

This notice has been translated from the original Japanese text of the timely disclosure statement dated November 5, 2021 and is for reference purposes only. In the event of any discrepancy between the original Japanese and this translation, the Japanese text shall prevail.

CAUTIONS REGARDING FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, such as Unicharm Corporation's current plans, strategies, and future performance. These forward-looking statements are based on judgments obtained from currently available information. Please be advised that, for a variety of reasons, actual results may differ materially from those discussed in the forward-looking statements. Events that might affect actual results include, but are not limited to, economic circumstances in which Unicharm Corporation operates, competitive pressures, relevant regulations, changes in product development, and fluctuations in currency exchange rates.

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021; Flash Report [IFRS]



MEMBERSHIP

November 5, 2021

Listed Company Name: **Unicharm Corporation**
 Listing: **First Section, Tokyo Stock Exchange**
 Code Number: **8113**
 URL: **https://www.unicharm.co.jp/**
 Company Representative: **Takahisa Takahara, Representative Director, President and Chief Executive Officer**
 Contact Person: **Hirotatsu Shimada, Senior Executive Officer, General Manager of Accounting Control and Finance Division**
 Telephone Number: **+81-3-3451-5111**
 Scheduled Date to Submit Quarterly Securities Report: **November 8, 2021**
 Scheduled Date to Commence Dividend Payments: **—**
 Preparation of Supplementary Material on Quarterly Financial Results: **Yes**
 Holding of Quarterly Financial Results Presentation Meeting: **Yes (Securities Analysts, Institutional Investors)**

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021 (January 1, 2021 through September 30, 2021)

(1) Consolidated financial results (Q3 cumulative total)

(Figures in percentage represent increases or decreases from the same period last year)

	Net Sales		Core Operating Income		Profit Before Tax		Profit for the Period		Profit Attributable to Owners of Parent		Total Comprehensive Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Q3 of Fiscal Year Ending December 31, 2021	571,878	7.0	97,417	9.3	101,651	39.9	71,428	48.8	61,948	54.6	89,572	258.3
Q3 of Fiscal Year Ended December 31, 2020	534,474	1.9	89,150	30.4	72,671	7.5	48,017	(7.4)	40,073	(11.9)	25,001	(42.7)

(Note) Core operating income is calculated by deducting selling, general and administrative expenses from gross profit.

	Basic Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
Q3 of Fiscal Year Ending December 31, 2021	103.64	103.56
Q3 of Fiscal Year Ended December 31, 2020	67.12	67.00

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021

(2) Consolidated financial position

	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent
	Millions of Yen	Millions of Yen	Millions of Yen	%
As of September 30, 2021	939,512	608,600	534,432	56.9
As of December 31, 2020	893,413	562,653	493,002	55.2

2. Cash Dividends

	Annual Dividends				
	1st Q-End	2nd Q-End	3rd Q-End	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended December 31, 2020	–	16.00	–	16.00	32.00
Fiscal Year Ending December 31, 2021	–	18.00	–		
Fiscal Year Ending December 31, 2021 (forecast)				18.00	36.00

(Note) Changes in dividend forecasts recently disclosed: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2021 (January 1, 2021 through December 31, 2021)

(Figures in percentage represent increases or decreases from the previous fiscal year)

	Net Sales		Core Operating Income		Profit Before Tax		Profit Attributable to Owners of Parent		Basic Earnings Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full Year	770,000	5.8	119,000	3.7	117,000	22.1	75,000	43.3	125.85

(Note) Changes in results forecasts recently disclosed: None

*** Notes**

(1) Changes in major subsidiaries during the period (or any change of specified subsidiaries accompanying a change in the scope of consolidation): None

(2) Changes in accounting policies and accounting estimates

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies other than item (i) above: None
- (iii) Changes in accounting estimates: None

(3) Number of issued and outstanding shares (common shares)

- (i) Number of issued and outstanding shares as of end of period (including treasury shares):
 - As of September 30, 2021: 620,834,319 shares
 - As of December 31, 2020: 620,834,319 shares
- (ii) Number of treasury shares as of end of period:
 - As of September 30, 2021: 24,900,559 shares
 - As of December 31, 2020: 21,742,676 shares
- (iii) Average number of shares during the period (accumulated total):
 - Q3 of Fiscal Year Ending December 31, 2021: 597,710,848 shares
 - Q3 of Fiscal Year Ended December 31, 2020: 597,055,185 shares

* The quarterly financial results report is exempt from quarterly review by certified public accountants or an auditing firm.

