

This notice has been translated from the original Japanese text of the timely disclosure statement dated November 7, 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 Third Quarter of the Fiscal Year Ending December 31, 2023; Flash Report [IFRS]



MEMBERSHIP

November 7, 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: **November 8, 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 Third Quarter of the Fiscal Year Ending December 31, 2023 (January 1, 2023 through September 30, 2023)

#### (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, 2023	687,431	5.0	92,736	1.2	101,042	10.5	70,064	14.1	60,993	16.2	120,555	(8.2)
Q3 of Fiscal Year Ended December 31, 2022	654,548	14.5	91,662	(5.9)	91,416	(10.1)	61,422	(14.0)	52,474	(15.3)	131,328	46.6

(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
Q3 of Fiscal Year Ending December 31, 2023	102.99	102.99
Q3 of Fiscal Year Ended December 31, 2022	88.10	88.08

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

Unicharm Corporation (8113) Consolidated Financial Results for the Third 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 September 30, 2023	1,118,636	770,341	677,287	60.5
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	–	20.00	–		
Fiscal Year Ending December 31, 2023 (forecast)				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	137.06

(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: Yes

(ii) Changes in accounting policies other than item (i) above: None

(iii) Changes in accounting estimates: None

(Note) For the details, please refer to “2. Condensed Consolidated Financial Statements and Significant Notes Thereto, (5) Notes to the condensed consolidated financial statements, 2. Material accounting policies” section on page 13.

**(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, 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 September 30, 2023: 30,596,327 shares

As of December 31, 2022: 27,560,827 shares

(iii) Average number of shares during the period (accumulated total):

Q3 of Fiscal Year Ending December 31, 2023: 592,236,783 shares

Q3 of Fiscal Year Ended December 31, 2022: 595,648,406 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 Third 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 third quarter under review (January 1 to September 30, 2023), the operating environment of the Group was returning to the pre-pandemic state with the ongoing gradual market recovery as the threat of COVID-19 subsided in Japan and other countries and regions. However, the future outlook remains uncertain with persistent inflation mainly owing to the impacts of elevated resource prices and forex volatility that have continued since last year.

Overseas, with signs of a recovery from the economic deterioration caused by the spread of COVID-19 emerging in many of the target markets, the Company proceeded to address rising costs by implementing value pass-through with product proposals that offer new added value to meet the needs of local customers.

In China, where the economy has been unstable due to the sudden spread of COVID-19 since last year, inflation, and a slump in real estate-related industries, the situation remains uncertain although hygiene-related markets have recovered moderately. 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 and promoting the development of new sales channels.

In Japan, as business conditions continued to recover, the Company has maintained its high market share by continuing to propose new values to stimulate demand for high value-added products in each category, 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 third quarter under review reached ¥687,431 million (up 5.0% year on year), ¥92,736 million (up 1.2% year on year), ¥101,042 million (up 10.5% year on year), ¥70,064 million (up 14.1% year on year), and ¥60,993 million (up 16.2% year on year), respectively.

Financial results by segment are as described below.

#### 1) Personal Care Business

##### ● Wellness Care Business

In overseas markets, the Company continued to actively invest in marketing in China, where the population is aging even faster than in Japan and there is a large target market for adult excretion care products, in an effort to drive awareness and promote the use of these products.

In addition, in regions such as India, Vietnam, and Indonesia, the Company continued 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.

As for adult excretion care products in Japan, the Company continued to expand its extensive lineup of products in line with ADL<sup>\*1</sup> and maintained its high market share as a result of steadily passing value along to customers with the rollout of new added-value products.

The Company responded to consumer needs with an enhanced lineup of the *Cho-kaiteki* and *Cho-rittai* brands in the mask category, a market that has grown significantly until last year. However, the operating environment for masks underwent major changes, including changes in the interpretation of the law<sup>\*2</sup> designed to prevent COVID-19 infections in the second quarter and a higher than usual temperature rise since the start of summer. As a result, the market contracted due to sudden changes in the retail space, but still remains larger than before the COVID-19 spread. The Company will invigorate the market and expand its market share by continuously launching new products to meet consumer needs as the peak demand season approaches in the autumn and beyond.

