

This notice has been translated from the original Japanese text of the timely disclosure statement dated May 8, 2023 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, 2023; Flash Report [IFRS]



MEMBERSHIP

May 8, 2023

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: **May 9, 2023**
 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, 2023 (January 1, 2023 through March 31, 2023)

(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, 2023	220,839	8.1	28,427	(5.1)	28,206	(8.4)	19,329	(0.7)	16,516	(1.8)	29,686	(38.1)
Q1 of Fiscal Year Ended December 31, 2022	204,373	12.3	29,948	(4.5)	30,777	(10.1)	19,462	(15.7)	16,826	(16.3)	47,923	7.6

(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, 2023	27.84		27.84	
Q1 of Fiscal Year Ended December 31, 2022	28.22		28.21	

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023

(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, 2023	1,052,932	725,147	633,068	60.1
As of December 31, 2022	1,049,218	708,613	618,883	59.0

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, 2022	–	19.00	–	19.00	38.00
Fiscal Year Ending December 31, 2023	–				
Fiscal Year Ending December 31, 2023 (forecast)		20.00	–	20.00	40.00

(Note) Changes in dividend forecasts recently disclosed: None

**3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2023
(January 1, 2023 through December 31, 2023)**

(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	963,500	7.3	141,000	17.9	137,500	18.8	80,900	19.7	136.37

(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, 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 March 31, 2023: 27,575,737 shares
 - As of December 31, 2022: 27,560,827 shares
- (iii) Average number of shares during the period (accumulated total):
 - Q1 of Fiscal Year Ending December 31, 2023: 593,269,752 shares
 - Q1 of Fiscal Year Ended December 31, 2022: 596,252,082 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 First Quarter of the Fiscal Year Ending December 31, 2023

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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, 2023), the operating environment of the Group remained unpredictable due to prolonged inflation caused by factors such as high resource prices and exchange rate fluctuations due to the situation in Russia and Ukraine and other issues continuing from the previous year, as well as differences in the pace of economic recovery from the novel coronavirus disease (COVID-19) among countries and regions.

In the overseas markets, as key target countries such as Thailand, India, and Indonesia show signs of recovery from economic deterioration caused by the spread of COVID-19, the Company promoted product proposals tailored to local needs and passed rising costs by flexibly and steadily executing its strategies.

In China, which saw a temporary slowdown due to the resurgence of COVID-19 despite easing strict movement restrictions in December 2022, the market is continuing to gradually recover. In these circumstances, the Company has worked to ensure a stable supply of products and promoted the structural reform of the entire China business by stimulating demand for high value-added products.

In Japan, as business conditions continued to recover, the Company has achieved expansion of its market share by continuing to propose new values to stimulate demand for high value-added products, including feminine care products and wellness care products, while turning to pass-through.

In these environments and under the banner “we constantly provide the world’s No. 1 and unprecedented products and services to everybody around the globe, and deliver comfort, impression, and satisfaction,” the Company and its group companies 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 first quarter of the fiscal year under review reached ¥220,839 million (up 8.1% year on year), ¥28,427 million (down 5.1% year on year), ¥28,206 million (down 8.4% year on year), ¥19,329 million (down 0.7% year on year), and ¥16,516 million (down 1.8% 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 the local need for breathable products in China, where the population is aging even faster than in Japan and there is a large target market for adult excretion care products. The Company has engaged in expanding recognition and promoting the spread of its adult excretion care products through these new products and continuing to actively invest in marketing.

In addition, in regions such as Thailand, Indonesia, Vietnam, Malaysia, and Brazil, the Company has strived 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, thereby achieving continued high net sales growth.

Regarding adult excretion care products in Japan, the market was back on course for recovery partly as activity restrictions have been relaxed in line with an increased vaccination rate. In these circumstances, the Company achieved high net sales growth by steadily turning to pass-through through the development of an extensive product lineup tailored to ongoing ADLs*.

The Company also endeavored to revitalize the market by enhancing the lineup with a stable supply of the *Cho-kaiteki* and *Cho-rittai* brands and with new products that meet consumer needs in the mask market, which has grown significantly as wearing a mask has become part of consumers’ daily practice.

