

This notice has been translated from the original Japanese text of the timely disclosure statement dated November 6, 2020 and is for reference purposes only. In the event of any discrepancy between the original Japanese and this translation, the Japanese text shall prevail.

## CAUTIONS REGARDING FORWARD-LOOKING STATEMENTS

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

## Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2020 (January 1, 2020 through September 30, 2020); Flash Report [IFRS]



MEMBERSHIP

November 6, 2020

Listed Company Name: **Unicharm Corporation**  
 Listing: **First Section, Tokyo Stock Exchange**  
 Code Number: **8113**  
 URL: **http://www.unicharm.co.jp/**  
 Company Representative: **Takahisa Takahara, Representative Director, President and Chief Executive Officer**  
 Contact Person: **Hirotsu Shimada, Executive Officer, General Manager of Accounting Control and Finance Division**  
 Telephone Number: **+81-3-3451-5111**  
 Scheduled Date to Submit Quarterly Securities Report: **November 10, 2020**  
 Scheduled Date to Commence Dividend Payments: **—**  
 Preparation of Supplementary Material on Quarterly Financial Results: **Yes**  
 Holding of Quarterly Financial Results Presentation Meeting: **Yes (Securities Analysts, Institutional Investors)**

(Amounts are rounded to the nearest million yen)

### 1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2020 (January 1, 2020 through September 30, 2020)

#### (1) Consolidated financial results (Q3 cumulative total)

(Figures in percentage represent increases or decreases from the same period last year)

	Net Sales		Core Operating Income		Profit Before Tax		Profit for the Period		Profit Attributable to Owners of Parent		Total Comprehensive Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Q3 of Fiscal Year Ending December 31, 2020	534,474	1.9	89,150	30.4	72,671	7.5	48,017	(7.4)	40,073	(11.9)	25,001	(42.7)
Q3 of Fiscal Year Ended December 31, 2019	524,741	5.3	68,360	(9.8)	67,597	(8.5)	51,834	(1.2)	45,496	(3.4)	43,596	(2.7)

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

	Basic Earnings Per Share	Diluted Earnings Per Share
	Yen	Yen
Q3 of Fiscal Year Ending December 31, 2020	67.12	67.00
Q3 of Fiscal Year Ended December 31, 2019	76.49	75.96

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Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2020

**(2) Consolidated financial position**

	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent
	Millions of Yen	Millions of Yen	Millions of Yen	%
As of September 30, 2020	849,414	542,850	476,270	56.1
As of December 31, 2019	864,003	542,900	473,073	54.8

**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, 2019	–	14.00	–	14.00	28.00
Fiscal Year Ending December 31, 2020	–	16.00	–		
Fiscal Year Ending December 31, 2020 (forecast)				16.00	32.00

(Note) Changes in dividend forecasts recently disclosed: None

**3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2020 (January 1, 2020 through December 31, 2020)**

(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	760,000	6.4	100,000	11.4	98,000	40.9	63,000	36.6	105.20

(Note) Changes in results forecasts recently disclosed: None

**\* Notes**

**(1) Changes in major subsidiaries during the period (or any change of specified subsidiaries accompanying a change in the scope of consolidation): None**

**(2) Changes in accounting policies and accounting estimates**

- (i) Changes in accounting policies required by IFRS: None
- (ii) Changes in accounting policies other than item (i) above: None
- (iii) Changes in accounting estimates: None

**(3) Number of issued and outstanding shares (common shares)**

- (i) Number of issued and outstanding shares as of end of period (including treasury shares):
 

As of September 30, 2020:	620,834,319 shares
As of December 31, 2019:	620,834,319 shares
- (ii) Number of treasury shares as of end of period:
 

As of September 30, 2020:	21,989,486 shares
As of December 31, 2019:	24,604,939 shares
- (iii) Average number of shares during the period (accumulated total):
 

Q3 of Fiscal Year Ending December 31, 2020:	597,055,185 shares
Q3 of Fiscal Year Ended December 31, 2019:	594,767,734 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 Third Quarter of the Fiscal Year Ending December 31, 2020

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## 1. Qualitative Information on Financial Results

### (1) Explanation of operating results

In the third quarter of the fiscal year under review (January 1 to September 30, 2020), the operating environment of the Group was as follows. Overseas, in the Group's key target countries such as China, Indonesia, and India, distribution and consumer spending were restricted due to the spread of the novel coronavirus disease (COVID-19) and subsequent temporary lockdowns. However, with activity restrictions eased gradually since then, the global economy has shown signs of recovery. The Group achieved sustainable growth as a result of bolstering sales activities for personal care products tailored to consumer needs, as the Company's products are daily necessities.

