

This notice has been translated from the original Japanese text of the timely disclosure statement dated May 9, 2022 and is for reference purposes only. In the event of any discrepancy between the original Japanese and this translation, the Japanese text shall prevail.

## CAUTIONS REGARDING FORWARD-LOOKING STATEMENTS

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

## Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2022; Flash Report [IFRS]



MEMBERSHIP

May 9, 2022

Listed Company Name: **Unicharm Corporation**  
 Listing: **Tokyo Stock Exchange**  
 Code Number: **8113**  
 URL: **https://www.unicharm.co.jp/**  
 Company Representative: **Takahisa Takahara, Representative Director, President and Chief Executive Officer**  
 Contact Person: **Hirotatsu Shimada, Managing Executive Officer, General Manager of Accounting Control and Finance Division**  
 Telephone Number: **+81-3-3451-5111**  
 Scheduled Date to Submit Quarterly Securities Report: **May 11, 2022**  
 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, 2022 (January 1, 2022 through March 31, 2022)

#### (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, 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
Q1 of Fiscal Year Ended 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	—

(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, 2022	28.22	28.21
Q1 of Fiscal Year Ended December 31, 2021	33.56	33.53

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

**(2) Consolidated financial position**

	Total Assets	Total Equity	Equity Attributable to Owners of Parent	Ratio of Equity Attributable to Owners of Parent
	Millions of Yen	Millions of Yen	Millions of Yen	%
As of March 31, 2022	1,026,909	672,779	588,078	57.3
As of December 31, 2021	987,655	635,438	557,639	56.5

**2. Cash Dividends**

	Annual Dividends				
	1st Q-End	2nd Q-End	3rd Q-End	Year-End	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year Ended December 31, 2021	–	18.00	–	18.00	36.00
Fiscal Year Ending December 31, 2022	–				
Fiscal Year Ending December 31, 2022 (forecast)		19.00	–	19.00	38.00

(Note) Changes in dividend forecasts recently disclosed: None

**3. Forecast of Consolidated Financial Results for the Fiscal Year Ending December 31, 2022 (January 1, 2022 through December 31, 2022)**

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

	Net Sales		Core Operating Income		Profit Before Tax		Profit Attributable to Owners of Parent		Basic Earnings Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full Year	850,000	8.6	127,000	3.7	126,000	3.3	79,200	8.9	132.81

(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, 2022:	620,834,319 shares
As of December 31, 2021:	620,834,319 shares
- (ii) Number of treasury shares as of end of period:
 

As of March 31, 2022:	24,488,873 shares
As of December 31, 2021:	24,655,259 shares
- (iii) Average number of shares during the period (accumulated total):
 

Q1 of Fiscal Year Ending December 31, 2022:	596,252,082 shares
Q1 of Fiscal Year Ended December 31, 2021:	599,132,571 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.

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

Contents of Exhibit

1. Qualitative Information on Financial Results .....	2
(1) Explanation of operating results .....	2
(2) Explanation of financial position .....	4
(3) Explanation of future estimate information such as forecast of consolidated financial results .....	5
2. Condensed Consolidated Financial Statements and Significant Notes Thereto .....	6
(1) Condensed consolidated statement of financial position .....	6
(2) Condensed consolidated statement of income and Condensed consolidated statement of comprehensive income .....	8
(3) Condensed consolidated statement of changes in equity .....	10
(4) Condensed consolidated statement of cash flows .....	11
(5) Notes to the condensed consolidated financial statements .....	13
1. Notes regarding going concern assumptions .....	13
2. Significant accounting policies .....	13
3. Segment information .....	13
4. Selling, general and administrative expenses .....	14

## 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, 2022), the operating environment of the Group remained unpredictable, with rising geopolitical risk, due mainly to the deterioration of the situation in Ukraine, further exacerbating a steep rise in resource prices, as well as the fallout from economic sanctions.

In the overseas markets, each key target country such as Thailand, India, and Indonesia shows signs of recovery from economic deterioration caused by the novel coronavirus disease (“COVID-19”). Meanwhile, the economy continued to slow in China, which has adopted a zero-Covid policy. Against this backdrop, the Company took measures to maintain a stable supply of its products, as they are daily necessities, and met the demand.

In Japan, business conditions continued to recover, but there were also signs of weakness due to the rapid spread of new COVID-19 variants. In this context, the Company has striven to expand its market share by continuously proposing new values to stimulate demand for high value-added products.

