This notice has been translated from the original Japanese text of the timely disclosure statement dated February 7, 2024 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 Fiscal Year Ended December 31, 2023; Flash Report [IFRS]

February 7, 2024

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: **Hirotatsu Shimada, Managing Executive Officer, General Manager of Accounting Control and Finance Division**
Telephone Number: **+81-3-3451-5111**
Scheduled Date of Ordinary General Meeting of Shareholders: **March 27, 2024**
Scheduled Date to Commence Dividend Payments: **March 7, 2024**
Scheduled Date to Submit Securities Report: **March 28, 2024**
Preparation of Supplementary Material on Full Year Financial Results: **Yes**
Holding of Full Year Financial Results Presentation Meeting: **Yes (Securities Analysts, Institutional Investors)**

(Amounts are rounded to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 through December 31, 2023)

(1) Consolidated financial results

(Figures in percentage represent increases or decreases from the previous fiscal 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	%
Fiscal Year Ended December 31, 2023	941,790	4.9	127,974	7.0	132,308	14.3	97,982	25.0	86,053	27.3	138,167	20.5
Fiscal Year Ended December 31, 2022	898,022	14.7	119,566	(2.4)	115,708	(5.1)	78,375	(6.3)	67,608	(7.1)	114,631	(0.8)

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

	Basic Earnings Per Share	Diluted Earnings Per Share	Return on Equity Attributable to Owners of Parent	Ratio of Profit Before Tax to Total Assets
	Yen	Yen	%	%
Fiscal Year Ended December 31, 2023	145.42	145.42	13.1	12.1
Fiscal Year Ended December 31, 2022	113.61	113.59	11.5	11.4

(Reference)
Share of profit of investments accounted for using equity method: Fiscal Year Ended December 31, 2023:¥(326) million
Fiscal Year Ended December 31, 2022:¥(378) million

(2) Consolidated financial position

	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent	Equity Attributable to Owners of Parent per Share
	Millions of Yen	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2023	1,133,627	788,250	695,719	61.4	1,178.73
As of December 31, 2022	1,049,218	708,613	618,883	59.0	1,043.17

(3) Consolidated cash flows

	From Operating Activities	From Investing Activities	From Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Fiscal Year Ended December 31, 2023	162,415	(67,527)	(67,007)	253,770
Fiscal Year Ended December 31, 2022	92,216	(7,145)	(61,652)	217,153

2. Cash Dividends

	Annual Dividends					Total Amount of Cash Dividends (annual)	Dividend Payout Ratio (consolidated)	Ratio of Dividends to Equity Attributable to Owners of Parent (consolidated)
	1st Q-End	2nd Q-End	3rd Q-End	Year-End	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Fiscal Year Ended December 31, 2022	–	19.00	–	19.00	38.00	22,600	33.4	3.8
Fiscal Year Ended December 31, 2023	–	20.00	–	20.00	40.00	23,634	27.5	3.6
Fiscal Year Ending December 31, 2024 (forecast)	–	22.00	–	22.00	44.00		28.9	

3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2024 (January 1, 2024 through December 31, 2024)

(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	1,006,000	6.8	144,000	12.5	144,000	8.8	90,000	4.6	152.48

*** 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: Yes
(ii) Changes in accounting policies other than item (i) above: None
(iii) Changes in accounting estimates: None
(Note) For the details, please refer to “3. Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to the consolidated financial statements, 2. Material accounting policies” section on page 18.

(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 December 31, 2023: 620,834,319 shares
As of December 31, 2022: 620,834,319 shares
(ii) Number of treasury shares as of end of period:
As of December 31, 2023: 30,605,773 shares
As of December 31, 2022: 27,560,827 shares
(iii) Average number of shares during the period (accumulated total):
Fiscal Year Ended December 31, 2023: 591,774,797 shares
Fiscal Year Ended December 31, 2022: 595,102,817 shares

(Reference) Summary of non-consolidated performance

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 through December 31, 2023)

(1) Non-consolidated financial results

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

	Net Sales		Operating Income		Ordinary Income		Profit	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Fiscal Year Ended December 31, 2023	348,740	1.3	42,684	12.6	143,374	111.1	119,405	–
Fiscal Year Ended December 31, 2022	344,281	(9.9)	37,901	(8.5)	67,915	(16.5)	6,876	(88.5)

	Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
Fiscal Year Ended December 31, 2023	201.77	201.77
Fiscal Year Ended December 31, 2022	11.55	11.55

(2) Non-consolidated financial position

	Total Assets	Net Assets	Ratio of Shareholders’ Equity	Net Assets Per Share
	Millions of Yen	Millions of Yen	%	Yen
As of December 31, 2023	493,120	384,676	78.0	651.74
As of December 31, 2022	414,114	301,907	72.9	508.88

(Reference) Equity: As of December 31, 2023: ¥384,676 million
As of December 31, 2022: ¥301,907 million

Note: Non-consolidated financial figures were prepared in accordance with accounting standards generally accepted in Japan.

2. Forecast of Non-consolidated Financial Results for the Fiscal Year Ending December 31, 2024 (January 1, 2024 through December 31, 2024)

Explanation regarding non-consolidated financial results is omitted since it is not considered to be material as investment information.

* Financial results report is exempt from audit 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. Overview of the Operating Results, Etc., (4) Outlook for the fiscal year ending December 31, 2024" section on page 8 for more information concerning the assumptions used for forecasts of financial results and other notes on proper use.

