remuneration for non-audit services
The Company	179	–	187	–
Consolidated subsidiaries	14	–	15	–
Total	194	–	201	–

II Remuneration to the same network as the Certified Public Accountants, etc. (excluding I)

(Millions of Yen)

Category	Previous fiscal year		Fiscal year under review	
	Remuneration for audit certification work	Remuneration for non-audit services	Remuneration for audit certification work	Remuneration for non-audit services
The Company	–	20	–	20
Consolidated subsidiaries	285	6	310	15
Total	285	25	310	35

Non-audit services in the previous and current fiscal years related to the above remuneration consist of various advisory services.

III Contents of remuneration for other important audit certification services

This information has been omitted as there is no material remuneration to be disclosed.

IV Policy on determining the audit fee

For the previous fiscal year and the fiscal year under review, the audit fee is decided after consideration of scale, characteristics and number of days needed for audits, etc.

V The Audit and Supervisory Committee's reason for agreeing to the remuneration, etc. for Accounting Auditor

The Audit and Supervisory Committee conducted necessary examination on whether the contents of the audit plan, performance of accounting audit services, the basis for the calculation of remuneration estimates, etc. of Accounting Auditor are appropriate. As a result, the Audit and Supervisory Committee determined that the independence, audit quality, and effectiveness of Accounting Auditor are secured, and agreed to the amount of remuneration, etc. for Accounting Auditor.

(4) Remuneration paid to Executives

1. Method of deciding policies for determining individual executive remuneration

With the objective of ensuring transparency and objectivity of determination processes, the Company's policies for determining individual executive remuneration are decided by the Board of Directors, based on deliberations by the Compensation Committee comprising one Representative Director, one non-executive Director, and two Independent Outside Directors, a majority of which is comprising Independent Outside Directors and chaired by an Independent Outside Director.

[Basic policies]

Remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers of the Company and policies thereof shall be determined, comprehensively considering the motivation for improvement of performance and corporate value and securing excellent human resources, etc., which shall be a level appropriate to their roles and responsibilities.

Basic policies on remuneration to promote growth-oriented management and to accomplish management strategy and fulfill management plan are as follows.

[Basic executive remuneration principles]

- 1) Remuneration contributable to the sustainable growth and medium to long-term increase of corporate value
- 2) Remuneration plan that is linked closely with performance and motivates the fulfillment of management plans and the achievement of results of the Company
- 3) Remuneration level which attracts and retains “talented personnel” who are capable of company management
- 4) Highly transparent and objective process for determining remuneration

[Executive remuneration levels]

1)	In order to swiftly cope with the changes in external and market circumstances, the Company benchmarks the remuneration levels of executive members of other domestic and foreign companies in the same and different industries with the size equivalent to the Company and sets remuneration standard based on the Company’s financial condition.
2)	The Company sets the target value for monetary remuneration as top 25% and the target value for monetary remuneration with the addition of share-based payments from a medium- to long-term perspective as top 10%.

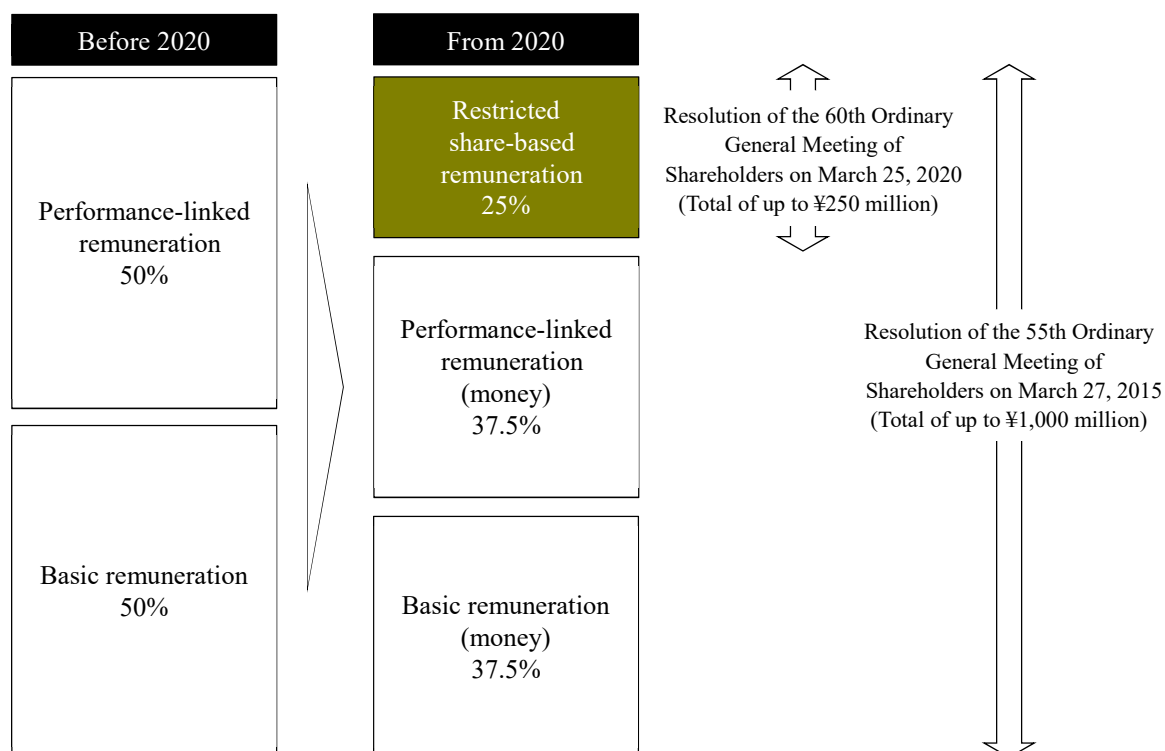
2. Overview of the policies for determining individual executive remuneration

The overview of the policies for determining remuneration for individual Directors of the Company is as follows.

1) Overview of the executive remuneration plan

The remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers of the Company comprises basic remuneration (money) and performance-linked remuneration, and the performance-linked remuneration comprises monetary remuneration which is a short-term incentive and restricted share-based remuneration which is a medium- to long-term incentive. In addition, the basic remuneration is determined for each managerial position according to the magnitude of their job responsibilities. Remuneration for Independent Outside Directors and Directors who are Audit and Supervisory Committee Members who are independent from business execution comprises fixed remuneration only, taking into consideration their supervisory and advisory roles on management of the Company from an objective standpoint. In addition, at the 55th Ordinary General Meeting of Shareholders held on March 27, 2015, the proposal that the maximum amount of remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company (total amount) is to be in the amount of ¥1,000 million per year, which would apply to eight Directors, and that the maximum amount of remuneration, etc. for Directors who are Audit and Supervisory Committee Members (total amount) is to be in the amount of ¥100 million per year, which would apply to three Directors, was approved, and at the 60th Ordinary General Meeting of Shareholders held on March 25, 2020, the proposal that the total maximum amount of restricted share-based remuneration is to be in the amount of ¥250 million per year (however, the amount is included in the aforementioned ¥1,000 million), which would apply to three Directors, was approved.

[Composition of executive remuneration]



- **Basic remuneration (money):** The objective of this basic remuneration is to ensure that the Company remains competitive in the market. The remuneration is determined according to the benchmark for each position in line with responsibilities and paid as a fixed monthly remuneration.
- **Performance-linked remuneration (money):** As a short-term (one year) incentive, performance-linked remuneration amounts are set in the range of 0% to 200% (on a scale of 1 to 10) of the basic remuneration amount depending on performance results for the period. An amount based on the performance during an evaluation year (January - December) will be paid in monthly installments over the period from April the next year to March the following year.
- **Restricted share-based remuneration:** As an incentive to increase corporate value over the medium to long term, the Company allocates restricted shares equivalent to 33% to 100% of the basic remuneration amount according to the performance results of an evaluation year (January - December) in the April of the following year. There will be a transfer-restriction period of three years.

[Evaluation indicators and basic approaches to the executive remuneration and targets and results for the fiscal year under review]

Evaluation indicators (four items and eight initiatives that include ESG evaluation) and the targets and results for the fiscal year under review concerning the performance results, which are used to determine the performance-linked remuneration (money) and restricted share-based remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officers of the Company, are as follows.

The evaluation weight is set for each managerial position according to the magnitude of their job responsibilities. For example, the weight for Representative Director is company-level performance of 50% and company-level focal strategies of 50%, and for Senior Executive Officer in charge of front-line divisions, company-level performance and department-level performance of 30% each and company-level focal strategies and department-level focal strategies of 20% each.

As for ESG evaluation, which was newly added to our index from the fiscal year ended December 31, 2020, we are striving to evaluate ESG quantitatively as much as possible by adopting the FTSE JPX Blossom Japan Index and improving the ESG score. Moreover, as a result of advancing “Kyo-sei Life Vision 2030,” a medium- to long-term ESG goal of the Group, the Company has been selected as a component stock of five ESG indices that have been adopted by the GPIF. The Company also received recognition from various quarters, including being selected as an Environmentally Sustainable Company for the 6th ESG Finance Awards Japan and as a component stock of the Sampo Sustainability Index, achieving the highest rating of “A List” in three categories of CDP 2024 and being selected as a “Supplier Engagement Leader,” receiving the ESG Excellence Award at the Sustainable Japan Award 2025 for the first time, and being recognized as a BEST WORKPLACE by D&I AWARD 2025 for the third consecutive year, among others. We are working to further enhance corporate value by accelerating integration of the businesses with ESG.

No.	Evaluation indicator	Accountability	Evaluation weight	Target	Result	Evaluation
1	Company-level performance (management plan)	1-1 Company-level sales	20-50%	¥974,000 million (-1.5% YoY)	¥945,268 million (-4.4% YoY)	97.1%
		1-2 Company-level core operating income		¥120,000 million (-13.3% YoY)	¥108,884 million (-21.4% YoY)	90.7%
		1-3 Profit attributable to owners of parent		¥85,100 million (+4.0% YoY)	¥65,212 million (-20.3% YoY)	76.6%
2	Department-level performance	2-1 Department-level sales	0-40%	(By department)	(By department)	–
		2-2 Department-level income		(By department)	(By department)	–
3	Company-level focal strategies	3-1 Priority strategies executed by officers themselves	20-50%	(By officer)	(By officer)	–
		3-2 Ratings of ESG agencies, etc.		(By officer)	(By officer)	–
4	Department-level focal strategies	4 Highest priority strategies of departments	0-40%	(By department)	(By department)	–

Note: Targets are from the revised forecast of consolidated financial results announced on August 5, 2025.

[Basic approaches to each evaluation indicator]

1. Indicator for evaluating the Company’s efforts from a performance perspective
2. Indicator for evaluating the efforts of each officer from a performance perspective
3. Indicator for evaluating the Company’s efforts on the priority strategies (including qualitative evaluation)
4. Indicator for evaluating the efforts of each officer on the priority strategies (including qualitative evaluation)

[Details of an agreement on the allotment of restricted shares]

“Restricted share-based remuneration” is a system in which Eligible Directors and Executive Officers shall pay all monetary claims to be provided to them by the Company, in the form of property contributed in kind, and shall, in return, receive common shares of the Company that shall be issued or disposed of by the Company. The Company and each of Eligible Directors and Executive Officers shall sign an agreement on the allotment of restricted shares.

1	Restricted period	The Eligible Directors and Executive Officers shall be prohibited from transfers, creation of security interest, or any other disposal (hereinafter “Transfer Restrictions”) of the allotted shares of the Company (hereinafter “Allotted Shares”) for three years from the date of the allotment (hereinafter “Restriction Period”).
2	Treatment on retirement from the position	If an Eligible Director or Executive Officer resigns or retires from the position of Director or Executive Officer of the Company or other positions prescribed by the Board of Directors before the Restriction Period expires, the Company shall automatically acquire such Allotted Shares without contribution unless there are justifiable reasons for the retirement or resignation from office, such as expiration of the term of his or her office or death.
3	Lifting of Transfer Restrictions	The Company shall lift the Transfer Restrictions of all of the Allotted Shares upon the expiration of the Restriction Period, on the condition that the Eligible Directors and Executive Officers have remained in the position of Director or Executive Officer of the Company or other positions prescribed by the Board of Directors during the Restriction Period. However, if an Eligible Director or Executive Officer resigns or retires from the position of Director or Executive Officer of the Company or other positions prescribed by the Board of Directors before the expiration of the Restriction Period due to expiration of the term of his or her office, death, or other justifiable reasons specified in 2 above, the Company shall rationally adjust the number of the Allotted Shares for which the Transfer Restrictions are to be lifted and the timing of lifting as necessary. In addition, immediately after the Transfer Restrictions are lifted in accordance with the above provisions, the Company shall automatically acquire the Allotted Shares whose Transfer Restrictions have not been lifted without contribution.
4	Clawback provision	The Eligible Directors and Executive Officers shall return all or part of the Allotted Shares without contribution in the event of material accounting frauds or substantial losses, to take responsibility for such occurrences.
5	Other items	Other matters concerning an agreement on the allotment of restricted shares shall be determined by the Board of Directors of the Company.

2) Method of determining the amount of remuneration for each individual Director

The amount of remuneration for each individual Director is determined by the Representative Director (Takahisa Takahara), who is entrusted with the resolution by the Board of Directors, after reporting the results of evaluation based on each index to the Compensation Committee for deliberation, with the aim of ensuring correct evaluation based on the actual contribution result of each Director.

3) Policies for determining the ratios and amounts of fixed remuneration, bonuses, and restricted share-based remuneration

At the Compensation Committee meeting held on February 22, 2021, the calculation method and ratio of fixed remuneration, performance-linked remuneration and share-based payments, timing of granting each type of remuneration, and decision delegator and details were designated as matters to be decided by the Board of Directors, and the details were resolved at the Board of Directors meeting held on the same day.

3. Reason for the Board of Directors’ decision that the details of remuneration for individual Directors for the fiscal year under review are in line with the policies for determining the details of remuneration for individual Directors

The Board of Directors confirmed that the method of determining the details of remuneration for individual Directors for the fiscal year under review, along with the details of the remuneration determined, are consistent with the policies for determining remuneration resolved by the Board of Directors, and that the report from the Compensation Committee is respected. Thus, the Board of Directors decided that the remuneration is in line with the said policies for determining remuneration.

4. Total amount of remuneration and remuneration by type and number of recipients, by class of executive

Category	Total remuneration (Millions of Yen)	Total remuneration by remuneration type (Millions of Yen)			Number of Executives (Persons)
		Basic remuneration	Performance-linked remuneration	Non-monetary remuneration	
				Restricted share-based remuneration	
Directors (excluding Directors who are Audit and Supervisory Committee Members) (excluding Outside Directors)	535	184	184	166	4
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	8	8	–	–	1
Outside Directors	21	21	–	–	2

Notes: 1. The total amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) includes the expense of ¥166 million recorded in relation to restricted share-based remuneration that was granted to four Directors (excluding Directors who are Audit and Supervisory Committee Members).

2. At the 47th Ordinary General Meeting of Shareholders held on June 26, 2007, in line with the enactment of the Companies Act, a resolution was passed to incorporate executive bonuses within remuneration, with abolition of retirement benefits for Directors, and to only pay an annual remuneration total.

5. Total amount of remuneration to individuals whose remuneration is ¥100 million or more

Name	Category	Company	Total remuneration by remuneration type (Millions of Yen)			Total amount of consolidated remuneration (Millions of Yen)
			Basic remuneration	Performance-linked remuneration	Non-monetary remuneration	
					Restricted share-based remuneration	
Takahisa Takahara	Representative Director, President & CEO	The Company	150	111	129	390

Note: At the 47th Ordinary General Meeting of Shareholders held on June 26, 2007, in line with the enactment of the Companies Act, a resolution was passed to incorporate executive bonuses within remuneration, with abolition of retirement benefits for Directors, and to only pay an annual remuneration total.

(5) Status of shares held

1) Criteria for and basic approaches to the classification of shares for investment

As for classification of shares for investment, the Company classifies shares for investment held solely for the purpose of obtaining profits from the fluctuation of share value or the receipt of dividends as shares for investment for pure investment purposes, and shares for investment for the other purposes as shares for investment for purposes other than pure investment purposes.

2) Shares for investment held for any purposes other than pure investment purposes

I Method of examining the rationality of the holding policy and the holding, and the details of the examination by the Board of Directors, etc. concerning the appropriateness of the holding of individual securities

The Company holds minimum necessary shares of other companies, comprehensively taking into consideration dividends, benefits and risks that can be obtained or arising from the maintenance and strengthening of the trade relations, etc. and capital costs, among other things, from a perspective of whether the holding would contribute to an increase in corporate value of the Company.

In addition, the Board of Directors examines the rationality of the holding of individual securities every year from the perspectives of whether the holding purpose is diluted and whether the benefits and risks resulting from the holding are proportionate to the capital cost. The shares determined to have no rationality in the holding as a result of the examination are sold appropriately according to the overall judgment on market impact, etc.

II Number of securities and amount recorded in the balance sheet

	Number of securities (Securities)	Total amount recorded in the balance sheet (Millions of Yen)
Unlisted equity securities	13	346
Equity securities other than unlisted equity securities	21	21,294

(Securities for which the number of shares increased during the fiscal year under review)

	Number of securities (Securities)	Total amount of acquisition cost associated with the increase in the number of shares (Millions of Yen)	Reason for the increase in the number of shares
Unlisted equity securities	2	101	Acquisition of shares through the shareholding association of business partners; acquisition of shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations
Equity securities other than unlisted equity securities	2	11	Acquisition of shares through the shareholding association of business partners; acquisition of shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations

(Securities for which the number of shares decreased during the fiscal year under review)

	Number of securities (Securities)	Total amount of sales price associated with the decrease in the number of shares (Millions of Yen)
Unlisted equity securities	1	2
Equity securities other than unlisted equity securities	2	878

III Information concerning the number of specific shares for investment by securities, the amount recorded in the balance sheet, etc.

Specific shares for investment

Shares	Fiscal Year Ended December 31, 2025	Fiscal Year Ended December 31, 2024	Holding purpose, overview of business alliance, etc., quantitative effect of holding and reason for increase in the number of shares	Cross- holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Amount recorded in the balance sheet (Millions of Yen)	Amount recorded in the balance sheet (Millions of Yen)		
Sumitomo Realty & Development Co., Ltd.	2,438,000	1,219,000	The issuer engages in lease transactions, etc. of real estate facilities and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations. The number of shares increased due to the stock split.	Yes
	9,586	6,022		
Iyogin Holdings, Inc.	1,017,640	1,017,640	The issuer engages in fund transactions such as fund procurement and settlement and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	Yes
	2,597	1,562		
Mitsubishi UFJ Financial Group, Inc.	904,050	904,500	The issuer engages in fund transactions such as fund procurement and settlement and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	Yes
	2,254	1,669		
AEON CO., LTD.	764,682	252,824	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations. The number of shares increased due to the acquisition of shares through the shareholding association and to the stock split.	No
	1,894	934		
Hirogin Holdings, Inc.	837,550	837,550	The issuer engages in fund transactions such as fund procurement and settlement and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	Yes
	1,325	974		
ZUIKO CO., LTD.	980,400	980,400	The issuer engages in equipment purchase transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	Yes
	992	1,253		

Shares	Fiscal Year Ended December 31, 2025	Fiscal Year Ended December 31, 2024	Holding purpose, overview of business alliance, etc., quantitative effect of holding and reason for increase in the number of shares	Cross- holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Amount recorded in the balance sheet (Millions of Yen)	Amount recorded in the balance sheet (Millions of Yen)		
ARATA CORPORATION	225,590	451,090	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations. A portion of the held shares have been sold on the market.	Yes
	695	1,430		
FP Corporation	159,000	159,000	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	No
	418	444		
PLANET, INC.	300,800	300,800	The issuer engages in contracted development of product distribution systems, among other things, and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	No
	382	376		
TSURUHA HOLDINGS INC.	100,000	20,000	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations. The number of shares increased due to the stock split.	No
	288	175		
Valor Holdings Co., Ltd.	59,504	59,504	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	No
	201	130		
CREATE SD HOLDINGS CO., LTD.	60,000	60,000	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	No
	200	169		
MatsukiyoCocokara & Co.	51,000	51,000	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	No
	138	118		
KOHANAN SHOJI Co., Ltd.	20,000	20,000	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	No
	80	72		

Shares	Fiscal Year Ended December 31, 2025	Fiscal Year Ended December 31, 2024	Holding purpose, overview of business alliance, etc., quantitative effect of holding and reason for increase in the number of shares	Cross- holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Amount recorded in the balance sheet (Millions of Yen)	Amount recorded in the balance sheet (Millions of Yen)		
CAWACHI LTD.	20,000	20,000	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	No
	60	51		
ECHO TRADING CO., LTD.	55,000	55,000	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	No
	51	51		
HARIMA-KYOWA CO., LTD.	26,400	26,400	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	No
	51	51		
UNQ Holdings Limited	598,400	598,400	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	No
	34	19		
BABY JOB Inc.	155,780	155,780	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations.	No
	18	18		
MINISTOP Co., Ltd.	7,144	6,895	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations. The number of shares increased due to the acquisition of shares through the shareholding association.	No
	15	12		
DCM Holdings Co., Ltd.	9,010	–	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations. The shares were acquired through a share exchange with the shares of Encho Co., Ltd.	No
	15	–		

Shares	Fiscal Year Ended December 31, 2025	Fiscal Year Ended December 31, 2024	Holding purpose, overview of business alliance, etc., quantitative effect of holding and reason for increase in the number of shares	Cross- holding of the Company's shares
	Number of shares (Shares)	Number of shares (Shares)		
	Amount recorded in the balance sheet (Millions of Yen)	Amount recorded in the balance sheet (Millions of Yen)		
CB GROUP MANAGEMENT Co., Ltd.	–	20,042	The issuer engages in product sales transactions and the Company holds the shares for the purpose of facilitating business activities and maintaining and strengthening the trade relations. All of the held shares have been sold on the market.	Yes
	–	102		
Encho Co., Ltd.	–	10,491	A share exchange has been conducted with the shares of DCM Holdings Co., Ltd.	No
	–	9		

Note: Information about quantitative effect of holding of securities is omitted, since it is difficult in practice to provide such information. The rationality of the holding was examined at the Board of Directors meeting held in November 2025 based on whether the holding purpose is diluted and whether the benefits and risks resulting from the holding are proportionate to the capital cost.

