

This notice has been translated from the original Japanese text of the timely disclosure statement dated May 14, 2021 and is for reference purposes only. In the event of any discrepancy between the original Japanese and this translation, the Japanese text shall prevail.

CAUTIONS REGARDING FORWARD-LOOKING STATEMENTS

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

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



MEMBERSHIP

May 14, 2021

Listed Company Name: **Unicharm Corporation**
 Listing: **First Section, Tokyo Stock Exchange**
 Code Number: **8113**
 URL: **https://www.unicharm.co.jp/**
 Company Representative: **Takahisa Takahara, Representative Director, President and Chief Executive Officer**
 Contact Person: **Hirotsu Shimada, Senior Executive Officer, General Manager of Accounting Control and Finance Division**
 Telephone Number: **+81-3-3451-5111**
 Scheduled Date to Submit Quarterly Securities Report: **May 14, 2021**
 Scheduled Date to Commence Dividend Payments: **—**
 Preparation of Supplementary Material on Quarterly Financial Results: **Yes**
 Holding of Quarterly Financial Results Presentation Meeting: **Yes (Securities Analysts, Institutional Investors)**

(Amounts are rounded to the nearest million yen)

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

(1) Consolidated financial results (Q1 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	%
Q1 of Fiscal Year Ending December 31, 2021	182,015	(1.0)	31,353	3.5	34,220	22.6	23,078	8.7	20,104	4.6	44,543	—
Q1 of Fiscal Year Ended December 31, 2020	183,788	9.0	30,281	50.7	27,910	33.3	21,228	41.8	19,215	51.3	(3,370)	—

(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
Q1 of Fiscal Year Ending December 31, 2021	33.56	33.53
Q1 of Fiscal Year Ended December 31, 2020	32.19	32.12

TRANSLATION FOR REFERENCE PURPOSES ONLY

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

(2) Consolidated financial position

	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent
	Millions of Yen	Millions of Yen	Millions of Yen	%
As of March 31, 2021	919,435	596,622	522,012	56.8
As of December 31, 2020	893,413	562,653	493,002	55.2

2. Cash Dividends

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

(Note) Changes in dividend forecasts recently disclosed: None

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

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

	Net Sales		Core Operating Income		Profit Before Tax		Profit Attributable to Owners of Parent		Basic Earnings Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full Year	770,000	5.8	119,000	3.7	117,000	22.1	75,000	43.3	125.17

(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 March 31, 2021:	620,834,319 shares
As of December 31, 2020:	620,834,319 shares
- (ii) Number of treasury shares as of end of period:

As of March 31, 2021:	21,658,666 shares
As of December 31, 2020:	21,742,676 shares
- (iii) Average number of shares during the period (accumulated total):

Q1 of Fiscal Year Ending December 31, 2021:	599,132,571 shares
Q1 of Fiscal Year Ended December 31, 2020:	596,838,546 shares

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

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

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

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

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1. Qualitative Information on Financial Results

(1) Explanation of operating results

In the first quarter of the fiscal year under review (January 1 to March 31, 2021), the operating environment of the Group saw a recovery from the economic downturn caused by the novel coronavirus disease (“COVID-19”) in China, which is a major market for the Group. On the other hand, although the economies of countries such as India and Indonesia are on a recovery trend, while difficult situation continues in many countries where we operate with COVID-19 affecting consumer behavior, the Company has been striving to maintain stable supply of its products, as the Company’s products are daily necessities.

In Japan, although the economic conditions remain challenging due to the impact of the reemergence of COVID-19, the Company has been striving to expand its market share by proposing new values to stimulate demand for high value-added products, while demand for products that could help prevent the spread of the virus, such as masks and wet tissues, and pet-related products has been stable.

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 first quarter of the fiscal year under review reached ¥182,015 million (down 1.0% year on year), ¥31,353 million (up 3.5% year on year), ¥34,220 million (up 22.6% year on year), ¥23,078 million (up 8.7% year on year), and ¥20,104 million (up 4.6% year on year), respectively.

Financial results by segment are as described below.

