

This notice has been translated from the original Japanese text of the timely disclosure statement dated November 7, 2022 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, 2022; Flash Report [IFRS]



MEMBERSHIP

November 7, 2022

Listed Company Name: **Unicharm Corporation**
 Listing: **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: **Hirotsu Shimada, Managing 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, 2022**
 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, 2022 (January 1, 2022 through September 30, 2022)

(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, 2022	654,548	14.5	91,662	(5.9)	91,416	(10.1)	61,422	(14.0)	52,474	(15.3)	131,328	46.6
Q3 of Fiscal Year Ended 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

(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, 2022	88.10	88.08
Q3 of Fiscal Year Ended December 31, 2021	103.64	103.56

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Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2022

(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, 2022	1,108,344	724,997	630,493	56.9
As of December 31, 2021	987,655	635,438	557,639	56.5

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, 2021	–	18.00	–	18.00	36.00
Fiscal Year Ending December 31, 2022	–	19.00	–		
Fiscal Year Ending December 31, 2022 (forecast)				19.00	38.00

(Note) Changes in dividend forecasts recently disclosed: None

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2022 (January 1, 2022 through December 31, 2022)

(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	850,000	8.6	127,000	3.7	126,000	3.3	79,200	8.9	133.49

(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, 2022:	620,834,319 shares
As of December 31, 2021:	620,834,319 shares
- (ii) Number of treasury shares as of end of period:

As of September 30, 2022:	27,544,723 shares
As of December 31, 2021:	24,655,259 shares
- (iii) Average number of shares during the period (accumulated total):

Q3 of Fiscal Year Ending December 31, 2022:	595,648,406 shares
Q3 of Fiscal Year Ended December 31, 2021:	597,710,848 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 5 for more information concerning the assumptions used for forecasts of financial results and other notes on proper use.

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Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2022

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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, 2022), the operating environment of the Group remained unpredictable because of a steep rise in resource prices, as well as the impact of foreign exchange fluctuations, caused by rising geopolitical risk, due mainly to the deterioration of the situation in Ukraine, which has caused growing concern about the acceleration of inflation.

While countries and regions cope with the novel coronavirus disease (“COVID-19”) differently, an economic recovery showed varied situations, but stable economic growth, in general, is expected to continue due to relaxed activity restrictions.

In the overseas markets, each key target country such as Thailand, India, and Indonesia shows signs of recovery from economic deterioration caused by COVID-19. Meanwhile, the economy continued to slow in China due to temporary lockdowns in certain regions including major cities as part of its continued zero-COVID policy, yet it has gradually begun to show signs of recovery. Amid such circumstances, the Company took measures to maintain a stable supply of its products, as they are daily necessities. Accordingly, in North America, Indonesia, and other regions, the Company has passed surging costs on prices of its new and renewed products by adding value to the markets.

In Japan, business conditions continued to recover. In this context, the Company has striven to expand its market share by proposing new values to stimulate demand for high value-added products while turning to pass-through.

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 ¥654,548 million (up 14.5% year on year), ¥91,662 million (down 5.9% year on year), ¥91,416 million (down 10.1% year on year), ¥61,422 million (down 14.0% year on year), and ¥52,474 million (down 15.3% year on year), respectively.

Financial results by segment are as described below.

1) Personal Care Business

● Wellness Care Business

In the overseas markets, the Company developed new products to meet local needs in China, where populations are aging even faster than in Japan and there is a large target market for adult excretion care products. The Company has engaged in expanding brand recognition and promoting the spread of its adult excretion care products through these new products and active investment in marketing. In the Southeast Asian region, including Thailand, Indonesia, Vietnam, and Malaysia, where demand is increasing for adult excretion care products, the Company has striven to expand its product lineup and promote the spread of the care model it has established in Japan, thereby achieving a continued high growth.

The domestic market, which continues to grow as Japan’s population of the elderly increases, was back on course for recovery partly because people have become accustomed to the living environment under the COVID-19 pandemic and activity restrictions have been relaxed in line with an increasing vaccination rate. Amid such circumstances, the Company made efforts to enhance its proposed value for pants-type disposable diapers targeted at moderate-level users by bolstering the “Pelvic Support Fit” function that alleviates the burden on legs and lower back, thereby achieving stable growth.