In Japan, although economic conditions remain challenging, the Company continued to grow by absorbing the overall impact of the spike in demand ahead of the consumption tax increase in October 2019, thanks to increased demand for products that could help prevent the spread of the virus, such as masks and wet tissues, and an increased tendency of consumers to stockpile, as well as the expansion of demand for products made in Japan.

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" in which people from all generations can live while not feeling burdened by one another and with mutual respect for each other as people.

As a result, the Company's net sales, core operating income, profit before tax, profit for the period, and profit attributable to owners of parent in the third quarter of the fiscal year under review reached ¥534,474 million (up 1.9% year on year), ¥89,150 million (up 30.4% year on year), ¥72,671 million (up 7.5% year on year), ¥48,017 million (down 7.4% year on year), and ¥40,073 million (down 11.9% year on year), respectively.

Financial results by segment are as described below.

#### 1) Personal Care Business

##### ● Wellness Care Business

As of April 1, 2020, the Company has integrated the Health Care Business and the Clean and Fresh Business as the Wellness Care Business. This is intended, against a backdrop of aging populations with an ever faster speed mainly in Asian regions, not merely from a perspective of old age in the traditional sense, but also to create a rich and healthy society, a Cohesive Society, in which people can have happier and fulfilling lives.

In the overseas markets, as the boost in demand for adult excretion care products is expected in Asian regions including Thailand, Indonesia and Vietnam, the Company achieved growth by expanding and spreading the care model established in Japan. In addition, the Company moved ahead with preparations to spread the care model in China where populations are aging even faster than in Japan. In addition, in Thailand and Malaysia, where the Company operates the *Certainty* brand acquired in 2018, the Company has built a superior market position and conducted various initiatives aimed at accelerating the spread of such products.

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 including a newly launched product with a new concept tailored to daily activities, centered on mild and moderate products that help to extend healthy life-spans.

In addition, in response to consumers' increased attention toward infection prevention and the increased tendency to stockpile following the COVID-19 outbreak, as well as increased needs for made-in-Japan products 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, which resulted in sales growth.

In response to an expected increase in hygiene consciousness and infection prevention awareness in future, not only in Japan but also worldwide, the Company will strive to further strengthen the supply system for masks with a view to reinforcing overseas operations.

- 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 expand its sales area and the number of stores as well as to enhance e-commerce channels, and achieved high growth.

In Japan, the Company saw slower sales due to the impact of the spike in demand ahead of the consumption tax increase last year, as well as the impact of COVID-19, which reduced opportunities for consumers to use tampons owing to restrictions on outings. This result was despite the Company's efforts to expand sales of high value-added products to cater to women's different lifestyles, such as the *SOFY Organic Cotton* series, which uses organic cotton to meet growing calls for health and peace of mind, as well as the *SOFY SPORTS* series, which was launched as a new product.

- Baby Care Business

In Thailand and Indonesia, whose markets are in the trend toward polarization 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 addition, in India, where the use of disposable diapers is still low even among emerging countries, the Company expanded its sales area and market share while promoting pants-type disposable diapers. Meanwhile, the Company increased production at its existing factories and made preparations for imports from neighboring countries due to a supply shortage caused by a fire in a western factory.

In the Middle East remaining politically unstable, the Company continuously gained the top market share\* in Saudi Arabia. Exports from Saudi Arabia to neighboring Middle Eastern countries remained stable.

Meanwhile, the Company has responded to diversified needs of consumers by launching a new product that is rare, high quality, and highly priced, and that is made with "Pearl-essence top-sheet" and "Gold-plated stamp," in China, where it promotes sales of the high value-added *moony* series, mainly through e-commerce channels.

In Japan, the Company experienced sluggish sales due to the impact of the spike in demand ahead of the consumption tax increase last year while striving to improve our brand value and working 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*.