* Explanation regarding proper use of the forecasts of financial results and other notes

- (1) While the core operating income disclosed by the Company 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.
- (2) Forecasts stated herein are based on the currently available information and the Company's assumptions that were judged to be valid as of the announcement date hereof, and are not intended to be a promise by the Company to achieve these forecasts. Therefore, actual results may differ for various factors. Please refer to "1. Qualitative Information on Financial Results, (3) Explanation of future estimate information such as forecast of consolidated financial results" section on page 4 for more information concerning the assumptions used for forecasts of financial results and other notes on proper use.

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021

Contents of Exhibit

1. Qualitative Information on Financial Results	2
(1) Explanation of operating results	2
(2) Explanation of financial position	4
(3) Explanation of future estimate information such as forecast of consolidated financial results	4
2. Condensed Consolidated Financial Statements and Significant Notes Thereto	5
(1) Condensed consolidated statement of financial position	5
(2) Condensed consolidated statement of income and Condensed consolidated statement of comprehensive income	7
(3) Condensed consolidated statement of changes in equity	9
(4) Condensed consolidated statement of cash flows	11
(5) Notes to the condensed consolidated financial statements	13
1. Notes regarding going concern assumptions	13
2. Significant accounting policies	13
3. Segment information	13
4. Selling, general and administrative expenses	14
5. Fire accident at Unicharm India Private Ltd.'s Ahmedabad Factory	14

1. Qualitative Information on Financial Results

(1) Explanation of operating results

In the third quarter of the fiscal year under review (January 1 to September 30, 2021), the operating environment of the Group in the overseas markets was as follows. In China, where subsidizing novel coronavirus disease (“COVID-19”) cases had led to an early recovery of the economy, there were growing concerns over the future due to the re-tightening of COVID-19 measures and the strengthening of Chinese real estate regulations. In other parts of Asia, while the resurgence of COVID-19 in July and August drove a trend toward an economic slowdown, temporary tightening of restrictions on economic activities slowed the spread of the virus in countries such as India and Indonesia, and their economies showed signs of recovery. Against this backdrop, the Company took measures to maintain a stable supply of its products, as they are daily necessities, and met the demand.

In Japan, the number of new COVID-19 cases began to decline due to restrictions on activities that were imposed in response to the COVID-19 resurgence, and personal spending showed signs of recovery. Meanwhile, the Company has striven to expand its market share by continuously proposing new values to stimulate demand for high value-added products.

In these environments and under the banner “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 continued to develop unique non-woven fabric processing and forming technology, and products that meet the needs of consumers while working 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.

As a result, the Company’s net sales, core operating income, profit before tax, profit for the period, and profit attributable to owners of parent in the third quarter of the fiscal year under review reached ¥571,878 million (up 7.0% year on year), ¥97,417 million (up 9.3% year on year), ¥101,651 million (up 39.9% year on year), ¥71,428 million (up 48.8% year on year), and ¥61,948 million (up 54.6% year on year), respectively.

Financial results by segment are as described below.

1) Personal Care Business

● Wellness Care Business

In the overseas markets, as the boost in demand for adult excretion care products was expected in Asian regions including Thailand, Indonesia and Vietnam, as well as China where populations are aging even faster than in Japan, the Company formed a new Overseas Brand Management Department and promoted the spread of the care model established in Japan. As a result, the Company achieved high growth.

In the domestic market, which continues to grow as Japan’s population of the elderly increases, the market is on course for recovery even with the COVID-19 resurgence, and the Company achieved stable growth from our expanded lineup of products, centered on mild and moderate products that help to extend healthy life-spans.

In addition, in response to consumers’ increased attention toward infection prevention following the COVID-19 outbreak, as well as increased needs for products from Japanese manufacturers in terms of safety and security, the Company worked to bolster its supply and sales activities of the *Cho-kaiteki* and *Cho-rittai* mask brands, and the *Silcot* wet tissue brand, striving to expand market share. Net sales of the *Silcot* wet tissue brand were sluggish due to a pullback from the special demand related to COVID-19 last year, but have grown compared to pre-COVID-19 levels.