Shares subject to deemed holding

Not applicable.

3) Shares for investment held for pure investment purposes

Classification	Fiscal year under review		Fiscal year ended December 31, 2024	
	Number of securities (Securities)	Total amount recorded in the balance sheet (Millions of Yen)	Number of securities (Securities)	Total amount recorded in the balance sheet (Millions of Yen)
Unlisted equity securities	–	–	–	–
Equity securities other than unlisted equity securities	2	21,771	2	21,710

Classification	Fiscal year under review		
	Total amount of dividend income (Millions of Yen)	Total amount of gain (loss) on sale (Millions of Yen)	Total amount of gain (loss) on valuation (Millions of Yen)
Unlisted equity securities	–	–	–
Equity securities other than unlisted equity securities	630	–	(4,528)

V. Financial Information

1. Basis of preparation of the consolidated and non-consolidated financial statements

- (1) The consolidated financial statements of the Company are prepared in conformity with IFRS in accordance with Article 312 of the Ministry of Finance Ordinance No. 28, 1976 “Regulations Concerning the Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (hereinafter “Regulations for Consolidated Financial Statements”).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with the Ministry of Finance Ordinance No. 59, 1963 “Regulations Concerning the Terminology, Forms and Preparation Methods of Non-Consolidated Financial Statements” (hereinafter “Regulations for Non-Consolidated Financial Statements”).

As the Company falls under the category of a company filing financial statements prepared in accordance with special provisions, the non-consolidated financial statements of the Company are prepared in accordance with Article 127 of the Regulations for Non-Consolidated Financial Statements.

2. Auditing and certification

The consolidated and the non-consolidated financial statements for the fiscal year ended December 31, 2025 (January 1, 2025 – December 31, 2025) were audited by KPMG AZSA LLC, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Particular efforts to secure the appropriateness of the consolidated financial statements and establishment of system that enables preparation of appropriate consolidated financial statements in conformity with IFRS

The Company is making particular efforts to ensure the appropriateness of the consolidated financial statements while developing systems to prepare those documents in conformity with IFRS as follows.

- (1) The Company has become a member of the Financial Accounting Standards Foundation (hereinafter “Foundation”) and participates in seminars and other programs sponsored by the Foundation in order to have an appropriate understanding about the contents of the accounting standards, etc., and establish a system so that the Company might be able to properly respond to the changes in the accounting standards, etc.
- (2) In order to prepare appropriate consolidated financial statements, the Company develops group accounting policies and guidelines in conformity with IFRS and applies them in its accounting treatment.

1. Consolidated financial statements

(1) Consolidated financial statements

1) Consolidated statement of financial position

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Assets			
Current assets			
Cash and cash equivalents	7, 32	261,054	253,092
Trade and other receivables	8, 32	168,631	154,762
Inventories	9	121,133	123,344
Other current financial assets	32	107,695	100,279
Other current assets		12,528	10,167
Total current assets		671,040	641,644
Non-current assets			
Property, plant and equipment	10, 12	293,230	275,748
Intangible assets	11	101,091	97,059
Deferred tax assets	15	16,263	16,966
Investments accounted for using equity method	14	18,649	19,584
Other non-current financial assets	32	117,571	160,589
Other non-current assets	19	22,129	11,585
Total non-current assets		568,933	581,532
Total assets		1,239,973	1,223,176

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	18, 32	231,399	221,583
Borrowings	16, 32	20,994	3,488
Income tax payables		17,020	10,268
Other current financial liabilities	17, 32	7,367	8,993
Other current liabilities	20	24,806	19,602
Total current liabilities		301,585	263,933
Non-current liabilities			
Borrowings	16, 32	5,857	7,567
Deferred tax liabilities	15	14,051	15,312
Retirement benefit liabilities	19	13,490	15,942
Other non-current financial liabilities	17, 32	25,765	23,368
Other non-current liabilities		5,514	5,795
Total non-current liabilities		64,678	67,984
Total liabilities		366,263	331,917
Equity			
Equity attributable to owners of parent			
Capital stock	21	15,993	15,993
Capital surplus	21	11,405	11,582
Retained earnings	21	766,342	801,367
Treasury shares	21	(119,412)	(140,428)
Other components of equity	21	98,734	106,191
Total equity attributable to owners of parent		773,062	794,705
Non-controlling interests		100,649	96,554
Total equity		873,711	891,259
Total liabilities and equity		1,239,973	1,223,176

2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Net sales	6, 23	988,981	945,268
Cost of sales	25	(599,072)	(575,710)
Gross profit		389,909	369,558
Selling, general and administrative expenses	24, 25	(251,446)	(260,674)
Other income	26	1,872	9,505
Other expenses	13, 14, 26	(5,572)	(16,410)
Financial income	27	9,716	7,335
Financial costs	27	(9,942)	(3,928)
Profit before tax		134,537	105,386
Income tax expenses	15	(39,309)	(34,529)
Profit for the period		95,227	70,858
Profit attributable to			
Owners of parent		81,842	65,212
Non-controlling interests		13,386	5,645
Profit for the period		95,227	70,858
Earnings per share attributable to owners of parent			
Basic earnings per share (Yen)	29	46.41	37.30
Diluted earnings per share (Yen)	29	–	–

Reconciliation of changes from gross profit to core operating income

(Millions of Yen)

Gross profit	389,909	369,558
Selling, general and administrative expenses	(251,446)	(260,674)
Core operating income	138,463	108,884

Consolidated statement of comprehensive income

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Profit for the period		95,227	70,858
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
Net changes in equity instruments measured at fair value through other comprehensive income	28	2,191	4,307
Remeasurements related to net defined benefit liabilities (assets)	28	(1,806)	(1,917)
Subtotal		385	2,390
Items that may be reclassified to profit or loss			
Net changes in debt instruments measured at fair value through other comprehensive income	28	(131)	48
Changes in fair value of cash flow hedges	28	0	(7)
Exchange differences on translation in foreign operations	28	42,759	4,397
Share of other comprehensive income of investments accounted for using equity method	14, 28	1,507	577
Subtotal		44,136	5,016
Total other comprehensive income, net of tax		44,521	7,406
Total comprehensive income		139,749	78,264
Total comprehensive income attributable to			
Owners of parent		119,743	72,582
Non-controlling interests		20,006	5,681
Total comprehensive income		139,749	78,264

3) Consolidated statement of changes in equity

Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)

(Millions of Yen)

	Notes	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at January 1, 2024		15,993	10,259	710,792	(100,572)	59,246	695,719	92,531	788,250
Profit for the period		–	–	81,842	–	–	81,842	13,386	95,227
Other comprehensive income	28	–	–	–	–	37,901	37,901	6,620	44,521
Total comprehensive income		–	–	81,842	–	37,901	119,743	20,006	139,749
Purchase of treasury shares	21	–	–	–	(19,001)	–	(19,001)	–	(19,001)
Dividends	22	–	–	(24,705)	–	–	(24,705)	(12,000)	(36,706)
Equity transactions with non-controlling interests		–	37	–	–	–	37	112	149
Share-based payment transactions	21	–	1,109	–	160	–	1,269	–	1,269
Transfer from other components of equity to retained earnings	21	–	–	(1,587)	–	1,587	–	–	–
Total transactions with owners		–	1,146	(26,292)	(18,840)	1,587	(42,400)	(11,889)	(54,288)
Balance at December 31, 2024		15,993	11,405	766,342	(119,412)	98,734	773,062	100,649	873,711

Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)

(Millions of Yen)

	Notes	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Capital stock	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at January 1, 2025		15,993	11,405	766,342	(119,412)	98,734	773,062	100,649	873,711
Profit for the period		–	–	65,212	–	–	65,212	5,645	70,858
Other comprehensive income	28	–	–	–	–	7,370	7,370	36	7,406
Total comprehensive income		–	–	65,212	–	7,370	72,582	5,681	78,264
Purchase of treasury shares	21	–	(15)	–	(22,002)	–	(22,017)	–	(22,017)
Disposal of treasury shares	21	–	(752)	–	753	–	1	–	1
Dividends	22	–	–	(28,649)	–	–	(28,649)	(13,942)	(42,591)
Equity transactions with non-controlling interests		–	440	–	–	(1,452)	(1,012)	4,166	3,154
Share-based payment transactions	21	–	504	–	233	–	737	–	737
Transfer from other components of equity to retained earnings	21	–	–	(1,539)	–	1,539	–	–	–
Total transactions with owners		–	177	(30,188)	(21,016)	87	(50,939)	(9,776)	(60,715)
Balance at December 31, 2025		15,993	11,582	801,367	(140,428)	106,191	794,705	96,554	891,259

4) Consolidated statement of cash flows

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Cash flows from operating activities			
Profit before tax		134,537	105,386
Depreciation and amortization expenses		46,538	47,808
Impairment losses		912	6,015
Interest income		(8,768)	(5,714)
Dividend income		(948)	(1,018)
Interest expenses		2,864	2,282
Foreign exchange loss (gain)		2,394	(1,361)
Loss (gain) on sale and retirement of fixed assets		785	1,094
Decrease (increase) in trade and other receivables		(9,381)	13,566
Decrease (increase) in inventories		(12,127)	(1,915)
Increase (decrease) in trade and other payables		15,718	(8,671)
Other, net		5,225	10,221
Subtotal		177,749	167,693
Interest received		8,431	6,207
Dividends received		985	1,018
Interest paid		(2,673)	(2,416)
Income taxes refund		1,103	471
Income taxes paid		(48,496)	(41,503)
Net cash provided by (used in) operating activities		137,099	131,470

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Cash flows from investing activities			
Payments into time deposits		(188,389)	(122,605)
Proceeds from withdrawal of time deposits		182,398	132,078
Purchase of property, plant and equipment, and intangible assets		(39,326)	(28,627)
Proceeds from sale of property, plant and equipment, and intangible assets		76	484
Long-term loan advances		(47)	(38)
Purchase of financial assets		(68,320)	(86,955)
Proceeds from sale and redemption of financial assets		39,484	47,064
Purchase of shares of subsidiaries and associates	14	–	(1,610)
Proceeds from sale of shares of subsidiaries and associates		–	483
Other, net		286	1,013
Net cash provided by (used in) investing activities		(73,838)	(58,712)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	16	(5,577)	(2,436)
Proceeds from long-term borrowings	16	2,901	1,813
Repayments of long-term borrowings	16	(1,213)	(13,892)
Repayments of lease liabilities		(7,194)	(7,535)
Payments for purchase of treasury shares	21	(19,001)	(22,002)
Dividends paid to owners of parent		(24,704)	(28,646)
Dividends paid to non-controlling interests		(12,006)	(13,942)
Proceeds from share issuance to non-controlling interests		–	2,773
Other, net		–	1
Net cash provided by (used in) financing activities		(66,794)	(83,865)
Effect of exchange rate changes on cash and cash equivalents		10,816	3,145
Net increase (decrease) in cash and cash equivalents		7,284	(7,962)
Cash and cash equivalents at beginning of period	7	253,770	261,054
Cash and cash equivalents at end of period	7	261,054	253,092

Notes to the consolidated financial statements

1. Reporting entity

The Group is engaged in the manufacture and sale of wellness care, feminine care, baby care and other products of personal care business, and pet care products, which are its primary business activities, with core operations in the Asian markets. The Group is strengthening its global production facilities in response to growing demand for disposable diapers and feminine napkins in emerging regions, notably in Asia, the Middle East, North Africa, and South America.

The Company is headquartered in Japan and is listed on the Tokyo Stock Exchange. The registered location of its head office is Shikokuchuo-shi in Ehime Prefecture.

2. Basis of preparation

(1) Conformity with IFRS

The Group's consolidated financial statements meet the requirements for a "Specified Company under Designated International Accounting Standards" as stipulated in Article 1-2 of the Regulations for Consolidated Financial Statements. Accordingly, they are prepared in conformity with IFRS in accordance with Article 312 of the Regulations.

The Group's consolidated financial statements for the fiscal year under review were approved at the Board of Directors meeting held on March 19, 2026.

(2) Basis of measurement

The Group's consolidated financial statements are prepared using the historical cost basis except for financial instruments and other items measured at fair value, as presented in Note "3. Material accounting policies."

(3) Functional currency and presentation currency

Items in the financial statements of each of the Group companies are measured using the currency of the primary economic environment where the companies operate (hereinafter "functional currency"). The Group's consolidated financial statements are presented in Japanese yen, which is the Company's functional currency. Amounts of less than one million yen are rounded to the nearest million yen.

(4) Early adoption of new accounting standards

There are no accounting standards, etc. early adopted.

(5) Changes in the presentation method

(Consolidated statement of cash flows)

"Increase (decrease) in other current liabilities" and "decrease (increase) in other non-current assets," which were presented separately under cash flows from operating activities in the fiscal year ended December 31, 2024, have been combined and presented as "other, net" from the fiscal year ended December 31, 2025 in order to clarify the presentation. As a result, "increase (decrease) in other current liabilities" of ¥4,341 million, "decrease (increase) in other non-current assets" of ¥(128) million, and "other, net" of ¥1,012 million under cash flows from operating activities in the fiscal year ended December 31, 2024, have been reclassified to "other, net" of ¥5,225 million.

3. Material accounting policies

Material accounting policies applied to the consolidated financial statements are as follows. Unless otherwise noted, the policies are applied continuously to all the periods presented.

(1) Basis of consolidation

1) Subsidiaries

Subsidiaries are entities over which the Group has control.

The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to influence those returns through its power over the entity. Decisions as to whether or not the Group has power are based on a consideration of various elements, including the existence of potential voting rights that are exercisable at the present point in time. Financial statements of the subsidiaries are consolidated into the Group's consolidated financial statements from the date of acquisition of control to the date of loss of control. Adjustments to the financial statements of subsidiaries are made as necessary to bring them into conformity with the Group's accounting policies. When the fiscal closing date of

subsidiaries is different from that of the Company for consolidation, provisional closing is made at the consolidated closing date for such subsidiaries.

When the ownership interest in a subsidiary changes and the control over the subsidiary is maintained, any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized as equity transactions directly in equity attributable to owners of the parent.

All intra-group transactions, balances, and unrealized gains and losses are eliminated in consolidation.

2) Associates

An associate is an entity over which the Group has significant influence on the entity's decisions related to operational and financial policies, but does not have control. Significant influence is presumed to exist when the Group has 20% or more but 50% or less of the voting rights of the entity concerned.

Investments in associates are initially recognized at cost on acquisition and are subsequently accounted for using the equity method from the date when the Company obtains significant influence to the date when such influence is lost.

(2) Business combinations

The Group applies the acquisition method to business combinations. The consideration transferred in a business combination includes the fair value of the assets transferred by the Company to former owners of the acquiree, the liabilities incurred, the equity interests issued by the Company, and the liabilities resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. The identifiable assets acquired and the liabilities assumed as a result of the business combination are measured at fair value on the acquisition date. The amount of non-controlling interests in the acquiree is recognized either at fair value or based on the proportionate share of the non-controlling interests in the identifiable net asset amounts for each business combination transaction.

(3) Foreign currency translation

1) Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of the Group using the exchange rate as of the date of the transaction, or in cases in which items in the financial statements are to be remeasured, the exchange rate at the date of such evaluation. Exchange differences arising from the settlement of these transactions, exchange differences arising from translation of monetary assets and liabilities denominated in foreign currencies at the closing rate at the end of the fiscal period, and exchange differences arising from translation into functional currency of non-monetary assets and liabilities carried at fair value at the rate prevailing on the date when the fair value was measured, are recognized in profit or loss. However, translation differences arising from financial assets measured through other comprehensive income and cash flow hedges are recognized in other comprehensive income.

2) Foreign operations

Assets and liabilities of foreign operations are translated into Japanese yen at the closing rate at the end of the fiscal period. Revenues and expenses are translated into Japanese yen using the average rate for the fiscal period unless there are significant changes in the exchange rate. Resulting exchange differences are recognized in other comprehensive income.

(4) Financial instruments

1) Non-derivative financial assets

(a) Initial recognition and measurement

The Group classifies financial assets which it holds into the following categories: (i) financial assets measured at amortized cost, (ii) debt instruments measured at fair value through other comprehensive income, (iii) equity instruments measured at fair value through other comprehensive income and (iv) financial assets measured at fair value through profit or loss. This classification is determined at initial recognition of the financial assets.

The Group initially recognizes trade and other receivables on the date of occurrence. Other financial

assets are recognized initially on the trade date at which the Group becomes a party to the contract. At initial recognition, all financial assets are measured at fair value. However, trade and other receivables that do not contain significant financing component are measured at transaction prices.

In the case of a financial asset that is not classified as a financial asset measured at fair value through profit or loss, it is measured at the fair value plus any transaction costs directly attributable to the acquisition of the financial asset. The transaction costs of financial assets measured at fair value through profit or loss are recognized in profit or loss.

(i) Financial assets measured at amortized cost

Of the financial assets held by the Group, those that meet both of the following conditions are classified as financial assets measured at amortized cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets are measured at amortized cost using the effective interest method. Amortization using the effective interest method and gains or losses arising in the event of derecognition are recognized in profit or loss of the reporting period.

(ii) Debt instruments measured at fair value through other comprehensive income

Financial assets that meet both of the following conditions are classified as debt instruments measured at fair value through other comprehensive income.

- Financial assets are held in a business model where the objective is achieved through both the collection and sale of contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial assets are measured at fair value and changes in the fair value excluding impairment loss are recognized in other comprehensive income. In the event of derecognition of the relevant financial asset, the cumulative amount of gains or losses recognized through other comprehensive income is directly transferred to profit or loss.

Interest income based on the effective interest method related to the relevant financial asset is recognized in profit or loss.

(iii) Equity instruments measured at fair value through other comprehensive income

Of the financial assets other than those measured at amortized cost, equity instruments for which the Group made an irrevocable election at initial recognition to present subsequent changes in the fair value in other comprehensive income are classified as equity instruments measured at fair value through other comprehensive income.

Subsequent to initial recognition, the financial assets are measured at fair value and changes in the fair value are recognized in other comprehensive income. In the event of derecognition of the relevant financial asset, the cumulative amount of gains or losses recognized through other comprehensive income is directly transferred to retained earnings.