While growth of the mask market is predicted to slow down due to changes in mask use habits, the Company will aim to activate the market and expand market share by continuously rolling out new products that meet consumer needs.

* 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

- Feminine Care Business

In China, the Company strived to expand the sales areas and the number of stores handling its products mainly in coastal cities. In addition, while bolstering sales through utilizing new e-commerce platforms, high value-added products such as shorts-shaped napkins continued to grow as a result of continuing to propose new values targeting the younger generation.

In the Asian region, including India, Indonesia, and Vietnam, the Company also recorded steady sales of cooling sanitary napkins, or its new concept, which give a feeling of freshness, and other high value-added products. Moreover, in the Middle East, the Company achieved stable growth as a result of exports to countries neighboring Saudi Arabia, 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, although 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 and utilizing social media and other forums to communicate with consumers amid an increasing emphasis on health and peace of mind, resulting in the expansion of its market share.

- Baby Care Business

In Thailand, where market polarization was advancing due to the impact of the spread of COVID-19 in addition to a declining birth rate, the Company has responded to a wide range of customers' needs with a two-brand strategy appropriate for the region 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 compared to other emerging countries, the Company strived to expand its sales area and recover its market share while promoting the use of pants-type disposable diapers. As a result, it achieved high growth in net sales.

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 series of highly profitable premium products made in China.

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

- Kirei Care Business

In Japan, amid sluggish growth in the wet tissue market, the Company ensured the stable supply of *Silcot* brand wet tissues while endeavoring to expand its market share.

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 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 of each country and region.

As a result, net sales and segment profit (core operating income) for the personal care business for the fiscal period under review were ¥187,733 million (up 6.5% year on year) and ¥22,899 million (down 12.9% year on year), respectively.

2) Pet Care Business

In Japan, the Company strengthened its lineup by launching new and renewed products and turned to pass-through for some products leveraging their added value. In the pet food business, the Company worked to improve consumer satisfaction by bolstering the sale of products for cats meeting the demand for increased health consciousness, products for dogs tailored to the physical characteristics and ages of each breed, food products for building bodies with a new concept of maintaining muscle health, and other products. In the pet toiletry business, the Company achieved stable growth as a result of steady sales of pet sheets for dogs, toilet systems for cats, etc.

In North America, where the Company has steadily turned to pass-through since 2022, sales remained strong for products equipped with Japanese technology such as wet-type snacks for cats and high-quality toiletry sheets for dogs, which embody new concepts, and the Company achieved high net sales growth.

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 product technology and know-how on production

management 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.

As a result, net sales and segment profit (core operating income) for the pet care business for the fiscal period under review were ¥30,950 million (up 17.8% year on year) and ¥5,508 million (up 55.6% 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 ¥2,156 million (up 22.1% year on year) and ¥21 million (down 84.4% 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 ¥1,052,932 million (up 0.4% compared with the end of the previous fiscal year). The major increases were ¥16,596 million in investments accounted for using equity method, ¥5,904 million in other current and non-current financial assets mainly due to time deposits with deposit terms exceeding three months, ¥3,483 million in cash and cash equivalents, ¥3,420 million in other non-current assets mainly due to long-term prepaid expenses, and ¥2,418 million in property, plant and equipment, and the major decrease was ¥27,028 million in trade and other receivables.

(Liabilities)

Total liabilities as of the end of the first quarter were ¥327,785 million (down 3.8% compared with the end of the previous fiscal year). The major increase was ¥2,061 million in borrowings, and the major decreases were ¥7,421 million in trade and other payables, ¥3,608 million in income tax payables, ¥2,696 million in other current and non-current financial liabilities mainly due to lease liabilities, and ¥2,378 million in other current liabilities mainly due to provision for bonuses.

(Equity)

Total equity as of the end of the first quarter was ¥725,147 million (up 2.3% compared with the end of the previous fiscal year). The major increases were ¥16,516 million in profit attributable to owners of parent, ¥8,644 million in other components of equity mainly due to exchange differences on translation in foreign operations, and ¥2,350 million Non-controlling interests, and the major decrease was ¥11,272 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 first quarter was 60.1%.

