

This notice has been translated from the original Japanese text of the timely disclosure statement dated August 4, 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 Second Quarter of the Fiscal Year Ending December 31, 2022; Flash Report [IFRS]



MEMBERSHIP

August 4, 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: **Hirotatsu 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: **August 5, 2022**
 Scheduled Date to Commence Dividend Payments: **September 2, 2022**
 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 Second Quarter of the Fiscal Year Ending December 31, 2022 (January 1, 2022 through June 30, 2022)

(1) Consolidated financial results (Q2 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	%
Q2 of Fiscal Year Ending December 31, 2022	421,614	11.8	55,421	(10.3)	56,372	(12.9)	36,625	(19.9)	31,764	(20.5)	97,549	48.3
Q2 of Fiscal Year Ended December 31, 2021	376,960	5.7	61,783	11.7	64,756	65.6	45,706	89.3	39,963	107.3	65,783	699.9

(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
Q2 of Fiscal Year Ending December 31, 2022	53.26	53.25
Q2 of Fiscal Year Ended December 31, 2021	66.77	66.71

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Unicharm Corporation (8113) Consolidated Financial Results for the Second 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 June 30, 2022	1,109,536	716,804	627,929	56.6
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	132.84

(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 June 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 June 30, 2022:	24,616,043 shares
As of December 31, 2021:	24,655,259 shares
- (iii) Average number of shares during the period (accumulated total):

Q2 of Fiscal Year Ending December 31, 2022:	596,397,559 shares
Q2 of Fiscal Year Ended December 31, 2021:	598,524,974 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 Second 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 second quarter of the fiscal year under review (January 1 to June 30, 2022), the operating environment of the Group remained unpredictable because of a further steep rise in resource prices, as well as the fallout from economic sanctions, 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.

In the overseas markets, each key target country such as Thailand, India, and Indonesia shows signs of recovery from economic deterioration caused by the novel coronavirus disease (“COVID-19”). The economy continued to slow in China where temporary lockdowns were imposed according to the country’s zero-COVID policy, yet it has gradually begun to show signs of recovery. Against this backdrop, the Company took measures to maintain a stable supply of its products, as they are daily necessities.

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

In these environments and under the banner “we constantly provide the world’s No. 1 and unprecedented products and services to everybody around the globe, and deliver comfort, impression, and satisfaction,” the Company and its group companies continued to develop unique non-woven fabric processing and forming technology, and products that meet the needs of consumers while working to create a “Cohesive Society” with social inclusion, as a society where people around the world are equal, unencumbered, respectful of each other’s individuality, and support each other with kindness, making heart-to-heart connections.

As a result, the Company’s net sales, core operating income, profit before tax, profit for the period, and profit attributable to owners of parent in the second quarter of the fiscal year under review reached ¥421,614 million (up 11.8% year on year), ¥55,421 million (down 10.3% year on year), ¥56,372 million (down 12.9% year on year), ¥36,625 million (down 19.9% year on year), and ¥31,764 million (down 20.5% 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 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 promote the spread of the care model it has established in Japan.

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 more people received a vaccination. Amid the circumstances, the Company achieved stable growth from its expanded lineup of products, centered on mild and moderate products that help to extend healthy life-spans.

The Company also endeavored to ensure stable supply of the *Cho-kaiteki* and *Cho-rittai* brands and expand its market share, 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.

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

China temporarily imposed COVID-19 lockdowns on some regions, which affected supply to a limited extent. The Company worked to ensure stable supply and fulfilled demand. The Company’s high-quality products featuring charming designs remain highly popular with the younger generation. The Company

continued to achieve growth especially in shorts-shaped sanitary napkins and sanitary napkins using organic cotton as a result of continuously proposing new values. In addition, the Company took the initiative in expanding the sales areas and the number of stores handling its products, bolstering sales through utilizing new e-commerce platforms, and other activities. The Company also achieved stable growth in the Southeast Asian region, including Thailand, Indonesia, and Vietnam, due to the steady sales of cooling sanitary napkins that give a feeling of freshness, and other high value-added products. Moreover, in the Middle East, the Company achieved high 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 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. The Company also absorbed increased costs by turning to pass-through starting from the end of last year while the market recovered from economic deterioration caused by the spread of COVID-19. 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 recover its sales area and market share while promoting pants-type disposable diapers. As a result, it achieved high growth. In China, where various changes are taking place due to lockdowns, progressively lower birth rates, and the rise of local enterprises, demand for made-in-Japan products declined. The Company adjusted inventory to accelerate a shift to highly profitable premium products made in China, which resulted in a slowdown in net sales. Nevertheless, the Company responded to diversified needs of consumers in China 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 the 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 has strived to improve our brand value and worked to give parents more enjoyment as they raise their babies by way of our expanded lineup of products including high value-added products such as *moony* and *Natural moony* brands. 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 ¥360,983 million (up 10.9% year on year) and ¥48,228 million (down 11.5% year on year), respectively.