The Company also endeavored to ensure stable supply of the *Cho-kaiteki* and *Cho-rittai* brands, amid rising demand for masks from Japanese manufacturers from the perspectives of safety and security as wearing a mask has become part of consumers’ daily practice.

During this time when masks have become indispensable as an infection preventive measure, we released see-through face masks, *clear face mask*, that allow a user’s mouth and facial expressions to be seen, while blocking droplets. 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.

The Company will strive to increase its market share by launching new products and other measures because Japan's market growth is forecasted to slow down. In response to an expected increase in demand for masks in terms of safety and security, not only in Japan but also worldwide, the Company will strengthen its overseas mask sales, and strive for further growth.

- **Feminine Care Business**

In China, the Company expands its sales areas and number of stores handling its products and bolsters sales through utilizing new e-commerce platforms mainly in coastal cities. In certain regions including major cities, temporary COVID-19 lockdowns were imposed and affected supply to a limited extent. As a result of taking initiatives toward a stable supply, however, the Company continued to grow mainly in shorts-shaped napkins, its high value-added product.

In the Southeast Asian region, including Thailand, Indonesia, and Vietnam, the Company also recorded steady sales of cooling sanitary napkins, or its new concept, which give a feeling of freshness, and other high value-added products. Moreover, in the Middle East, the Company achieved stable growth as a result of exports from Saudi Arabia to neighboring Middle Eastern countries, as well as the launch of new products that contain olive oil tailored to local customs and domestic sales in Saudi Arabia, thanks to aggressive investment in marketing.

In Japan, where the market is shrinking due to a decrease in the target population, the Company strived to improve brand value by offering high value-added products to cater to different lifestyles of women and utilizing social media and other forums to communicate with consumers, amid an increasing emphasis on health and peace of mind. As a result, it recorded steady sales and achieved high growth.

- **Baby Care Business**

In Thailand, where market polarization was advancing due to the impact of the spread of COVID-19, the Company has responded 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 compared to other emerging countries. The Company recommenced operations at its factory in northern India, strengthened production at its existing factories, and imported products from neighboring countries, striving to expand its sales area and recover its market share while promoting the use of pants-type disposable diapers. As a result, it achieved high growth. In China, various changes are taking place due to lockdowns, progressively lower birth rates, and the rise of local enterprises. As demand for made-in-Japan products declined, the Company adjusted its inventory for premium products made in Japan to accelerate a shift to highly profitable premium products made in China. These efforts resulted in a slowdown in net sales, but the Company catered to the diversified needs of consumers in China both for products and sales channels by working to strengthen sales of the high value-added *moony* series made in China, mainly through e-commerce channels and baby specialty stores, in order to improve profitability. However, profit fell due to an increase in cost involved in the shift to high-profit products, along with higher manufacturing, logistics, and other costs resulting from soaring resource prices.

In Japan, where the market is shrinking with lower birth rates, the Company passed increasing costs on prices of its new and high-value added product lineups for *moony* and *Mamy Poko* series, and worked to give parents more enjoyment as they raise their babies. As a result, it achieved stable growth.

- **Kirei Care Business**

The Company has merged the wipes and cosmetic cotton from its Wellness Care Business and Baby Care Business to form the Kirei Care Business. The name "Kirei," a phonetic representation of the Japanese word meaning "nice and clean," refers not only to physical beauty and cleanliness but also to the beauty that people contain inside themselves. Launched worldwide as a broad concept and common expression, this new business embodies the Company's aspiration to create environments where all people can enjoy safe and secure Kirei lifestyles.

In Japan, the Company ensured the stable supply of *Silcot* brand wet tissues while endeavoring to expand its market share. As a result, it achieved stable growth. A similar increase in hygiene consciousness and the regular use of the product are anticipated in the future, not only in Japan but also worldwide, and the Company aims to create environments where people from all around the world can enjoy safe and secure Kirei lifestyles.

As a result, net sales and segment profit (core operating income) for the personal care business for the fiscal period under review were ¥560,165 million (up 13.7% year on year) and ¥79,212 million (down 8.1% year on year), respectively.