Dividends from the relevant financial asset are recognized in profit or loss.

(iv) Financial assets measured at fair value through profit or loss

Financial assets—other than financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, and equity instruments measured at fair value through other comprehensive income—are classified as financial assets measured at fair value through profit or loss.

Subsequent to initial recognition, the financial assets are measured at fair value and changes in the fair value are recognized in profit or loss.

(b) Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights to the cash flows from the financial assets expire, or when the contractual rights to receive the cash flows from the financial assets are assigned and substantially all the risks and rewards of ownership of the financial assets are transferred.

(c) Impairment of financial assets

With respect to impairment of financial assets that are measured at amortized cost and debt instruments, etc. that are measured at fair value through other comprehensive income, allowance for doubtful accounts is recognized for expected credit losses on the relevant financial assets.

At the end of each reporting period, the Group assesses whether there has been any significant increase in credit risk associated with the financial assets since initial recognition.

If credit risk of a financial instrument has not increased significantly since initial recognition, the allowance for doubtful accounts associated with the relevant financial instrument is measured at an amount equal to 12-month expected credit losses. If credit risk of a financial instrument has increased significantly since initial recognition, the allowance for doubtful accounts associated with the relevant financial instrument is measured at an amount equal to lifetime expected credit losses.

However, with respect to trade receivables, etc. that do not contain significant financing component, allowance for doubtful accounts is always measured at an amount equal to lifetime expected credit losses.

Estimation of expected credit losses on financial instruments is calculated using a method that reflects the following:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information about past events, current conditions and forecasts of future economic conditions, where such information is available without undue cost or effort at the end of a reporting period.

The amount relating to such measurement is recognized in profit or loss. If an event occurs after recognition of an impairment loss that results in a decrease of the impairment loss, such decrease is reversed in profit or loss.

2) Non-derivative financial liabilities

Non-derivative financial liabilities that the Group holds include interest-bearing debts and trade and other payables, which are initially recognized on the transaction date on which the Group becomes a party to the contract. These financial liabilities are initially recognized at fair value net of direct transaction costs, and subsequent to initial recognition, are measured at amortized cost using the effective interest method.

The Group derecognizes financial liabilities when the obligation is satisfied, or when the contractual obligation is discharged, canceled, or expires.

3) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is presented in the consolidated statement of financial position when the Group has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

4) Derivatives and hedge accounting

(a) Derivatives

The Group utilizes primarily foreign exchange forward contracts and non-deliverable forwards for hedging foreign exchange fluctuation risk. Derivatives are initially recognized at fair value on the date when the derivative contracts are entered into and are subsequently measured at fair value at the end of each fiscal period. Changes in the fair value of a derivative are recognized in profit or loss immediately unless the derivative is designated as a hedging instrument or the hedging is effective.

(b) Hedge accounting

The Group designates certain derivative transactions as hedging instruments and accounts for them as cash flow hedges.

At the inception of the hedge, the Group documents the hedge relationship qualifying for hedge accounting, as well as its risk management objectives and strategies for undertaking hedge transactions. Additionally, at the inception of the hedge and on an ongoing basis, the Group evaluates whether an economic relationship exists between the hedging instrument and the relevant hedged item to offset changes in the fair value or cash flows of the hedged item during the underlying period.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in other components of equity. The amounts related to hedging instruments that are recognized in other components of equity are reclassified to profit or loss in the same period when the hedged items affect profit or loss.

When the hedged forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains or losses previously recognized in accumulated other comprehensive income are reclassified and included in measuring the cost of the non-financial asset or the non-financial liability at initial recognition.

The application of hedge accounting is discontinued in cases where the hedging instrument expires, is sold, terminated, or exercised, or in cases where the hedge ceases to meet the hedge effectiveness requirement. When hedge accounting is discontinued, any gains or losses recognized in accumulated other comprehensive income remain in equity and are reclassified to profit or loss when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the amount related to the hedging instrument recognized in other components of equity is immediately recognized in profit or loss.

(5) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and other highly liquid short-term investments with original maturities of three months or less.

(6) Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is primarily calculated by the gross average method. The cost of finished goods and work in process is comprised of costs of raw materials, direct labor and other direct costs, and related manufacturing overhead (based on normal capacity of production facilities). Net realizable value is the estimated selling price in the ordinary course of business less related estimated selling expenses.

(7) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to the acquisition of qualifying assets and borrowing costs directly attributable to acquisition, construction, and production of qualifying assets.

Expenses subsequent to acquisition are included in the carrying amount of the relevant asset or are separately recognized as an asset where appropriate, if it is highly probable that associated future economic benefits will flow into the Group and if such expenditures can be estimated reasonably. The carrying amount of the replaced portion is derecognized.

Except for land and other assets that are not depreciated, depreciation is calculated using the straight-line method, with the depreciable amount, which is the cost less its residual value, allocated over the asset's useful life as given below.

Buildings and structures	2 – 50 years
Machinery, equipment and vehicles	2 – 22 years

The depreciation method, residual value, and useful life of an asset are reviewed at the end of each fiscal year and revised as necessary.

(8) Goodwill and intangible assets

1) Goodwill

Goodwill is the excess of the cost of acquisition over the fair value, on the acquisition date, of the Group's share of the identifiable net assets of the acquiree. Goodwill arising from acquisition of subsidiaries is included in intangible assets and is recorded at cost less accumulated impairment losses. Goodwill is not amortized and is allocated to each group of cash-generating unit that is identified based on the region or category of operations.

2) Intangible assets

Intangible assets acquired separately are measured at cost at initial recognition.

Development expenditures directly related to designing and testing of identifiable original software products managed by the Group are recognized as intangible assets only if they can be reliably measured, it is technically and commercially feasible to complete the product or the process, it is highly probable that future economic benefits will be generated, and the Group has the intention and adequate resources to complete the development and to use or sell the assets.

Intangible assets acquired in a business combination and recognized separately from goodwill at initial recognition are measured at fair value on the acquisition date.

Major intangible assets with finite useful lives are amortized using the straight-line method over the estimated useful lives as given below.

Software	5 years
Trademarks (with finite useful lives)	10 – 30 years
Customer-related assets (with finite useful lives)	20 years

The amortization method, residual value, and useful life of an asset are reviewed at the end of each fiscal year and revised as necessary.

(9) Leases

At the lease commencement date, the right-of-use asset is measured at acquisition cost and the lease liability is measured at the present value of the lease payments not paid as of the lease commencement date.

Right-of-use assets are depreciated over the useful life of the right-of-use asset or the period of the lease, whichever is shorter, from the lease commencement date, and are included in property, plant and equipment or intangible assets in the consolidated statement of financial position.

Lease liabilities are measured at amortized cost using the effective interest method and are shown in other financial liabilities in the consolidated statement of financial position. Lease payments are allocated between financial costs and the amount of the lease liability remaining to be repaid, so that there is a fixed interest rate on the balance of the lease liability. Financial costs are shown separately from depreciation of right-of-use assets in the consolidated statement of income.

At the start of the contract, the Group identifies whether a contract meets the definition of a lease or includes a lease, based on the substance of the contract. If the contract transfers the right to control the use of an identified asset for a period of time in exchange for a consideration, the contract is deemed to be a lease or to contain a lease.

In the case of short-term leases with lease terms of 12 months or less and leases of low-value underlying assets, the Group does not recognize right-of-use assets or lease liabilities. The Group recognizes the total lease payments in profit or loss using the straight-line method over the lease term.

(10) Impairment of non-financial assets

An impairment assessment is performed for property, plant and equipment, right-of-use assets, and intangible assets when there are any events or changes in circumstances indicating that the carrying amount may not be recoverable. The excess of the carrying amount of an asset over its recoverable amount is recognized as impairment losses. The recoverable amount is the higher of the fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the time value of money and the risks specific to the asset. In performing impairment assessments, the assets are grouped together into the smallest identifiable group of assets that can generate cash flows (cash-generating unit).

Goodwill, intangible assets with indeterminable useful lives, and intangible assets that are not yet available for use are not amortized, but are tested for impairment at a certain time each year and whenever there is an indication of impairment by estimating the recoverable amount of the asset and comparing it to the carrying amount.

For non-financial assets other than goodwill for which impairment losses were recognized in prior periods, a reassessment is performed at the end of each fiscal period for any possibility that the impairment may be reversed.

Any impairment losses for goodwill are recognized in profit or loss and are not reversed in subsequent periods.

Goodwill related to an investment in an associate that is included as part of the carrying amount of the investment is not separated from the other portions of the investment, and the investment is considered to be a single asset and is subject to impairment.

(11) Employee benefits

1) Short-term employee benefits

Short-term employee benefits are recognized as an expense when the employees render the related service. For bonus payments and cost of compensated absences, a liability is recognized for the amount expected to be paid under the relevant benefit plan if the Group has legal or constructive obligations to make the payments as a result of past service rendered by the employees, and if the obligations can be estimated reliably.

2) Retirement benefits

The Group has adopted defined contribution plans and defined benefit plans for its current and retired employees.

Defined contribution plans are retirement benefit plans under which an employer pays fixed contributions into an independent entity and will have no legal or constructive obligations to pay further contributions. For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans. As long as the contributions are paid, the Group will not be subject to any additional obligations. Contributions are recognized as employee benefit expenses during the period in which the employees render the related service.

Defined benefit plans are retirement benefit plans other than defined contribution plans. Liabilities recognized in respect of the defined benefit plans are the present value of the defined benefit obligations less the fair value of plan assets after adjusting for the effect of asset ceiling, as necessary, considering available economic benefits. The defined benefit obligations are calculated each year using independent actuaries and the projected unit credit method. The discount rate used in the calculation is determined by reference to market yields of high quality corporate bonds at the end of each fiscal year consistent with the discount period. The discount period is determined based on the term to the estimated dates of future benefit payments.

Of retirement benefit expenses, service cost and net interest on net defined benefit liabilities (assets) are recognized in profit or loss. Remeasurements, which include actuarial gains and losses in experience adjustments as well as actuarial gains and losses due to changes in actuarial assumptions, are recognized in other comprehensive income for the period of occurrence and are transferred to retained earnings immediately from other components of equity. Past service cost is recognized in net profit or loss at the earlier of the date when a plan amendment or curtailment occurs and when the Group recognizes any related restructuring costs or termination benefits.

(12) Share-based payments

As equity-settled share-based compensation, the Group has introduced a stock option plan and restricted share-based remuneration plan, as well as cash-settled share-based compensation. Equity-settled share-based compensation is measured at fair value at the date of grant. The fair value of stock options is calculated using the Black-Scholes model, and the fair value of restricted stock is calculated using the stock price on the date of grant. The fair value determined at the date of grant is recognized as an expense over the vesting period based on an estimate of the number of stock options or restricted stock that are expected to be ultimately vested, and an equal amount is recognized as an increase in equity. The terms and conditions are reviewed periodically and the estimate of the number of vested options is revised as necessary. Cash-settled share-based compensation is measured at the fair value of the liability incurred. The fair value of such liabilities is remeasured at the end of the period and at the settlement date, with changes in fair value recognized in profit or loss.

(13) Equity

Common shares are classified as equity.

Costs directly attributable to the issuance of new shares (common shares) or stock options, net of tax effects, are recognized as a deduction from equity.

In case of purchasing treasury shares, the consideration paid, including any directly attributable transaction costs (net of tax), is deducted from equity until disposal or cancellation of the shares. The difference between the carrying amount and the consideration at sale is recognized as share premium.

(14) Revenue recognition

The Group recognizes revenue based on the following five step approach.

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group is mainly engaged in the manufacture and sale of products for personal care, which includes wellness care business, feminine care business, and baby care business, and for pet care business. For the sale of such products, because the customer obtains control of the products at the time of delivery, the Group judges that its performance obligation is satisfied and recognizes revenue at the time of product delivery. Revenue is recognized at the amount of consideration to which the entity expects to be entitled in exchange for transfer of goods to customers, and is measured at the amount after deduction of trade discounts, rebates, value-added tax, or other taxes. Variable consideration in the form of discounts and rebates is included in the transaction price only to the extent that it is highly probable that a subsequent resolution of the uncertainty relating to such variable consideration will not result in a material reversal of the accumulated amount of revenue recognized. The consideration for performance obligations is received within one year from the fulfillment of the obligations and does not contain any significant financing component.

(15) Income taxes

Income tax expenses comprise current tax expenses and deferred tax expenses. These are recognized in the consolidated statement of income except for those recognized in relation to business combinations, recognized in other comprehensive income, or recognized directly in equity.

Current income tax expenses are measured at the amount expected to be paid to or refunded from the tax authorities, using the tax laws that have been enacted or substantively enacted as of the end of each fiscal period in the countries or regions in which the Company and its subsidiaries operate and in which taxable profit is generated.

Temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, based on the asset liability approach, and tax loss and tax credit carry-forwards, are recognized as deferred tax assets and liabilities.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the relevant deferred tax asset is realized or the deferred tax liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each fiscal period. A deferred tax asset is recognized only if it is likely to generate future taxable profit. However, deferred tax assets and liabilities are not recognized in the following circumstances.

- Temporary difference arising from the initial recognition of an asset or liability which is not a business combination transaction and which, on the transaction date, affects neither the accounting profit and loss nor the taxable profit (loss), and, at the time of the transaction, does not give rise to taxable temporary differences and deductible temporary differences in equal amounts;
- Taxable temporary difference arising from the initial recognition of goodwill;
- Taxable temporary difference associated with investments in subsidiaries and associates of which the Group is able to control the timing of the reversal and which is unlikely to reverse in the foreseeable future; and
- Deductible temporary difference associated with investments in subsidiaries and associates that is not likely to generate sufficient future taxable profit against which the temporary difference may be utilized, or that is not likely to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset if the Group has a legally enforceable right to offset current tax assets against current tax liabilities, and if the deferred tax assets and liabilities relate to income taxes imposed by the same tax authorities on the same taxable entity or different taxable entities that intend to make a settlement on a net basis.

Additionally, the Group applies exceptions set forth in the “International Tax Reform—Pillar Two Model Rules” (revision of IAS 12 “Income Taxes”) and does not recognize or disclose deferred tax assets or liabilities relating to income tax incurred based on global minimum tax rules.

(16) Earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to owners of parent by the weighted-average number of common shares outstanding for the period, after adjusting for treasury shares. Diluted earnings per share are calculated by adjusting for the impact of all dilutive potential shares.

4. Significant accounting estimates and judgments

In preparing the Group's consolidated financial statements, the management makes judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. However, actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Impacts of the revisions to accounting estimates are recognized in the period in which the estimate is revised and the future periods affected by such revisions.

Estimates and judgments made by the management as having a significant effect on the amounts reported in the Group's consolidated financial statements are as follows:

(1) Valuation of goodwill and intangible assets with indeterminable useful lives

With regard to goodwill and intangible assets with indeterminable useful lives, the recoverable amounts of the assets are estimated for comparison with the carrying amounts thereof at a certain time each year and whenever there is an indication of impairment. Recoverable amounts are measured by value in use in the group of cash-generating unit that includes goodwill and intangible assets with indeterminable useful lives. Value in use is calculated as the present value of estimated future cash flows. Estimated future cash flows are based on a three-year business plan approved by the management and, for the period after the three years, they are estimated on the assumption that they will gradually increase at a certain growth rate, taking into account average growth rates forecast in each market.

The major assumptions used to estimate value in use are estimates of future cash flows during the period covered by the business plan, the growth rate after the period, and the discount rate calculated based on the weighted-average capital cost.

While the management uses their best judgment to estimate future cash flows in the business plan for the next three years and a growth rate used for the period beyond the years covered by the business plan, these estimates may differ from actual results due to changes in economic conditions given future uncertainties.

(2) Income taxes

The Group is engaged in business operations in many countries and regions around the world. Amounts that are estimated to be paid to the respective country's and region's tax authorities are assessed reasonably in accordance with the related laws and regulations, and income tax payables, income tax expenses, and deferred tax assets are recorded accordingly.

In the calculation of income tax payables and income tax expenses, estimates and judgments are required on various factors, including interpretation of the provisions of tax statutes by both the entities subject to taxation and the tax authorities, as well as circumstances of past tax examinations. Consequently, the amounts of income tax payables and income tax expenses that have been recorded may differ from the actual payment amounts.

Also, deferred tax assets are provided within the extent of taxable profit likely to be generated against which deductible temporary differences may be utilized. In the judgment on the possibility of taxable profit, the timing at which such taxable profit will be generated and the amount are estimated based on the business plans. Whilst these estimates are made using the management's best judgment, they may differ from actual results due to changes in economic conditions given future uncertainties.

(3) Retirement benefits

The Group operates defined contribution plans and defined benefit plans for its current and retired employees. In regard to defined benefit plans, the present values of defined benefit obligations, service cost, and other items are calculated based on various actuarial assumptions. The actuarial assumptions include estimates based on various factors, such as the discount rate, future payments, future plan leavers, and the average life expectancy of plan participants. While these estimates are made using the management's best judgment, they may differ from actual results due to such factors as changes in economic conditions given future uncertainties, and amendments to and publication of related laws and regulations.

5. New accounting standards and interpretations not yet adopted

The adoption of IFRS 18 “Presentation and Disclosure in Financial Statements” issued in April 2024 will be mandatory for fiscal years beginning on or after January 1, 2027, and the Group plans to adopt this standard from the fiscal year ending December 31, 2027. IFRS 18 replaces IAS 1 “Presentation of Financial Statements,” which will be repealed.

IFRS 18 establishes new provisions for the presentation and disclosure of financial results, primarily in the statements of net income. IAS 7 “Statement of Cash Flows” has also been revised in conjunction with the issuance of IFRS 18.

We are currently reviewing the impact of the adoption of these standards on the consolidated financial statements.

We have also determined that no other accounting standards, etc., not yet adopted have a material impact on the Group’s consolidated financial statements.

6. Segment information

(1) Overview of reportable segments

The Group’s reportable segments are part of its organizational units whose financial information is individually available, and are subject to regular review by its Board of Directors, the chief operating decision maker, for the purpose of deciding the allocation of its managerial resources and evaluating its business performance.

The Group is composed of three businesses, namely the personal care business, the pet care business and other businesses as its basic units, and has been engaged in its business activities by comprehensively developing domestic and overseas strategies by business unit.

Therefore, the “personal care business,” the “pet care business,” and “other businesses” constitute the Group’s reportable segments.

In the personal care business, the Group manufactures and sells wellness care products, feminine care products, and baby care products. In the pet care business, the Group manufactures and sells pet food products and pet toiletry products. In other businesses, the Group manufactures and sells industrial materials-related products, etc.

The accounting policies for the reportable segments are the same as for the consolidated financial statements.

(2) Sales and results by reportable segment

Sales and results by reportable segment are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)					
	Reportable segments				Adjustments	Amounts reported in consolidated financial statements
	Personal care	Pet care	Other	Total		
Sales to external customers	826,100	148,673	14,208	988,981	–	988,981
Sales across segments (Note)	–	–	114	114	(114)	–
Total segment sales	826,100	148,673	14,322	989,095	(114)	988,981
Segment profit (loss) (Core operating income)	110,883	25,840	1,740	138,463	–	138,463
Other income						1,872
Other expenses						(5,572)
Financial income						9,716
Financial costs						(9,942)
Profit before tax						134,537
Others						
Depreciation and amortization expenses	40,764	5,081	693	46,538	–	46,538
Impairment losses	734	178	–	912	–	912
Increase in property, plant and equipment and intangible assets	33,841	10,005	636	44,483	–	44,483

(Millions of Yen)

	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)					
	Reportable segments				Adjustments	Amounts reported in consolidated financial statements
	Personal care	Pet care	Other	Total		
Sales to external customers	774,428	156,084	14,755	945,268	–	945,268
Sales across segments (Note)	–	–	118	118	(118)	–
Total segment sales	774,428	156,084	14,873	945,386	(118)	945,268
Segment profit (loss) (Core operating income)	83,197	24,067	1,620	108,884	–	108,884
Other income						9,505
Other expenses						(16,410)
Financial income						7,335
Financial costs						(3,928)
Profit before tax						105,386
Others						
Depreciation and amortization expenses	41,000	5,988	819	47,808	–	47,808
Impairment losses	6,015	–	–	6,015	–	6,015
Increase in property, plant and equipment and intangible assets	27,919	5,113	378	33,410	–	33,410

Note: Sales across segments are based on prevailing market prices.