2) Status of cash flows

Cash and cash equivalents as of the end of the first quarter were ¥220,636 million, an increase of ¥3,483 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 ¥42,994 million (¥24,544 million was provided in the same period of the previous fiscal year). The main inflows were due to a decrease in trade and other receivables, profit before tax and depreciation and amortization expenses, and the main outflows were income taxes paid and a decrease in trade and other payables.

(Cash flows from investing activities)

Net cash used in investing activities was ¥28,599 million (¥11,547 million was provided in the same period of the previous fiscal year). The main inflow was due to proceeds from withdrawal of time deposits and proceeds from sale and redemption of financial assets measured at amortized cost, and the main outflows were due to purchase of shares of subsidiaries and associates, purchase of financial assets measured at fair value through profit or loss, purchase of property, plant and equipment, and intangible assets and payments into time deposits.

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(Cash flows from financing activities)

Net cash used in financing activities was ¥13,530 million (¥7,345 million was used in the same period of the previous fiscal year). The main inflow was net increase in short-term borrowings, and the main outflows were due to dividends paid to owners of parent, dividends paid to non-controlling interests 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 8, 2023.

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023

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, 2022 (as of December 31, 2022)	Q1 of Fiscal Year Ending December 31, 2023 (as of March 31, 2023)
Assets			
Current assets			
Cash and cash equivalents		217,153	220,636
Trade and other receivables		152,971	125,943
Inventories		117,590	116,876
Other current financial assets		90,450	90,924
Other current assets		25,592	24,653
Total current assets		603,756	579,031
Non-current assets			
Property, plant and equipment		271,662	274,080
Intangible assets		90,523	91,334
Deferred tax assets		14,860	14,625
Investments accounted for using equity method	4	597	17,193
Other non-current financial assets		65,753	71,182
Other non-current assets		2,067	5,487
Total non-current assets		445,462	473,901
Total assets		1,049,218	1,052,932

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2022 (as of December 31, 2022)	Q1 of Fiscal Year Ending December 31, 2023 (as of March 31, 2023)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		171,035	163,614
Borrowings		10,787	12,518
Income tax payables		14,600	10,992
Other current financial liabilities		6,645	5,560
Other current liabilities		53,596	51,218
Total current liabilities		256,663	243,902
Non-current liabilities			
Borrowings		16,235	16,565
Deferred tax liabilities		24,940	25,868
Retirement benefit liabilities		12,687	12,946
Other non-current financial liabilities		24,934	23,323
Other non-current liabilities		5,146	5,181
Total non-current liabilities		83,942	83,883
Total liabilities		340,605	327,785
Equity			
Equity attributable to owners of parent			
Capital stock		15,993	15,993
Share premium		15,209	15,569
Retained earnings		644,859	650,077
Treasury shares		(83,699)	(83,735)
Other components of equity		26,521	35,165
Total equity attributable to owners of parent		618,883	633,068
Non-controlling interests		89,730	92,080
Total equity		708,613	725,147
Total liabilities and equity		1,049,218	1,052,932

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023

(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, 2022 (January 1, 2022 – March 31, 2022)	Q1 of Fiscal Year Ending December 31, 2023 (January 1, 2023 – March 31, 2023)
Net sales	3	204,373	220,839
Cost of sales		(127,961)	(143,227)
Gross profit		76,413	77,612
Selling, general and administrative expenses	5	(46,465)	(49,185)
Other income		438	644
Other expenses		(355)	(724)
Financial income		2,302	1,710
Financial costs		(1,555)	(1,851)
Profit before tax		30,777	28,206
Income tax expenses		(11,316)	(8,877)
Profit for the period		19,462	19,329
Profit attributable to			
Owners of parent		16,826	16,516
Non-controlling interests		2,635	2,813
Profit for the period		19,462	19,329
Earnings per share attributable to owners of parent			
Basic earnings per share (Yen)		28.22	27.84
Diluted earnings per share (Yen)		28.21	27.84