Contents of Exhibit

1. Overview of the Operating Results, Etc.

(1) Overview of the operating results for the fiscal year under review

Comparison with actual results for the previous fiscal year

	Fiscal Year Ended Dec. 31, 2022 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2023 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales	898,022	941,790	43,768	4.9
Core operating income	119,566	127,974	8,408	7.0
Profit before tax	115,708	132,308	16,600	14.3
Profit attributable to owners of parent	67,608	86,053	18,445	27.3

Comparison with forecasts

	Forecasts for Fiscal Year Ended Dec. 31, 2023 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2023 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales	963,500	941,790	(21,710)	(2.3)
Core operating income	141,000	127,974	(13,026)	(9.2)
Profit before tax	137,500	132,308	(5,192)	(3.8)
Profit attributable to owners of parent	80,900	86,053	5,153	6.4

By region

	Net sales (Note)			Core operating income		
	Fiscal Year Ended Dec. 31, 2022 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2023 (Millions of Yen)	Difference (Millions of Yen)	Fiscal Year Ended Dec. 31, 2022 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2023 (Millions of Yen)	Difference (Millions of Yen)
Japan	307,631	321,847	14,217	57,830	64,986	7,156
China	115,275	106,743	(8,532)	16,376	11,882	(4,494)
Asia	312,997	331,409	18,412	31,223	31,572	349
Others	162,118	181,790	19,672	13,949	19,094	5,145

(Note) Net sales represent those to external customers.

1. Overview of the overall performance in the fiscal year under review

In the fiscal year under review, the operating environment of the Group was returning to the pre-pandemic state with the ongoing gradual market recovery due to the invigoration of social and economic activities as the threat of COVID-19 subsided in Japan and other countries and regions. However, the future outlook remains uncertain with persistent inflation mainly owing to the impacts of elevated resource prices and forex volatility that have continued since last year as well as differences in the strength of economic recovery between countries/regions.

Overseas, signs of a recovery from the economic deterioration caused by the spread of COVID-19 emerged in many of the target markets despite the variability of the market recovery. In such circumstances, the Company proceeded to both improve consumer satisfaction and address rising costs by implementing value pass-through with product proposals that offer new added value to meet the needs of local customers.

In particular, in China, given was the sudden spread of COVID-19 since last year as well as inflation together with the future concerns about deflation, the economic conditions are unstable and the future outlook remains uncertain despite the moderate recovery in hygiene-related markets. In these circumstances, the Company has promoted the structural reform of the entire China business by stimulating demand for high value-added products and promoting the development of new sales channels.

In Japan, as business conditions continued to recover, the Company has gained the support of consumers and maintained its high market share by continuing to propose new values to stimulate demand for high value-added products in each category, 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 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.

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 ¥941,790 million (up 4.9% year on year), ¥127,974 million (up 7.0% year on year), ¥132,308 million (up 14.3% year on year), ¥97,982 million (up 25.0% year on year), and ¥86,053 million (up 27.3% year on year), respectively.

2. Overview of the operation by main business segment

Financial results by segment are as described below.

1) Personal Care Business

	Fiscal Year Ended Dec. 31, 2022 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2023 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	764,908	793,845	28,938	3.8
Core operating income	100,863	104,481	3,618	3.6

(Note) Net sales represent those to external customers.

● Wellness Care Business

In overseas markets, the Company continued to actively invest in marketing particularly in China, where the population is aging even faster than in Japan and there is a large target market for adult excretion care products, in an effort to drive awareness and promote the use of these products.

In addition, in Asian countries such as Thailand, India, Vietnam, and Indonesia, the Company worked to expand its product lineup and promote the spread of the care model it has established in Japan in response to increasing demand for adult excretion care products.

As for adult excretion care products in Japan, the Company strengthened its extensive lineup of products in line with ADL*1. Therein, as new value proposals, the Company launched paper pants that adopted an "ultrasonic bonding" related patented technology in the waist area of the pants and improved the comfort while simultaneously improving the delivery efficiency by increasing the compression ratio during packaging of the product and improving the loading efficiency, thereby contributing to a reduction in the environmental impact. In this way the Company maintained its high market share as a result of steadily passing value along to customers with the rollout of new added-value products.

The Company responded to consumer needs with an enhanced lineup of the *Cho-kaiteki* and *Cho-rittai* brands in the mask category, a market that had grown significantly until last year. However, the retail space underwent sudden changes, including changes in the interpretation of the law*2 designed to prevent COVID-19 infections in the second quarter and a higher than usual temperature rise since the start of summer. Furthermore, due in part to the consumption of household stocks of masks stockpiled by consumers for COVID-19, the market remains larger than it was before the spread of COVID-19, despite the market contraction. The Company will continue to invigorate the market and 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

*2 Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases

- Feminine Care Business

  In China, the Company continued its efforts to expand its sales areas and the number of stores handling its products, mainly in coastal cities, amid the ongoing logistics instability due to the uncertain economic outlook. In addition, while bolstering sales through utilizing new e-commerce platforms, we continued to propose new values targeting the younger generation and worked to expand sales of high value-added products such as shorts-shaped napkins and napkins made of organic materials.

  In the Asian countries of Thailand, Indonesia, and Vietnam, the Company continued to book strong sales for high value-added products, such as the new-concept of cooling sanitary napkins that give users a feeling of freshness.

  In the Middle East, the Company achieved high net sales growth as a result of steady domestic sales in Saudi Arabia as well as expanded exports to countries neighboring Saudi Arabia thanks to aggressive investment in marketing including for new products that contain olive oil tailored to local customs.