2) Pet Care Business

In Japan, the number of hours people spend at home has increased since the spread of COVID-19 starting from 2020, leading to more opportunities to interact with pets. Amid such circumstances, the Company strengthened its lineup by launching new and renewed products and turned to pass-through for some products leveraging their added value. In the pet food business, the Company worked to improve consumer satisfaction by providing products for cats meeting the demand for increased health consciousness. Moreover, the Company bolstered the sale of products for dogs tailored to the physical characteristics and ages of each breed, food products for building bodies with a new concept of maintaining muscle health, and other products. In the pet toiletry business, the Company achieved stable growth as a result of steady sales of pet sheets for dogs, toilet systems for cats, etc.

In the North American market, the spread of COVID-19 led to a larger number of pets living with humans and more opportunities for consumers to have contact with pets. In this environment, the Company had to set selling prices that covered recent rapidly rising costs for some of its products. Nevertheless, sales remained strong for products equipped with Japanese technology such as wet-type snacks for cats and high-quality toiletry sheets for dogs, which embody new concepts. As a result, the Company achieved high growth and improved profitability.

As a result, net sales and segment profit (core operating income) for the pet care business for the fiscal period under review were ¥88,761 million (up 18.7% year on year) and ¥12,107 million (up 11.9% 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 ¥5,622 million (up 27.7% year on year) and ¥343 million (down 16.5% 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 ¥1,108,344 million (up 12.2% compared with the end of the previous fiscal year). The major increases were ¥38,073 million in inventories, ¥35,417 million in cash and cash equivalents, ¥11,900 million in property, plant and equipment, ¥10,135 million in intangible assets, ¥8,742 million in trade and other receivables, and ¥7,591 million in other current assets including consumption taxes receivables.

(Liabilities)

Total liabilities as of the end of the third quarter were ¥383,347 million (up 8.8% compared with the end of the previous fiscal year). The major increases were ¥16,719 million in trade and other payables and ¥16,593 million in borrowings.

(Equity)

Total equity as of the end of the third quarter was ¥724,997 million (up 14.1% compared with the end of the previous fiscal year). The major increases were ¥58,065 million in other components of equity mainly due to exchange differences on translation in foreign operations and ¥52,474 million in profit attributable to owners of parent, and the major decrease was ¥22,059 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 ¥222,965 million, an increase of ¥35,417 million from the end of the previous fiscal year. The respective cash flow positions for the third quarter under review were as follows:

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(Cash flows from operating activities)

Net cash provided by operating activities was ¥67,665 million (¥80,369 million was provided in the same period of the previous fiscal year). The main inflows were due to profit before tax, and the main outflows were due to income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities was ¥18,908 million (¥53,123 million was used in the same period of the previous fiscal year). The main inflows were due to proceeds from withdrawal of time deposits and proceeds from sale and redemption of financial assets measured at fair value through profit or loss. Meanwhile, the main outflows were due to payments into time deposits, purchase of property, plant and equipment, and intangible assets, 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 ¥27,826 million (¥44,277 million was used in the same period of the previous fiscal year). The main inflows were due to net increase in short-term borrowings, and 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, 2022.

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Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2022

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, 2021 (as of December 31, 2021)	Q3 of Fiscal Year Ending December 31, 2022 (as of September 30, 2022)
Assets			
Current assets			
Cash and cash equivalents		187,547	222,965
Trade and other receivables		129,367	138,109
Inventories		89,811	127,884
Other current financial assets		119,752	125,517
Other current assets		21,266	28,856
Total current assets		547,743	643,332
Non-current assets			
Property, plant and equipment		271,689	283,589
Intangible assets		85,407	95,542
Deferred tax assets		13,911	14,231
Investments accounted for using equity method		1,029	677
Other non-current financial assets		65,789	68,350
Other non-current assets		2,086	2,624
Total non-current assets		439,912	465,013
Total assets		987,655	1,108,344

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Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2022