2) Pet Care Business

In Japan, the spread of COVID-19 since 2020 increased the number of hours people spent at home, which in turn has contributed to an increase in the number of pets kept as well as opportunities for contact with pets. Amid such circumstances, in the pet food business, the Company worked to improve consumer satisfaction by providing products for 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. Also, 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 have remained strong for products equipped with Japanese technology such as wet-type snacks for cats and high-quality toiletry sheets for dogs, concepts that are new to the market. Owing to this, 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 ¥56,962 million (up 17.2% year on year) and ¥7,013 million (up 0.9% 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 ¥3,668 million (up 21.9% year on year) and ¥180 million (down 43.7% 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 second quarter were ¥1,109,536 million (up 12.3% compared with the end of the previous fiscal year). The major increases were ¥54,493 million in cash and cash equivalents, ¥24,653 million in inventories, ¥23,013 million in property, plant and equipment, ¥8,615 million in intangible assets, and ¥5,938 million in other current assets including consumption taxes receivables.

(Liabilities)

Total liabilities as of the end of the second quarter were ¥392,732 million (up 11.5% compared with the end of the previous fiscal year). The major increases were ¥16,563 million in borrowings, ¥12,896 million in trade and other payables, ¥4,884 million in other current and non-current financial liabilities mainly due to lease liabilities, and ¥4,129 million in other current liabilities including accrued expenses.

(Equity)

Total equity as of the end of the second quarter was ¥716,804 million (up 12.8% compared with the end of the previous fiscal year). The major increases were ¥51,129 million in other components of equity mainly due to exchange differences on translation in foreign operations, ¥31,764 million in profit attributable to owners of parent, and ¥11,076 million in non-controlling interests, and the major decrease was ¥10,731 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 second quarter was 56.6%.

2) Status of cash flows

Cash and cash equivalents as of the end of the second quarter were ¥242,040 million, an increase of ¥54,493 million from the end of the previous fiscal year. The respective cash flow positions for the second quarter under review were as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥49,446 million (¥61,581 million was provided in the same period of the previous fiscal year). The main inflows were due to profit before tax, and depreciation and amortization expenses, and the main outflows were due to income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities was ¥4,541 million (¥26,144 million was used in the same period of the previous fiscal year). The main inflows were due to proceeds from sale and redemption of financial assets measured at fair value through profit or loss, and the main outflows were due to purchase of property, plant and equipment, and intangible assets.

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(Cash flows from financing activities)

Net cash used in financing activities was ¥3,154 million (¥23,703 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 proceeds from long-term borrowings, and the main outflows were due to dividends paid to owners of parent, payments for purchase of treasury shares, and repayments of lease liabilities.

(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 Second 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)	Q2 of Fiscal Year Ending December 31, 2022 (as of June 30, 2022)
Assets			
Current assets			
Cash and cash equivalents		187,547	242,040
Trade and other receivables		129,367	132,858
Inventories		89,811	114,464
Other current financial assets		119,752	127,758
Other current assets		21,266	27,203
Total current assets		547,743	644,324
Non-current assets			
Property, plant and equipment		271,689	294,702
Intangible assets		85,407	94,022
Deferred tax assets		13,911	14,793
Investments accounted for using equity method		1,029	688
Other non-current financial assets		65,789	58,648
Other non-current assets		2,086	2,359
Total non-current assets		439,912	465,212
Total assets		987,655	1,109,536

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

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2021 (as of December 31, 2021)	Q2 of Fiscal Year Ending December 31, 2022 (as of June 30, 2022)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		167,241	180,137
Borrowings		33,882	37,835
Income tax payables		13,639	13,133
Other current financial liabilities		5,455	6,721
Other current liabilities		54,233	58,362
Total current liabilities		274,450	296,189
Non-current liabilities			
Borrowings		4,432	17,042
Deferred tax liabilities		24,285	25,793
Retirement benefit liabilities		11,973	12,838
Other non-current financial liabilities		32,727	36,345
Other non-current liabilities		4,349	4,525
Total non-current liabilities		77,767	96,543
Total liabilities		352,217	392,732
Equity			
Equity attributable to owners of parent			
Capital stock		15,993	15,993
Share premium		14,801	14,489
Retained earnings		599,946	620,323
Treasury shares		(68,646)	(69,550)
Other components of equity		(4,454)	46,675
Total equity attributable to owners of parent		557,639	627,929
Non-controlling interests		77,799	88,875
Total equity		635,438	716,804
Total liabilities and equity		987,655	1,109,536