  In Japan, despite a decrease in the target population, the Company grew sales by passing along more value to customers with high value-added products that cater to the growing emphasis on health and peace of mind and consumer needs, and by communicating with consumers via social media and the like. In addition, the Company endeavored to provide products and services that help realize dreams, by continuing to resolve the concerns faced by many people such as the launch of *ninkatsu orimono sheet*, a pantyliner for checking the timing for pregnancy by reacting to discharge and enabling an easy method for predicting the timing for conception[*3] while letting women trying to conceive lead normal lives.

  *3 A reference to the “approximate six days including the ovulation period” that is the best time to get pregnant

- Baby Care Business

  In India, where the use of disposable diapers is still low, even compared to other emerging countries, as a result of endeavors to promote the use of pants type disposable diapers and expand the sales areas, the Company increased its market share and achieved higher-than-market growth in net sales.

  In Vietnam, where market growth has been sluggish due to the spread of COVID-19 as well as a declining birth rate, the Company endeavored to invigorate the market, aiming to promote early conversion to pants type disposable diapers by launching the world’s first[*4] pants type disposable diaper that can be opened and closed on one side to cater to the actual situation for consumers.

  In China, where local companies are emerging and the birth rate continues to decline, the Company strategically adjusted its inventory for premium products made in Japan while accelerating a shift to the *moony* brand, a proprietary developed premium product made in China to meet the needs of the local population, to improve profitability.

  In Japan, where the market is shrinking with lower birth rates, the Company continued to pass increasing costs on prices of its extensive lineup of new and high-value added products for *moony* and *Mamy Poko* series, and worked to give parents more enjoyment as they raise their babies, resulting in net sales growth.

  *4 For brands of pants type disposable diapers for babies sold by major global manufacturers, this provides the ability to open and close the side of the girth, moreover, the structure has one side longer than the other. (Survey by Unicharm Corporation, October 2022)

- Kirei Care Business

  In Japan, amid sluggish growth in the wet tissue market, the Company endeavored to expand its market share primarily by launching products with improved design features under the *Silcot* brand.

  In the future, the Company aims to create environments where people from all around the world can enjoy safe and secure Kirei lifestyles by utilizing our unique non-woven fabric processing and forming technology cultivated in Japan to develop high value-added products that meet the usage habits and consumer needs not only of Japan but also of each country and region.

  As a result, net sales and segment profit (core operating income) for the personal care business for the fiscal year under review were ¥793,845 million (up 3.8% year on year) and ¥104,481 million (up 3.6% year on year), respectively.

2) Pet Care Business

	Fiscal Year Ended Dec. 31, 2022 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2023 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	125,312	139,446	14,134	11.3
Core operating income	18,352	23,083	4,732	25.8

(Note) Net sales represent those to external customers.

In the pet food business in Japan, the Company has passed along value to customers for products for cats meeting the demand for increased health consciousness, such as hairball treatment products and products for reducing regurgitation of food, 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. As a result, the Company achieved high net sales growth. 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 North America, while the Company has steadily passing along value to customers since last year by launching new high added-value products, it was affected by temporary inventory reduction by distributors concerned about consumer reluctance to spend due to intermittent inflation. However, net sales growth was steady, reflecting brisk sales of products incorporating Japanese technology and new concepts, such as wet-type snacks for cats. The Company will press forward with the launch of high added-value products by proposing new value to meet the needs of local consumers.

In China, the second largest regional market after North America that is expected to grow going forward, the Company entered into a capital alliance with Jiangsu Jijia Pet Products Co., Ltd. (hereinafter "JIA PETS") in November 2022. By combining the Group's manufacturing technology and know-how on production management, which have been endorsed by consumers in Japan, with JIA PETS' production and R&D capacities, as well as sales capabilities in its e-commerce channel, the Company aims for significant growth in its pet care business.

In the Asian countries such as Thailand and Indonesia, where we anticipate future market growth, the Company is striving to drive awareness and promote the use of products incorporating Japanese technology and to promote business growth.

As a result, net sales and segment profit (core operating income) for the pet care business for the fiscal year under review were ¥139,446 million (up 11.3% year on year) and ¥23,083 million (up 25.8% year on year), respectively.

3) Other Businesses

	Fiscal Year Ended Dec. 31, 2022 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2023 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales (Note)	7,802	8,498	697	8.9
Core operating income	351	409	58	16.6

(Note) Net sales represent those to external customers.

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 year under review were ¥8,498 million (up 8.9% year on year) and ¥409 million (up 16.6% year on year), respectively.

(2) Overview of the financial position for the fiscal year under review

	As of Dec. 31, 2022 (Millions of Yen)	As of Dec. 31, 2023 (Millions of Yen)	Difference (Millions of Yen)
Total assets	1,049,218	1,133,627	84,410
Total liabilities	340,605	345,377	4,772
Total equity	708,613	788,250	79,637
Ratio of equity attributable to owners of parent (%)	59.0	61.4	–

Total assets as of the end of the fiscal year under review amounted to ¥1,133,627 million, up ¥84,410 million over the end of the previous fiscal year. The major increases were ¥36,617 million in cash and cash equivalents, ¥22,729 million in other current and non-current financial assets mainly due to available-for-sale securities, and ¥17,569 million in investments accounted for using equity method. Total liabilities were ¥345,377 million, up ¥4,772 million from the end of the previous fiscal year. The major increases were ¥10,666 million in other current liabilities including accrued expenses, and ¥1,543 million in borrowings, and the major decrease was ¥6,915 million in deferred tax liabilities. Total equity amounted to ¥788,250 million, up ¥79,637 million over the end of the previous fiscal year. The major increase was ¥86,053 million in profit attributable to owners of parent.

Consequently, the ratio of equity attributable to owners of parent increased from 59.0% as of the end of the previous fiscal year to 61.4% as of the end of the fiscal year under review.