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2021 (as of December 31, 2021)	Q3 of Fiscal Year Ending December 31, 2022 (as of September 30, 2022)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		167,241	183,960
Borrowings		33,882	37,184
Income tax payables		13,639	10,097
Other current financial liabilities		5,455	8,859
Other current liabilities		54,233	57,136
Total current liabilities		274,450	297,236
Non-current liabilities			
Borrowings		4,432	17,723
Deferred tax liabilities		24,285	27,876
Retirement benefit liabilities		11,973	13,564
Other non-current financial liabilities		32,727	22,354
Other non-current liabilities		4,349	4,594
Total non-current liabilities		77,767	86,111
Total liabilities		352,217	383,347
Equity			
Equity attributable to owners of parent			
Capital stock		15,993	15,993
Share premium		14,801	14,853
Retained earnings		599,946	629,695
Treasury shares		(68,646)	(83,658)
Other components of equity		(4,454)	53,611
Total equity attributable to owners of parent		557,639	630,493
Non-controlling interests		77,799	94,505
Total equity		635,438	724,997
Total liabilities and equity		987,655	1,108,344

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Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2022

(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, 2021 (January 1, 2021 – September 30, 2021)	Q3 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – September 30, 2022)
Net sales	3	571,878	654,548
Cost of sales		(337,547)	(410,741)
Gross profit		234,332	243,807
Selling, general and administrative expenses	4	(136,915)	(152,145)
Other income		3,304	964
Other expenses		(2,136)	(3,220)
Financial income		4,145	4,067
Financial costs		(1,078)	(2,056)
Profit before tax		101,651	91,416
Income tax expenses		(30,224)	(29,994)
Profit for the period		71,428	61,422
Profit attributable to			
Owners of parent		61,948	52,474
Non-controlling interests		9,479	8,948
Profit for the period		71,428	61,422
Earnings per share attributable to owners of parent			
Basic earnings per share (Yen)		103.64	88.10
Diluted earnings per share (Yen)		103.56	88.08

Reconciliation of changes from gross profit to core operating income

(Millions of Yen)

Gross profit	234,332	243,807
Selling, general and administrative expenses	(136,915)	(152,145)
Core operating income (*)	97,417	91,662

* 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.

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Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2022

(Condensed consolidated statement of comprehensive income)

(Millions of Yen)

	Notes	Q3 of Fiscal Year Ended December 31, 2021 (January 1, 2021 – September 30, 2021)	Q3 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – September 30, 2022)
Profit for the period		71,428	61,422
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		(1,713)	(1,211)
Remeasurements related to net defined benefit liabilities (assets)		19	110
Subtotal		(1,694)	(1,101)
Items that may be reclassified to profit or loss			
Net changes in debt instruments measured at fair value through other comprehensive income		(7)	(23)
Changes in fair value of cash flow hedges		17	16
Exchange differences on translation in foreign operations		19,821	71,000
Share of other comprehensive income of investments accounted for using equity method		7	13
Subtotal		19,838	71,007
Total other comprehensive income, net of tax		18,144	69,906
Total comprehensive income		89,572	131,328
Total comprehensive income attributable to			
Owners of parent		75,551	110,019
Non-controlling interests		14,021	21,309
Total comprehensive income		89,572	131,328

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Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2022

(3) Condensed consolidated statement of changes in equity

Third Quarter of the Fiscal Year Ended 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

Third Quarter of the Fiscal Year Ending December 31, 2022 (January 1, 2022 – September 30, 2022)

(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, 2022		15,993	14,801	599,946	(68,646)	(4,454)	557,639	77,799	635,438
Profit for the period		–	–	52,474	–	–	52,474	8,948	61,422
Other comprehensive income		–	–	–	–	57,545	57,545	12,361	69,906
Total comprehensive income		–	–	52,474	–	57,545	110,019	21,309	131,328
Purchase of treasury shares		–	–	–	(17,000)	–	(17,000)	–	(17,000)
Disposal of treasury shares		–	223	–	1,832	(146)	1,909	–	1,909
Dividends		–	–	(22,059)	–	–	(22,059)	(9,689)	(31,748)
Equity transactions with non-controlling interests		–	(1,003)	–	–	–	(1,003)	5,086	4,082
Share-based payment transactions		–	833	–	155	–	988	–	988
Transfer from other components of equity to retained earnings		–	–	(666)	–	666	–	–	–
Total transactions with owners		–	52	(22,725)	(15,012)	520	(37,165)	(4,603)	(41,769)
Balance at September 30, 2022		15,993	14,853	629,695	(83,658)	53,611	630,493	94,505	724,997

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Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2022

(4) Condensed consolidated statement of cash flows

(Millions of Yen)