\* No. 1 market share in Saudi Arabia for disposable baby diaper market (from September 2019 to August 2020, survey by Unicharm)

As a result, net sales and segment profit (core operating income) for the personal care business for the fiscal period under review were ¥460,375 million (up 0.7% year on year) and ¥78,224 million (up 28.9% year on year), respectively.

## 2) Pet Care Business

In the domestic pet food market, the Company worked to improve consumer satisfaction by launching new products for dogs tailored to the physical characteristics and ages of each breed as well as other products meeting the demand for increased health consciousness in the cat food market, which is growing due to an increase in the number of pet cats.

In the domestic pet toiletry business, sales have remained steady for pet sheets for dogs and toilet systems for cats. In addition, the Company launched a new line of pet diapers for cats from the *Manner Wear* pet diaper brand, and worked to create new markets.

In the North American market, sales have remained steady for wet-type snacks for cats, sheets for dogs and other products that use Japanese technology, and preparations were made for further growth, including reinforcing e-commerce channels, which have grown significantly in recent years, and making overtures to pet specialty stores and dollar stores, single-price stores that are specific to the US, expanding our sales channel. Consequently, high growth was achieved.

As a result, net sales and segment profit (core operating income) for the pet care business for the fiscal period under review were ¥68,933 million (up 9.9% year on year) and ¥10,489 million (up 38.4% 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.

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As a result, net sales and segment profit (core operating income) in other businesses for the fiscal period under review were ¥5,166 million (up 9.0% year on year) and ¥437 million (up 349.1% year on year), respectively.

(2) Explanation of financial position

(Assets)

Total assets as of the end of the third quarter were ¥849,414 million (down 1.7% compared with the end of the previous fiscal year). The major increase was ¥54,237 million in cash and cash equivalents and the major decreases were ¥26,143 million in property, plant and equipment, ¥21,260 million in trade and other receivables, ¥11,399 million in other current and non-current financial assets mainly due to time deposits with deposit terms exceeding three months, and ¥6,314 million in other current assets mainly due to prepaid consumption taxes.

(Liabilities)

Total liabilities as of the end of the third quarter were ¥306,564 million (down 4.5% compared with the end of the previous fiscal year). The major increase was ¥3,939 million in income tax payables and the major decrease was ¥16,401 million in trade and other payables.

(Equity)

Total equity as of the end of the third quarter was ¥542,850 million (down 0.0% compared with the end of the previous fiscal year). The major increase was ¥40,073 million in profit attributable to owners of parent, and the major decreases were ¥21,179 million in other components of equity mainly due to exchange differences on translation in foreign operations and ¥17,898 million in dividends paid to owners of parent.

(Ratio of equity attributable to owners of parent)

Ratio of equity attributable to owners of parent as of the end of the third quarter was 56.1%.

(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 13, 2020.

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## 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, 2019 (as of December 31, 2019)	Q3 of Fiscal Year Ending December 31, 2020 (as of September 30, 2020)
Assets			
Current assets			
Cash and cash equivalents		128,787	183,024
Trade and other receivables		121,784	100,524
Inventories		65,240	66,396
Other current financial assets		86,418	80,898
Other current assets		24,891	18,577
Total current assets		427,120	449,419
Non-current assets			
Property, plant and equipment		284,105	257,963
Intangible assets		94,162	89,397
Deferred tax assets		13,141	12,762
Investments accounted for using equity method		939	1,386
Other non-current financial assets		42,342	36,462
Other non-current assets		2,193	2,023
Total non-current assets		436,882	399,995
Total assets		864,003	849,414



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(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2019 (as of December 31, 2019)	Q3 of Fiscal Year Ending December 31, 2020 (as of September 30, 2020)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		150,007	133,606
Bonds and borrowings		10,264	10,476
Income tax payables		7,041	10,980
Other current financial liabilities		5,998	6,830
Other current liabilities		43,557	45,663
Total current liabilities		216,868	207,555
Non-current liabilities			
Bonds and borrowings		27,601	25,264
Deferred tax liabilities		20,682	21,103
Retirement benefit liabilities		10,173	10,302
Other non-current financial liabilities		40,500	37,538
Other non-current liabilities		5,279	4,802
Total non-current liabilities		104,234	99,009
Total liabilities		321,102	306,564
Equity			
Equity attributable to owners of parent			
Capital stock		15,993	15,993
Share premium		14,960	12,958
Retained earnings		513,066	535,868
Treasury shares		(58,769)	(55,192)
Other components of equity		(12,177)	(33,356)
Total equity attributable to owners of parent		473,073	476,270
Non-controlling interests		69,827	66,580
Total equity		542,900	542,850
Total liabilities and equity		864,003	849,414