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

As a result, the Company’s net sales, core operating income, profit before tax, profit for the period, and profit attributable to owners of parent in the first quarter of the fiscal year under review reached ¥204,373 million (up 12.3% year on year), ¥29,948 million (down 4.5% year on year), ¥30,777 million (down 10.1% year on year), ¥19,462 million (down 15.7% year on year), and ¥16,826 million (down 16.3% year on year), respectively.

Financial results by segment are as described below.

#### 1) Personal Care Business

##### ● Wellness Care Business

In the overseas markets, the Company developed new products to meet local needs in China, where populations are aging even faster than in Japan and there is a large target market for adult excretion care products. The Company has engaged in expanding brand recognition and promoting the spread of its adult excretion care products through active investment in marketing. In the Southeast Asian region, including Thailand, Indonesia, and Vietnam, where demand is increasing for adult excretion care products, the Company has striven to promote the spread of the care model it has established in Japan.

The domestic market, which continues to grow as Japan’s population of the elderly increases, was back on course for recovery partly because people have become accustomed to the living environment under the COVID-19 pandemic and more people received a vaccination. Amid the circumstances, the Company achieved stable growth from its expanded lineup of products, centered on mild and moderate products that help to extend healthy life-spans.

The Company also endeavored to ensure stable supply of the *Cho-kaiteki* and *Cho-rittai* brands and expand its market share, amid rising demand for masks from Japanese manufacturers from the perspectives of safety and security, in addition to the rapid spread of COVID-19 due to the emergence of new variants.

During this time when masks have become indispensable as an infection preventive measure, we released see-through face masks, *clear face mask*, that allow a user’s mouth and facial expressions to be seen, while preventing droplet infection. This product was designed for those who feel uneasy about communication as typical masks hinder their ability to read lips and see facial expressions. Through this release, the Company worked to create a “Cohesive Society” with social inclusion, as a society where all people are equal and can live without inconvenience.

In response to an expected increase in demand for masks from Japanese manufacturers in terms of safety and security, not only in Japan but also worldwide, the Company will strengthen its overseas mask sales, and strive for further growth.

##### ● Feminine Care Business

In China, the Company was temporarily affected by lockdowns, etc. due to the spread of COVID-19 in some regions. Despite such circumstances, the Company’s high-quality products featuring charming designs remain highly popular with the younger generation. The Company continued to achieve high growth

especially in shorts-shaped sanitary napkins and sanitary napkins using organic cotton as a result of continuously proposing new values. In addition, the Company took the initiative in expanding the sales areas and the number of stores handling its products, bolstering sales through utilizing new e-commerce platforms, and other activities. The Company also achieved stable growth in the Southeast Asian region, including Thailand, Indonesia, and Vietnam, due to the steady sales of cooling sanitary napkins that give a feeling of freshness, and other high value-added products. Moreover, in the Middle East, the Company achieved high growth as a result of steady exports from Saudi Arabia to neighboring Middle Eastern countries, as well as domestic sales in Saudi Arabia, thanks to aggressive investment in marketing.

In Japan, where the market is shrinking due to a decrease in the target population, the Company strived to improve brand value by offering high value-added products to cater to different lifestyles of women and utilizing social media and other forums to communicate with consumers, amid an increasing emphasis on health and peace of mind. As a result, it achieved high growth.

- Baby Care Business

In Thailand, where market polarization was advancing due to the impact of the spread of COVID-19, the Company has responded to a wide range of customers' needs by utilizing synergies with DSG (Cayman) Limited, a subsidiary the Company acquired in 2018. In Indonesia, where the COVID-19 pandemic has likewise led to an increasing proportion of net sales through sales channels such as "modern trade," the Company achieved high growth, due partly to a rapid recovery in sales through traditional trade by small-scale retailers, resulting from a progressive recovery in business conditions after the slump due to COVID-19. In India, the use of disposable diapers is still low, even compared to other emerging countries. The Company recommenced operations at its factory in northern India, strengthened production at its existing factories, and imported products from neighboring countries, striving to recover its sales area and market share while promoting pants-type disposable diapers. As a result, it achieved high growth. A decline in the demand for made-in-Japan products led to sluggish sales growth in China, which is seeing lower birth rates and the emergence of local companies. The Company strived to improve profitability while responding to the diversified needs of consumers through efforts to strengthen sales of the high value-added *moony* series made in China, mainly through e-commerce channels and baby specialty stores. However, profit fell due to higher manufacturing, logistics, and other costs resulting from soaring resource prices.