1) Personal Care Business

● Wellness Care Business

In the overseas markets, as the boost in demand for adult excretion care products is expected in Asian regions including Thailand, Indonesia and Vietnam, as well as China where populations are aging even faster than in Japan, the Company has been promoting the spread of the care model established in Japan, forming a new Overseas Brand Management Department.

In the domestic market, which continues to grow as Japan’s population of the elderly increases, amid increased attention toward infection prevention causing people to refrain from going out, the Company achieved stable growth from our expanded lineup of products, centered on mild and moderate products that help to extend healthy life-spans.

In addition, in response to consumers’ increased attention toward infection prevention following the COVID-19 outbreak, as well as increased needs for products from Japanese manufacturers in terms of safety and security, the Company worked to bolster its supply of the *Cho-kaiteki* and *Cho-rittai* mask brands, and the *Silcot* wet tissue brand, striving to expand market share. In addition, through research contracted to the Kitasato University School of Allied Health Sciences, The Kitasato Institute, it was demonstrated* that the liquid squeezed from *Silcot Disinfecting Wet Wipes* and *Noroclear Antibacterial Wet Tissues*, and 99.99% *Antibacterial Wet Tissues* suppresses the spread of COVID-19.

In response to an expected increase in hygiene consciousness and infection prevention awareness in the future, not only in Japan but also worldwide, the Company will strive to further grow with a view to overseas expansion of masks and wet tissues.

*Not based on actual usage environment.

● Feminine Care Business

In China, the Company’s high-quality products featuring charming designs remain highly popular with the younger generation. Under such circumstances, the Company continued in its efforts to continuously propose new values, expand its sales area and the number of stores as well as to enhance e-commerce channels, and achieved high growth. The Company also achieved stable growth in other Asian regions.

In Japan, the Company made efforts to revitalize the domestic market by offering products to meet growing calls for health and peace of mind and high value-added products to cater to different lifestyles of women.

On the other hand, sales growth was sluggish due to a pullback from the special demand related to COVID-19 last year.

- Baby Care Business

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

In Japan, the Company 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*. On the other hand, sales growth was sluggish due to a pullback from the special demand related to COVID-19 last year.

As a result, net sales and segment profit (core operating income) for the personal care business for the fiscal period under review were ¥157,754 million (down 1.8% year on year) and ¥27,837 million (up 2.2% year on year), respectively.

2) Pet Care Business

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

In the North American market, sales growth was sluggish due to a pullback from the rapid expansion of the pet market last year when the number of pets living with humans and opportunities to come into contact with pets increased due to COVID-19, as well as the stagnation of logistics and lower-than-expected sales of some products due to the cold wave. We will continue to strengthen sales of pet sheets for dogs equipped with Japanese technology and wet-type snacks for cats, a new concept that is new to the market. To achieve further growth, we will strengthen our efforts in the e-commerce channel, which has grown significantly in recent years, and on pet specialty stores and dollar stores, single-price stores that are specific to the U.S.

As a result, net sales and segment profit (core operating income) for the pet care business for the fiscal period under review were ¥22,311 million (up 4.6% year on year) and ¥3,327 million (up 15.5% 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 ¥1,950 million (up 4.3% year on year) and ¥189 million (up 20.4% 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 first quarter were ¥919,435 million (up 2.9% compared with the end of the previous fiscal year). The major increases were ¥10,945 million in cash and cash equivalents, ¥6,608 million in property, plant and equipment, and ¥5,983 million in other current and non-current financial assets mainly due to investment securities.

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

(Liabilities)

Total liabilities as of the end of the first quarter were ¥322,813 million (down 2.4% compared with the end of the previous fiscal year). The major increases were ¥3,786 million in deferred tax liabilities and ¥3,463 million in borrowings, and the major decreases were ¥8,808 million in other current liabilities mainly due to accrued consumption taxes and ¥6,571 million in income tax payables.

(Equity)

Total equity as of the end of the first quarter was ¥596,622 million (up 6.0% compared with the end of the previous fiscal year). The major increases were ¥20,104 million in profit attributable to owners of parent and ¥17,861 million in other components of equity mainly due to exchange differences on translation in foreign operations.

(Ratio of equity attributable to owners of parent)

Ratio of equity attributable to owners of parent as of the end of the first quarter was 56.8%.