(3) Information on products and services

Information on products and services is omitted, since it is the same as reportable segments.

(4) Geographical information

Sales to external customers by region are as follows. Sales are classified by country or region based on the location of consolidated companies.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Japan	339,922	342,504
China	107,324	78,024
Asia	335,790	311,269
Other	205,944	213,469
Total	988,981	945,268

The details of non-current assets by region (excluding investments accounted for using equity method, financial instruments, deferred tax assets, and net defined benefit asset, etc.) are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Japan	122,649	113,692
China	41,236	36,159
Asia	188,681	168,406
Other	62,182	65,425
Total	414,747	383,683

Note: Major countries or regions which belong to Asia are Indonesia, Thailand, Vietnam, and India.

(5) Information about major customers

Information about major customers is omitted, since there is no particular external customer to whom sales are 10% or more of the net sales recorded in the consolidated statement of income.

7. Cash and cash equivalents

The details of cash and cash equivalents are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Cash and deposits	353,942	336,876
Time deposits with maturities over three months	(92,888)	(83,783)
Total	261,054	253,092

The balances of cash and cash equivalents as of the end of the previous fiscal year and the end of the fiscal year under review in the consolidated statement of financial position are identical to the balances of cash and cash equivalents presented in the consolidated statement of cash flows.

8. Trade and other receivables

The details of trade and other receivables are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Notes and accounts receivable - trade	169,491	156,227
Accounts receivable - other	2,631	2,857
Allowance for doubtful accounts	(3,491)	(4,322)
Total	168,631	154,762

9. Inventories

The details of inventories are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Merchandise and finished goods	66,082	67,577
Raw materials and supplies	53,041	54,258
Work in process	2,010	1,509
Total	121,133	123,344

The amount of inventories recognized as an expense is primarily included in cost of sales.

The write-down of inventories recognized as an expense totaled ¥751 million and ¥781 million for the previous fiscal year and the fiscal year under review, respectively, which is included in the amount of inventories recognized as an expense above.

10. Property, plant and equipment

(1) Details of property, plant and equipment

The details of “property, plant and equipment” in the consolidated statement of financial position are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Property, plant and equipment	258,730	243,579
Right-of-use assets	34,501	32,169
Total	293,230	275,748

Please refer to Note “12. Right-of-use assets” for the statement of right-of-use assets.

(2) Statement of property, plant and equipment

Cost and changes in accumulated depreciation and accumulated impairment losses of property, plant and equipment, as well as the carrying amounts, are as follows.

(Millions of Yen)

Cost	Buildings and structures	Machinery, equipment and vehicles	Land	Construction in progress	Other	Total
Balance at January 1, 2024	175,432	415,832	18,850	20,725	33,722	664,561
Purchase	211	1,810	–	29,211	1,351	32,583
Reclassification, etc.	13,031	21,801	–	(39,249)	1,710	(2,707)
Disposal	(333)	(8,848)	–	(16)	(889)	(10,086)
Effect of exchange rate changes	8,186	22,603	328	65	2,139	33,321
Balance at December 31, 2024	196,527	453,198	19,177	10,736	38,033	717,672
Purchase	578	3,072	237	20,687	854	25,428
Reclassification, etc.	2,888	17,843	–	(23,677)	942	(2,004)
Disposal	(543)	(14,079)	(356)	(254)	(1,197)	(16,428)
Effect of exchange rate changes	1,189	5,817	13	1	818	7,839
Balance at December 31, 2025	200,640	465,851	19,071	7,493	39,451	732,506

(Millions of Yen)

Accumulated depreciation and accumulated impairment losses	Buildings and structures	Machinery, equipment and vehicles	Land	Construction in progress	Other	Total
Balance at January 1, 2024	87,140	299,711	15	–	26,188	413,054
Depreciation	7,004	22,693	–	–	2,695	32,392
Impairment losses	122	83	–	–	–	205
Reclassification, etc.	(1)	(50)	–	–	(59)	(110)
Disposal	(293)	(8,105)	–	–	(826)	(9,224)
Effect of exchange rate changes	3,978	16,950	–	–	1,696	22,625
Balance at December 31, 2024	97,950	331,283	15	–	29,694	458,942
Depreciation	7,088	22,766	–	–	2,730	32,584
Impairment losses	–	3,812	–	–	307	4,119
Reclassification, etc.	(8)	(906)	–	–	(69)	(983)
Disposal	(460)	(12,640)	(15)	–	(1,095)	(14,210)
Effect of exchange rate changes	1,582	6,179	–	–	713	8,474
Balance at December 31, 2025	106,153	350,494	–	–	32,281	488,927

(Millions of Yen)

Carrying amount	Buildings and structures	Machinery, equipment and vehicles	Land	Construction in progress	Other	Total
Balance at January 1, 2024	88,292	116,121	18,835	20,725	7,534	251,507
Balance at December 31, 2024	98,577	121,915	19,162	10,736	8,339	258,730
Balance at December 31, 2025	94,487	115,357	19,071	7,493	7,171	243,579

Depreciation is recorded in “Cost of sales” and “Selling, general and administrative expenses,” and impairment losses are recorded in “Other expenses.”

There are no property, plant and equipment which are subject to restrictions on their ownership or pledged as collateral for liabilities.

11. Intangible assets

(1) Details and statement of intangible assets

Details of intangible assets, cost and changes in accumulated amortization and accumulated impairment losses of intangible assets, as well as the carrying amounts, are as follows.

(Millions of Yen)

Cost	Goodwill	Trademarks	Customer-related assets	Other	Total
Balance at January 1, 2024	55,245	42,872	40,161	36,830	175,108
Purchase	–	–	–	4,101	4,101
Reclassification, etc.	–	–	–	81	81
Disposal	–	–	–	(1,430)	(1,430)
Effect of exchange rate changes	5,885	3,757	4,850	1,443	15,936
Balance at December 31, 2024	61,131	46,629	45,011	41,026	193,796
Purchase	–	–	–	2,588	2,588
Reclassification, etc.	–	–	–	(24)	(24)
Disposal	–	–	–	(1,322)	(1,322)
Effect of exchange rate changes	2,163	(259)	1,993	(108)	3,790
Balance at December 31, 2025	63,294	46,370	47,004	42,159	198,826

(Millions of Yen)

Accumulated amortization and accumulated impairment losses	Goodwill	Trademarks	Customer-related assets	Other	Total
Balance at January 1, 2024	9,920	28,720	20,332	20,410	79,381
Amortization	–	759	2,167	4,151	7,078
Impairment losses	682	–	–	25	707
Reclassification, etc.	–	–	–	–	–
Disposal	–	–	–	(1,393)	(1,393)
Effect of exchange rate changes	413	3,505	2,068	946	6,932
Balance at December 31, 2024	11,015	32,984	24,566	24,140	92,705
Amortization	–	1,379	1,740	4,682	7,801
Impairment losses	1,780	–	116	–	1,896
Reclassification, etc.	–	–	–	(3)	(3)
Disposal	–	–	–	(1,235)	(1,235)
Effect of exchange rate changes	–	(362)	1,017	(51)	604
Balance at December 31, 2025	12,795	34,001	27,439	27,532	101,768

(Millions of Yen)

Carrying amount	Goodwill	Trademarks	Customer-related assets	Other	Total
Balance at January 1, 2024	45,325	14,152	19,829	16,421	95,727
Balance at December 31, 2024	50,116	13,645	20,445	16,886	101,091
Balance at December 31, 2025	50,499	12,369	19,564	14,628	97,059

Amortization is recorded in “Cost of sales” and “Selling, general and administrative expenses” and impairment losses are recorded in “Other expenses.”

There are no intangible assets which are subject to restrictions on their ownership or pledged as collateral for liabilities.

Some of the trademarks are deemed to have indeterminable useful lives since they will basically remain as long as the business is continued. The carrying amounts of trademarks with indeterminable useful lives were ¥1,687 million and ¥1,795 million as of the end of the previous fiscal year and the end of the fiscal year under review, respectively.

(2) Individually material intangible assets

Individually material intangible assets are “customer-related assets” recorded in connection with the acquisition of the shares of DSG (Cayman) Ltd., with the carrying amount of ¥16,315 million and ¥16,083 million as of the end of the previous fiscal year and the end of the fiscal year under review, respectively, and the remaining amortization period of 14 years and 13 years, respectively.

12. Right-of-use assets

Details of right-of-use assets, cost and changes in accumulated depreciation and accumulated impairment losses of right-of-use assets, as well as the carrying amounts, are as follows.

(Millions of Yen)

Cost	Buildings and structures	Machinery, equipment and vehicles	Land	Other	Total
Balance at January 1, 2024	47,756	2,240	7,936	432	58,363
Purchase	7,218	412	–	169	7,799
Other	(1,922)	(789)	643	(98)	(2,166)
Balance at December 31, 2024	53,052	1,863	8,579	503	63,996
Purchase	4,500	875	–	19	5,394
Other	(3,315)	(317)	(411)	(51)	(4,094)
Balance at December 31, 2025	54,236	2,421	8,168	472	65,297

(Millions of Yen)

Accumulated depreciation and accumulated impairment losses	Buildings and structures	Machinery, equipment and vehicles	Land	Other	Total
Balance at January 1, 2024	21,371	1,341	1,343	230	24,285
Depreciation	6,373	434	199	62	7,069
Other	(1,286)	(612)	159	(119)	(1,858)
Balance at December 31, 2024	26,458	1,162	1,702	174	29,496
Depreciation	6,720	428	185	89	7,422
Other	(3,337)	(332)	(71)	(49)	(3,790)
Balance at December 31, 2025	29,840	1,258	1,816	214	33,128

(Millions of Yen)

Carrying amount	Buildings and structures	Machinery, equipment and vehicles	Land	Other	Total
Balance at January 1, 2024	26,385	899	6,593	202	34,078
Balance at December 31, 2024	26,594	701	6,877	329	34,501
Balance at December 31, 2025	24,397	1,163	6,351	258	32,169

13. Impairment of non-financial assets

The details of assets by type for which impairment losses are recognized are as follows.

The details of impairment losses by segment are presented in Note “6. Segment information.”

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Goodwill	682	1,780
Property, plant and equipment	205	4,119
Intangible assets (other than goodwill)	25	116
Total impairment losses	912	6,015

(1) Cash-generating unit

The Group categorizes cash-generating units into the smallest units that have individually identifiable cash flows, while idle assets are grouped by individual asset.

(2) Impairment losses

Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)

The main impairment losses occurred when, as the excess earnings power assumed at the time of the acquisition declined for the business belonging to the personal care segment of Uni-Charm Corporation Sdn. Bhd., DSG Malaysia Sdn. Bhd., UNI-CHARM MALAYSIA TRADING SDN. BHD., etc., subsidiaries of the Company, as a result of reviewing the business plans used to calculate the value in use in response to changes in the business environment, as in the previous fiscal year, the carrying amount of “goodwill” related to the business in the country was reduced to the recoverable amount, and a reduction of ¥682 million was recorded as impairment losses in “other expenses.”

Impairment losses have been recorded in “other expenses” because they are considered to be expenses that are not connected with any of the functions, such as expenses that cover all management activities.

The recoverable amount of such asset group of ¥9,713 million is measured by the value in use. Value in use is obtained by discounting the future cash flows based on the business plan and growth rate approved by the management to the present value using the discount rate of 12.6%, calculated based on the pre-tax weighted average cost of capital. The growth rate is estimated as 2.0% by taking into account the assumed average growth rates in each market. There is the possibility of additional impairment loss in case the main assumptions used in the impairment test fluctuate, namely when the future cash flow decreases, when the average growth rate declines, or when the discount rate increases.

Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)

The main impairment losses in the fiscal year under review are as follows.

As the excess earnings power assumed at the time of the acquisition declined for the business belonging to the personal care segment of Uni-Charm Corporation Sdn. Bhd., DSG Malaysia Sdn. Bhd., UNI-CHARM MALAYSIA TRADING SDN. BHD., etc., subsidiaries of the Company, as a result of reviewing the business plans used to calculate the value in use in response to changes in the business environment, as in the previous fiscal year, the carrying amounts of “goodwill” and “intangible assets” related to the business in the country were reduced to their recoverable amounts, and reductions of ¥1,780 million and ¥116 million were recorded as impairment losses for “goodwill” and “intangible assets,” respectively, in “other expenses.”

Impairment losses have been recorded in “other expenses” because they are considered to be expenses that are not connected with any of the functions, such as expenses that cover all management activities.

The recoverable amount of such asset group of ¥6,277 million is measured by the value in use. Value in use is obtained by discounting the future cash flows based on the business plan and growth rate approved by the management to the present value using the discount rate of 12.3%, calculated based on the pre-tax weighted average cost of capital. The growth rate is estimated as 2.0% by taking into account the assumed average growth rates in each market. There is the possibility of additional impairment loss in case the main assumptions used in

the impairment test fluctuate, namely when the future cash flow decreases, when the average growth rate declines, or when the discount rate increases.

In cash-generating units belonging to the personal care segment of Indonesian and Chinese subsidiaries of the Company, due to a fall in profitability resulting from intensified competition with other companies and other changes in the business environment, the carrying amount of “property, plant and equipment” was reduced to the recoverable amount, and reductions of ¥2,741 million and ¥1,272 million were recorded as impairment losses in “other expenses” for the Indonesian subsidiary and for the Chinese subsidiary, respectively. The recoverable amount is measured by the value in use.

Impairment losses have been recorded in “other expenses” because they are considered to be expenses that are not connected with any of the functions, such as expenses that cover all management activities.

(3) Impairment test for goodwill and intangible assets with indeterminable useful life

The breakdowns of goodwill and intangible assets with indeterminable useful life by cash-generating unit (after recognizing impairment loss) are as follows. All of the assets below are allocated to the personal care business.

(Millions of Yen)

	Cash-generating unit or cash-generating unit group (business belonging to the personal care segment of each Group company)	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)		Fiscal Year Ended December 31, 2025 (as of December 31, 2025)	
		Goodwill	Intangible assets with indeterminable useful life	Goodwill	Intangible assets with indeterminable useful life
Thailand	Uni.Charm (Thailand) Co., Ltd. DSG International (Thailand) Public Co., Ltd.	27,436	–	29,387	–
Vietnam	Diana Unicharm Joint Stock Company	18,698	–	18,506	–
Australia	Unicharm Australasia Holding Pty Ltd.	352	1,687	352	1,795
Malaysia	Uni-Charm Corporation Sdn. Bhd. DSG Malaysia Sdn. Bhd. UNI-CHARM MALAYSIA TRADING SDN. BHD.	1,784	–	–	–
Others		1,846	–	2,254	–
Total		50,116	1,687	50,499	1,795

The recoverable amounts for the impairment test of goodwill and intangible assets with indeterminable useful life are calculated based on value in use. Value in use is obtained by discounting the future cash flows for the coming three years based on the business plan approved by the management to the present value using the discount rates of 9.5–14.5% for the fiscal year ended December 31, 2024, and 9.0–14.6% for the fiscal year ended December 31, 2025, calculated based on the pre-tax weighted average cost of capital. The business plan is based on the management’s evaluation of future predictions and past performance of each business while ensuring alignment with external and internal information.

Cash flows beyond the period of the business plan are estimated while taking into account the average growth rate predicted for each market (2.0–3.4% for the fiscal year ended December 31, 2024; 1.8–3.3% for the fiscal year ended December 31, 2025).

For the other cash-generating unit groups where impairment loss was not recognized for goodwill or intangible assets with indeterminable useful life, the Company has determined that the carrying amount is not likely to exceed

the recoverable amount, even in the case the main assumptions used in the impairment test change within a rationally predictable range.

14. Investments accounted for using equity method

(1) Material associates

A material associate is Jiangsu Jijia Pet Products Co., Ltd., a major pet food company in China.

The condensed consolidated financial information of the aforementioned company is as follows.

The ownership interest shown below represents the interest held by Unicharm (China) Co., Ltd., a wholly-owned consolidated subsidiary of the Company, in the aforementioned company.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Ownership interest	41.9%	45.3%
Current assets	9,158	12,325
Non-current assets	9,751	18,016
Current liabilities	8,558	17,597
Non-current liabilities	7,518	9,774
Total equity	2,833	2,970
The Group's share of total equity	1,186	1,344
Amounts equivalent to goodwill and consolidation adjustments	16,860	18,198
Carrying amount of investments	18,046	19,542

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Net sales	39,704	45,466
Profit for the period	(1,896)	(377)
Other comprehensive income	321	93
Comprehensive income	(1,574)	(284)

The Group's equity

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Profit for the period	(794)	(203)
Other comprehensive income	1,494	587
Comprehensive income	700	383

(2) Immaterial associates

The carrying amounts of investments and financial information for equity-method associates which are individually immaterial are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Investments accounted for using equity method	603	43

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Share of profit (loss) of investments accounted for using equity method (Note)	(194)	(702)
Share of other comprehensive income of investments accounted for using equity method	14	(10)
Total	(180)	(712)

Note: Share of profit (loss) of investments accounted for using equity method is included in “other expenses.”

15. Income tax

(1) Deferred tax assets and deferred tax liabilities

The major details of deferred tax assets and liabilities are as follows.

Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)

(Millions of Yen)

	January 1, 2024	Recognized as profit or loss	Recognized as other comprehensive income	Other	December 31, 2024
Deferred tax assets					
Accrued bonuses	1,422	(74)	–	19	1,367
Accrued sales promotion expenses	6,313	357	–	300	6,971
Retirement benefit liabilities	2,897	(852)	924	74	3,043
Tax loss carry-forwards	3,099	(73)	–	196	3,223
Share-based payment expenses	1,139	588	–	–	1,727
Other	22,653	2,039	0	–	24,692
Total deferred tax assets	37,524	1,986	924	589	41,023
Deferred tax liabilities					
Depreciation and amortization expenses	(6,207)	358	–	(464)	(6,313)
Net defined benefit asset	(1,185)	804	(166)	–	(548)
Equity instruments measured at fair value through other comprehensive income	(1,728)	–	(958)	162	(2,524)
Undistributed earnings	(19,720)	3,505	–	–	(16,215)
Intangible assets	(4,165)	424	–	(534)	(4,274)
Other	(8,650)	(287)	0	–	(8,937)
Total deferred tax liabilities	(41,656)	4,804	(1,124)	(836)	(38,811)
Net deferred tax assets (liabilities)	(4,131)	6,790	(200)	(247)	2,212

Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)

(Millions of Yen)

	January 1, 2025	Recognized as profit or loss	Recognized as other comprehensive income	Other	December 31, 2025
Deferred tax assets					
Accrued bonuses	1,367	168	–	21	1,556
Accrued sales promotion expenses	6,971	396	–	183	7,549
Retirement benefit liabilities	3,043	(319)	1,136	(115)	3,744
Tax loss carry-forwards	3,223	2,966	–	62	6,250
Share-based payment expenses	1,727	(1,461)	–	–	266
Other	24,692	(1,223)	–	–	23,469
Total deferred tax assets	41,023	526	1,136	150	42,835
Deferred tax liabilities					
Depreciation and amortization expenses	(6,313)	(1,979)	–	56	(8,236)
Net defined benefit asset	(548)	375	(76)	–	(249)
Equity instruments measured at fair value through other comprehensive income	(2,524)	–	(1,945)	100	(4,369)
Undistributed earnings	(16,215)	1,533	–	–	(14,682)
Intangible assets	(4,274)	402	–	(201)	(4,073)
Other	(8,937)	(615)	(21)	–	(9,573)
Total deferred tax liabilities	(38,811)	(284)	(2,042)	(44)	(41,181)
Net deferred tax assets (liabilities)	2,212	243	(906)	106	1,654

Differences between total amounts recognized as profit or loss and deferred tax expenses are attributable to the effect of exchange rate changes.

In evaluating the recoverability of deferred tax assets, the Group takes into account the scheduled reversal of deferred tax liabilities, estimated future taxable profit, and tax planning. As a result of evaluation on the recoverability of deferred tax assets, deferred tax assets are not recorded for part of deductible temporary differences and tax loss carry-forwards.