In Japan, where the market is shrinking with lower birth rates, the Company has strived to improve our brand value and worked to give parents more enjoyment as they raise their babies by way of our expanded lineup of products including high value-added products such as *moony* and *Natural moony* brands. As a result, it achieved stable growth.

- Kirei Care Business

The Company has merged the wipes and cosmetic cotton from its Wellness Care Business and Baby Care Business to form the Kirei Care Business. The name "Kirei," a phonetic representation of the Japanese word meaning "nice and clean," refers not only to physical beauty and cleanliness but also to the beauty that people contain inside themselves. Launched worldwide as a broad concept and common expression, this new business embodies the Company's aspiration to create environments where all people can enjoy safe and secure Kirei lifestyles.

In Japan, with the rapid spread of COVID-19 due to the emergence of new variants, the Company ensured the stable supply of *Silcot* brand wet tissues while endeavoring to expand its market share. As a result, it achieved stable growth. A similar increase in hygiene consciousness is anticipated in the future, not only in Japan but also worldwide, and the Company aims to create environments where people from all around the world can enjoy safe and secure Kirei lifestyles.

As a result, net sales and segment profit (core operating income) for the personal care business for the fiscal period under review were ¥176,331 million (up 11.8% year on year) and ¥26,276 million (down 5.6% year on year), respectively.

## 2) Pet Care Business

In Japan, the spread of COVID-19 since 2020 increased the number of hours people spent at home, which in turn has contributed to an increase in the number of pets kept as well as opportunities for contact with pets. Amid such circumstances, in the pet food business, the Company worked to improve consumer satisfaction by providing products for cats meeting the demand for increased health consciousness. The Company bolstered the sale of products for dogs tailored to the physical characteristics and ages of each breed, food products for building bodies with a new concept of maintaining muscle health, and other

products. Also, in the pet toiletry business, the Company achieved stable growth as a result of steady sales of pet sheets for dogs, toilet systems for cats, etc.

In the North American market, with the spread of COVID-19 leading to an increase in the number of pets living with humans and an increase of opportunities for consumers to have contact with pets, sales have remained steady for products equipped with Japanese technology such as sheets for dogs and wet-type snacks for cats, a concept that is new to the market. The Company achieved high growth, mainly as a result of reflecting increases in raw material prices in the selling prices of some merchandise.

As a result, net sales and segment profit (core operating income) for the pet care business for the fiscal period under review were ¥26,276 million (up 17.8% year on year) and ¥3,541 million (up 6.4% 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.

As a result, net sales and segment profit (core operating income) in other businesses for the fiscal period under review were ¥1,766 million (down 9.4% year on year) and ¥131 million (down 30.7% year on year), respectively.

## (2) Explanation of financial position

### 1) Status of assets, liabilities and equity

#### (Assets)

Total assets as of the end of the first quarter were ¥1,026,909 million (up 4.0% compared with the end of the previous fiscal year). The major increases were ¥35,744 million in cash and cash equivalents, ¥12,258 million in property, plant and equipment, and ¥9,585 million in inventories, and the major decrease was ¥16,601 million in other current and non-current financial assets mainly due to time deposits with deposit terms exceeding three months.

#### (Liabilities)

Total liabilities as of the end of the first quarter were ¥354,129 million (up 0.5% compared with the end of the previous fiscal year). The major increases were ¥5,603 million in borrowings and ¥3,047 million in other current and non-current financial liabilities mainly due to lease liabilities, and the major decreases were ¥6,523 million in trade and other payables and ¥3,471 million in income tax payables.

#### (Equity)

Total equity as of the end of the first quarter was ¥672,779 million (up 5.9% compared with the end of the previous fiscal year). The major increases were ¥23,446 million in other components of equity mainly due to exchange differences on translation in foreign operations, ¥16,826 million in profit attributable to owners of parent, and ¥6,902 million in non-controlling interests, and the major decrease was ¥10,731 million in dividends paid to owners of parent.

#### (Ratio of equity attributable to owners of parent)

Ratio of equity attributable to owners of parent as of the end of the first quarter was 57.3%.

### 2) Status of cash flows

Cash and cash equivalents as of the end of the first quarter were ¥223,292 million, an increase of ¥35,744 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 ¥24,544 million (¥22,364 million was provided in the same period of the previous fiscal year). The main inflows were due to profit before tax and a decrease in trade and other receivables, and the main outflows were due to a decrease in trade and other payables.