(3) Overview of the cash flows for the fiscal year under review

	Fiscal Year Ended Dec. 31, 2022 (Millions of Yen)	Fiscal Year Ended Dec. 31, 2023 (Millions of Yen)	Difference (Millions of Yen)
Cash flows from operating activities	92,216	162,415	70,199
Cash flows from investing activities	(7,145)	(67,527)	(60,382)
Cash flows from financing activities	(61,652)	(67,007)	(5,354)
Cash and cash equivalents at end of period	217,153	253,770	36,617

Cash and cash equivalents as of the end of the fiscal year under review were ¥253,770 million, an increase of ¥36,617 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 ¥162,415 million (¥92,216 million was provided in the previous fiscal year). The main inflows were due to profit before tax, and depreciation and amortization expenses, and the main outflow was due to income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities was ¥67,527 million (¥7,145 million was used in the previous fiscal year). The main outflows were due to purchase of property, plant and equipment, and intangible assets, and purchase of debt instruments measured at fair value through other comprehensive income.

(Cash flows from financing activities)

Net cash used in financing activities was ¥67,007 million (¥61,652 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, purchase of investments in subsidiaries not resulting in change in scope of consolidation, and dividends paid to non-controlling interests.

(Reference) Changes in cash flow-related financial indicators

	Fiscal Year Ended Dec. 31, 2019	Fiscal Year Ended Dec. 31, 2020	Fiscal Year Ended Dec. 31, 2021	Fiscal Year Ended Dec. 31, 2022	Fiscal Year Ended Dec. 31, 2023
Ratio of equity attributable to owners of parent (%)	54.8	55.2	56.5	59.0	61.4
Ratio of equity attributable to owners of parent at market value (%)	255.3	328.0	301.8	286.6	265.4
Ratio of cash flows to interest-bearing debts (year)	1.0	0.5	0.7	0.6	0.4
Interest coverage ratio (times)	55.2	112.8	79.0	39.6	51.2

Ratio of equity attributable to owners of parent: Equity attributable to owners of parent/Total assets
Ratio of equity attributable to owners of parent at market value: Market capitalization/Total assets
Ratio of cash flows to interest-bearing debts: Interest-bearing debts/Cash flows
Interest coverage ratio: Cash flows/Payment of interest
Note 1: All the above indicators are calculated using consolidated financial figures.
Note 2: Market capitalization is calculated using the Company's total shares outstanding excluding treasury shares.
Note 3: Cash flows from operating activities are used for calculations.
Note 4: Interest-bearing debts cover all debts for which interest is paid among those that are included in the consolidated statement of financial position.

(4) Outlook for the fiscal year ending December 31, 2024

	Actual results for fiscal year ended Dec. 31, 2023 (Millions of Yen)	Forecasts for fiscal year ending Dec. 31, 2024 (Millions of Yen)	Difference (Millions of Yen)	Rate of difference (%)
Net sales	941,790	1,006,000	64,210	6.8
Core operating income	127,974	144,000	16,026	12.5
Profit before tax	132,308	144,000	11,692	8.8
Profit attributable to owners of parent	86,053	90,000	3,947	4.6
Basic earnings per share (Yen)	145.42	152.48	7.06	4.9

In the fiscal year ending December 31, 2024, the first year of the Company's 12th Medium-term Management Plan, while the world is emerging from the COVID-19 pandemic, the future is unclear and forecasts are difficult to make with increasing instability in both the international situation and global economy coupled with constant change. The Company forecasts that while uncertain economic conditions will continue in key target countries, the business conditions will recover moderately. Amid such circumstances, we will adopt a new corporate brand essence, "Love Your Possibilities," starting in fiscal year ending December 31, 2024. By always taking a perspective centered on women, the Company will discover opportunities for further growth and focus to efficiently manifest the possibilities of all life time values, from the young to the old, men and women, and even pets. To this end, the Company strives to develop hygiene-related products that meet consumer needs and create markets through promoting DX, and will continue to implement business strategies appropriate for the economic level and demographics of target countries and regions.

Among the overseas markets of the personal care business, in China, the Company will strive to achieve renewed business growth, focusing on feminine care products as it successively markets new products and renewals of existing products through new sales channels and other channels. Particularly in India and Southeast Asia, the Company will continue to offer new values according to the needs in each country to outperform market growth and improve profitability. At the same time, the Company will prepare to expand proactively into countries and regions with large numbers of people who do not use special pads. In the pet care business, in North America, the Company will continue to work to increase the sales ratio of products with new concepts equipped with Japanese technology, including pet sheets for dogs and wet-type snacks for cats. In Asian markets, the Company will strengthen product lineups and proactively sell the products in China, Thailand, Indonesia, etc.

In Japan, the Company will utilize digital technology and offer high value-added products reflecting consumer needs as it strives to improve the profitability of the domestic market in the personal care business. In the pet care business, the Company will also utilize digital technology and work to develop products to support the lives of pets in an integrated manner and create new markets.

As a result of the aforementioned efforts, net sales, core operating income, profit before tax, and profit attributable to owners of parent for the fiscal year ending December 31, 2024 are forecast to be ¥1,006,000 million, ¥144,000 million, ¥144,000 million and ¥90,000 million, respectively, on a consolidated basis. Basic earnings per share will be ¥152.48. The Company's assumptions on foreign exchange rates for the main currencies are JPY143 to one U.S. dollar and JPY19.9 to one Chinese yuan.