During this time when masks have become indispensable as an infection preventive measure, we released new see-through face masks, *clear face mask*, that allow a user’s mouth and facial expressions to be seen, while preventing droplet infection. This product was designed for those who feel uneasy about communication as typical masks hinder their ability to read lips and see facial expressions. Through this release, the Company worked to create a “Cohesive Society” with social inclusion, as a society where all people are equal and can live without inconvenience.

In response to an expected increase in hygiene consciousness and infection prevention awareness in the future, not only in Japan but also worldwide, the Company will strive to further grow with a view to strengthening its overseas mask sales.

- Feminine Care Business

In China, the Jiangsu factory was affected by COVID-19, including temporary shutdown. Despite such circumstances, the Company's high-quality products featuring charming designs remain highly popular with the younger generation. The Company continued to achieve high growth especially in shorts-shaped sanitary napkins and sanitary napkins using organic cotton as a result of continuously proposing new values. In addition, the Company achieved stable growth in other Asian regions due to the steady sales of cooling sanitary napkins that give a feeling of freshness.

In Japan, as the market shrinks due to a decrease in the target population, the Company made continuous efforts to revitalize the domestic market by offering products to meet growing calls for health and peace of mind and high value-added products to cater to different lifestyles of women. As a result, the Company realized stable growth.

- Baby Care Business

In Thailand and Indonesia, whose market polarization is advancing due to the impact of the spread of COVID-19, the Company achieved stable growth from our response to a wide range of customers' needs by utilizing synergies with DSG (Cayman) Limited, a subsidiary the Company acquired in 2018. In India, the use of disposable diapers is still low even among emerging countries. In response to a supply shortage caused by a fire in a factory located in Western India last year, the Company imported disposable diapers from neighboring countries and increased production at its existing factories, striving to recover its sales area and market share while promoting pants-type disposable diapers. The Company has also responded to diversified needs of consumers in China, where demand for made-in-Japan products declines, through the efforts to strengthen sales of the high value-added *moony* series made in China, mainly through e-commerce channels and baby specialty stores.

In Japan, as the market shrinks with lower birth rate, the Company has strived to improve our brand value and worked to give parents more enjoyment as they raise their babies by way of our expanded lineup of products including high value-added products such as *moony* and *Natural moony* brands. However, net sales growth was sluggish due to the impact of decreasing sales in cross-border e-commerce with China, owing to the declining demand for made-in-Japan products.

As a result, net sales and segment profit (core operating income) for the personal care business for the fiscal period under review were ¥492,669 million (up 7.0% year on year) and ¥86,188 million (up 10.2% year on year), respectively.

2) Pet Care Business

In Japan, the spread of COVID-19 since last year increased the number of hours people spent at home, which in turn has increased the number of pets kept as well as opportunities for contact with pets. Amid such circumstances, in the pet food business, the Company worked to improve consumer satisfaction by providing products for dogs tailored to the physical characteristics and ages of each breed and products for cats meeting the demand for increased health consciousness. Also, in the pet toiletry business, the Company achieved stable growth as a result of steady sales of pet sheets for dogs and toilet systems for cats.

In the North American market, with the spread of COVID-19 leading to an increase in the number of pets living with humans and an increase of opportunities for consumers to have contact with pets, sales have remained steady in sheets for dogs equipped with Japanese technology and wet-type snacks for cats, a new concept that is new to the market. In addition, the Company achieved stable growth as a result of gradually overcoming the shortage of containers for maritime transportation, mainly in the North American region.

As a result, net sales and segment profit (core operating income) for the pet care business for the fiscal period under review were ¥74,807 million (up 8.5% year on year) and ¥10,818 million (up 3.1% year on year), respectively.

3) Other Businesses

In the category of business-use products 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 period under review were ¥4,402 million (down 14.8% year on year) and ¥411 million (down 5.8% year on year), respectively.