Deductible temporary differences and tax loss carry-forwards for which deferred tax assets are not recognized are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Deductible temporary differences	66,007	72,245
Tax loss carry-forwards	31,447	34,986
Total	97,454	107,230

The details of expiration of tax loss carry-forwards for which deferred tax assets are not recognized are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
In one year or less	–	–
After one year through five years	296	9,651
After five years	31,151	25,334
Total	31,447	34,986

Total temporary differences associated with investments in subsidiaries which are not recognized as deferred tax liabilities were ¥84,276 million and ¥75,565 million at the end of the previous fiscal year and the end of the fiscal year under review, respectively.

Deferred tax liabilities are not recognized for these temporary differences since the Group is able to control the timing of the reversal of the temporary differences and the reversal is unlikely to occur in the foreseeable future.

(2) Income tax expenses

The details of income tax expenses are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Current tax expenses	45,845	31,927
Tax expenses for prior periods	59	2,480
Deferred tax expenses	(6,595)	122
Total income tax expenses	39,309	34,529

Current tax expenses include benefits arising from previously unrecognized tax losses, tax credits, and temporary differences for prior periods. A decrease in current tax expenses due to the above factor was ¥777 million for the previous fiscal year and none for the fiscal year under review.

The relationship between the effective statutory tax rate and the actual effective tax rate of the Group is as follows. The effective statutory tax rate is calculated based on a national corporate tax, an inhabitant tax, and an enterprise tax of Japan. Overseas subsidiaries are subject to local corporate and other taxes.

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Effective statutory tax rate	30.6%	30.6%
Changes in unrecognized deferred tax assets	(0.6)%	3.1%
Dividend income, etc.	1.5%	1.3%
Lower income tax rates applicable to income in certain foreign countries	(4.4)%	(3.9)%
Effect of tax reforms	0.0%	0.0%
Tax credits	(1.3)%	(2.9)%
Tax effects on undistributed earnings	2.6%	0.7%
Corporate tax for prior periods, etc.	0.0%	2.4%
Other	0.8%	1.6%
Actual effective tax rate	29.2%	32.8%

(3) Global minimum tax

On March 28, 2023, the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 3 of 2023) was enacted in Japan, where the Company is located, to introduce a global minimum tax system in line with Pillar Two model rules. This act has been applied to the Company from the current fiscal year started January 1, 2025. The global minimum tax system has also been enacted in certain countries in which the Group conducts business operations, and the system has been applied to subsidiaries located in those countries starting from the fiscal year under review; however, this has not had a material impact on the Group’s current tax expenses.

The Group applies an exception to the recognition and disclosure of deferred tax assets and deferred tax liabilities relating to income tax arising from tax laws enacted or effectively enacted to introduce the Pillar Two model rules, and therefore does not recognize or disclose them.

16. Borrowings

The details of borrowings are as follows.

(Millions of Yen)

	Short-term borrowings	Current portion of long-term borrowings	Subtotal of current items	Long-term borrowings	Subtotal of non-current items	Total
Balance at January 1, 2024	11,094	3,883	14,977	13,588	13,588	28,565
New borrowings	3,562	–	3,562	2,901	2,901	6,463
Transfer	–	11,526	11,526	(11,526)	(11,526)	–
Repayment	(9,139)	(1,213)	(10,352)	–	–	(10,352)
Effect of exchange rate changes	783	499	1,282	893	893	2,175
Balance at December 31, 2024	6,300	14,694	20,994	5,857	5,857	26,851
New borrowings	4,482	–	4,482	1,813	1,813	6,295
Transfer	–	–	–	–	–	–
Repayment	(6,918)	(13,667)	(20,585)	(225)	(225)	(20,810)
Effect of exchange rate changes	(375)	(1,027)	(1,402)	121	121	(1,281)
Balance at December 31, 2025	3,488	–	3,488	7,567	7,567	11,055
Average interest rate (Note 1)	6.33%	–	–	6.10%	–	–
Maturity (Note 2)	–	–	–	2027 – 2028	–	–

Notes: 1. The average interest rate represents the weighted-average interest rate applicable to the balance at the end of the fiscal year under review.

2. The maturity represents the maturity applicable to the balance at the end of the fiscal year under review.

17. Lease liabilities

The Group has rented multiple offices and vehicles, etc.

Lease payments not paid as of the end of the previous fiscal year and the fiscal year under review are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
In one year or less	7,430	7,552
After one year through five years	18,417	18,019
After five years	9,129	7,062
Total	34,976	32,633
Future finance costs	3,520	3,059
Present value of lease liabilities	31,456	29,575
Average interest rate (Note)	2.66%	2.54%

Note: The average interest rate represents the weighted-average interest rate applicable to the balance at the end of the fiscal year.

The details of gains and losses concerning leases are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Short-term lease payments	265	281
Small lease payments	317	298

Depreciation of right-of-use assets and the increase in right-of-use assets, as well as the carrying amount of right-of-use assets are presented in Note “12. Right-of-use assets,” interest expenses associated with lease liabilities are presented in Note “27. Financial income and financial costs,” and the total amount of cash outflows concerning leases is presented in the consolidated statement of cash flows.

There are no material leases not yet commenced to which the Group is committed as of the end of the fiscal year under review.

18. Trade and other payables

The details of trade and other payables are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Notes and accounts payable - trade	131,333	122,657
Accounts payable - other and accrued expenses	100,066	98,925
Total	231,399	221,583

19. Employee benefits

(1) Overview of retirement benefit plans

The Company and some of its subsidiaries have defined benefit corporate pension plans and lump-sum benefit plans (funded and unfunded) as defined benefit plans. The amounts of benefits are determined based on evaluation factors, including the number of years of service, ability and job grades, and position.

The Company's defined benefit corporate pension plans are managed by the Unicharm Corporate Pension Fund (hereinafter the "Pension Fund"), which is separate from the Company in accordance with relevant laws and regulations. The administrative board of the Pension Fund and the pension management entrusted organization are required by laws and regulations to take actions by giving top priority to the interests of plan participants, and bear the responsibility to manage plan assets based on given policies. Employers are obliged to make contributions to the fund.

The Pension Fund outsources the management of plan assets to a financial institution and prepares a portfolio for the purpose of securing stable returns under acceptable risks in order to ensure future payments based on retirement benefit corporate pension plans. The portfolio is reviewed if necessary when the original premises or other items change significantly.

The Company's lump-sum benefit plans may pay retirement benefits from trust assets mainly based on retirement benefit trust contracts. They outsource liquid and low risk management centered on debt securities to a financial institution in order to make payments according to funding needs for future lump-sum benefit payments.

Plan assets are exposed to investment risk relating to financial instruments, and defined benefit obligations, which are measured based on various actuarial assumptions, such as discount rates, are exposed to risk resulting from changes in these assumptions.

In addition to defined benefit plans, the Company and some of its subsidiaries have defined contribution plans.

(2) Defined benefit plans

1) Amounts recognized in the consolidated statement of financial position

The relationship between defined benefit obligations and plan assets, and amounts recognized in the consolidated statement of financial position is as follows.

	(Millions of Yen)	
	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Present value of funded defined benefit obligations	45,141	40,104
Fair value of plan assets	(60,739)	(64,245)
Subtotal	(15,598)	(24,141)
Effect of asset ceiling (Note 1)	18,006	29,172
Present value of unfunded defined benefit obligations	9,379	10,202
Net retirement benefit liabilities (defined benefit assets)	11,787	15,233
Amounts in the consolidated statement of financial position		
Retirement benefit liabilities	13,490	15,942
Net defined benefit assets (Note 2)	(1,703)	(709)

Notes: 1. Asset ceiling is calculated based on the present value of economic benefits available in the form of a decrease in future contributions to plans, taking into account minimum fund requirements.

2. Net defined benefit asset is included in other non-current assets in the consolidated statement of financial position.

2) Reconciliation of the present value of defined benefit obligations

Changes in the present value of defined benefit obligations are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Present value of defined benefit obligations at beginning of period	54,975	54,520
Current service cost	3,163	3,081
Interest expenses	1,243	1,496
Remeasurements		
Actuarial differences arising from changes in demographic assumptions	308	373
Actuarial differences arising from changes in financial assumptions	(3,447)	(6,587)
Actuarial differences arising from performance adjustments	206	238
Past service cost	29	18
Retirement benefits paid	(2,808)	(2,863)
Effect of exchange rate changes	850	22
Other	0	8
Present value of defined benefit obligations at end of period	54,520	50,306

Note: Weighted-average duration of defined benefit obligations was 13.8 years and 12.7 years for the previous fiscal year and the fiscal year under review, respectively.

3) Reconciliation of the fair value of plan assets

Changes in the fair value of plan assets are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Fair value of plan assets at beginning of period	55,997	60,739
Interest income	1,006	1,421
Remeasurements		
Gain on plan assets	2,752	1,799
Contribution from employers	2,092	1,736
Retirement benefits paid	(1,198)	(1,281)
Effect of exchange rate changes	90	(174)
Other	–	5
Fair value of plan assets at end of period	60,739	64,245

Note: Employers are expected to contribute ¥1,694 million to defined benefit plans in the following fiscal year.

4) Reconciliation of the effect of asset ceiling

Changes in the effect of asset ceiling are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Effect of asset ceiling at beginning of period	9,585	18,006
Restrictions on interest income	172	415
Remeasurements		
Changes in the effect of asset ceiling	8,248	10,751
Effect of asset ceiling at end of period	18,006	29,172

5) Details of plan assets

The details of plan assets are as follows.

Fiscal Year Ended December 31, 2024 (as of December 31, 2024)

(Millions of Yen)

	Quoted in an active market	Unquoted in an active market	Total
Debt instruments	–	24,770	24,770
Equity instruments	–	16,635	16,635
Cash and cash equivalents	–	1,129	1,129
Life insurance company general account	0	5,215	5,215
Other	–	12,989	12,989
Total plan assets	0	60,739	60,739

Notes: 1. All debt instruments are held in commingled trusts. The investments in commingled trusts are mainly domestic bonds and bond investment trusts.

2. All equity instruments are held in commingled trusts. The investments in commingled trusts are mainly domestic and overseas listed stocks.

3. Cash and cash equivalents are mainly held in commingled trusts.

4. All amounts of plan assets classified as other are held in commingled trusts.

Fiscal Year Ended December 31, 2025 (as of December 31, 2025)

(Millions of Yen)

	Quoted in an active market	Unquoted in an active market	Total
Debt instruments	–	23,339	23,339
Equity instruments	–	19,511	19,511
Cash and cash equivalents	–	1,081	1,081
Life insurance company general account	–	6,312	6,312
Other	–	14,002	14,002
Total plan assets	–	64,245	64,245

- Notes: 1. All debt instruments are held in commingled trusts. The investments in commingled trusts are mainly domestic bonds and bond investment trusts.
2. All equity instruments are held in commingled trusts. The investments in commingled trusts are mainly domestic and overseas listed stocks.
3. Cash and cash equivalents are mainly held in commingled trusts.
4. All amounts of plan assets classified as other are held in commingled trusts.

6) Actuarial assumptions

Major actuarial assumptions (weighted-average) used are as follows.

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Discount rate	2.9%	3.7%

7) Sensitivity analysis

The effect of a change in actuarial assumptions on the present value of defined benefit obligations is as follows. This analysis assumes that the other variables are constant. There are no changes from the method and assumptions used for preparing the sensitivity analysis for the previous fiscal year.

	Change	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Discount rate	0.5% increase	¥3,210 million decrease	¥2,666 million decrease
	0.5% decrease	¥3,624 million increase	¥2,999 million increase

(3) Defined contribution plans

Expenses for defined contribution plans are recognized as an expense during the period in which the employees render the related service, and contributions payable are recognized as obligations. These expenses were ¥5,891 million and ¥6,054 million for the previous fiscal year and the fiscal year under review, respectively.

20. Other current liabilities

The details of other current liabilities are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Accrued bonuses	7,826	8,680
Accrued consumption taxes, etc.	6,630	3,486
Accrued compensated absences	3,341	3,875
Other	7,010	3,560
Total	24,806	19,602

21. Equity

(1) Capital stock and share premium

Changes in the total number of shares authorized and the number of issued shares are as follows.

	Total number of shares authorized (Thousands of Shares)	Number of issued shares (Thousands of shares)
Balance at January 1, 2024	827,779	620,834
Increase during the period	—	—
Decrease during the period	—	—
Balance at December 31, 2024	827,779	620,834
Increase during the period (Note)	1,655,558	1,241,669
Decrease during the period	—	—
Balance at December 31, 2025	2,483,337	1,862,503

Note: The increase in the total number of shares authorized and the number of issued shares during the period is due to the Company splitting its common shares at a ratio of three-for-one, effective January 1, 2025.

All shares issued by the Company are no-par common shares. All outstanding shares were fully paid in.

Share premium consists of legal capital surplus and other capital surplus. The Companies Act of Japan prescribes that at least 50% of the payment in or delivery relating to the issuance of shares must be incorporated into capital stock and the remaining amount must be incorporated into legal capital surplus.

The Act also prescribes that legal capital surplus may be incorporated into capital stock upon resolution at the General Meeting of Shareholders.

If share premium is negative due to a difference between additional equity in subsidiaries and additional investment, share premium is treated as zero and the remaining amount is reduced from retained earnings.

(2) Retained earnings

Retained earnings consist of legal retained earnings and other retained earnings. The Companies Act prescribes that 10% of any appropriation to shareholders from retained earnings must be set aside as legal capital surplus or legal retained earnings until the total amount of legal capital surplus and legal retained earnings reaches 25% of capital stock.

Legal retained earnings set aside may be appropriated for deficit disposition. Moreover, legal retained earnings may be reversed upon resolution at the General Meeting of Shareholders.

(3) Treasury shares

Changes in treasury shares are as follows.

	Number of shares (Thousands of Shares)	Amount (Millions of Yen)
Balance at January 1, 2024	30,606	100,572
Increase due to purchase of treasury shares based on a resolution by the Board of Directors	3,898	19,000
Increase due to purchase of shares of less than one unit	0	1
Acquisition through restricted share-based remuneration plan	44	115
Decrease due to disposal as restricted share-based remuneration	(84)	(275)
Balance at December 31, 2024	34,465	119,412
Increase due to share split	68,929	–
Increase due to purchase of treasury shares based on a resolution by the Board of Directors	20,020	22,000
Increase due to purchase of shares of less than one unit	1	2
Acquisition through restricted share-based remuneration plan	61	54
Decrease due to disposal as restricted share-based remuneration	(248)	(287)
Decrease due to disposal of treasury shares through third-party allotment	(650)	(753)
Balance at December 31, 2025	122,578	140,428

Note: Effective January 1, 2025, the Company split its common shares at a ratio of three-for-one.

(4) Other components of equity

Changes in other components of equity are as follows.

(Millions of Yen)

	Net changes in equity instruments measured at fair value through other comprehensive income	Net changes in debt instruments measured at fair value through other comprehensive income	Changes in fair value of cash flow hedges	Exchange differences on translation in foreign operations	Remeasurements related to net defined benefit liabilities (assets)	Share of other comprehensive income of associates accounted for using equity method	Total
Balance at January 1, 2024	4,277	(94)	(6)	54,261	–	809	59,246
Other comprehensive income	2,191	(131)	0	36,177	(1,844)	1,507	37,901
Equity transactions with non-controlling interests	–	–	–	–	–	–	–
Transfer from other components of equity to retained earnings	(257)	–	–	–	1,844	–	1,587
Balance at December 31, 2024	6,211	(224)	(6)	90,438	–	2,316	98,734
Other comprehensive income	4,307	48	(4)	4,441	(2,000)	577	7,370
Equity transactions with non-controlling interests	–	–	–	(1,452)	–	–	(1,452)
Transfer from other components of equity to retained earnings	(461)	–	–	–	2,000	–	1,539
Balance at December 31, 2025	10,057	(176)	(10)	93,427	–	2,893	106,191

22. Dividends

Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on February 7, 2024	Common shares	11,805	20.0	December 31, 2023	March 7, 2024
Board of Directors meeting on August 6, 2024	Common shares	12,901	22.0	June 30, 2024	September 3, 2024

(2) Dividends whose record date is in the fiscal year ended December 31, 2025 and whose effective date is in the fiscal year ending December 31, 2026

Resolution	Class of shares	Total dividends (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on February 13, 2025	Common shares	12,900	22.0	December 31, 2024	February 27, 2025

Note: The Company split its common shares at a ratio of three-for-one, effective January 1, 2025, but the above items are based on the number of shares prior to this stock split.

Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)

(1) Dividends paid

Resolution	Class of shares	Total dividends (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on February 13, 2025	Common shares	12,900	22.0	December 31, 2024	February 27, 2025
Board of Directors meeting on August 5, 2025	Common shares	15,749	9.0	June 30, 2025	September 2, 2025

Note: The Company split its common shares at a ratio of three-for-one, effective January 1, 2025, but dividends whose record date is December 31, 2024 are based on the dividend per share prior to this stock split.

(2) Dividends whose record date is in the fiscal year ended December 31, 2025 and whose effective date is in the fiscal year ending December 31, 2026

Resolution	Class of shares	Total dividends (Millions of Yen)	Dividend per share (Yen)	Record date	Effective date
Board of Directors meeting on February 12, 2026	Common shares	15,659	9.0	December 31, 2025	March 3, 2026

23. Revenue

(1) Breakdown of revenue

Net sales of the Group comprise revenue generated from goods transferred to a customer at a certain point in time. Net sales of each reportable segment are broken down based on the locations of consolidated companies. The breakdown of the net sales is as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Personal care		
Japan	246,388	248,253
China	106,586	76,889
Asia	333,536	308,332
Other	139,591	140,954
Subtotal	826,100	774,428
Pet care (Note 1)	148,673	156,084
Other (Note 2)	14,208	14,755
Total	988,981	945,268

Notes: 1. Net sales for the pet care business are mainly those in Japan and the North American region (the region categorized into Other).

2. Net sales for other businesses are mainly those in Japan and the Middle East region (the region categorized into Other).

(2) Receivables and contract liabilities that arise from contracts with customers

Receivables that arise from contracts with customers are notes and accounts receivable - trade included in “Trade and other receivables.” At the end of the previous fiscal year and in the fiscal year under review, the amounts of contract liabilities as well as the amount of revenue recognized upon fulfillment of performance obligations during prior periods are not material. The contract liabilities are included in “Other current liabilities.”

(3) Transaction prices allocated to remaining performance obligations

The Group has no material transactions whose expected agreement period each is more than one year. Hence, a practical expedient is applied so that information about remaining performance obligations is omitted. There is no material amount of a consideration arising from a contract with a customer that is not included in transaction prices.

(4) Assets recognized from costs needed to secure or fulfill contracts with customers

At the end of the previous fiscal year and in the fiscal year under review, the amounts of assets recognized from costs needed to secure or fulfill contracts with customers are not material. When the amortization period for assets that should be recognized is one year or less, a practical expedient is applied so that the increase in the cost of securing a contract is recognized as an expense as incurred.

24. Selling, general and administrative expenses

The details of selling, general and administrative expenses are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Freight-out expenses	67,884	67,564
Sales promotion expenses	33,408	36,374
Advertising expenses	36,300	36,505
Employee benefit expenses	53,852	53,585
Depreciation and amortization expenses	13,525	13,707
Research and development expenses	10,304	13,611
Others	36,175	39,327
Total	251,446	260,674

Note: Effective from the current fiscal year, we have revised the scope of expense items such as depreciation and personnel expenses recorded as research and development expenses in order to more appropriately reflect the actual state of our research and development structure in our business operations. The impact of this reclassification on each expense item in the previous fiscal year, based on the reclassification made in the fiscal year under review, amounts to ¥1,235 million for employee benefit expenses, ¥1,003 million for depreciation and amortization expenses, and ¥35 million for other expenses.