#### (Cash flows from investing activities)

Net cash provided by investing activities was ¥11,547 million (¥6,720 million was used in the same period of the previous fiscal year). The main inflows were due to proceeds from withdrawal of time deposits, and the main outflows were due to payments into time deposits and the purchase of property, plant and equipment, and intangible assets.

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

(Cash flows from financing activities)

Net cash used in financing activities was ¥7,345 million (¥9,119 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, 2022.



*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

## 2. Condensed Consolidated Financial Statements and Significant Notes Thereto

### (1) Condensed consolidated statement of financial position

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2021 (as of December 31, 2021)	Q1 of Fiscal Year Ending December 31, 2022 (as of March 31, 2022)
Assets			
Current assets			
Cash and cash equivalents		187,547	223,292
Trade and other receivables		129,367	122,285
Inventories		89,811	99,396
Other current financial assets		119,752	113,045
Other current assets		21,266	21,969
Total current assets		547,743	579,987
Non-current assets			
Property, plant and equipment		271,689	283,947
Intangible assets		85,407	90,036
Deferred tax assets		13,911	13,853
Investments accounted for using equity method		1,029	949
Other non-current financial assets		65,789	55,895
Other non-current assets		2,086	2,242
Total non-current assets		439,912	446,921
Total assets		987,655	1,026,909

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2021 (as of December 31, 2021)	Q1 of Fiscal Year Ending December 31, 2022 (as of March 31, 2022)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		167,241	160,718
Borrowings		33,882	39,256
Income tax payables		13,639	10,168
Other current financial liabilities		5,455	6,005
Other current liabilities		54,233	55,760
Total current liabilities		274,450	271,907
Non-current liabilities			
Borrowings		4,432	4,661
Deferred tax liabilities		24,285	25,291
Retirement benefit liabilities		11,973	12,616
Other non-current financial liabilities		32,727	35,225
Other non-current liabilities		4,349	4,429
Total non-current liabilities		77,767	82,222
Total liabilities		352,217	354,129
Equity			
Equity attributable to owners of parent			
Capital stock		15,993	15,993
Share premium		14,801	15,269
Retained earnings		599,946	606,000
Treasury shares		(68,646)	(68,176)
Other components of equity		(4,454)	18,992
Total equity attributable to owners of parent		557,639	588,078
Non-controlling interests		77,799	84,701
Total equity		635,438	672,779
Total liabilities and equity		987,655	1,026,909

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

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

(Condensed consolidated statement of income)

(Millions of Yen)

	Notes	Q1 of Fiscal Year Ended December 31, 2021 (January 1, 2021 – March 31, 2021)	Q1 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – March 31, 2022)
Net sales	3	182,015	204,373
Cost of sales		(107,975)	(127,961)
Gross profit		74,039	76,413
Selling, general and administrative expenses	4	(42,686)	(46,465)
Other income		1,858	438
Other expenses		(595)	(355)
Financial income		1,916	2,302
Financial costs		(312)	(1,555)
Profit before tax		34,220	30,777
Income tax expenses		(11,143)	(11,316)
Profit for the period		23,078	19,462
Profit attributable to			
Owners of parent		20,104	16,826
Non-controlling interests		2,973	2,635
Profit for the period		23,078	19,462
Earnings per share attributable to owners of parent			
Basic earnings per share (Yen)		33.56	28.22
Diluted earnings per share (Yen)		33.53	28.21

Reconciliation of changes from gross profit to core operating income

(Millions of Yen)

Gross profit	74,039	76,413
Selling, general and administrative expenses	(42,686)	(46,465)
Core operating income (*)	31,353	29,948

\* 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.