(5) Basic policy regarding profit distribution and dividends for the fiscal year ended December 31, 2023 and the fiscal year ending December 31, 2024

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. For the 12th Medium-term Management Plan, which covers a period of three years from 2024 to 2026, the Company will work to achieve ROE (return on equity attributable to owners of parent) of 17% in 2030 by expanding the business size as a result of proactive capital investment and investment in research and development for sustainable growth as well as by improving the profitability. The Company will increase dividends in a stable and continuous manner using ongoing gains in free cash flow, and work to augment profit return with the same goal of a total payout ratio (by dividends and purchase of treasury shares) of 50% as the previous fiscal year.

The annual dividend for the fiscal year under review will be ¥40, comprising a year-end dividend of ¥20 per share, in addition to a ¥20 per share dividend for the end of the second quarter. This will be the 22nd consecutive period of an increase in dividends, with a dividend on equity attributable to owners of parent (DOE) of 3.6%.

Also, based on the resolution for purchase of the treasury shares passed at the Board of Directors' meeting held on February 8, 2023, 3,079,500 shares were acquired, in the period from February 9 to September 5, 2023, by the purchase on the Tokyo Stock Exchange for the total purchase amount of ¥17,000 million.

Based on the abovementioned profit distribution policy, the Company plans to increase the annual dividend payment from the fiscal year under review by ¥4 per share, to make an annual dividend payment in the fiscal year ending December 31, 2024 of ¥44 per share, including a ¥22 per share dividend for the end of the second quarter.

2. Basic Stance on Selecting Accounting Standards

The Group has adopted the International Financial Reporting Standards (IFRS) from the fiscal year ended December 31, 2017, in order to improve the international comparability of financial information and the quality of business management.

3. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated statement of financial position

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2022 (as of December 31, 2022)	Fiscal Year Ended December 31, 2023 (as of December 31, 2023)
Assets			
Current assets			
Cash and cash equivalents		217,153	253,770
Trade and other receivables		152,971	151,561
Inventories		117,590	102,965
Other current financial assets		90,450	106,445
Other current assets		25,592	24,160
Total current assets		603,756	638,902
Non-current assets			
Property, plant and equipment		271,662	285,585
Intangible assets		90,523	95,727
Deferred tax assets		14,860	13,894
Investments accounted for using equity method	6	597	18,165
Other non-current financial assets		65,753	72,486
Other non-current assets		2,067	8,868
Total non-current assets		445,462	494,726
Total assets		1,049,218	1,133,627

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2022 (as of December 31, 2022)	Fiscal Year Ended December 31, 2023 (as of December 31, 2023)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		171,035	168,867
Borrowings		10,787	14,977
Income tax payables		14,600	15,607
Other current financial liabilities		6,645	6,362
Other current liabilities		53,596	64,261
Total current liabilities		256,663	270,073
Non-current liabilities			
Borrowings		16,235	13,588
Deferred tax liabilities		24,940	18,025
Retirement benefit liabilities		12,687	12,340
Other non-current financial liabilities		24,934	25,084
Other non-current liabilities		5,146	6,267
Total non-current liabilities		83,942	75,304
Total liabilities		340,605	345,377
Equity			
Equity attributable to owners of parent			
Capital stock		15,993	15,993
Share premium		15,209	10,259
Retained earnings		644,859	710,792
Treasury shares		(83,699)	(100,572)
Other components of equity		26,521	59,246
Total equity attributable to owners of parent		618,883	695,719
Non-controlling interests		89,730	92,531
Total equity		708,613	788,250
Total liabilities and equity		1,049,218	1,133,627

(2) Consolidated statements of income and comprehensive income

(Consolidated statement of income)

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2022 (January 1, 2022 – December 31, 2022)	Fiscal Year Ended December 31, 2023 (January 1, 2023 – December 31, 2023)
Net sales	4	898,022	941,790
Cost of sales		(569,422)	(590,261)
Gross profit		328,600	351,528
Selling, general and administrative expenses	7	(209,034)	(223,555)
Other income	8	3,052	8,655
Other expenses	5	(7,395)	(5,920)
Financial income		4,628	6,603
Financial costs		(4,143)	(5,004)
Profit before tax		115,708	132,308
Income tax expenses		(37,333)	(34,326)
Profit for the period		78,375	97,982
Profit attributable to			
Owners of parent		67,608	86,053
Non-controlling interests		10,767	11,929
Profit for the period		78,375	97,982
Earnings per share attributable to owners of parent			
Basic earnings per share (Yen)	9	113.61	145.42
Diluted earnings per share (Yen)	9	113.59	145.42

Reconciliation of changes from gross profit to core operating income

(Millions of Yen)

Gross profit	328,600	351,528
Selling, general and administrative expenses	(209,034)	(223,555)
Core operating income (*)	119,566	127,974

* 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 consolidated statement of income and Note “4. 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.

(Consolidated statement of comprehensive income)

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2022 (January 1, 2022 – December 31, 2022)	Fiscal Year Ended December 31, 2023 (January 1, 2023 – December 31, 2023)
Profit for the period		78,375	97,982
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		(2,191)	3,180
Remeasurements related to net defined benefit liabilities (assets)		81	3,050
Subtotal		(2,109)	6,230
Items that may be reclassified to profit or loss			
Net changes in debt instruments measured at fair value through other comprehensive income		(16)	(57)
Changes in fair value of cash flow hedges		(25)	3
Exchange differences on translation in foreign operations		38,399	33,204
Share of other comprehensive income of investments accounted for using equity method		7	806
Subtotal		38,365	33,955
Total other comprehensive income, net of tax		36,256	40,185
Total comprehensive income		114,631	138,167
Total comprehensive income attributable to			
Owners of parent		98,094	120,371
Non-controlling interests		16,537	17,796
Total comprehensive income		114,631	138,167