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Unicharm Corporation (8113) Consolidated Financial Results for the Second 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	Q2 of Fiscal Year Ended December 31, 2021 (January 1, 2021 – June 30, 2021)	Q2 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – June 30, 2022)
Net sales	3	376,960	421,614
Cost of sales		(221,885)	(264,458)
Gross profit		155,075	157,156
Selling, general and administrative expenses	4	(93,293)	(101,735)
Other income		1,980	536
Other expenses		(1,279)	(1,635)
Financial income		2,957	4,737
Financial costs		(684)	(2,688)
Profit before tax		64,756	56,372
Income tax expenses		(19,050)	(19,747)
Profit for the period		45,706	36,625
Profit attributable to			
Owners of parent		39,963	31,764
Non-controlling interests		5,744	4,861
Profit for the period		45,706	36,625
Earnings per share attributable to owners of parent			
Basic earnings per share (Yen)		66.77	53.26
Diluted earnings per share (Yen)		66.71	53.25

Reconciliation of changes from gross profit to core operating income

(Millions of Yen)

Gross profit	155,075	157,156
Selling, general and administrative expenses	(93,293)	(101,735)
Core operating income (*)	61,783	55,421

* 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 Second Quarter of the Fiscal Year Ending December 31, 2022

(Condensed consolidated statement of comprehensive income)

(Millions of Yen)

	Notes	Q2 of Fiscal Year Ended December 31, 2021 (January 1, 2021 – June 30, 2021)	Q2 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – June 30, 2022)
Profit for the period		45,706	36,625
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		(1,297)	(2,057)
Remeasurements related to net defined benefit liabilities (assets)		19	125
Subtotal		(1,279)	(1,932)
Items that may be reclassified to profit or loss			
Net changes in debt instruments measured at fair value through other comprehensive income		1	(20)
Changes in fair value of cash flow hedges		14	34
Exchange differences on translation in foreign operations		21,335	62,829
Share of other comprehensive income of investments accounted for using equity method		6	13
Subtotal		21,355	62,856
Total other comprehensive income, net of tax		20,077	60,924
Total comprehensive income		65,783	97,549
Total comprehensive income attributable to			
Owners of parent		55,952	82,383
Non-controlling interests		9,831	15,166
Total comprehensive income		65,783	97,549

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

(3) Condensed consolidated statement of changes in equity

Second Quarter of the Fiscal Year Ended December 31, 2021 (January 1, 2021 – June 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		–	–	39,963	–	–	39,963	5,744	45,706
Other comprehensive income		–	–	–	–	15,990	15,990	4,087	20,077
Total comprehensive income		–	–	39,963	–	15,990	55,952	9,831	65,783
Purchase of treasury shares		–	–	–	(16,001)	–	(16,001)	–	(16,001)
Disposal of treasury shares		–	121	–	422	(62)	481	–	481
Dividends		–	–	(9,585)	–	–	(9,585)	(9,038)	(18,623)
Change in scope of consolidation		–	–	–	–	–	–	48	48
Share-based payment transactions		–	490	–	196	–	687	–	687
Transfer from other components of equity to retained earnings		–	–	20	–	(20)	–	–	–
Other		–	–	–	–	–	–	(125)	(125)
Total transactions with owners		–	612	(9,566)	(15,383)	(81)	(24,418)	(9,114)	(33,533)
Balance at June 30, 2021		15,993	13,820	577,656	(69,955)	(12,977)	524,536	70,367	594,903

Second Quarter of the Fiscal Year Ending December 31, 2022 (January 1, 2022 – June 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		–	–	31,764	–	–	31,764	4,861	36,625
Other comprehensive income		–	–	–	–	50,619	50,619	10,304	60,924
Total comprehensive income		–	–	31,764	–	50,619	82,383	15,166	97,549
Purchase of treasury shares		–	–	–	(2,936)	–	(2,936)	–	(2,936)
Disposal of treasury shares		–	223	–	1,832	(146)	1,909	–	1,909
Dividends		–	–	(10,731)	–	–	(10,731)	(9,175)	(19,906)
Equity transactions with non-controlling interests		–	(1,003)	–	–	–	(1,003)	5,086	4,082
Share-based payment transactions		–	469	–	200	–	669	–	669
Transfer from other components of equity to retained earnings		–	–	(655)	–	655	–	–	–
Total transactions with owners		–	(312)	(11,386)	(904)	510	(12,093)	(4,089)	(16,182)
Balance at June 30, 2022		15,993	14,489	620,323	(69,550)	46,675	627,929	88,875	716,804