(2) Explanation of financial position

1) Status of assets, liabilities and equity

(Assets)

Total assets as of the end of the third quarter were ¥939,512 million (up 5.2% compared with the end of the previous fiscal year). The major increases were ¥31,893 million in other current and non-current financial assets mainly due to investment securities, ¥19,276 million in inventories, and ¥8,038 million in property, plant and equipment, and the major decrease was ¥12,643 million in cash and cash equivalents.

(Liabilities)

Total liabilities as of the end of the third quarter were ¥330,912 million (up 0.0% compared with the end of the previous fiscal year). The major increases were ¥6,441 million in trade and other payables and ¥4,721 million in borrowings, and the major decreases were ¥6,024 million in income tax payables and ¥5,788 million in other current liabilities mainly due to accrued consumption taxes.

(Equity)

Total equity as of the end of the third quarter was ¥608,600 million (up 8.2% compared with the end of the previous fiscal year). The major increase was ¥61,948 million in profit attributable to owners of parent, and the major decrease was ¥20,308 million in dividends paid to owners of parent.

(Ratio of equity attributable to owners of parent)

Ratio of equity attributable to owners of parent as of the end of the third quarter was 56.9%.

2) Status of cash flows

Cash and cash equivalents as of the end of the third quarter were ¥186,879 million, a decrease of ¥12,643 million from the end of the previous fiscal year. The respective cash flow positions for the third quarter under review were as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥80,369 million (¥106,242 million was provided in the same period of the previous fiscal year). The main inflows were due to profit before tax, and depreciation and amortization expenses, and the main outflows were due to income taxes paid and an increase in inventories.

(Cash flows from investing activities)

Net cash used in investing activities was ¥53,123 million (¥16,686 million was used in the same period of the previous fiscal year). The main outflows were due to purchase of property, plant and equipment, and intangible assets; purchase of equity instruments measured at fair value through other comprehensive income; and purchase of financial assets measured at fair value through profit or loss.

(Cash flows from financing activities)

Net cash used in financing activities was ¥44,277 million (¥30,961 million was used in the same period of the previous fiscal year). The main outflows were due to dividends paid to owners of parent and purchase of treasury shares.

(3) Explanation of future estimate information such as forecast of consolidated financial results

Regarding forecast of full-year financial results, there were no changes from the announcement made on February 15, 2021.

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021

2. Condensed Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed consolidated statement of financial position

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2020 (as of December 31, 2020)	Q3 of Fiscal Year Ending December 31, 2021 (as of September 30, 2021)
Assets			
Current assets			
Cash and cash equivalents		199,522	186,879
Trade and other receivables		112,698	112,202
Inventories		61,617	80,893
Other current financial assets		97,588	113,899
Other current assets		19,536	20,672
Total current assets		490,962	514,545
Non-current assets			
Property, plant and equipment		258,814	266,851
Intangible assets		90,006	88,481
Deferred tax assets		13,078	13,599
Investments accounted for using equity method		1,262	1,059
Other non-current financial assets		37,372	52,954
Other non-current assets		1,920	2,022
Total non-current assets		402,451	424,967
Total assets		893,413	939,512

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2020 (as of December 31, 2020)	Q3 of Fiscal Year Ending December 31, 2021 (as of September 30, 2021)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		145,316	151,757
Borrowings		8,975	13,523
Income tax payables		16,183	10,159
Other current financial liabilities		5,765	5,611
Other current liabilities		56,976	51,188
Total current liabilities		233,215	232,238
Non-current liabilities			
Borrowings		24,202	24,374
Deferred tax liabilities		21,116	23,830
Retirement benefit liabilities		11,483	12,176
Other non-current financial liabilities		36,743	34,133
Other non-current liabilities		4,001	4,161
Total non-current liabilities		97,545	98,673
Total liabilities		330,760	330,912
Equity			
Equity attributable to owners of parent			
Capital stock		15,993	15,993
Share premium		13,208	14,305
Retained earnings		547,259	588,854
Treasury shares		(54,572)	(69,332)
Other components of equity		(28,886)	(15,387)
Total equity attributable to owners of parent		493,002	534,432
Non-controlling interests		69,651	74,168
Total equity		562,653	608,600
Total liabilities and equity		893,413	939,512