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Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2020

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

(Condensed consolidated statement of income)

(Millions of Yen)

	Notes	Q3 of Fiscal Year Ended December 31, 2019 (January 1, 2019 – September 30, 2019)	Q3 of Fiscal Year Ending December 31, 2020 (January 1, 2020 – September 30, 2020)
Net sales	3	524,741	534,474
Cost of sales		(328,724)	(318,466)
Gross profit		196,017	216,008
Selling, general and administrative expenses	4	(127,657)	(126,858)
Other income		1,996	2,356
Other expenses	5	(1,198)	(17,979)
Financial income		2,354	2,672
Financial costs		(3,914)	(3,528)
Profit before tax		67,597	72,671
Income tax expenses		(15,763)	(24,654)
Profit for the period		51,834	48,017
Profit attributable to			
Owners of parent		45,496	40,073
Non-controlling interests		6,338	7,945
Profit for the period		51,834	48,017
Earnings per share attributable to owners of parent			
Basic earnings per share (Yen)		76.49	67.12
Diluted earnings per share (Yen)		75.96	67.00

Reconciliation of changes from gross profit to core operating income

(Millions of Yen)

Gross profit	196,017	216,008
Selling, general and administrative expenses	(127,657)	(126,858)
Core operating income (*)	68,360	89,150

\* Core operating income comprises gross profit less selling, general and administrative expenses. While it is not an indicator defined in IFRS, the Company voluntarily discloses this in the condensed consolidated statement of income and Note “3. Segment information” as the Company’s Board of Directors evaluates the performance of business segments based on core operating income, and it is believed to be a valuable benchmark for measuring the Group’s recurring business performance.

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Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2020

(Condensed consolidated statement of comprehensive income)

(Millions of Yen)

	Notes	Q3 of Fiscal Year Ended December 31, 2019 (January 1, 2019 – September 30, 2019)	Q3 of Fiscal Year Ending December 31, 2020 (January 1, 2020 – September 30, 2020)
Profit for the period		51,834	48,017
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		(205)	(654)
Remeasurements related to net defined benefit liabilities (assets)		(56)	(115)
Subtotal		(260)	(769)
Items that may be reclassified to profit or loss			
Net changes in debt instruments measured at fair value through other comprehensive income		–	(0)
Changes in fair value of cash flow hedges		(30)	7
Exchange differences on translation in foreign operations		(7,948)	(22,342)
Share of other comprehensive income of investments accounted for using equity method		–	88
Subtotal		(7,978)	(22,247)
Total other comprehensive income, net of tax		(8,238)	(23,016)
Total comprehensive income		43,596	25,001
Total comprehensive income attributable to			
Owners of parent		40,061	20,307
Non-controlling interests		3,536	4,694
Total comprehensive income		43,596	25,001

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Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2020

(3) Condensed consolidated statement of changes in equity

Third Quarter of the Fiscal Year Ended December 31, 2019 (January 1, 2019 – September 30, 2019)

(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, 2019		15,993	13,058	480,457	(52,776)	(15,276)	441,456	62,214	503,670
Cumulative effects of changes in accounting policies		–	–	(530)	–	–	(530)	(23)	(554)
Restated balance at January 1, 2019		15,993	13,058	479,927	(52,776)	(15,276)	440,926	62,190	503,116
Profit for the period		–	–	45,496	–	–	45,496	6,338	51,834
Other comprehensive income		–	–	–	–	(5,435)	(5,435)	(2,803)	(8,238)
Total comprehensive income		–	–	45,496	–	(5,435)	40,061	3,536	43,596
Purchase of treasury shares		–	–	–	(15,001)	–	(15,001)	–	(15,001)
Conversion of convertible bond-type bonds with share acquisition rights		–	364	–	3,584	(298)	3,650	–	3,650
Dividends		–	–	(15,475)	–	–	(15,475)	(2,061)	(17,536)
Equity transactions with non-controlling interests		–	–	–	–	–	–	253	253
Transfer from other components of equity to retained earnings		–	–	1,467	–	(1,467)	–	–	–
Total transactions with owners		–	364	(14,008)	(11,416)	(1,765)	(26,825)	(1,808)	(28,633)
Balance at September 30, 2019		15,993	13,422	511,415	(64,192)	(22,476)	454,161	63,918	518,079