(3) Consolidated statement of changes in equity

Fiscal Year Ended December 31, 2022 (January 1, 2022 – December 31, 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		–	–	67,608	–	–	67,608	10,767	78,375
Other comprehensive income		–	–	–	–	30,485	30,485	5,771	36,256
Total comprehensive income		–	–	67,608	–	30,485	98,094	16,537	114,631
Purchase of treasury shares		–	–	–	(17,001)	–	(17,001)	–	(17,001)
Disposal of treasury shares		–	223	–	1,832	(146)	1,909	–	1,909
Dividends		–	–	(22,059)	–	–	(22,059)	(9,743)	(31,802)
Equity transactions with non-controlling interests		–	(1,003)	–	–	–	(1,003)	5,136	4,133
Share-based payment transactions		–	1,189	–	115	–	1,305	–	1,305
Transfer from other components of equity to retained earnings		–	–	(635)	–	635	–	–	–
Total transactions with owners		–	409	(22,695)	(15,053)	490	(36,849)	(4,607)	(41,456)
Balance at December 31, 2022		15,993	15,209	644,859	(83,699)	26,521	618,883	89,730	708,613

Fiscal Year Ended December 31, 2023 (January 1, 2023 – December 31, 2023)

(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, 2023		15,993	15,209	644,859	(83,699)	26,521	618,883	89,730	708,613
Profit for the period		–	–	86,053	–	–	86,053	11,929	97,982
Other comprehensive income		–	–	–	–	34,318	34,318	5,867	40,185
Total comprehensive income		–	–	86,053	–	34,318	120,371	17,796	138,167
Purchase of treasury shares		–	–	–	(17,004)	–	(17,004)	–	(17,004)
Dividends		–	–	(23,101)	–	–	(23,101)	(7,738)	(30,839)
Equity transactions with non-controlling interests		–	(6,142)	–	–	1,389	(4,753)	(7,257)	(12,010)
Share-based payment transactions		–	1,192	–	131	–	1,323	–	1,323
Transfer from other components of equity to retained earnings		–	–	2,981	–	(2,981)	–	–	–
Total transactions with owners		–	(4,950)	(20,120)	(16,873)	(1,592)	(43,535)	(14,995)	(58,530)
Balance at December 31, 2023		15,993	10,259	710,792	(100,572)	59,246	695,719	92,531	788,250

(4) Consolidated statement of cash flows

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2022 (January 1, 2022 – December 31, 2022)	Fiscal Year Ended December 31, 2023 (January 1, 2023 – December 31, 2023)
Cash flows from operating activities			
Profit before tax		115,708	132,308
Depreciation and amortization expenses		41,486	43,253
Impairment losses		4,312	3,560
Interest income		(3,800)	(5,758)
Dividend income		(777)	(831)
Interest expenses		2,462	3,195
Foreign exchange loss (gain)		3,065	458
Loss (gain) on sale and retirement of fixed assets		653	686
Decrease (increase) in trade and other receivables		(22,910)	8,268
Decrease (increase) in inventories		(22,474)	20,694
Increase (decrease) in trade and other payables		(1,265)	(12,330)
Increase (decrease) in other current liabilities		(5,624)	3,293
Increase (decrease) in other non-current assets		10,099	(879)
Other, net		6,242	3,298
Subtotal		127,177	199,214
Interest received		3,930	5,641
Dividends received		839	871
Interest paid		(2,327)	(3,172)
Income taxes refund		164	868
Income taxes paid		(37,567)	(41,007)
Net cash provided by (used in) operating activities		92,216	162,415
Cash flows from investing activities			
Payments into time deposits		(72,673)	(129,921)
Proceeds from withdrawal of time deposits		111,679	129,900
Purchase of property, plant and equipment, and intangible assets		(32,950)	(38,412)
Proceeds from sale of property, plant and equipment, and intangible assets		38	802
Long-term loan advances		(2,875)	(39)
Purchase of financial assets measured at amortized cost		(6,766)	–
Purchase of financial assets measured at fair value through profit or loss		(18,000)	(23,158)
Purchase of equity instruments measured at fair value through other comprehensive income		(642)	(16)
Purchase of debt instruments measured at fair value through other comprehensive income		(2,118)	(24,140)
Proceeds from sale and redemption of financial assets measured at amortized cost		1,000	7,900
Proceeds from sale and redemption of financial assets measured at fair value through profit or loss		12,100	9,000
Proceeds from sale and redemption of equity instruments measured at fair value through other comprehensive income		30	120
Proceeds from sale and redemption of debt instruments measured at fair value through other comprehensive income		4,000	11,000
Purchase of shares of subsidiaries and associates	6	–	(11,117)
Other, net		34	554
Net cash provided by (used in) investing activities		(7,145)	(67,527)

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2022 (January 1, 2022 – December 31, 2022)	Fiscal Year Ended December 31, 2023 (January 1, 2023 – December 31, 2023)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		4,481	(428)
Proceeds from long-term borrowings		4,032	–
Repayments of long-term borrowings		(20,507)	–
Repayments of lease liabilities		(5,641)	(6,728)
Purchase of investments in subsidiaries not resulting in change in scope of consolidation		–	(12,090)
Payments for purchase of treasury shares		(17,001)	(17,004)
Dividends paid to owners of parent		(22,053)	(23,095)
Dividends paid to non-controlling interests		(9,743)	(7,744)
Proceeds from share issuance to non-controlling interests		2,870	81
Proceeds from exercise of employee share options		1,909	–
Net cash provided by (used in) financing activities		(61,652)	(67,007)
Effect of exchange rate changes on cash and cash equivalents		6,186	8,736
Net increase (decrease) in cash and cash equivalents		29,606	36,617
Cash and cash equivalents at beginning of period		187,547	217,153
Cash and cash equivalents at end of period		217,153	253,770

(5) Notes to the consolidated financial statements

1. Notes regarding going concern assumptions

   None.