2) Status of cash flows

Cash and cash equivalents as of the end of the first quarter were ¥210,467 million, an increase of ¥10,945 million from the end of the previous fiscal year. The respective cash flow positions for the first quarter under review were as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥22,364 million (¥44,250 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.

(Cash flows from investing activities)

Net cash used in investing activities was ¥6,720 million (¥12,797 million was used in the same period of the previous fiscal year). The main outflows were due to purchase of property, plant and equipment, and intangible assets.

(Cash flows from financing activities)

Net cash used in financing activities was ¥9,119 million (¥11,718 million was used in the same period of the previous fiscal year). The main outflows were due to dividends paid to owners of parent.

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

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

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

2. Condensed Consolidated Financial Statements and Significant Notes Thereto

(1) Condensed consolidated statement of financial position

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2020 (as of December 31, 2020)	Q1 of Fiscal Year Ending December 31, 2021 (as of March 31, 2021)
Assets			
Current assets			
Cash and cash equivalents		199,522	210,467
Trade and other receivables		112,698	108,174
Inventories		61,617	66,802
Other current financial assets		97,588	97,230
Other current assets		19,536	18,650
Total current assets		490,962	501,323
Non-current assets			
Property, plant and equipment		258,814	265,422
Intangible assets		90,006	92,512
Deferred tax assets		13,078	12,948
Investments accounted for using equity method		1,262	1,556
Other non-current financial assets		37,372	43,713
Other non-current assets		1,920	1,962
Total non-current assets		402,451	418,113
Total assets		893,413	919,435

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(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2020 (as of December 31, 2020)	Q1 of Fiscal Year Ending December 31, 2021 (as of March 31, 2021)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		145,316	145,805
Borrowings		8,975	12,271
Income tax payables		16,183	9,612
Other current financial liabilities		5,765	5,552
Other current liabilities		56,976	48,168
Total current liabilities		233,215	221,408
Non-current liabilities			
Borrowings		24,202	24,369
Deferred tax liabilities		21,116	24,902
Retirement benefit liabilities		11,483	12,040
Other non-current financial liabilities		36,743	36,277
Other non-current liabilities		4,001	3,818
Total non-current liabilities		97,545	101,405
Total liabilities		330,760	322,813
Equity			
Equity attributable to owners of parent			
Capital stock		15,993	15,993
Share premium		13,208	13,624
Retained earnings		547,259	557,782
Treasury shares		(54,572)	(54,362)
Other components of equity		(28,886)	(11,025)
Total equity attributable to owners of parent		493,002	522,012
Non-controlling interests		69,651	74,610
Total equity		562,653	596,622
Total liabilities and equity		893,413	919,435

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

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

(Condensed consolidated statement of income)

(Millions of Yen)

	Notes	Q1 of Fiscal Year Ended December 31, 2020 (January 1, 2020 – March 31, 2020)	Q1 of Fiscal Year Ending December 31, 2021 (January 1, 2021 – March 31, 2021)
Net sales	3	183,788	182,015
Cost of sales		(111,444)	(107,975)
Gross profit		72,344	74,039
Selling, general and administrative expenses	4	(42,063)	(42,686)
Other income		447	1,858
Other expenses		(699)	(595)
Financial income		1,091	1,916
Financial costs		(3,210)	(312)
Profit before tax		27,910	34,220
Income tax expenses		(6,682)	(11,143)
Profit for the period		21,228	23,078
Profit attributable to			
Owners of parent		19,215	20,104
Non-controlling interests		2,014	2,973
Profit for the period		21,228	23,078
Earnings per share attributable to owners of parent			
Basic earnings per share (Yen)		32.19	33.56
Diluted earnings per share (Yen)		32.12	33.53

Reconciliation of changes from gross profit to core operating income

(Millions of Yen)

Gross profit	72,344	74,039
Selling, general and administrative expenses	(42,063)	(42,686)
Core operating income (*)	30,281	31,353

* 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 First Quarter of the Fiscal Year Ending December 31, 2021

(Condensed consolidated statement of comprehensive income)

(Millions of Yen)