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021

(2) Condensed consolidated statement of income and Condensed consolidated statement of comprehensive income

(Condensed consolidated statement of income)

(Millions of Yen)

	Notes	Q3 of Fiscal Year Ended December 31, 2020 (January 1, 2020 – September 30, 2020)	Q3 of Fiscal Year Ending December 31, 2021 (January 1, 2021 – September 30, 2021)
Net sales	3	534,474	571,878
Cost of sales		(318,466)	(337,547)
Gross profit		216,008	234,332
Selling, general and administrative expenses	4	(126,858)	(136,915)
Other income		2,356	3,304
Other expenses	5	(17,979)	(2,136)
Financial income		2,672	4,145
Financial costs		(3,528)	(1,078)
Profit before tax		72,671	101,651
Income tax expenses		(24,654)	(30,224)
Profit for the period		48,017	71,428
Profit attributable to			
Owners of parent		40,073	61,948
Non-controlling interests		7,945	9,479
Profit for the period		48,017	71,428
Earnings per share attributable to owners of parent			
Basic earnings per share (Yen)		67.12	103.64
Diluted earnings per share (Yen)		67.00	103.56

Reconciliation of changes from gross profit to core operating income

(Millions of Yen)

Gross profit	216,008	234,332
Selling, general and administrative expenses	(126,858)	(136,915)
Core operating income (*)	89,150	97,417

* Core operating income comprises gross profit less selling, general and administrative expenses. While it is not an indicator defined in IFRS, the Company voluntarily discloses this in the condensed consolidated statement of income and Note “3. Segment information” as the Company’s Board of Directors evaluates the performance of business segments based on core operating income, and it is believed to be a valuable benchmark for measuring the Group’s recurring business performance.

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021

(Condensed consolidated statement of comprehensive income)

(Millions of Yen)

	Notes	Q3 of Fiscal Year Ended December 31, 2020 (January 1, 2020 – September 30, 2020)	Q3 of Fiscal Year Ending December 31, 2021 (January 1, 2021 – September 30, 2021)
Profit for the period		48,017	71,428
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		(654)	(1,713)
Remeasurements related to net defined benefit liabilities (assets)		(115)	19
Subtotal		(769)	(1,694)
Items that may be reclassified to profit or loss			
Net changes in debt instruments measured at fair value through other comprehensive income		(0)	(7)
Changes in fair value of cash flow hedges		7	17
Exchange differences on translation in foreign operations		(22,342)	19,821
Share of other comprehensive income of investments accounted for using equity method		88	7
Subtotal		(22,247)	19,838
Total other comprehensive income, net of tax		(23,016)	18,144
Total comprehensive income		25,001	89,572
Total comprehensive income attributable to			
Owners of parent		20,307	75,551
Non-controlling interests		4,694	14,021
Total comprehensive income		25,001	89,572

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021

(3) Condensed consolidated statement of changes in equity

Third Quarter of the Fiscal Year Ended December 31, 2020 (January 1, 2020 – September 30, 2020)

(Millions of Yen)

	Notes	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at January 1, 2020		15,993	14,960	513,066	(58,769)	(12,177)	473,073	69,827	542,900
Profit for the period		–	–	40,073	–	–	40,073	7,945	48,017
Other comprehensive income		–	–	–	–	(19,766)	(19,766)	(3,250)	(23,016)
Total comprehensive income		–	–	40,073	–	(19,766)	20,307	4,694	25,001
Purchase of treasury shares		–	–	–	(7,192)	–	(7,192)	–	(7,192)
Disposal of treasury shares		–	1,051	–	3,239	(500)	3,790	–	3,790
Conversion of convertible bond-type bonds with share acquisition rights		–	280	–	3,510	(286)	3,504	–	3,504
Dividends		–	–	(17,898)	–	–	(17,898)	(7,966)	(25,863)
Change in scope of consolidation		–	–	–	–	–	–	7	7
Equity transactions with non-controlling interests		–	(21)	–	–	–	(21)	17	(5)
Share-based payment transactions		–	(3,312)	–	4,019	–	708	–	708
Transfer from other components of equity to retained earnings		–	–	627	–	(627)	–	–	–
Total transactions with owners		–	(2,002)	(17,271)	3,577	(1,413)	(17,109)	(7,942)	(25,051)
Balance at September 30, 2020		15,993	12,958	535,868	(55,192)	(33,356)	476,270	66,580	542,850