2. Material accounting policies

   Material accounting policies adopted for these consolidated financial statements are the same as those adopted to the consolidated financial statements for the fiscal year ended December 31, 2022, except for the following item.

   Application of Amendments to IAS 12

   The Group has applied the "Clarifying Accounting Process for Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)" from the fiscal year ended December 31, 2023. The application of Amendments to IAS 12 did not have a significant impact on the consolidated financial statements.

   In addition, the Group has applied the "International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)" from the fiscal year ended December 31, 2023. Pursuant to the exception for Amendments to IAS 12, the Group does not recognize deferred tax assets and liabilities related to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD).

3. Changes in the presentation method

   (Consolidated statement of cash flows)

   "Interest income" and "dividend income," which were included in "interest and dividend income" under cash flows from operating activities up until the fiscal year ended December 31, 2022, have been stated separately from the fiscal year ended December 31, 2023, to enhance clarity. Moreover, "interest received" and "dividends received," which were included in "interest and dividends received" under cash flows from operating activities until the fiscal year ended December 31, 2022, have been stated separately from the fiscal year ended December 31, 2023, to enhance clarity.

   "Interest and dividend income" for the fiscal year ended December 31, 2022, included "interest income" of -¥3,800 million and "dividend income" of -¥777 million. "Interest and dividends received" for the fiscal year ended December 31, 2022, included "interest received" of ¥3,930 million and "dividends received" of ¥839 million.

4. 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 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)

	Fiscal Year Ended December 31, 2022 (January 1, 2022 – December 31, 2022)					
	Reportable segments				Adjustments	Amounts reported in consolidated financial statements
	Personal care	Pet care	Other	Total		
Sales to external customers	764,908	125,312	7,802	898,022	–	898,022
Sales across segments (Note)	–	–	187	187	(187)	–
Total segment sales	764,908	125,312	7,989	898,209	(187)	898,022
Segment profit (Core operating income)	100,863	18,352	351	119,566	–	119,566
Other income						3,052
Other expenses						(7,395)
Financial income						4,628
Financial costs						(4,143)
Profit before tax						115,708
Others						
Depreciation and amortization expenses	37,411	3,674	400	41,486	–	41,486
Impairment losses	4,312	–	–	4,312	–	4,312
Increase in property, plant and equipment and intangible assets	35,701	6,524	402	42,627	–	42,627

(Millions of Yen)

	Fiscal Year Ended December 31, 2023 (January 1, 2023 – December 31, 2023)					
	Reportable segments				Adjustments	Amounts reported in consolidated financial statements
	Personal care	Pet care	Other	Total		
Sales to external customers	793,845	139,446	8,498	941,790	–	941,790
Sales across segments (Note)	–	–	357	357	(357)	–
Total segment sales	793,845	139,446	8,856	942,147	(357)	941,790
Segment profit (Core operating income)	104,481	23,083	409	127,974	–	127,974
Other income						8,655
Other expenses						(5,920)
Financial income						6,603
Financial costs						(5,004)
Profit before tax						132,308
Others						
Depreciation and amortization expenses	38,617	4,104	533	43,253	–	43,253
Impairment losses	3,560	–	–	3,560	–	3,560
Increase in property, plant and equipment and intangible assets	36,012	9,689	786	46,486	–	46,486

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

5. Impairment of non-financial assets

The types and details of assets for which impairment losses were recognized are as follows.

Impairment losses by segment are indicated in "4. Segment information" of the Notes to the consolidated financial statements.

(Millions of Yen)

	Fiscal Year Ended December 31, 2022 (January 1, 2022 – December 31, 2022)	Fiscal Year Ended December 31, 2023 (January 1, 2023 – December 31, 2023)
Goodwill	2,202	2,739
Property, plant and equipment	1,806	821
Intangible assets	304	–
Total impairment losses	4,312	3,560

(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, 2022 (January 1, 2022 – December 31, 2022)

As the excess earnings power assumed at the time of the acquisition declined for the business belonging to the personal care segment of Unicharm Australasia Holding Pty Ltd., a subsidiary of the Company, partly due to soaring raw material prices and increased rates of discount, etc., the carrying amount of "goodwill (intangible assets)" related to the business in the country was reduced to the recoverable amount, and a reduction of ¥1,258 million was recorded as an impairment loss in "other expenses."

The recoverable amount of such asset group of ¥3,280 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 calculated based on the pre-tax weighted average cost of capital (13.4%). The growth rate is estimated as 2.0% by taking into account the assumed average growth rates in each market.

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., and Disposable Soft Goods (Malaysia) Sdn. Bhd., subsidiaries of the Company, partly due to soaring raw material prices and increased rates of discount, etc., the carrying amount of "goodwill" related to the business in the country was reduced to the recoverable amount, and a reduction of ¥945 million was recorded as an impairment loss in "other expenses."

The recoverable amount of such asset group of ¥9,200 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 calculated based on the pre-tax weighted average cost of capital (14.9%). The growth rate is estimated as 3.9% by taking into account the assumed average growth rates in each market.