	Notes	Q1 of Fiscal Year Ended December 31, 2020 (January 1, 2020 – March 31, 2020)	Q1 of Fiscal Year Ending December 31, 2021 (January 1, 2021 – March 31, 2021)
Profit for the period		21,228	23,078
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		(1,215)	188
Remeasurements related to net defined benefit liabilities (assets)		(0)	–
Subtotal		(1,216)	188
Items that may be reclassified to profit or loss			
Net changes in debt instruments measured at fair value through other comprehensive income		–	1
Changes in fair value of cash flow hedges		56	25
Exchange differences on translation in foreign operations		(23,439)	21,246
Share of other comprehensive income of investments accounted for using equity method		–	6
Subtotal		(23,383)	21,278
Total other comprehensive income, net of tax		(24,599)	21,465
Total comprehensive income		(3,370)	44,543
Total comprehensive income attributable to			
Owners of parent		(1,292)	38,001
Non-controlling interests		(2,078)	6,542
Total comprehensive income		(3,370)	44,543

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

(3) Condensed consolidated statement of changes in equity

First Quarter of the Fiscal Year Ended December 31, 2020 (January 1, 2020 – March 31, 2020)

(Millions of Yen)

	Notes	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at January 1, 2020		15,993	14,960	513,066	(58,769)	(12,177)	473,073	69,827	542,900
Profit for the period		–	–	19,215	–	–	19,215	2,014	21,228
Other comprehensive income		–	–	–	–	(20,507)	(20,507)	(4,091)	(24,599)
Total comprehensive income		–	–	19,215	–	(20,507)	(1,292)	(2,078)	(3,370)
Purchase of treasury shares		–	–	–	(0)	–	(0)	–	(0)
Conversion of convertible bond-type bonds with share acquisition rights		–	243	–	2,627	(217)	2,653	–	2,653
Dividends		–	–	(8,347)	–	–	(8,347)	(489)	(8,837)
Equity transactions with non-controlling interests		–	(7)	–	–	–	(7)	98	90
Transfer from other components of equity to retained earnings		–	–	8	–	(8)	–	–	–
Total transactions with owners		–	236	(8,339)	2,627	(225)	(5,701)	(392)	(6,093)
Balance at March 31, 2020		15,993	15,196	523,942	(56,142)	(32,909)	466,079	67,358	533,437

First Quarter of the Fiscal Year Ending December 31, 2021 (January 1, 2021 – March 31, 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		–	–	20,104	–	–	20,104	2,973	23,078
Other comprehensive income		–	–	–	–	17,896	17,896	3,569	21,465
Total comprehensive income		–	–	20,104	–	17,896	38,001	6,542	44,543
Purchase of treasury shares		–	–	–	(0)	–	(0)	–	(0)
Disposal of treasury shares		–	64	–	211	(31)	244	–	244
Dividends		–	–	(9,585)	–	–	(9,585)	(1,631)	(11,217)
Change in scope of consolidation		–	–	–	–	–	–	48	48
Share-based payment transactions		–	351	–	–	–	351	–	351
Transfer from other components of equity to retained earnings		–	–	4	–	(4)	–	–	–
Total transactions with owners		–	415	(9,581)	211	(36)	(8,991)	(1,583)	(10,574)
Balance at March 31, 2021		15,993	13,624	557,782	(54,362)	(11,025)	522,012	74,610	596,622

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

(4) Condensed consolidated statement of cash flows

(Millions of Yen)