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021

Third Quarter of the Fiscal Year Ending December 31, 2021 (January 1, 2021 – September 30, 2021)

(Millions of Yen)

	Notes	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at January 1, 2021		15,993	13,208	547,259	(54,572)	(28,886)	493,002	69,651	562,653
Profit for the period		–	–	61,948	–	–	61,948	9,479	71,428
Other comprehensive income		–	–	–	–	13,603	13,603	4,542	18,144
Total comprehensive income		–	–	61,948	–	13,603	75,551	14,021	89,572
Purchase of treasury shares		–	–	–	(16,001)	–	(16,001)	–	(16,001)
Disposal of treasury shares		–	236	–	1,077	(149)	1,164	–	1,164
Dividends		–	–	(20,308)	–	–	(20,308)	(9,421)	(29,729)
Change in scope of consolidation		–	–	–	–	–	–	48	48
Share-based payment transactions		–	860	–	164	–	1,025	–	1,025
Transfer from other components of equity to retained earnings		–	–	(45)	–	45	–	–	–
Other		–	–	–	–	–	–	(131)	(131)
Total transactions with owners		–	1,096	(20,354)	(14,760)	(104)	(34,121)	(9,504)	(43,625)
Balance at September 30, 2021		15,993	14,305	588,854	(69,332)	(15,387)	534,432	74,168	608,600

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021

(4) Condensed consolidated statement of cash flows

(Millions of Yen)

	Notes	Q3 of Fiscal Year Ended December 31, 2020 (January 1, 2020 – September 30, 2020)	Q3 of Fiscal Year Ending December 31, 2021 (January 1, 2021 – September 30, 2021)
Cash flows from operating activities			
Profit before tax		72,671	101,651
Depreciation and amortization expenses		27,113	28,352
Loss due to fire		16,038	–
Interest and dividend income		(2,672)	(2,721)
Interest expenses		998	912
Foreign exchange loss (gain)		621	132
Loss (gain) on sale and retirement of fixed assets		149	(261)
Decrease (increase) in trade and other receivables		16,546	3,563
Decrease (increase) in inventories		(5,577)	(16,456)
Increase (decrease) in trade and other payables		(12,050)	675
Increase (decrease) in other current liabilities		4,720	(8,007)
Other, net		4,329	2,216
Subtotal		122,886	110,055
Interest and dividends received		2,867	2,643
Interest paid		(992)	(950)
Income taxes refund		–	1,680
Income taxes paid		(18,519)	(33,059)
Net cash provided by (used in) operating activities		106,242	80,369
Cash flows from investing activities			
Payments into time deposits		(24,857)	(39,909)
Proceeds from withdrawal of time deposits		28,131	37,584
Purchase of property, plant and equipment, and intangible assets		(25,265)	(25,278)
Proceeds from sale of property, plant and equipment, and intangible assets		1,336	760
Purchase of financial assets measured at amortized cost		–	(4,313)
Purchase of financial assets measured at fair value through profit or loss		(5,000)	(11,000)
Purchase of equity instruments measured at fair value through other comprehensive income		(3,008)	(11,185)
Purchase of debt instruments measured at fair value through other comprehensive income		(401)	(4,720)
Proceeds from sale and redemption of financial assets measured at amortized cost		1,000	–
Proceeds from sale and redemption of financial assets measured at fair value through profit or loss		3,000	4,600
Proceeds from sale and redemption of equity instruments measured at fair value through other comprehensive income		8,019	37
Proceeds from sale and redemption of debt instruments measured at fair value through other comprehensive income		–	400
Purchase of shares of subsidiaries and associates		(66)	(318)
Proceeds from sale of shares of subsidiaries and associates		–	213
Other, net		426	4
Net cash provided by (used in) investing activities		(16,686)	(53,123)

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021

(Millions of Yen)