	Notes	Q3 of Fiscal Year Ended December 31, 2021 (January 1, 2021 – September 30, 2021)	Q3 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – September 30, 2022)
Cash flows from operating activities			
Profit before tax		101,651	91,416
Depreciation and amortization expenses		28,352	30,225
Impairment losses		–	1,937
Interest and dividend income		(2,721)	(2,811)
Interest expenses		912	1,505
Foreign exchange loss (gain)		132	1,061
Loss (gain) on sale and retirement of fixed assets		(261)	341
Decrease (increase) in trade and other receivables		3,563	2,354
Decrease (increase) in inventories		(16,456)	(24,017)
Increase (decrease) in trade and other payables		675	(4,834)
Increase (decrease) in other current liabilities		(8,007)	(6,119)
Other, net		2,216	5,574
Subtotal		110,055	96,635
Interest and dividends received		2,643	3,022
Interest paid		(950)	(1,519)
Income taxes refund		1,680	50
Income taxes paid		(33,059)	(30,523)
Net cash provided by (used in) operating activities		80,369	67,665
Cash flows from investing activities			
Payments into time deposits		(39,909)	(48,889)
Proceeds from withdrawal of time deposits		37,584	60,481
Purchase of property, plant and equipment, and intangible assets		(25,278)	(23,421)
Proceeds from sale of property, plant and equipment, and intangible assets		760	20
Long-term loan advances		(14)	(2,869)
Purchase of financial assets measured at amortized cost		(4,313)	(603)
Purchase of financial assets measured at fair value through profit or loss		(11,000)	(15,000)
Purchase of equity instruments measured at fair value through other comprehensive income		(11,185)	(637)
Purchase of debt instruments measured at fair value through other comprehensive income		(4,720)	(2,118)
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		4,600	12,100
Proceeds from sale and redemption of equity instruments measured at fair value through other comprehensive income		37	–
Proceeds from sale and redemption of debt instruments measured at fair value through other comprehensive income		400	1,000
Purchase of shares of subsidiaries and associates		(318)	–
Proceeds from sale of shares of subsidiaries and associates		213	–
Other, net		18	28
Net cash provided by (used in) investing activities		(53,123)	(18,908)

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2022

(Millions of Yen)

	Notes	Q3 of Fiscal Year Ended December 31, 2021 (January 1, 2021 – September 30, 2021)	Q3 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – September 30, 2022)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		7,020	9,520
Proceeds from long-term borrowings		–	3,984
Repayments of long-term borrowings		(3,000)	(743)
Repayments of lease liabilities		(3,949)	(4,016)
Payments for purchase of treasury shares		(16,001)	(17,000)
Dividends paid to owners of parent		(20,312)	(22,066)
Dividends paid to non-controlling interests		(9,197)	(2,285)
Proceeds from share issuance to non-controlling interests		–	2,870
Proceeds from exercise of employee share options		1,164	1,909
Net cash provided by (used in) financing activities		(44,277)	(27,826)
Effect of exchange rate changes on cash and cash equivalents		4,389	14,487
Net increase (decrease) in cash and cash equivalents		(12,643)	35,417
Cash and cash equivalents at beginning of period		199,522	187,547
Cash and cash equivalents at end of period		186,879	222,965

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2022

(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, 2021.

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, baby care products, and kirei 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, 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

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2022

(Millions of Yen)

	Q3 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – September 30, 2022)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	560,165	88,761	5,622	654,548	–	654,548
Sales across segments (Note)	–	–	101	101	(101)	–
Total segment sales	560,165	88,761	5,723	654,649	(101)	654,548
Segment profit (Core operating income)	79,212	12,107	343	91,662	–	91,662
Other income						964
Other expenses						(3,220)
Financial income						4,067
Financial costs						(2,056)
Profit before tax						91,416

(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, 2021 (January 1, 2021 – September 30, 2021)	Q3 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – September 30, 2022)
Freight-out expenses	39,031	46,076
Sales promotion expenses	16,096	19,483
Advertising expenses	19,521	18,192
Employee benefit expenses	30,470	33,932
Depreciation and amortization expenses	8,115	7,979
Research and development expenses	5,794	5,999
Others	17,887	20,484
Total	136,915	152,145