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

(Condensed consolidated statement of comprehensive income)

(Millions of Yen)

	Notes	Q1 of Fiscal Year Ended December 31, 2021 (January 1, 2021 – March 31, 2021)	Q1 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – March 31, 2022)
Profit for the period		23,078	19,462
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		188	(2,451)
Remeasurements related to net defined benefit liabilities (assets)		–	(34)
Subtotal		188	(2,485)
Items that may be reclassified to profit or loss			
Net changes in debt instruments measured at fair value through other comprehensive income		1	(13)
Changes in fair value of cash flow hedges		25	22
Exchange differences on translation in foreign operations		21,246	30,932
Share of other comprehensive income of investments accounted for using equity method		6	6
Subtotal		21,278	30,946
Total other comprehensive income, net of tax		21,465	28,462
Total comprehensive income		44,543	47,923
Total comprehensive income attributable to			
Owners of parent		38,001	40,301
Non-controlling interests		6,542	7,622
Total comprehensive income		44,543	47,923

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

(3) Condensed consolidated statement of changes in equity

First Quarter of the Fiscal Year Ended 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

First Quarter of the Fiscal Year Ending 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

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

(4) Condensed consolidated statement of cash flows

(Millions of Yen)

	Notes	Q1 of Fiscal Year Ended December 31, 2021 (January 1, 2021 – March 31, 2021)	Q1 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – March 31, 2022)
Cash flows from operating activities			
Profit before tax		34,220	30,777
Depreciation and amortization expenses		9,205	9,686
Interest and dividend income		(863)	(911)
Interest expenses		257	452
Foreign exchange loss (gain)		782	1,864
Loss (gain) on sale and retirement of fixed assets		16	62
Decrease (increase) in trade and other receivables		9,111	11,377
Decrease (increase) in inventories		(2,586)	(5,289)
Increase (decrease) in trade and other payables		(4,134)	(13,884)
Increase (decrease) in other current liabilities		(12,424)	(349)
Other, net		(531)	1,171
Subtotal		33,054	34,956
Interest and dividends received		926	1,089
Interest paid		(279)	(415)
Income taxes refund		1,565	–
Income taxes paid		(12,900)	(11,086)
Net cash provided by (used in) operating activities		22,364	24,544
Cash flows from investing activities			
Payments into time deposits		(15,703)	(11,428)
Proceeds from withdrawal of time deposits		22,675	27,655
Purchase of property, plant and equipment, and intangible assets		(6,811)	(6,682)
Proceeds from sale of property, plant and equipment, and intangible assets		7	10
Purchase of financial assets measured at amortized cost		(2,013)	(603)
Purchase of financial assets measured at fair value through profit or loss		(2,000)	(1,000)
Purchase of equity instruments measured at fair value through other comprehensive income		(4,957)	(502)
Proceeds from sale and redemption of financial assets measured at amortized cost		–	1,000
Proceeds from sale and redemption of financial assets measured at fair value through profit or loss		2,000	3,100
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		0	(3)
Net cash provided by (used in) investing activities		(6,720)	11,547

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

(Millions of Yen)

	Notes	Q1 of Fiscal Year Ended December 31, 2021 (January 1, 2021 – March 31, 2021)	Q1 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – March 31, 2022)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		2,797	4,544
Repayments of lease liabilities		(1,162)	(1,338)
Payments for purchase of treasury shares		(0)	(0)
Dividends paid to owners of parent		(9,595)	(10,740)
Dividends paid to non-controlling interests		(1,403)	(351)
Proceeds from exercise of employee share options		244	540
Net cash provided by (used in) financing activities		(9,119)	(7,345)
Effect of exchange rate changes on cash and cash equivalents		4,420	6,998
Net increase (decrease) in cash and cash equivalents		10,945	35,744
Cash and cash equivalents at beginning of period		199,522	187,547
Cash and cash equivalents at end of period		210,467	223,292

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

(5) Notes to the condensed consolidated financial statements

1. Notes regarding going concern assumptions

None.

2. Significant accounting policies

Significant accounting policies adopted for these condensed consolidated financial statements are the same as those adopted to the consolidated financial statements for the fiscal year ended December 31, 2021.

3. Segment information

(1) Overview of reportable segments

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

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

Therefore, the "personal care business," the "pet care business," and "other businesses" constitute the Group's reportable segments.

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

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

(2) Sales and results by reportable segment

Sales and results by reportable segment are as follows.

(Millions of Yen)

	Q1 of Fiscal Year Ended 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



*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

(Millions of Yen)

	Q1 of Fiscal Year Ending 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

(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, 2021 (January 1, 2021 – March 31, 2021)	Q1 of Fiscal Year Ending December 31, 2022 (January 1, 2022 – March 31, 2022)
Freight-out expenses	12,326	14,313
Sales promotion expenses	4,621	5,970
Advertising expenses	5,704	4,577
Employee benefits expenses	9,965	10,623
Depreciation and amortization expenses	2,738	2,765
Research and development expenses	1,784	1,866
Others	5,549	6,350
Total	42,686	46,465