25. Employee benefit expenses

The details of employee benefit expenses included in cost of sales and selling, general and administrative expenses are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Salaries and bonuses	71,845	72,486
Employee and legal benefits expenses	6,905	6,820
Retirement benefit expenses	9,432	9,690
Share-based payment expenses	1,029	472
Other	1,497	801
Total	90,708	90,268

26. Other income and other expenses

The details of other income and other expenses are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Other income		
Subsidy income	559	410
Gain on sales of scraps	490	626
Fire insurance proceeds (Note 1)	–	6,871
Other	823	1,598
Total other income	1,872	9,505
Other expenses		
Loss on disposal of non-current assets	855	1,210
Impairment losses (Note 2)	912	6,015
EPCG-related costs (Note 3)	1,848	93
GST valuation loss (Note 4)	–	6,920
Other	1,957	2,171
Total other expenses	5,572	16,410

Notes: 1. Fire insurance proceeds of ¥6,871 million were received in the fiscal year under review in relation to a fire accident that took place on June 24, 2020, at Ahmedabad Factory of Unicharm India Private Ltd., a subsidiary of the Company, and they are included in “other income” of the consolidated statement of income.

2. Impairment losses are presented in Note “13. Impairment of non-financial assets.”

3. Unicharm India Private Ltd., a subsidiary of the Company, was subject to import tariff exemption applied under the Export Promotion Capital Goods (EPCG) scheme set forth in the foreign trade policy of the Indian Government. However, due to the change in the sales strategy, the application of the EPCG scheme was partially suspended. The expenses mainly for the reduced amount of tariffs to be paid as a result of the suspension are included in “Other expenses” of the consolidated statement of income.

4. This loss includes a valuation loss recognized by our subsidiary, Unicharm India Private Ltd., in connection with the Goods and Services Tax (GST) reform implemented in India in September 2025. As a result of this reform, a portion of the prepaid GST that was previously recorded as an asset as part of “Other non-current assets” is no longer expected to be eligible for tax credit or refund in the future. Therefore, we have reassessed its recoverability and recognized a valuation loss of ¥6,920 million, which is included in “Other expenses” on the consolidated statement of income.

27. Financial income and financial costs

The details of financial income and financial costs are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Financial income		
Interest income (Note 1)	8,768	5,714
Dividend income (Note 2)	948	1,018
Foreign exchange gains	–	536
Other	–	67
Total financial income	9,716	7,335
Financial costs		
Interest expenses		
Financial liabilities measured at amortized cost (Note 3)	2,864	2,282
Foreign exchange losses	6,518	–
Loss on valuation of derivatives	183	1,468
Other	377	177
Total financial costs	9,942	3,928

- Notes: 1. Interest income was generated from financial assets measured at amortized cost, cash and cash equivalents, loans, and receivables.
2. Dividend income was generated from equity instruments measured at fair value through other comprehensive income.
3. Interest expenses on financial liabilities measured at amortized cost include interest expenses associated with lease liabilities, which amounted to ¥929 million and ¥828 million for the previous fiscal year and the fiscal year under review, respectively.

28. Other comprehensive income

Amounts arising during the period, reclassification adjustments, and tax effects concerning other comprehensive income are as follows.

Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)

(Millions of Yen)

	Amount arising during the period	Reclassification adjustment	Before tax effect adjustment	Tax effects	After tax effect adjustment
Items that will not be reclassified to profit or loss					
Net changes in equity instruments measured at fair value through other comprehensive income	3,207	–	3,207	(1,015)	2,191
Remeasurements related to net defined benefit liabilities (assets)	(2,564)	–	(2,564)	758	(1,806)
Subtotal	643	–	643	(258)	385
Items that may be reclassified to profit or loss					
Net changes in debt instruments measured at fair value through other comprehensive income	(188)	–	(188)	58	(131)
Changes in fair value of cash flow hedges	99	(99)	(0)	0	0
Exchange differences on translation in foreign operations	42,759	–	42,759	–	42,759
Share of other comprehensive income of investments accounted for using equity method	1,507	–	1,507	–	1,507
Subtotal	44,177	(99)	44,078	58	44,136
Total other comprehensive income	44,820	(99)	44,721	(200)	44,521

Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)

(Millions of Yen)

	Amount arising during the period	Reclassification adjustment	Before tax effect adjustment	Tax effects	After tax effect adjustment
Items that will not be reclassified to profit or loss					
Net changes in equity instruments measured at fair value through other comprehensive income	6,252	–	6,252	(1,945)	4,307
Remeasurements related to net defined benefit liabilities (assets)	(2,977)	–	(2,977)	1,060	(1,917)
Subtotal	3,275	–	3,275	(885)	2,390
Items that may be reclassified to profit or loss					
Net changes in debt instruments measured at fair value through other comprehensive income	70	–	70	(21)	48
Changes in fair value of cash flow hedges	(7)	–	(7)	–	(7)
Exchange differences on translation in foreign operations	4,397	–	4,397	–	4,397
Share of other comprehensive income of investments accounted for using equity method	577	–	577	–	577
Subtotal	5,037	–	5,037	(21)	5,016
Total other comprehensive income	8,312	–	8,312	(906)	7,406

29. Earnings per share

(1) Basic earnings per share

Basic earnings per share and the calculation basis therefor are as follows.

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Profit attributable to owners of parent (Millions of Yen)	81,842	65,212
Profit not attributable to common shareholders of parent (Millions of Yen)	–	–
Profit used to calculate basic earnings per share (Millions of Yen)	81,842	65,212
Weighted-average number of common shares (Thousands of Shares)	1,763,570	1,748,127
Basic earnings per share (Yen)	46.41	37.30

Notes: 1. Effective January 1, 2025, the Company split its common shares at a ratio of three-for-one. Basic earnings per share have been calculated as if the split had taken place at the beginning of the previous fiscal year.

2. Diluted earnings per share are not shown because the Company has no potential shares that have dilutive effects.

30. Cash flow information

Significant non-cash transactions (investment and financial transactions that do not require use of cash and cash equivalents) are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Increase in right-of-use assets pertaining to lease transactions	7,799	5,394

31. Share-based payments

(1) Restricted share-based remuneration plan

1) Outline of the restricted share-based remuneration plan

The Group has introduced a restricted share-based remuneration plan for the purpose of providing incentives for the sustainable enhancement of corporate value and sharing shareholder value.

Under this plan, monetary compensation claims are granted to allocate restricted shares to Directors of the Company other than Outside Directors and Directors who are Audit and Supervisory Committee Members, Executive Officers and Associate Officers who do not concurrently serve as Directors (hereinafter the “Eligible Directors, etc.”), and employees of the Group (hereinafter the “Eligible Employees”), and the Company issues or disposes of the Company’s common shares to the Eligible Directors, etc. and the Eligible Employees through the contribution in kind of such monetary compensation claims, and allows them to hold such shares.

The Company has entered into an allotment agreement of restricted shares with the Eligible Directors, etc. and the Eligible Employees, which includes that the Eligible Directors, etc. and the Eligible Employees may not transfer, grant security interests or otherwise dispose of the Company’s common shares delivered under the allotment agreement (hereinafter the “Allotted Shares”) during the transfer restriction period stipulated in the allotment agreement and that the Company will acquire the Allotted Shares without consideration if certain events occur.

Restrictions on transfer of all of the Allotted Shares will be lifted at the expiration of the restriction period, provided that the eligible Director continues to hold the position of Director of the Company during the period from the disposal date to the time immediately preceding the conclusion of the first Ordinary General Meeting of Shareholders thereafter (hereinafter the “Service Period”). Restrictions on transfer of all of the Allotted Shares will be lifted at the expiration of the restriction period, provided that the eligible Executive Officers and Associate Officers continuously hold the position of Directors, Executive Officers and Associate Officers who do not concurrently serve as Directors of the Company during the period of the mandate agreement for the fiscal year to which the disposal date belongs. Restrictions on transfer of all of the Allotted Shares will be lifted at the expiration of the restriction period, provided that the Eligible Employee continues to hold one of the positions of employee of the Company or its subsidiaries or any other equivalent position during the restriction period.

However, the Company will acquire the Allotted Shares whose transfer restrictions have not been lifted at the expiration of the restriction period, without contribution.

2) Number and fair value of shares granted during the period

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Date of grant	March 27, 2024	March 19, 2025
Number of shares granted	83,840 (Note 4)	248,400
Restricted period	Of the number of restricted shares allocated, 72,540 shares will be restricted from the date of allocation until April 23, 2027, and 11,300 shares will be restricted from the date of allocation until July 1, 2025. (Note 1) (Note 3) (Note 4)	From the date of allocation until April 14, 2028. (Note 2) (Note 3)
Fair value at grant date (Yen)	4,773	1,201.5

Notes: 1. As a general rule, if an Eligible Director, etc. resigns or retires from the position of Director, etc. of the Company due to expiration of the Service Period, expiration of term of office, mandatory retirement age or any other justifiable reason (except in the case of resignation or retirement due to death), the restrictions on transfer will be lifted at the time immediately after the resignation or retirement of the Eligible Director, etc. or on April 1, 2025, whichever is later. In the case of retirement or resignation due to death, the restrictions on transfer will be lifted at a time separately determined by the Board of Directors after the death of the Eligible Director, etc. However, notwithstanding the above provisions, if the Eligible Director, etc. resigns or retires due to death by the time immediately preceding April 1, 2025, the Company will naturally acquire all of the Allotted Shares held at that time for no consideration.

2. As a general rule, if an Eligible Director, etc. resigns or retires from the position of Director, etc. of the Company due to expiration of the Service Period, expiration of term of office, mandatory retirement age or any other justifiable reason (except in the case of resignation or retirement due to death), the restrictions on transfer will be lifted at the time immediately after the resignation or retirement of the Eligible Director, etc. or on April 1, 2026,

whichever is later. In the case of retirement or resignation due to death, the restrictions on transfer will be lifted at a time separately determined by the Board of Directors after the death of the Eligible Director, etc. However, notwithstanding the above provisions, if the Eligible Director, etc. resigns or retires due to death by the time immediately preceding April 1, 2026, the Company will naturally acquire all of the Allotted Shares held at that time for no consideration.

3. If an Eligible Employee retires (including retirement due to death) due to mandatory retirement age or other legitimate reasons, even from the position of employee of the Company or its subsidiaries or any other equivalent position, the restriction on transfer of all of the Allotted Shares will be lifted as of the time immediately following the Eligible Employee's retirement.
4. Effective January 1, 2025, the Company split its common shares at a ratio of three-for-one. As a result of said stock split, the number of shares granted in the previous fiscal year was 251,520 shares.

(2) Share-based payment expenses

The details of share-based payment expenses are as follows.

	(Millions of Yen)	
	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Equity-settled	1,357	756
Cash-settled	77	(140)
Total	1,435	616

Note: Cash-settled share-based payments are cash payments to Eligible Directors, etc. and Eligible Employees who are overseas residents in an amount equal to a predetermined number of shares multiplied by the share price on the vesting date. The carrying amount of liabilities arising from the cash-settled share-based payment plan was ¥920 million and ¥123 million as of the end of the previous fiscal year and the end of the fiscal year under review, respectively.

(3) Method for calculating the fair value of stock options granted during the period

Not applicable.

32. Financial instruments

(1) Categorization of financial instruments

The details of financial instruments by category are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
<Financial assets>		
Financial assets measured at amortized cost		
Cash and cash equivalents	261,054	253,092
Trade and other receivables	168,631	154,762
Other current financial assets	94,992	92,818
Other non-current financial assets	13,629	17,495
Financial assets measured at fair value through profit or loss		
Other current financial assets	12,703	7,460
Other non-current financial assets	7,395	15,555
Equity instruments measured at fair value through other comprehensive income		
Other non-current financial assets	38,914	44,396
Debt instruments measured at fair value through other comprehensive income		
Other non-current financial assets	57,632	83,143
Total	654,950	668,722
<Financial liabilities>		
Financial liabilities measured at amortized cost		
Trade and other payables	231,399	221,583
Borrowings	26,851	11,055
Other current financial liabilities (Note 1)	6,701	6,938
Other non-current financial liabilities (Note 2)	25,765	23,368
Financial liabilities measured at fair value through profit or loss		
Other current financial liabilities	666	2,055
Total	291,382	264,999

Notes: 1. Other current financial liabilities include current lease liabilities, which amounted to ¥6,701 million and ¥6,901 million as of the end of the previous fiscal year and the end of the fiscal year under review, respectively.

2. Other non-current financial liabilities include non-current lease liabilities, which amounted to ¥24,754 million and ¥22,674 million as of the end of the previous fiscal year and the end of the fiscal year under review, respectively.

(2) Equity instruments measured at fair value through other comprehensive income

Equity instruments held by the Group are mainly shares related to businesses or capital alliances with business partners and shares acquired as part of management of surplus funds under the low interest rate environment, and include no equity instruments held for short-term trading. As such, they are designated as equity instruments measured at fair value through other comprehensive income.

1) Fair value of major shares

Fair value of major shares is as follows.

Fiscal Year Ended December 31, 2024 (as of December 31, 2024)

(Millions of Yen)

Shares	Fair value
Kao Corporation	17,826
Sumitomo Realty & Development Co., Ltd.	6,022
Pigeon Corporation	3,884
Mitsubishi UFJ Financial Group, Inc.	1,669
Iyogin Holdings, Inc.	1,562
Others	7,951
Total	38,914

Fiscal Year Ended December 31, 2025 (as of December 31, 2025)

(Millions of Yen)

Shares	Fair value
Kao Corporation	17,472
Sumitomo Realty & Development Co., Ltd.	9,586
Pigeon Corporation	4,299
Iyogin Holdings, Inc.	2,597
Mitsubishi UFJ Financial Group, Inc.	2,254
Others	8,189
Total	44,396

2) Derecognized equity instruments measured at fair value through other comprehensive income

The Group has disposed of certain equity instruments measured at fair value through other comprehensive income through sale due to revisions to relationships with business partners, etc. and derecognized them. Fair value as of the date of derecognition of equity instruments measured at fair value through other comprehensive income derecognized during the period and their cumulative gains are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Fair value	813	880
Cumulative gains	529	745

The Group transfers cumulative gains due to changes in fair value of equity instruments measured at fair value through other comprehensive income, when derecognizing them, directly from other components of equity to retained earnings. Cumulative gains of other comprehensive income directly transferred to retained earnings during the previous fiscal year and the fiscal year under review were ¥529 million and ¥745 million, respectively.

3) Dividend income

The details of dividend income pertaining to equity instruments measured at fair value through other comprehensive income are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Financial assets derecognized during the period	34	32
Financial assets held as of the last day of the period	913	986
Total	948	1,018

(3) Capital management

The Group's basic policy on capital management is to maintain its optimum capital structure which secures financial soundness and flexibility while improving capital efficiency in order to achieve sustainable corporate value improvement and stably distribute dividends of surplus to owners of parent through the aforementioned improvement.

The Group appropriately monitors equity attributable to owners of parent and return on equity attributable to owners of parent (ROE) as significant management guidelines indicating profitability and investment efficiency in businesses.

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Equity attributable to owners of parent (Millions of Yen)	773,062	794,705
Return on equity attributable to owners of parent (ROE) (%)	11.1	8.3

(4) Financial risk management

The Group's activities are exposed to various financial risks, such as market risk (including foreign exchange risk, price risk, and interest rate risk), credit risk, and liquidity risk. The Group uses derivative transactions in order to hedge foreign exchange risk. Derivative transactions consist of foreign exchange forward contracts, non-deliverable forwards and futures transactions for hedging exchange rate change risk related to foreign currency-denominated receivables and obligations. These transactions are executed and managed in accordance with internal rules and limited to transactions based on actual demand.

The Group is not exposed to material concentration risk in relation to financial instruments.

1) Market risk

(a) Foreign exchange risk

The Group manufactures and sells products overseas and engages in foreign currency transactions for the import of materials and products and export of products. The Group is exposed to foreign exchange risk as a result of its overseas business operations. Foreign exchange risk arises from forward exchange transaction and recognized assets and liabilities.

The Group uses foreign exchange forward contracts and non-deliverable forwards for hedging cash flow exchange rate change risk captured by currency.

Derivatives

The outline of major derivatives executed by the Group for controlling exchange rate change risk is as follows. Derivative assets or liabilities are included in other financial assets or liabilities in the consolidated statement of financial position.

Derivatives to which hedge accounting is not applied

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)			Fiscal Year Ended December 31, 2025 (as of December 31, 2025)		
	Contract amount		Fair value	Contract amount		Fair value
		Due after one year			Due after one year	
Foreign exchange forward contracts: Selling USD	10,818	–	(589)	13,746	–	(840)
Foreign exchange forward contracts: Buying USD	3,330	–	89	4,814	–	(32)
Foreign exchange forward contracts: Selling EUR	–	–	–	392	–	(7)
Foreign exchange forward contracts: Buying EUR	8	–	0	–	–	–
Foreign exchange forward contracts: Buying JPY	10	–	(0)	500	–	(5)
Foreign exchange forward contracts: Selling JPY	46	–	1	138	–	(1)
Foreign exchange forward contracts: Selling AUD	528	–	(1)	1,593	–	(3)
Foreign exchange forward contracts: Selling CNY	–	–	–	12,890	–	(1,155)
Foreign exchange forward contracts: Selling SGD	–	–	–	244	–	1
Non-deliverable forwards: Buying USD	4,765	–	(71)	2,225	–	(12)
Futures transactions: Buying USD	13	–	1	22	–	1
Total	19,518	–	(570)	36,564	–	(2,054)

Derivatives to which hedge accounting is applied

(Millions of Yen)

	Major hedged item	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)				Fiscal Year Ended December 31, 2025 (as of December 31, 2025)			
		Contract amount		Fair value	Average rate	Contract amount		Fair value	Average rate
			Due after one year				Due after one year		
Foreign exchange forward contracts: Buying JPY	Forecasted foreign currency-denominated transactions	–	–	–	EUR–/JPY	1,063	–	(7)	EUR182.38/JPY
Total		–	–	–	–	1,063	–	(7)	

Foreign exchange sensitivity analysis

The foreign exchange sensitivity analysis indicates the impact of a 10% appreciation of the Japanese yen on profit in the consolidated statement of income with respect to net foreign exchange risk exposures as of the reporting date. This analysis assumes that all the other variables are constant. The major exposures are to the U.S. dollar and the Chinese yuan. If the Japanese yen were to depreciate by 10%, it would have the opposite effect in the same amount as shown in the table below.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
USD	791	581
CNY	10	4
Total	802	585

(b) Price risk

Equity instruments held by the Group are mainly shares related to businesses or capital alliances with business partners and shares acquired as part of management of surplus funds under the low interest rate environment, and include no equity instruments held for short-term trading. Equity instruments include listed and unlisted shares and are exposed to market price fluctuation risk. The Group periodically captures fair values, financial conditions of issuers, and other factors, and manages its holdings by reviewing them in consideration of its relationships with counterparties.

Sensitivity analysis

The following table shows the impact on other comprehensive income (after tax effect) in the consolidated statement of comprehensive income of a 10% decline in the share price of listed shares held by the Group.

This analysis assumes that all the other variables are constant.

	(Millions of Yen)	
	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Other comprehensive income, after tax effect	(2,590)	(2,948)

(c) Interest rate risk

In conducting business activities, the Group pays interest accrued for raising working capital and funds necessary for capital investments and others. Part of the interest is exposed to interest rate fluctuation risk because it is subject to variable interest rates. However, cash and cash equivalents exceeding interest-bearing debts are maintained. Interest rate risk is small since the impact of interest payments on the Group is currently immaterial.

2) Credit risk

Credit risk is financial loss risk to be taken by the Group if a customer or a financial instruments business partner fails to perform its contractual obligations.

The Group determines whether there has been a significant increase in credit risk based on changes in the risk of default occurring, and in making this determination, the Group considers factors such as deterioration in the business performance of the counterparty and information on the passage of due dates.

With respect to cash and cash equivalents, derivatives, financial assets measured at amortized cost, debt instruments measured at fair value through other comprehensive income, etc., the credit risk is minimal because the Company only transacts with financial institutions that it judges to have high creditworthiness.

Trade and other receivables are exposed to customer credit risk. With respect to such risk, the sales administration department is monitoring major business partners' status periodically, controlling collection due dates and outstanding balances per business partner in order to identify and reduce doubtful receivables resulting from deterioration of business partners' financial positions at an early stage in accordance with the Sales Administration Regulations. Credit risk is not concentrated on any particular business partner.

These financial assets are considered to be credit-impaired financial assets when they are considered to be in default, such as when they are significantly past due.

When all or part of a financial asset is assessed to be uncollectible and the Group determines that it is appropriate to amortize the asset as a result of a credit check, the Group directly amortizes the carrying amount of the financial asset.