\*1 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

\*2 Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases

- Feminine Care Business

In China, the Company continued its efforts to expand its sales areas and the number of stores handling its products, mainly in coastal cities, amid logistics instability due to the sudden spread of COVID-19 that continued since last year and the uncertain economic outlook. 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 countries of Thailand, Indonesia, and Vietnam, the Company continued to book strong sales for high value-added products, such as the new-concept of cooling sanitary napkins that give users a feeling of freshness. In the Middle East, the Company achieved high net sales 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, even though the market is shrinking due to a decrease in the target population, the Company strived to pass along more value to customers with high value-added products that cater to the growing emphasis on health and peace of mind, as well as lifestyle, and endeavored to communicate with consumers via social media and the like. As a result, the Company maintained its high market share.

- Baby Care Business

In India, where the use of disposable diapers is still low, even compared to other emerging countries, the Company strived to increase its market share by expanding its sales area while promoting the use of pants-type disposable diapers. As a result, it achieved higher-than-market growth in net sales. In Thailand, where the market had been polarized by COVID-19 and a declining birth rate, as competition arose in the lower price range products, the Company deployed a two-brand strategy (high and low price range) that leverages synergies with DSG (Cayman) Limited, a company it acquired in 2018, in an effort to maintain its strong market share while stemming the market contraction.

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 proprietary developed premium product made in China to meet the needs of the local population, to improve profitability.

In Japan, where the market is shrinking with lower birth rates, the Company continued to pass increasing costs on prices of its extensive lineup of new and high-value added products for *moony* and *Mamy Poko* series, and worked to give parents more enjoyment as they raise their babies, resulting in net sales growth.

- Kirei Care Business

In Japan, amid sluggish growth in the wet tissue market, the Company endeavored to expand its market share primarily by launching products with improved design features under the *Silcot* brand.

In the future, 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 not only of Japan but also 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 ¥580,112 million (up 3.6% year on year) and ¥75,038 million (down 5.3% year on year), respectively.

## 2) Pet Care Business

In the pet food business in Japan, the Company has passed along value to customers for products for cats meeting the demand for increased health consciousness, such as hairball treatment products and products for reducing regurgitation of food, 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. As a result, the Company achieved high net sales growth. 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, while the Company has steadily passing along value to customers since last year by launching new high added-value products, it was affected by inventory reduction by distributors concerned about consumer reluctance to spend due to intermittent inflation. However, net sales growth was steady, reflecting brisk sales of products incorporating Japanese technology and new concepts, such as wet-type snacks for cats. The Company will press forward with the launch of high added-value products by proposing new value to meet the needs of local consumers.

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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 ¥101,284 million (up 14.1% year on year) and ¥17,507 million (up 44.6% 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 ¥6,036 million (up 7.4% year on year) and ¥191 million (down 44.3% 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 third quarter were ¥1,118,636 million (up 6.6% compared with the end of the previous fiscal year). The major increases were ¥57,563 million in other current and non-current financial assets mainly due to time deposits with deposit terms exceeding three months, ¥21,044 million in property, plant and equipment, and ¥18,313 million in investments accounted for using equity method, and the major decrease was ¥28,562 million in cash and cash equivalents.

(Liabilities)

Total liabilities as of the end of the third quarter were ¥348,295 million (up 2.3% compared with the end of the previous fiscal year). The major increases were ¥5,984 million in other current liabilities including accrued expenses, ¥5,245 million in deferred tax liabilities, and ¥3,427 million in borrowings, and the major decrease was ¥6,972 million in income tax payables.

(Equity)

Total equity as of the end of the third quarter was ¥770,341 million (up 8.7% compared with the end of the previous fiscal year). The major increases were ¥60,993 million in profit attributable to owners of parent, and ¥42,566 million in other components of equity mainly due to exchange differences on translation in foreign operations, and the major decreases were ¥23,101 million in dividends paid to owners of parent, and ¥16,848 million in increase in treasury shares.

(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 60.5%.