	Notes	Q1 of Fiscal Year Ended December 31, 2020 (January 1, 2020 – March 31, 2020)	Q1 of Fiscal Year Ending December 31, 2021 (January 1, 2021 – March 31, 2021)
Cash flows from operating activities			
Profit before tax		27,910	34,220
Depreciation and amortization expenses		9,280	9,205
Interest and dividend income		(1,091)	(863)
Interest expenses		314	257
Foreign exchange loss (gain)		1,031	782
Loss (gain) on sale and retirement of fixed assets		19	16
Decrease (increase) in trade and other receivables		12,115	9,111
Decrease (increase) in inventories		3,514	(2,586)
Increase (decrease) in trade and other payables		(7,077)	(4,134)
Increase (decrease) in other current liabilities		966	(12,424)
Other, net		771	(531)
Subtotal		47,753	33,054
Interest and dividends received		1,070	926
Interest paid		(341)	(279)
Income taxes refund		–	1,565
Income taxes paid		(4,231)	(12,900)
Net cash provided by (used in) operating activities		44,250	22,364
Cash flows from investing activities			
Payments into time deposits		(7,895)	(15,703)
Proceeds from withdrawal of time deposits		4,132	22,675
Purchase of property, plant and equipment, and intangible assets		(7,789)	(6,811)
Proceeds from sale of property, plant and equipment, and intangible assets		747	7
Purchase of financial assets measured at amortized cost		–	(2,013)
Purchase of financial assets measured at fair value through profit or loss		(1,000)	(2,000)
Purchase of equity instruments measured at fair value through other comprehensive income		(3,001)	(4,957)
Proceeds from sale and redemption of financial assets measured at fair value through profit or loss		2,000	2,000
Proceeds from sale and redemption of equity instruments measured at fair value through other comprehensive income		6	–
Proceeds from sale and redemption of debt instruments measured at fair value through other comprehensive income		–	400
Purchase of shares of subsidiaries and associates		–	(317)
Other, net		4	0
Net cash provided by (used in) investing activities		(12,797)	(6,720)

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(Millions of Yen)

	Notes	Q1 of Fiscal Year Ended December 31, 2020 (January 1, 2020 – March 31, 2020)	Q1 of Fiscal Year Ending December 31, 2021 (January 1, 2021 – March 31, 2021)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		(1,255)	2,797
Repayments of long-term borrowings		(267)	–
Repayments of lease liabilities		(1,290)	(1,162)
Payments for purchase of treasury shares		(0)	(0)
Dividends paid to owners of parent		(8,349)	(9,595)
Dividends paid to non-controlling interests		(556)	(1,403)
Proceeds from exercise of employee share options		–	244
Net cash provided by (used in) financing activities		(11,718)	(9,119)
Effect of exchange rate changes on cash and cash equivalents		(3,935)	4,420
Net increase (decrease) in cash and cash equivalents		15,800	10,945
Cash and cash equivalents at beginning of period		128,787	199,522
Cash and cash equivalents at end of period		144,588	210,467

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(5) Notes to the condensed consolidated financial statements

1. Notes regarding going concern assumptions

None.

2. Significant accounting policies

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

3. Segment information

(1) Overview of reportable segments

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

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

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

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

(2) Sales and results by reportable segment

Sales and results by reportable segment are as follows.

(Millions of Yen)

	Q1 of Fiscal Year Ended December 31, 2020 (January 1, 2020 – March 31, 2020)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	160,599	21,320	1,868	183,788	–	183,788
Sales across segments (Note)	–	–	13	13	(13)	–
Total segment sales	160,599	21,320	1,882	183,801	(13)	183,788
Segment profit (Core operating income)	27,243	2,881	157	30,281	–	30,281
Other income						447
Other expenses						(699)
Financial income						1,091
Financial costs						(3,210)
Profit before tax						27,910

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(Millions of Yen)

	Q1 of Fiscal Year Ending December 31, 2021 (January 1, 2021 – March 31, 2021)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	157,754	22,311	1,950	182,015	–	182,015
Sales across segments (Note)	–	–	5	5	(5)	–
Total segment sales	157,754	22,311	1,954	182,019	(5)	182,015
Segment profit (Core operating income)	27,837	3,327	189	31,353	–	31,353
Other income						1,858
Other expenses						(595)
Financial income						1,916
Financial costs						(312)
Profit before tax						34,220

(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)

	Q1 of Fiscal Year Ended December 31, 2020 (January 1, 2020 – March 31, 2020)	Q1 of Fiscal Year Ending December 31, 2021 (January 1, 2021 – March 31, 2021)
Freight-out expenses	11,911	12,326
Sales promotion expenses	5,010	4,621
Advertising expenses	4,944	5,704
Employee benefits expenses	9,641	9,965
Depreciation and amortization expenses	2,683	2,738
Research and development expenses	1,857	1,784
Others	6,017	5,549
Total	42,063	42,686