The carrying amount of financial assets presented in the consolidated financial statements after impairment is the Company's maximum credit risk exposures without considering the valuation of collateral acquired.

(a) Credit risk exposure

An analysis by maturity of trade and other receivables, other current financial assets, and the related allowance for doubtful accounts is as follows.

Fiscal Year Ended December 31, 2024 (as of December 31, 2024)

(Millions of Yen)

	Total	Before maturity	Amount past maturity date				
			In 30 days or less	After 30 days through 60 days	After 60 days through 90 days	After 90 days through 120 days	After 120 days
Trade and other receivables (total)	172,122	154,852	9,572	1,766	744	237	4,951
Allowance for doubtful accounts	(3,491)	(301)	(32)	(2)	(384)	(2)	(2,771)
Trade and other receivables (net)	168,631	154,551	9,541	1,763	360	235	2,180
Other current financial assets (total)	166,254	166,254	–	–	–	–	–
Allowance for doubtful accounts	–	–	–	–	–	–	–
Other current financial assets (net)	166,254	166,254	–	–	–	–	–

Fiscal Year Ended December 31, 2025 (as of December 31, 2025)

(Millions of Yen)

	Total	Before maturity	Amount past maturity date				
			In 30 days or less	After 30 days through 60 days	After 60 days through 90 days	After 90 days through 120 days	After 120 days
Trade and other receivables (total)	159,084	133,171	17,267	1,877	2,094	84	4,591
Allowance for doubtful accounts	(4,322)	(361)	(28)	(8)	(377)	–	(3,549)
Trade and other receivables (net)	154,762	132,811	17,240	1,869	1,717	84	1,043
Other current financial assets (total)	193,456	193,456	–	–	–	–	–
Allowance for doubtful accounts	–	–	–	–	–	–	–
Other current financial assets (net)	193,456	193,456	–	–	–	–	–

(b) Analysis of changes in allowance for doubtful accounts

Fiscal Year Ended December 31, 2024 (as of December 31, 2024)

(Millions of Yen)

	Allowance for doubtful accounts measured at an amount equal to 12-month expected credit losses	Allowance for doubtful accounts measured at an amount equal to lifetime expected losses			Total
		Financial assets that are not credit-impaired	Financial assets that are credit-impaired	Trade and other receivables	
Balance as of January 1, 2024	–	–	–	3,000	3,000
Increase during the period	–	–	–	363	363
Decrease during the period due to write-offs	–	–	–	(62)	(62)
Decrease during the period due to reversal	–	–	–	(19)	(19)
Others due to foreign currency translation adjustments, etc.	–	–	–	209	209
Balance as of December 31, 2024	–	–	–	3,491	3,491

Fiscal Year Ended December 31, 2025 (as of December 31, 2025)

(Millions of Yen)

	Allowance for doubtful accounts measured at an amount equal to 12-month expected credit losses	Allowance for doubtful accounts measured at an amount equal to lifetime expected losses			Total
		Financial assets that are not credit-impaired	Financial assets that are credit-impaired	Trade and other receivables	
Balance as of January 1, 2025	–	–	–	3,491	3,491
Increase during the period	–	–	–	2,047	2,047
Decrease during the period due to write-offs	–	–	–	(1,128)	(1,128)
Decrease during the period due to reversal	–	–	–	(47)	(47)
Others due to foreign currency translation adjustments, etc.	–	–	–	(42)	(42)
Balance as of December 31, 2025	–	–	–	4,322	4,322

3) Liquidity risk

Liquidity risk refers to the risk that the Group will not be able to fulfill its obligations related to financial liabilities such as trade payables and borrowings.

To address this liquidity risk, the Group invests temporary surpluses in low risk financial assets for fund management. It raises funds through measures selected based on financial conditions and market environments. Moreover, the Group manages liquidity risk by maintaining liquidity on hand, as well as having the Accounting Control and Finance Division timely prepare and update cash management plans based on reports, etc. from each department.

Financial liabilities by maturity are as follows. The amounts presented are contractual non-discounted cash flows.

Fiscal Year Ended December 31, 2024 (as of December 31, 2024)

(Millions of Yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Trade and other payables	230,597	636	149	3	0	14	231,399
Borrowings	22,208	236	5,993	–	–	–	28,438
Lease liabilities (Note)	7,430	6,434	5,236	3,902	2,844	9,129	34,976
Other financial liabilities	–	–	–	–	–	1,011	1,011
Derivative liabilities							
Cash outflows	666	–	–	–	–	–	666
Total	260,900	7,306	11,379	3,905	2,844	10,154	296,489

Note: The maturities of lease liabilities as of December 31, 2024 are up to 2041. Lease liabilities are included in “Other financial liabilities” in the consolidated statement of financial position.

Fiscal Year Ended December 31, 2025 (as of December 31, 2025)

(Millions of Yen)

	Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years	Total
Trade and other payables	221,389	120	60	0	–	13	221,583
Borrowings	4,147	6,071	1,909	–	–	–	12,127
Lease liabilities (Note)	7,552	6,923	4,608	3,538	2,950	7,062	32,633
Other financial liabilities	–	–	–	–	–	694	694
Derivative liabilities							
Cash outflows	2,055	–	–	–	–	–	2,055
Total	235,143	13,115	6,577	3,538	2,950	7,770	269,092

Note: The maturities of lease liabilities as of December 31, 2025 are up to 2043. Lease liabilities are included in “Other financial liabilities” in the consolidated statement of financial position.

(5) Fair value of financial instruments

1) Financial assets and financial liabilities measured at fair value

The Group categorizes the fair value hierarchy into the following three levels according to the observability of inputs used for fair value measurements in the market.

- Level 1: Unadjusted quoted price of identical assets or identical liabilities in an active market
- Level 2: Directly or indirectly observable input which does not belong to Level 1
- Level 3: Unobservable input

Financial assets and financial liabilities measured at fair value on a recurring basis by the Group are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)			
	Level 1	Level 2	Level 3	Total
<Financial assets>				
Financial assets measured at fair value through profit or loss				
Debt securities	–	–	18,057	18,057
Derivative assets	–	96	–	96
Other	–	109	1,835	1,945
Equity instruments measured at fair value through other comprehensive income				
Shares	37,333	–	1,557	38,890
Other	–	–	23	23
Debt instruments measured at fair value through other comprehensive income				
Debt securities	–	57,632	–	57,632
Total	37,333	57,838	21,473	116,644
<Financial liabilities>				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	666	–	666
Total	–	666	–	666

(Millions of Yen)

	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)			
	Level 1	Level 2	Level 3	Total
<Financial assets>				
Financial assets measured at fair value through profit or loss				
Debt securities	–	–	20,947	20,947
Derivative assets	–	1	–	1
Other	–	111	1,957	2,067
Equity instruments measured at fair value through other comprehensive income				
Shares	43,047	–	1,325	44,373
Other	–	–	23	23
Debt instruments measured at fair value through other comprehensive income				
Debt securities	–	83,143	–	83,143
Total	43,047	83,255	24,252	150,555
<Financial liabilities>				
Financial liabilities measured at fair value through profit or loss				
Derivative liabilities	–	2,055	–	2,055
Total	–	2,055	–	2,055

The Group transfers the fair value hierarchy between levels when it recognizes an event or a change in conditions which causes the transfer.

There were no transfers among Level 1, Level 2, and Level 3 in the previous fiscal year and the fiscal year under review.

Fair value calculation methods are as follows.

Debt securities

The fair value of debt securities is calculated using valuations presented by creditor financial institutions.

The quoted valuations are calculated using the discounted cash flow method with discount rate inputs that take into account market interest rates and credit spreads.

Derivative assets and derivative liabilities

The fair value of foreign exchange forward contracts and non-deliverable forwards is calculated based on the forward exchange rate at the end of each fiscal period.

Shares

The fair value of marketable shares is calculated based on the market price at the end of each fiscal period. The fair value of unlisted shares is calculated using appropriate valuation techniques, such as the comparable company analysis method.

Changes in financial instruments categorized in Level 3 during each fiscal year are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Balance at beginning of period	35,263	21,473
Total gains or losses	283	(291)
Profit or loss (Note 1)	(26)	(59)
Other comprehensive income (Note 2)	309	(232)
Purchase	10,327	16,412
Sale and settlement	(24,400)	(13,341)
Balance at end of period	21,473	24,252

- Notes: 1. Gains or losses included in profit or loss pertain to financial assets measured at fair value through profit or loss. The profit and loss are included in “Financial income” and “Financial costs.”
2. Gains or losses included in other comprehensive income pertain to equity instruments measured at fair value through other comprehensive income, and are included in “Net changes in equity instruments measured at fair value through other comprehensive income” and “Exchange differences on translation in foreign operations” in the consolidated statement of comprehensive income.

Financial instruments categorized in Level 3 are mainly composed of debt securities and unlisted shares.

Significant unobservable inputs for financial instruments categorized in Level 3 are mainly credit risk and illiquidity discounts, and the fair value decreases (increases) with higher (lower) credit risk or illiquidity discounts. Changes in the fair value in the case where unobservable inputs are replaced by reasonably possible alternative assumptions are not material.

The department in charge determines the valuation methods for each asset and measures fair value in accordance with valuation policies and procedures for fair value measurements. The results of fair value measurements are approved by the appropriate person in charge.

2) Carrying amount and fair value of financial assets and financial liabilities measured at amortized cost

The carrying amount and fair value of financial instruments measured at amortized cost as of each closing date are as follows. The following table does not include financial instruments whose carrying amount reasonably approximates their fair value (mainly trade and other receivables, time deposits with maturities over three months, and trade and other payables).

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)		Fiscal Year Ended December 31, 2025 (as of December 31, 2025)	
	Carrying amount	Fair value	Carrying amount	Fair value
<Financial assets>				
Debt securities	7,002	6,984	19,006	18,968
<Financial liabilities>				
Borrowings	26,851	26,851	11,055	11,055

Note: The fair value of debt securities and borrowings is Level 2.

Fair value calculation methods are as follows.

Debt securities

The fair value of debt securities is calculated using valuations presented by creditor financial institutions.

The quoted valuations are calculated using the discounted cash flow method with discount rate inputs that take into account market interest rates and credit spreads.

Borrowings

The fair value of borrowings is estimated by discounting future cash flows to the present value with an interest rate applicable to similar new borrowings by the Group. Borrowings with variable interest rates have a carrying amount which approximates their fair value since the interest rates are revised periodically.

33. Major subsidiaries

Information on the Group's major subsidiaries as of the end of the fiscal year under review is as follows.

Company	Location	Reportable segment	Percentage of voting rights held (%)
Unicharm Products Co., Ltd.	Shikokuchuo-shi, Ehime	Personal care	100.0
United Charm Co., Ltd.	Taiwan - Greater China	Personal care	52.6
Uni.Charm (Thailand) Co., Ltd.	Kingdom of Thailand	Personal care	100.0
LG Unicharm Co., Ltd.	Republic of Korea	Personal care	51.0
Unicharm Consumer Products (China) Co., Ltd. (Note)	People's Republic of China	Personal care	75.0 (75.0)
PT UNI-CHARM INDONESIA Tbk	Republic of Indonesia	Personal care	59.2
Unicharm Gulf Hygienic Industries Co. Ltd.	Kingdom of Saudi Arabia	Personal care	75.0
Unicharm India Private Ltd.	Republic of India	Personal care	100.0
Unicharm Australasia Holding Pty Ltd.	Commonwealth of Australia	Personal care	100.0
Unicharm Middle East & North Africa Hygienic Industries Company S.A.E.	Arab Republic of Egypt	Personal care	95.0
The Hartz Mountain Corporation	United States of America	Pet care	51.0
Unicharm (China) Co., Ltd.	People's Republic of China	Personal care	100.0
UNICHARM DO BRASIL INDÚSTRIA E COMÉRCIO DE PRODUTOS DE HIGIENE LTDA.	Federative Republic of Brazil	Personal care	80.1
DSG International (Thailand) Public Co., Ltd. (Note)	Kingdom of Thailand	Personal care	99.3 (99.3)
Uni-Charm Corporation Sdn. Bhd.	Malaysia	Personal care	100.0
Diana Unicharm Joint Stock Company	Socialist Republic of Vietnam	Personal care	95.0

Notes: 1. The figure in parentheses in the "Percentage of voting rights held" column shows the percentage of indirect voting interests, which is a part of the total voting interests.

2. There are no significant changes in the "Major subsidiaries" and the "Percentage of voting rights held."

34. Related parties

(1) Transactions with related parties

Transactions between the Group and related parties are as follows.

Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)

Not applicable.

Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)

Not applicable.

(2) Key management personnel compensation

Key management personnel compensation is as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Basic remuneration and performance-linked remuneration	416	397
Restricted share-based remuneration	170	166
Total	586	564

35. Commitments

Capital expenditures which have been contracted but have not yet been generated as of the end of each fiscal year are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Property, plant and equipment	3,745	3,514
Intangible assets	213	304
Total	3,958	3,818

36. Subsequent events

(Purchase of treasury shares)

At the meeting of the Board of Directors of the Company held on February 12, 2026, the Company resolved to purchase treasury shares under the provision of the Company's Articles of Incorporation based upon Article 459, Paragraph 1, Item 1 of the Companies Act as follows.

(1) Reason for conducting purchase of treasury shares

To deliver even more returns to shareholders and to enable a flexible capital policy in response to changes in the business environment.

(2) Details of the share acquisition

- 1) Type of shares to be acquired: Company's common shares
- 2) Total number of shares to be acquired: 30 million shares (upper limit)
(Ratio of total number of issued shares (excluding treasury shares): 1.72%)
- 3) Total share acquisition cost: ¥19,000 million (upper limit)
- 4) Acquisition period: February 13, 2026 – December 17, 2026
- 5) Acquisition method: Purchases including purchases through the Off-Auction Own Share Repurchase Transaction (ToSTNeT-3) on the Tokyo Stock Exchange

(2) Other

Six-month financial information for the fiscal year under review

	Six Months Ended June 30, 2025	Fiscal Year Ended December 31, 2025
Net sales (Millions of Yen)	464,170	945,268
Profit before tax (Millions of Yen)	62,496	105,386
Profit attributable to owners of parent (Millions of Yen)	41,813	65,212
Basic earnings per share (Yen)	23.84	37.30

2. Non-consolidated financial statements

(1) Non-consolidated financial statements

1) Non-consolidated balance sheet

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)		Fiscal Year Ended December 31, 2025 (as of December 31, 2025)	
Assets				
Current assets				
Cash and deposits		106,600		73,818
Notes and accounts receivable - trade		51,950		54,443
Securities		18,648		44,472
Supplies		2,855		2,120
Short-term loans receivable		2,092		6,666
Other		21,317		26,924
Allowance for doubtful accounts		(9)		(14)
Total current assets	*1	203,454	*1	208,429
Non-current assets				
Property, plant and equipment				
Buildings and structures		3,883		3,696
Machinery, equipment and vehicles		3,044		2,551
Tools, furniture and fixtures		1,204		1,067
Land		1,111		1,081
Construction in progress		958		1,035
Other		23		22
Total property, plant and equipment		10,223		9,451
Intangible assets				
Goodwill		15,299		12,523
Trademarks		2,371		1,845
Software		13,236		11,401
Other		1,128		1,621
Total intangible assets		32,035		27,390
Investments and other assets				
Investment securities		107,787		152,059
Investments in shares and capital of subsidiaries and associates		191,572		200,094
Long-term loans receivable		12,628		11,040
Prepaid pension cost		7,487		8,783
Deferred tax assets		3,449		–
Other		1,588		1,580
Allowance for doubtful accounts (non-current)		(2,049)		(695)
Total investments and other assets	*1	322,463	*1	372,861
Total non-current assets		364,721		409,703
Total assets		568,175		618,132

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	32,730	33,736
Short-term borrowings	31,440	35,940
Accounts payable - other	21,184	21,881
Income taxes payable	8,810	1,072
Provision for bonuses	2,023	2,165
Other	5,962	4,209
Total current liabilities	*1 102,148	*1 99,004
Non-current liabilities		
Deferred tax liabilities	-	16
Provision for retirement benefits	1,094	1,114
Other	1,450	1,755
Total non-current liabilities	2,544	*1 2,885
Total liabilities	104,692	101,889
Net assets		
Shareholders' equity		
Capital stock	15,993	15,993
Capital surplus		
Legal capital surplus	18,591	18,591
Other capital surplus	40,472	39,703
Total capital surplus	59,063	58,294
Retained earnings		
Legal retained earnings	1,992	1,992
Other retained earnings		
Reserve for open innovation promotion	200	200
Retained earnings brought forward	500,724	571,281
Total retained earnings	502,916	573,473
Treasury shares	(119,412)	(140,428)
Total shareholders' equity	458,560	507,332
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	5,080	9,069
Revaluation reserve for land	(157)	(157)
Total valuation and translation adjustments	4,923	8,912
Total net assets	463,483	516,243
Total liabilities and net assets	568,175	618,132

2) Non-consolidated statement of income

(Millions of Yen)

		Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)		Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Net sales	*2	369,638	*2	369,227
Cost of sales	*2	256,799	*2	264,125
Gross profit		112,839		105,102
Selling, general and administrative expenses	*1, *2	64,959	*1, *2	66,061
Operating income		47,880		39,042
Non-operating income				
Interest income		688		681
Dividend income		95,486		74,583
Other		707		479
Total non-operating income	*2	96,881	*2	75,743
Non-operating expenses				
Interest expenses		158		289
Derivative expenses		344		1,349
Foreign exchange losses		258		1,005
Other		38		32
Total non-operating expenses	*2	798	*2	2,675
Ordinary income		143,962		112,110
Extraordinary income				
Gain on sale of non-current assets		–		8
Gain on sales of investment securities		529		745
Reversal of allowance for doubtful accounts		–		1,354
Total extraordinary income		529		2,107
Extraordinary losses				
Loss on disposal of non-current assets		159		446
Provision of allowance for doubtful accounts		1,973		–
Loss on sale of shares of subsidiaries and associates		–		2
Loss on valuation of investments in shares and capital of subsidiaries and associates		1,487		2,171
Loss on valuation of investment securities		109		56
Loss on waiver of receivables of subsidiaries and associates		203		–
Total extraordinary losses		3,931		2,675
Profit before income taxes		140,560		111,541
Income taxes - current		22,522		10,791
Income taxes - deferred		(482)		1,545
Total income taxes		22,040		12,336
Profit		118,520		99,206

3) Non-consolidated statement of changes in shareholders' equity
Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)

(Millions of Yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings			Treasury shares	Total shareholders' equity	
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for open innovation promotion	Retained earnings brought forward			
Balance at beginning of current period	15,993	18,591	40,408	58,999	1,992	200	404,655	406,847	(100,572)	381,266
Changes of items during period										
Dividends of surplus							(24,705)	(24,705)		(24,705)
Profit							118,520	118,520		118,520
Purchase of treasury shares									(19,001)	(19,001)
Increase by corporate division							2,254	2,254		2,254
Share-based payment transactions			64	64					160	224
Net changes of items other than shareholders' equity										
Total changes of items during period	–	–	64	64	–	–	96,069	96,069	(18,840)	77,293
Balance at end of current period	15,993	18,591	40,472	59,063	1,992	200	500,724	502,916	(119,412)	458,560

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of current period	3,567	(157)	3,410	384,676
Changes of items during period				
Dividends of surplus				(24,705)
Profit				118,520
Purchase of treasury shares				(19,001)
Increase by corporate division				2,254
Share-based payment transactions				224
Net changes of items other than shareholders' equity	1,513	–	1,513	1,513
Total changes of items during period	1,513	–	1,513	78,806
Balance at end of current period	5,080	(157)	4,923	463,483

Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)

(Millions of Yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						Reserve for open innovation promotion	Retained earnings brought forward			
Balance at beginning of current period	15,993	18,591	40,472	59,063	1,992	200	500,724	502,916	(119,412)	458,560
Changes of items during period										
Dividends of surplus							(28,649)	(28,649)		(28,649)
Profit							99,206	99,206		99,206
Purchase of treasury shares									(22,002)	(22,002)
Disposal of treasury shares			(752)	(752)					753	1
Share-based payment transactions			(17)	(17)					233	216
Net changes of items other than shareholders' equity										
Total changes of items during period	–	–	(769)	(769)	–	–	70,557	70,557	(21,016)	48,772
Balance at end of current period	15,993	18,591	39,703	58,294	1,992	200	571,281	573,473	(140,428)	507,332

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance at beginning of current period	5,080	(157)	4,923	463,483
Changes of items during period				
Dividends of surplus				(28,649)
Profit				99,206
Purchase of treasury shares				(22,002)
Disposal of treasury shares				1
Share-based payment transactions				216
Net changes of items other than shareholders' equity	3,989	–	3,989	3,989
Total changes of items during period	3,989	–	3,989	52,761
Balance at end of current period	9,069	(157)	8,912	516,243

Notes to the non-consolidated financial statements

(Significant accounting policies)

1. Valuation standards and methods for securities
 - (1) Held-to-maturity debt securities
Amortized cost method (straight-line method)
 - (2) Shares of subsidiaries and associates
Cost method by the moving-average method
 - (3) Available-for-sale securities
Securities other than shares, etc. with no market price
Market value method

(The valuation difference is directly included in net assets, and cost of sales is determined by the moving-average method.)