Reconciliation of changes from gross profit to core operating income

(Millions of Yen)

Gross profit	76,413	77,612
Selling, general and administrative expenses	(46,465)	(49,185)
Core operating income (*)	29,948	28,427

* 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, 2023

(Condensed consolidated statement of comprehensive income)

(Millions of Yen)

	Notes	Q1 of Fiscal Year Ended December 31, 2022 (January 1, 2022 – March 31, 2022)	Q1 of Fiscal Year Ending December 31, 2023 (January 1, 2023 – March 31, 2023)
Profit for the period		19,462	19,329
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		(2,451)	(250)
Remeasurements related to net defined benefit liabilities (assets)		(34)	(56)
Subtotal		(2,485)	(306)
Items that may be reclassified to profit or loss			
Net changes in debt instruments measured at fair value through other comprehensive income		(13)	(9)
Changes in fair value of cash flow hedges		22	5
Exchange differences on translation in foreign operations		30,932	10,625
Share of other comprehensive income of investments accounted for using equity method		6	41
Subtotal		30,946	10,663
Total other comprehensive income, net of tax		28,462	10,357
Total comprehensive income		47,923	29,686
Total comprehensive income attributable to			
Owners of parent		40,301	25,134
Non-controlling interests		7,622	4,552
Total comprehensive income		47,923	29,686

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023

(3) Condensed consolidated statement of changes in equity

First Quarter of the Fiscal Year Ended December 31, 2022 (January 1, 2022 – March 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		–	–	16,826	–	–	16,826	2,635	19,462
Other comprehensive income		–	–	–	–	23,475	23,475	4,986	28,462
Total comprehensive income		–	–	16,826	–	23,475	40,301	7,622	47,923
Purchase of treasury shares		–	–	–	(0)	–	(0)	–	(0)
Disposal of treasury shares		–	91	–	518	(69)	540	–	540
Dividends		–	–	(10,731)	–	–	(10,731)	(719)	(11,451)
Share-based payment transactions		–	377	–	(48)	–	329	–	329
Transfer from other components of equity to retained earnings		–	–	(40)	–	40	–	–	–
Total transactions with owners		–	468	(10,771)	470	(29)	(9,862)	(719)	(10,582)
Balance at March 31, 2022		15,993	15,269	606,000	(68,176)	18,992	588,078	84,701	672,779

First Quarter of the Fiscal Year Ending December 31, 2023 (January 1, 2023 – March 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		–	–	16,516	–	–	16,516	2,813	19,329
Other comprehensive income		–	–	–	–	8,618	8,618	1,739	10,357
Total comprehensive income		–	–	16,516	–	8,618	25,134	4,552	29,686
Purchase of treasury shares		–	–	–	(0)	–	(0)	–	(0)
Dividends		–	–	(11,272)	–	–	(11,272)	(2,281)	(13,553)
Equity transactions with non-controlling interests		–	1	–	–	–	1	79	80
Share-based payment transactions		–	358	–	(36)	–	322	–	322
Transfer from other components of equity to retained earnings		–	–	(27)	–	27	–	–	–
Total transactions with owners		–	359	(11,299)	(37)	27	(10,949)	(2,202)	(13,151)
Balance at March 31, 2023		15,993	15,569	650,077	(83,735)	35,165	633,068	92,080	725,147

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Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023

(4) Condensed consolidated statement of cash flows

(Millions of Yen)