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Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2020

Third Quarter of the Fiscal Year Ending December 31, 2020 (January 1, 2020 – September 30, 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		–	–	40,073	–	–	40,073	7,945	48,017
Other comprehensive income		–	–	–	–	(19,766)	(19,766)	(3,250)	(23,016)
Total comprehensive income		–	–	40,073	–	(19,766)	20,307	4,694	25,001
Purchase of treasury shares		–	–	–	(7,192)	–	(7,192)	–	(7,192)
Disposal of treasury shares		–	1,051	–	3,239	(500)	3,790	–	3,790
Conversion of convertible bond-type bonds with share acquisition rights		–	280	–	3,510	(286)	3,504	–	3,504
Dividends		–	–	(17,898)	–	–	(17,898)	(7,966)	(25,863)
Change in scope of consolidation		–	–	–	–	–	–	7	7
Equity transactions with non-controlling interests		–	(21)	–	–	–	(21)	17	(5)
Share-based payment transactions		–	(3,312)	–	4,019	–	708	–	708
Transfer from other components of equity to retained earnings		–	–	627	–	(627)	–	–	–
Total transactions with owners		–	(2,002)	(17,271)	3,577	(1,413)	(17,109)	(7,942)	(25,051)
Balance at September 30, 2020		15,993	12,958	535,868	(55,192)	(33,356)	476,270	66,580	542,850

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Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2020

(4) 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, 2019.

Quarterly income tax is calculated based on the estimated annual average effective tax rate.

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 reporting 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)

	Q3 of Fiscal Year Ended December 31, 2019 (January 1, 2019 – September 30, 2019)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	457,298	62,703	4,740	524,741	–	524,741
Sales across segments (Note)	–	–	28	28	(28)	–
Total segment sales	457,298	62,703	4,768	524,769	(28)	524,741
Segment profit (Core operating income)	60,687	7,576	97	68,360	–	68,360
Other income						1,996
Other expenses						(1,198)
Financial income						2,354
Financial costs						(3,914)
Profit before tax						67,597

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

Unicharm Corporation (8113) Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2020

(Millions of Yen)

	Q3 of Fiscal Year Ending December 31, 2020 (January 1, 2020 – September 30, 2020)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	460,375	68,933	5,166	534,474	–	534,474
Sales across segments (Note)	–	–	35	35	(35)	–
Total segment sales	460,375	68,933	5,201	534,509	(35)	534,474
Segment profit (Core operating income)	78,224	10,489	437	89,150	–	89,150
Other income						2,356
Other expenses						(17,979)
Financial income						2,672
Financial costs						(3,528)
Profit before tax						72,671

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

4. Selling, general and administrative expenses

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

(Millions of Yen)

	Q3 of Fiscal Year Ended December 31, 2019 (January 1, 2019 – September 30, 2019)	Q3 of Fiscal Year Ending December 31, 2020 (January 1, 2020 – September 30, 2020)
	Freight-out expenses	35,803
Sales promotion expenses	15,512	15,852
Advertising expenses	15,825	16,712
Employee benefits expenses	27,178	28,609
Depreciation and amortization expenses	6,990	7,840
Research and development expenses	5,405	5,595
Others	20,945	17,372
Total	127,657	126,858

5. Fire accident at Unicharm India Private Ltd.'s Ahmedabad Factory

A fire accident took place on June 24, 2020 at Ahmedabad Factory of Unicharm India Private Ltd., a subsidiary of the Company. In the third quarter of the fiscal year under review, the total amount of damage was ¥16,038 million, totaling ¥13,162 million of property, plant and equipment such as buildings and equipment of the factory, ¥1,919 million of inventories, and ¥957 million of other related expenses. This damage amount is recorded as “other expenses” in the condensed consolidated statement of income.

The overseas subsidiary had fire insurance for the damaged assets, but since the receipt of insurance proceeds has not been determined as of the end of the third quarter, insurance income is not recorded.