	Notes	Q3 of Fiscal Year Ended December 31, 2020 (January 1, 2020 – September 30, 2020)	Q3 of Fiscal Year Ending December 31, 2021 (January 1, 2021 – September 30, 2021)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		1,494	7,020
Proceeds from long-term borrowings		730	–
Repayments of long-term borrowings		(257)	(3,000)
Repayments of lease liabilities		(3,774)	(3,949)
Payments for purchase of treasury shares		(7,192)	(16,001)
Dividends paid to owners of parent		(17,904)	(20,312)
Dividends paid to non-controlling interests		(7,734)	(9,197)
Proceeds from share issuance to non-controlling interests		30	–
Proceeds from exercise of employee share options		3,790	1,164
Other, net		(144)	–
Net cash provided by (used in) financing activities		(30,961)	(44,277)
Effect of exchange rate changes on cash and cash equivalents		(4,359)	4,389
Net increase (decrease) in cash and cash equivalents		54,237	(12,643)
Cash and cash equivalents at beginning of period		128,787	199,522
Cash and cash equivalents at end of period		183,024	186,879

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021

(5) Notes to the condensed consolidated financial statements

1. Notes regarding going concern assumptions

None.

2. Significant accounting policies

Significant accounting policies adopted for these condensed consolidated financial statements are the same as those adopted to the consolidated financial statements for the fiscal year ended December 31, 2020.

3. 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 condensed consolidated financial statements. The segment profit is the core operating income (comprising gross profit less selling, general and administrative expenses), which is the key performance indicator based on which the Board of Directors evaluates the performance of business segments.

(2) Sales and results by reportable segment

Sales and results by reportable segment are as follows.

(Millions of Yen)

	Q3 of Fiscal Year Ended December 31, 2020 (January 1, 2020 – September 30, 2020)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	460,375	68,933	5,166	534,474	–	534,474
Sales across segments (Note)	–	–	35	35	(35)	–
Total segment sales	460,375	68,933	5,201	534,509	(35)	534,474
Segment profit (Core operating income)	78,224	10,489	437	89,150	–	89,150
Other income						2,356
Other expenses						(17,979)
Financial income						2,672
Financial costs						(3,528)
Profit before tax						72,671

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2021

(Millions of Yen)

	Q3 of Fiscal Year Ending December 31, 2021 (January 1, 2021 – September 30, 2021)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	492,669	74,807	4,402	571,878	–	571,878
Sales across segments (Note)	–	–	35	35	(35)	–
Total segment sales	492,669	74,807	4,437	571,913	(35)	571,878
Segment profit (Core operating income)	86,188	10,818	411	97,417	–	97,417
Other income						3,304
Other expenses						(2,136)
Financial income						4,145
Financial costs						(1,078)
Profit before tax						101,651

(Note) Sales across segments are based on prevailing market prices.

4. Selling, general and administrative expenses

The breakdown of selling, general and administrative expenses is as follows.

(Millions of Yen)

	Q3 of Fiscal Year Ended December 31, 2020 (January 1, 2020 – September 30, 2020)	Q3 of Fiscal Year Ending December 31, 2021 (January 1, 2021 – September 30, 2021)
Freight-out expenses	34,877	39,031
Sales promotion expenses	15,852	16,096
Advertising expenses	16,712	19,521
Employee benefits expenses	28,609	30,470
Depreciation and amortization expenses	7,840	8,115
Research and development expenses	5,595	5,794
Others	17,372	17,887
Total	126,858	136,915

5. Fire accident at Unicharm India Private Ltd.'s Ahmedabad Factory

Q3 of Fiscal Year Ended December 31, 2020 (January 1, 2020 – September 30, 2020)

A fire accident took place on June 24, 2020 at Ahmedabad Factory of Unicharm India Private Ltd., a subsidiary of the Company. In the third quarter of the previous fiscal year, the total amount of damage was ¥16,038 million, totaling ¥13,162 million of property, plant and equipment such as buildings and equipment of the factory, ¥1,919 million of inventories, and ¥957 million of other related expenses. This damage amount is recorded as “other expenses” in the condensed consolidated statement of income.

The overseas subsidiary had fire insurance for the damaged assets, but since the receipt of insurance proceeds has not been determined as of the end of the third quarter, insurance income is not recorded.

Q3 of Fiscal Year Ending December 31, 2021 (January 1, 2021 – September 30, 2021)

None.