	Notes	Q1 of Fiscal Year Ended December 31, 2022 (January 1, 2022 – March 31, 2022)	Q1 of Fiscal Year Ending December 31, 2023 (January 1, 2023 – March 31, 2023)
Cash flows from operating activities			
Profit before tax		30,777	28,206
Depreciation and amortization expenses		9,686	10,337
Interest and dividend income		(911)	(1,305)
Interest expenses		452	620
Foreign exchange loss (gain)		1,864	1,429
Loss (gain) on sale and retirement of fixed assets		62	309
Decrease (increase) in trade and other receivables		11,377	29,426
Decrease (increase) in inventories		(5,289)	1,962
Increase (decrease) in trade and other payables		(13,884)	(10,814)
Increase (decrease) in other current liabilities		(349)	(4,365)
Increase (decrease) in other non-current assets		3,034	(1,472)
Other, net		(1,863)	(329)
Subtotal		34,956	54,004
Interest and dividends received		1,089	1,218
Interest paid		(415)	(601)
Income taxes paid		(11,086)	(11,627)
Net cash provided by (used in) operating activities		24,544	42,994
Cash flows from investing activities			
Payments into time deposits		(11,428)	(22,787)
Proceeds from withdrawal of time deposits		27,655	18,207
Purchase of property, plant and equipment, and intangible assets		(6,682)	(7,601)
Proceeds from sale of property, plant and equipment, and intangible assets		10	7
Purchase of financial assets measured at amortized cost		(603)	–
Purchase of financial assets measured at fair value through profit or loss		(1,000)	(9,000)
Purchase of equity instruments measured at fair value through other comprehensive income		(502)	(2)
Purchase of debt instruments measured at fair value through other comprehensive income		–	(2,810)
Proceeds from sale and redemption of financial assets measured at amortized cost		1,000	5,000
Proceeds from sale and redemption of financial assets measured at fair value through profit or loss		3,100	1,000
Purchase of shares of subsidiaries and associates	4	–	(10,617)
Other, net		(3)	4
Net cash provided by (used in) investing activities		11,547	(28,599)

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023

(Millions of Yen)

	Notes	Q1 of Fiscal Year Ended December 31, 2022 (January 1, 2022 – March 31, 2022)	Q1 of Fiscal Year Ending December 31, 2023 (January 1, 2023 – March 31, 2023)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		4,544	1,515
Repayments of lease liabilities		(1,338)	(1,567)
Payments for purchase of treasury shares		(0)	(0)
Dividends paid to owners of parent		(10,740)	(11,281)
Dividends paid to non-controlling interests		(351)	(2,279)
Proceeds from share issuance to non-controlling interests		–	81
Proceeds from exercise of employee share options		540	–
Net cash provided by (used in) financing activities		(7,345)	(13,530)
Effect of exchange rate changes on cash and cash equivalents		6,998	2,618
Net increase (decrease) in cash and cash equivalents		35,744	3,483
Cash and cash equivalents at beginning of period		187,547	217,153
Cash and cash equivalents at end of period		223,292	220,636

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023

(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, 2022.

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)

	Q1 of Fiscal Year Ended December 31, 2022 (January 1, 2022 – March 31, 2022)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	176,331	26,276	1,766	204,373	–	204,373
Sales across segments (Note)	–	–	19	19	(19)	–
Total segment sales	176,331	26,276	1,785	204,392	(19)	204,373
Segment profit (Core operating income)	26,276	3,541	131	29,948	–	29,948
Other income						438
Other expenses						(355)
Financial income						2,302
Financial costs						(1,555)
Profit before tax						30,777

TRANSLATION FOR REFERENCE PURPOSES ONLY

Unicharm Corporation (8113) Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2023

(Millions of Yen)

	Q1 of Fiscal Year Ending December 31, 2023 (January 1, 2023 – March 31, 2023)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	187,733	30,950	2,156	220,839	–	220,839
Sales across segments (Note)	–	–	113	113	(113)	–
Total segment sales	187,733	30,950	2,270	220,952	(113)	220,839
Segment profit (Core operating income)	22,899	5,508	21	28,427	–	28,427
Other income						644
Other expenses						(724)
Financial income						1,710
Financial costs						(1,851)
Profit before tax						28,206

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

4. 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.”

5. 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, 2022 (January 1, 2022 – March 31, 2022)	Q1 of Fiscal Year Ending December 31, 2023 (January 1, 2023 – March 31, 2023)
Freight-out expenses	14,313	14,311
Sales promotion expenses	5,970	6,083
Advertising expenses	4,577	5,376
Employee benefit expenses	10,623	11,804
Depreciation and amortization expenses	2,765	2,584
Research and development expenses	1,866	2,012
Others	6,350	7,015
Total	46,465	49,185