As further use of certain assets classified as property, plant and equipment or intangible assets owned by DSG International (Thailand) Public Co., Ltd. and Unicharm Molnlycke Rus L.L.C. (Russia) were deemed unlikely, their carrying amounts were reduced to the recoverable amounts. As a result, DSG International (Thailand) Public Co., Ltd. recorded a reduction of ¥1,215 million, and Unicharm Molnlycke Rus L.L.C. (Russia) recorded a reduction of ¥895 million, as impairment losses in "other expenses." While the recoverable amounts are measured by value in use, when property, plant and equipment or intangible assets are deemed unlikely to be further used, the value in use of assets is recorded as zero.

Fiscal Year Ended December 31, 2023 (January 1, 2023 – December 31, 2023)

The main impairment losses in the fiscal year ended December 31, 2023 occurred when, as the excess earnings power assumed at the time of the acquisition declined for the businesses belonging to the personal care segments of Uni-Charm Corporation Sdn. Bhd., DSG Malaysia Sdn. Bhd. and Disposable Soft Goods

(Malaysia) Sdn. Bhd, which are subsidiaries of the Company, as a result of reviewing their business plans used in the calculations of value in use in response to changes in the business environment, the carrying amount of “goodwill” related to the business in the country was reduced to the recoverable amount, and a reduction of ¥2,739 million was recorded as impairment losses in “other expenses.”

Impairment losses have been recorded in “other expenses” because they are considered to be an expense that is not associated with any function.

The recoverable amount of such asset group of ¥8,875 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 calculated based on the pre-tax weighted average cost of capital (14.2%). The growth rate is estimated as 1.9% 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, or when the discount rate increases.

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

The breakdown 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 (personal care segment)	As of December 31, 2022		As of December 31, 2023	
		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.	22,469	–	24,420	–
Vietnam	Diana Unicharm Joint Stock Company	15,686	–	16,765	–
Australia	Unicharm Australasia Holding Pty Ltd.	352	1,534	352	1,660
Malaysia	Uni-Charm Corporation Sdn. Bhd. DSG Malaysia Sdn. Bhd. Disposable Soft Goods (Malaysia) Sdn. Bhd.	4,626	–	1,942	–
Others		1,846	–	1,846	–
Total		44,979	1,534	45,325	1,660

The recoverable amounts 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 rate calculated based on the pre-tax weighted average cost of capital (11.0-17.3% for the fiscal year ended December 31, 2022; 11.0-16.7% for the fiscal year ended December 31, 2023). 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 (2.0-3.9% for the fiscal year ended December 31, 2022; 1.9-3.4% for the fiscal year ended December 31, 2023).

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 likelihood of the carrying amount exceeding the recoverable amount is low, even in the case the main assumptions used in the impairment test change within a rationally predictable range.

6. Investments accounted for using equity method

(Acquisition of equity in Jiangsu Jijia Pet Products Co., Ltd.)

On January 6, 2023, Unicharm (China) Investment Co., Ltd., a consolidated subsidiary fully owned by the Company acquired 41.85% equity share in Jiangsu Jijia Pet Products Co., Ltd., a major pet food company in China for the price of RMB 875 million (¥16,632 million). The amount recorded for the investments in the aforementioned company are included in “Investments accounted for using equity method.”

7. Selling, general and administrative expenses

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

(Millions of Yen)

	Fiscal Year Ended December 31, 2022 (January 1, 2022 – December 31, 2022)	Fiscal Year Ended December 31, 2023 (January 1, 2023 – December 31, 2023)
Freight-out expenses	62,892	60,343
Sales promotion expenses	27,572	29,373
Advertising expenses	26,083	30,807
Employee benefit expenses	45,641	49,189
Depreciation and amortization expenses	10,359	11,137
Research and development expenses	8,270	9,818
Others	28,218	32,888
Total	209,034	223,555

8. Other income

Fire insurance proceeds of ¥6,369 million were received in relation to a fire accident 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.

9. 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, 2022 (January 1, 2022 – December 31, 2022)	Fiscal Year Ended December 31, 2023 (January 1, 2023 – December 31, 2023)
Profit attributable to owners of parent (Millions of Yen)	67,608	86,053
Profit not attributable to common shareholders of parent (Millions of Yen)	–	–
Profit used to calculate basic earnings per share (Millions of Yen)	67,608	86,053
Weighted-average number of common shares (Thousands of shares)	595,103	591,775
Basic earnings per share (Yen)	113.61	145.42

(2) Diluted earnings per share

Diluted earnings per share and the calculation basis therefore are as follows.

	Fiscal Year Ended December 31, 2022 (January 1, 2022 – December 31, 2022)	Fiscal Year Ended December 31, 2023 (January 1, 2023 – December 31, 2023)
Profit used to calculate basic earnings per share (Millions of Yen)	67,608	86,053
Adjustments to profit for the year (Millions of Yen)	–	–
Profit used to calculate diluted earnings per share (Millions of Yen)	67,608	86,053
Weighted-average number of common shares (Thousands of shares)	595,103	591,775
Impact of dilutive potential common shares		
Share acquisition rights (Thousands of shares)	86	–
Weighted-average number of diluted common shares (Thousands of shares)	595,188	591,775
Diluted earnings per share (Yen)	113.59	145.42
Description of potential shares that were not included in the calculation of diluted earnings per share because of their anti-dilutive effect	–	–

10. Significant subsequent events

(Purchase of treasury shares)

At the meeting of the Board of Directors of the Company held on February 7, 2024, the Company resolved to purchase treasury shares under the provision of the Company's Articles of Incorporation based upon Article 459 (I) (i) 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: 4,500,000 shares (upper limit)
   (Ratio of total number of issued shares (excluding treasury shares): 0.76%)
3. Total share acquisition cost: ¥19,000 million (upper limit)
4. Acquisition period: February 8, 2024 – December 19, 2024
5. Acquisition method: Purchase on the Tokyo Stock Exchange