TRANSLATION FOR REFERENCE PURPOSES ONLY

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

(4) Condensed consolidated statement of cash flows

(Millions of Yen)

	Notes	Q2 of Fiscal Year Ended December 31, 2021 (January 1, 2021 – June 30, 2021)	Q2 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – June 30, 2022)
Cash flows from operating activities			
Profit before tax		64,756	56,372
Depreciation and amortization expenses		18,789	20,104
Interest and dividend income		(1,740)	(1,649)
Interest expenses		575	1,004
Foreign exchange loss (gain)		674	3,065
Loss (gain) on sale and retirement of fixed assets		123	229
Decrease (increase) in trade and other receivables		6,832	8,923
Decrease (increase) in inventories		(8,769)	(13,463)
Increase (decrease) in trade and other payables		5,534	(6,998)
Increase (decrease) in other current liabilities		(7,251)	73
Other, net		(228)	(480)
Subtotal		79,296	67,179
Interest and dividends received		2,071	1,826
Interest paid		(622)	(1,019)
Income taxes refund		1,644	49
Income taxes paid		(20,807)	(18,588)
Net cash provided by (used in) operating activities		61,581	49,446
Cash flows from investing activities			
Payments into time deposits		(22,804)	(37,757)
Proceeds from withdrawal of time deposits		31,185	49,588
Purchase of property, plant and equipment, and intangible assets		(15,883)	(15,420)
Proceeds from sale of property, plant and equipment, and intangible assets		58	18
Long-term loan advances		(14)	(2,863)
Purchase of financial assets measured at amortized cost		(4,313)	(603)
Purchase of financial assets measured at fair value through profit or loss		(7,000)	(7,000)
Purchase of equity instruments measured at fair value through other comprehensive income		(11,080)	(507)
Purchase of debt instruments measured at fair value through other comprehensive income		–	(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		3,600	10,100
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)	–
Other, net		25	20
Net cash provided by (used in) investing activities		(26,144)	(4,541)

TRANSLATION FOR REFERENCE PURPOSES ONLY

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

(Millions of Yen)

	Notes	Q2 of Fiscal Year Ended December 31, 2021 (January 1, 2021 – June 30, 2021)	Q2 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – June 30, 2022)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		6,808	10,175
Proceeds from long-term borrowings		–	3,888
Repayments of long-term borrowings		–	(717)
Repayments of lease liabilities		(2,664)	(2,820)
Payments for purchase of treasury shares		(16,001)	(2,936)
Dividends paid to owners of parent		(9,581)	(10,729)
Dividends paid to non-controlling interests		(2,745)	(1,925)
Proceeds from exercise of employee share options		481	1,909
Net cash provided by (used in) financing activities		(23,703)	(3,154)
Effect of exchange rate changes on cash and cash equivalents		4,278	12,742
Net increase (decrease) in cash and cash equivalents		16,011	54,493
Cash and cash equivalents at beginning of period		199,522	187,547
Cash and cash equivalents at end of period		215,534	242,040

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the Second 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)

	Q2 of Fiscal Year Ended December 31, 2021 (January 1, 2021 – June 30, 2021)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	325,364	48,587	3,009	376,960	–	376,960
Sales across segments (Note)	–	–	21	21	(21)	–
Total segment sales	325,364	48,587	3,030	376,981	(21)	376,960
Segment profit (Core operating income)	54,514	6,949	320	61,783	–	61,783
Other income						1,980
Other expenses						(1,279)
Financial income						2,957
Financial costs						(684)
Profit before tax						64,756

TRANSLATION FOR REFERENCE PURPOSES ONLY

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

(Millions of Yen)

	Q2 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – June 30, 2022)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	360,983	56,962	3,668	421,614	–	421,614
Sales across segments (Note)	–	–	62	62	(62)	–
Total segment sales	360,983	56,962	3,730	421,675	(62)	421,614
Segment profit (Core operating income)	48,228	7,013	180	55,421	–	55,421
Other income						536
Other expenses						(1,635)
Financial income						4,737
Financial costs						(2,688)
Profit before tax						56,372

(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)

	Q2 of Fiscal Year Ended December 31, 2021 (January 1, 2021 – June 30, 2021)	Q2 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – June 30, 2022)
Freight-out expenses	25,457	29,851
Sales promotion expenses	12,015	13,725
Advertising expenses	14,374	12,918
Employee benefit expenses	20,411	22,357
Depreciation and amortization expenses	5,366	5,448
Research and development expenses	3,932	4,111
Others	11,739	13,325
Total	93,293	101,735