Shares, etc. with no market price
Cost method by the moving-average method
2. Valuation methods for derivative financial instruments
Market value method
3. Valuation standards and methods for inventories
Inventories held for ordinary selling purpose:
Valuation standard is cost method (The carrying amount is written down due to decreased profitability.)
 - (1) Supplies
Specific identification method
4. Depreciation of non-current assets
 - (1) Property, plant and equipment (excluding leased assets)
Straight-line method

Major useful lives are as follows:

Buildings and structures	2 – 50 years
Machinery, equipment and vehicles	2 – 16 years
 - (2) Intangible assets (excluding leased assets)
Straight-line method

As major useful lives, goodwill is amortized within 20 years after incurred, trademarks are amortized over 10 years, and software (for internal use) is amortized over the internally estimated useful lives (5 years).
 - (3) Leased assets
Leased assets related to finance lease transactions which do not transfer ownerships to the lessee

Leased assets are depreciated over the lease terms as useful lives using the straight-line method without any residual value.

Leased assets related to finance lease transactions which transfer ownerships to the lessee

The same depreciation method as that used for non-current assets owned by the Company is applied.
5. Translation of foreign currency-denominated assets and liabilities into Japanese yen
Foreign currency-denominated monetary receivables and payables are translated into Japanese yen using the spot exchange rate on the closing date and the translation difference is charged or credited to income.
6. Accounting standards for reserves and allowances
 - (1) Allowance for doubtful accounts
In order to prepare for possible credit losses on receivables, the Company records the estimated amount of non-

recoverable receivables based on the historical loss rate for general receivables and specific collectability for specific doubtful receivables.

- (2) Allowance for loss on valuation of investments in subsidiaries and associates
In order to provide for a decline in the value of investments in subsidiaries and associates, an amount according to the decline in actual value is recorded.
- (3) Provision for bonuses
In order to prepare for payments of bonuses to the employees, the estimated payable amount attributable to the fiscal year under review is recorded as provision for bonuses.
- (4) Provision for retirement benefits
In order to prepare for employees' retirement benefits, provision for retirement benefits is recorded based on the retirement benefit obligations and estimated plan assets as of the current fiscal year-end.
 - 1) Period attribution method for estimated retirement benefits
In calculating retirement benefit obligations, the method of attributing the estimated amount of retirement benefits to the periods up to the end of the fiscal year under review is based on the benefit formula basis.
 - 2) Accounting method for actuarial difference and past service cost
Past service cost is expensed at the amount divided proportionally using the straight-line method over a period of definite years (5 years) within the employees' average remaining service years when incurred.

Actuarial difference is expensed at the amount divided proportionally using the straight-line method over a period of definite years (10 years) within the employees' average remaining service years in each fiscal year when it is incurred, commencing from the fiscal year following the fiscal year in which the difference is incurred.

7. Accounting standards for revenue and expenses

The Company is mainly engaged in the sale of products for personal care, which includes wellness care business, feminine care business, and baby care business, and for pet care business. For the sale of such products, because the customer obtains control of the products at the time of delivery, the Company judges that its performance obligation is satisfied and recognizes revenue at the time of product delivery.

Revenue is recognized at the amount of consideration to which the entity expects to be entitled in exchange for transfer of goods to customers, and is measured at the amount after deduction of trade discounts, rebates and sales discounts. Variable consideration in the form of discounts, rebates and sales discounts is included in the transaction price only to the extent that it is highly probable that a subsequent resolution of the uncertainty relating to such variable consideration will not result in a material reversal of the accumulated amount of revenue recognized. The consideration for performance obligations is received within one year from the fulfillment of the obligations and does not contain any significant financing component.

8. Other significant accounting policies concerning the preparation of non-consolidated financial statements

Accounting for retirement benefits

The accounting methods of unrecognized actuarial gain and loss and unrecognized past service cost differ from those of the consolidated financial statements.

(Significant accounting estimates)

Valuation of investments in shares and capital of subsidiaries and associates

(1) Amounts recorded in the non-consolidated financial statements

	(Millions of Yen)	
	Fiscal Year Ended December 31, 2024	Fiscal Year Ended December 31, 2025
Investments in shares and capital of subsidiaries and associates	191,572	200,094
Loss on valuation of investments in shares and capital of subsidiaries and associates	1,487	2,171

Of the above amounts, the losses on valuation of investments in shares and capital of subsidiaries and associates that were recorded for the fiscal year ended December 31, 2024 are as follows.

(Millions of Yen)	
	Fiscal Year Ended December 31, 2024
Loss on valuation of shares of Unicharm Middle East & North Africa Hygienic Industries Company S.A.E.	1,487

With regard to the shares of ¥1,487 million in Unicharm Middle East & North Africa Hygienic Industries Company S.A.E., a subsidiary that manufactures and sells mainly personal care products in Egypt, the loss on valuation of investments in shares and capital of subsidiaries and associates of ¥1,487 million was recorded, with the amount based on the net assets per share as the actual value, since the actual value has significantly declined and future business plans will unlikely help it recover.

Of the above amounts, the major losses on valuation of investments in shares and capital of subsidiaries and associates that were recorded for the fiscal year ended December 31, 2025 are as follows.

(Millions of Yen)	
	Fiscal Year Ended December 31, 2025
Loss on valuation of shares of Onedot Inc.	1,096
Loss on valuation of shares of Uni-Charm (Philippines) Corporation	737

With regard to the shares of ¥1,096 million in Onedot Inc., an associate that provides a pet online-to-offline (O2O) platform and childcare media, as well as digital strategy and marketing support services for businesses mainly in the Chinese and Japanese markets, the loss on valuation of investments in shares and capital of subsidiaries and associates of ¥1,096 million was recorded, with the amount based on the net assets per share as the actual value, since the actual value has significantly declined and future business plans will unlikely help it recover.

With regard to the shares of ¥1,348 million in Uni-Charm (Philippines) Corporation, a subsidiary that mainly sells personal care products in the Philippines, the loss on valuation of investments in shares and capital of subsidiaries and associates of ¥737 million was recorded, with the amount based on the net assets per share as the actual value, since the actual value has significantly declined and future business plans will unlikely help it recover.

(2) Information about the details of significant accounting estimates pertaining to identified items

Investments in shares and capital of subsidiaries and associates with no market price are presented at acquisition cost on the non-consolidated balance sheet. If the actual value calculated based on net assets significantly declines due to deterioration of the financial position of the company that has issued these shares, the value of these investments is considerably reduced so that the valuation difference is recognized as a loss for the fiscal year under review, except when the possibility of recovery is supported by ample evidence such as business plans. As for shares acquired at a value higher than the net assets per share that are obtained from the financial statements as a reflection of excess earnings power, if the excess earnings power is considered to have been decreased, the actual value reflects the said decrease.

When the actual value dropped to a certain extent while it has not significantly declined, and when a significant decline in the actual value was not recorded as impairment because the value is expected to recover, an amount that is equivalent to the decline is processed as an allowance for loss on valuation of investments in subsidiaries and associates.

When investments in shares and capital of subsidiaries and associates are valued, certain assumptions, such as net sales growth rate, are set for estimates in business plans, among others.

As for the valuation of investments in shares and capital of subsidiaries and associates, whether the actual value will likely recover is judged and excess earnings power is assessed based on an analysis that is grounded on a comparison between business plans and actual results. The valuation may be affected by changes in economic conditions given future uncertainties. If the business environment of subsidiaries and associates worsens due to unforeseen circumstances, the amounts of investments in shares and capital of subsidiaries and associates and of allowance for loss on valuation of investments in subsidiaries and associates in the non-consolidated financial statements for the following fiscal year may be materially affected.

(Changes in accounting policies)

(Adoption of the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules)

The Company has adopted the Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules (ASBJ Practical Solution No. 46, March 22, 2024) starting from the beginning of the fiscal year ended December 31, 2025. The impact of this change in accounting policy on the non-consolidated financial statements is insignificant.

(Non-consolidated balance sheet)

*1 Monetary receivables from and payables to subsidiaries and associates (except for those separately disclosed)

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Short-term monetary receivables	30,937	41,774
Long-term monetary receivables	10,702	9,885
Short-term monetary payables	60,178	66,551
Long-term monetary payables	–	641

2 Guarantee obligation

The Company provides guarantee of obligations concerning the borrowings from financial institutions of the following subsidiaries and associates.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)	
Uni.Charm Molnlycke B.V.	1,356	Uni.Charm Molnlycke B.V.	1,515
Onedot Inc.	400	Onedot Inc.	400
Unicharm India Private Ltd.	13,764	Unicharm India Private Ltd.	264
UcM Inco USA, Inc.	380	UcM Inco USA, Inc.	235
Total	15,899	Total	2,414

(Non-consolidated statement of income)

*1 The main expense items and amounts of selling, general and administrative expenses are as follows.

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Sales promotion expenses	4,548	3,776
Advertising expenses	8,942	10,181
Miscellaneous fees	6,785	7,246
Salaries and bonuses to employees	7,284	6,690
Provision of allowance for bonuses	1,402	1,561
Depreciation	8,144	8,111
Research and development expenses	9,681	12,815
Share of selling expenses out of selling, general and administrative expenses	34%	31%

Note: Effective from the current fiscal year, we have revised the scope of expense items such as depreciation and personnel expenses recorded as research and development expenses in order to more appropriately reflect the actual state of our research and development structure in our business operations. The impact of this reclassification on each expense item in the previous fiscal year, based on the reclassification made in the fiscal year under review, amounts to ¥1,003 million for depreciation and ¥836 million for salaries and bonuses to employees.

*2 Transactions with subsidiaries and associates

(Millions of Yen)

	Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)	Fiscal Year Ended December 31, 2025 (January 1, 2025 – December 31, 2025)
Operating transactions	282,322	305,709
Non-operating transactions	95,219	74,372

(Securities)

Shares of subsidiaries and associates

Fiscal Year Ended December 31, 2024 (as of December 31, 2024)

(Millions of Yen)

Category	Amount recorded in the non-consolidated balance sheet	Fair value	Difference
Shares of subsidiaries	3,088	18,327	15,239

Note: Amount recorded in the non-consolidated balance sheet of shares, etc. with no market price that are not included in the above

(Millions of Yen)

Category	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)
Shares of subsidiaries	152,524
Investments in capital of subsidiaries	34,827
Shares of associates	1,133

Fiscal Year Ended December 31, 2025 (as of December 31, 2025)

(Millions of Yen)

Category	Amount recorded in the non-consolidated balance sheet	Fair value	Difference
Shares of subsidiaries	3,088	9,715	6,627

Note: Amount recorded in the non-consolidated balance sheet of shares, etc. with no market price that are not included in the above

(Millions of Yen)

Category	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Shares of subsidiaries	162,465
Investments in capital of subsidiaries	34,522
Shares of associates	19

(Tax-effect accounting)

1. Major components of deferred tax assets and liabilities

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
(Millions of Yen)		
Deferred tax assets:		
Provision for bonuses	619	663
Loss on valuation of investments in shares and capital of subsidiaries and associates	37,877	39,674
Accrued sales promotion expenses	3,226	3,035
Provision for retirement benefits	1,644	1,701
Share-based payment expenses	1,130	266
Allowance for doubtful accounts	630	223
Other	3,425	3,342
Subtotal	48,551	48,905
Valuation allowance	(40,434)	(41,875)
Total deferred tax assets	8,117	7,030
Deferred tax liabilities:		
Prepaid pension cost	(2,293)	(2,769)
Valuation difference on available-for-sale securities	(2,123)	(4,043)
Other	(253)	(235)
Total deferred tax liabilities	(4,668)	(7,046)
Net deferred tax assets (liabilities)	3,449	(16)

2. The reconciliation between the effective statutory tax rate and the actual effective tax rate after the application of tax-effect accounting

	Fiscal Year Ended December 31, 2024 (as of December 31, 2024)	Fiscal Year Ended December 31, 2025 (as of December 31, 2025)
Effective statutory tax rate	30.6%	30.6%
Reconciliations:		
Non-taxable items such as dividend income, etc.	(19.7)%	(19.4)%
Amortization of goodwill	0.6%	0.8%
Valuation allowance	0.7%	0.2%
Effects of change in tax rate	-	0.0%
Tax credit	(1.1)%	(2.4)%
Loss on share transfer of subsidiaries following capital reduction	(0.3)%	-
Withholding tax on dividends at overseas subsidiaries	5.0%	2.0%
Other	(0.2)%	(0.7)%
Actual effective tax rate after the application of tax-effect accounting	15.7%	11.1%

3. Adjustment to the amounts of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates
- With the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 13 of 2025) promulgated on March 31, 2025, a Special Defense Corporation Tax will be imposed for fiscal years beginning on or after April 1, 2026. The special defense surtax will increase the effective statutory tax rate, which is used to calculate the deferred tax assets and deferred tax liabilities, from the current 30.6% to 31.5% for fiscal years beginning on or after January 1, 2027.
- The impact of this change in tax rate on the non-consolidated financial statements is insignificant.

(Significant subsequent events)

(Purchase of treasury shares)

This note has been omitted as the same information is given under “36. Subsequent events” in the notes to the consolidated financial statements.

4) Non-consolidated supplemental schedules
Detailed schedule of property, plant and equipment

(Millions of Yen)

Classification	Type of assets	Balance at the beginning of the fiscal year ended December 31, 2025	Increase in the fiscal year ended December 31, 2025	Decrease in the fiscal year ended December 31, 2025	Depreciation and amortization for the fiscal year ended December 31, 2025	Balance at the end of the fiscal year ended December 31, 2025	Accumulated depreciation and amortization
Property, plant and equipment	Buildings and structures	3,883	126	8	305	3,696	4,525
	Machinery, equipment and vehicles	3,044	1,231	384	1,340	2,551	3,710
	Tools, furniture and fixtures	1,204	137	12	262	1,067	2,659
	Land	1,111 [(157)]	–	31	–	1,081 [(157)]	124
	Construction in progress	958	573	496	–	1,035	–
	Other	23	8	–	9	22	33
	Total	10,223	2,075	931	1,916	9,451	11,052
Intangible assets	Goodwill	15,299	–	–	2,776	12,523	–
	Trademarks	2,371	–	–	526	1,845	–
	Software	13,236	2,450	86	4,199	11,401	–
	Software in progress	1,113	2,551	2,595	–	1,069	–
	Other	15	786	–	249	552	–
	Total	32,035	5,787	2,681	7,750	27,390	–

Notes: 1. The increases in the fiscal year ended December 31, 2025 are mainly as follows.

Machinery, equipment and vehicles	Development machines for pet care business	¥118 million
Machinery, equipment and vehicles	Development machines for baby care business	¥326 million
Machinery, equipment and vehicles	Development machines for feminine care business	¥199 million
Machinery, equipment and vehicles	Development machines for wellness care business	¥549 million
Software	<i>Sofy Be</i> app and other digital transformation (DX) development projects	¥2,450 million
Other	Leased assets for the logistics management system	¥786 million

2. [] denotes revaluation difference of land which was revalued in accordance with the Act of Revaluation of Land (1998 Act No. 34).

3. The amount of accumulated depreciation and amortization includes the amount of accumulated impairment losses.

Detailed schedule of allowances

(Millions of Yen)

Classification	Balance at the beginning of the fiscal year ended December 31, 2025	Increase in the fiscal year ended December 31, 2025	Decrease in the fiscal year ended December 31, 2025	Balance at the end of the fiscal year ended December 31, 2025
Allowance for doubtful accounts	2,058	14	1,363	709
Provision for bonuses	2,023	2,165	2,023	2,165

Note: The reasons for accounting the allowances and calculation method thereof are stated in “6. Accounting standards for reserves and allowances” in “Significant accounting policies.”

(2) Details of major assets and liabilities

This information is omitted because the Company prepares consolidated financial statements.

(3) Other

Not applicable.

VI. Information on Transfer and Repurchase of the Company's Shares

Fiscal year	From January 1 to December 31
Ordinary General Meeting of Shareholders	March
Record date	December 31
Record date for dividend	June 30 (interim dividend) and December 31 (year-end dividend)
Number of shares per unit of the Company	100 shares
Repurchase of shares less than one unit	
Address where repurchases are processed	(Special account) 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Stock Transfer Agency, Mitsubishi UFJ Trust and Banking Corporation
Administrator of shareholders' register	(Special account) 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Offices available for repurchase	–
Charges for repurchase	No charge
Method of public notice	Public notice of the Company shall be given by electronic means; provided, however, that in the event accidents or other unavoidable reasons prevent public notice by electronic means, the notice can be given in the Nihon Keizai Shimbun. URL for public notice https://www.unicharm.co.jp/ja/ir/e-announcement
Special benefits to shareholders	Not applicable.

Note: The Company's shareholders of shares of less than one unit are not able to exercise their rights other than the rights as following:

- (1) The rights stipulated in each Item of Article 189, Paragraph 2 of the Companies Act;
- (2) The right to make a claim in accordance with Article 166, Paragraph 1 of the Companies Act; and
- (3) The right to subscribe for new shares or new share acquisition rights in proportion to the number of the shares owned by said shareholder.

VII. Reference Information on the Company

1. Information on the parent company or equivalent of the Company

The Company has no parent company or equivalent.

2. Other reference information

The Company filed the following documents between the beginning of the fiscal year ended December 31, 2025 and the date when this Annual Securities Report (Yukashoken-Houkokusho) was filed.

(1) Annual Securities Report and Accompanying Documents and Confirmation Note

The 65th Fiscal Year (from January 1, 2024 to December 31, 2024)

Submitted to the Director-General of the Kanto Local Finance Bureau on March 21, 2025.

(2) Internal Control Report and Accompanying Documents

Submitted to the Director-General of the Kanto Local Finance Bureau on March 21, 2025.

(3) Semi-annual Securities Reports and Confirmation Notes

The 66th Fiscal Year (from January 1, 2025 to June 30, 2025)

Submitted to the Director-General of the Kanto Local Finance Bureau on August 6, 2025.

(4) Extraordinary Report

The Extraordinary Report according to the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 12 of the Cabinet Office Order on Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Bureau on February 3, 2025.

The Extraordinary Report according to the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 2-2 of the Cabinet Office Order on Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Bureau on March 19, 2025.

The Extraordinary Report according to the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Bureau on March 21, 2025.

The Extraordinary Report according to the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 of the Cabinet Office Order on Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Bureau on June 18, 2025.

The Extraordinary Report according to the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 3 of the Cabinet Office Order on Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Bureau on June 23, 2025.

The Extraordinary Report according to the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 12 of the Cabinet Office Order on Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Bureau on September 2, 2025.

The Extraordinary Report according to the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 2-2 of the Cabinet Office Order on Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Bureau on March 19, 2026.

The Extraordinary Report according to the provisions of Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs

Submitted to the Director-General of the Kanto Local Finance Bureau on March 23, 2026.

(5) Reporting on status of purchase of treasury shares

Reports were submitted to the Director-General of the Kanto Local Finance Bureau on April 14, 2025, May 13, 2025, June 13, 2025, July 11, 2025, August 13, 2025, September 12, 2025, October 14, 2025, November 13, 2025, December 12, 2025, January 14, 2026, March 13, 2026.

Part 2. Information on Guarantors for the Company

Not applicable.