2) Status of cash flows

Cash and cash equivalents as of the end of the third quarter were ¥188,590 million, a decrease of ¥28,562 million from the end of the previous fiscal year. The respective cash flow positions for the third quarter under review were as follows:

(Cash flows from operating activities)

Net cash provided by operating activities was ¥114,325 million (¥67,665 million was provided in the same period of the previous fiscal year). The main inflows were due to profit before tax, and depreciation and amortization expenses, and the main outflow was due to income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities was ¥90,198 million (¥18,908 million was used in the same period of the previous fiscal year). The main outflows were due to payments into time deposits, purchase of property, plant and equipment, and intangible assets, and purchase of financial assets measured at fair value through profit or loss.

(Cash flows from financing activities)

Net cash used in financing activities was ¥64,474 million (¥27,826 million was used in the same period of the previous fiscal year). The main outflows were due to dividends paid to owners of parent, payments for purchase of treasury shares, and purchase of investments in subsidiaries not resulting in change in scope of consolidation.

(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.



*TRANSLATION FOR REFERENCE PURPOSES ONLY*

Unicharm Corporation (8113) Consolidated Financial Results for the Third 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)	Q3 of Fiscal Year Ending December 31, 2023 (as of September 30, 2023)
Assets			
Current assets			
Cash and cash equivalents		217,153	188,590
Trade and other receivables		152,971	141,388
Inventories		117,590	116,119
Other current financial assets		90,450	136,048
Other current assets		25,592	26,273
Total current assets		603,756	608,418
Non-current assets			
Property, plant and equipment		271,662	292,706
Intangible assets		90,523	99,564
Deferred tax assets		14,860	15,127
Investments accounted for using equity method	4	597	18,910
Other non-current financial assets		65,753	77,717
Other non-current assets		2,067	6,194
Total non-current assets		445,462	510,218
Total assets		1,049,218	1,118,636

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

(Millions of Yen)

	Notes	Fiscal Year Ended December 31, 2022 (as of December 31, 2022)	Q3 of Fiscal Year Ending December 31, 2023 (as of September 30, 2023)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		171,035	167,797
Borrowings		10,787	12,218
Income tax payables		14,600	7,628
Other current financial liabilities		6,645	7,444
Other current liabilities		53,596	59,580
Total current liabilities		256,663	254,667
Non-current liabilities			
Borrowings		16,235	18,231
Deferred tax liabilities		24,940	30,185
Retirement benefit liabilities		12,687	13,930
Other non-current financial liabilities		24,934	25,143
Other non-current liabilities		5,146	6,140
Total non-current liabilities		83,942	93,628
Total liabilities		340,605	348,295
Equity			
Equity attributable to owners of parent			
Capital stock		15,993	15,993
Share premium		15,209	9,911
Retained earnings		644,859	682,843
Treasury shares		(83,699)	(100,547)
Other components of equity		26,521	69,087
Total equity attributable to owners of parent		618,883	677,287
Non-controlling interests		89,730	93,054
Total equity		708,613	770,341
Total liabilities and equity		1,049,218	1,118,636

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

Unicharm Corporation (8113) Consolidated Financial Results for the Third 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	Q3 of Fiscal Year Ended December 31, 2022 (January 1, 2022 – September 30, 2022)	Q3 of Fiscal Year Ending December 31, 2023 (January 1, 2023 – September 30, 2023)
Net sales	3	654,548	687,431
Cost of sales		(410,741)	(434,173)
Gross profit		243,807	253,258
Selling, general and administrative expenses	5	(152,145)	(160,522)
Other income	6	964	7,064
Other expenses		(3,220)	(1,474)
Financial income		4,067	5,915
Financial costs		(2,056)	(3,199)
Profit before tax		91,416	101,042
Income tax expenses		(29,994)	(30,979)
Profit for the period		61,422	70,064
Profit attributable to			
Owners of parent		52,474	60,993
Non-controlling interests		8,948	9,071
Profit for the period		61,422	70,064
Earnings per share attributable to owners of parent			
Basic earnings per share (Yen)		88.10	102.99
Diluted earnings per share (Yen)		88.08	102.99

Reconciliation of changes from gross profit to core operating income

(Millions of Yen)

Gross profit	243,807	253,258
Selling, general and administrative expenses	(152,145)	(160,522)
Core operating income (*)	91,662	92,736

\* 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, 2023

(Condensed consolidated statement of comprehensive income)

(Millions of Yen)

	Notes	Q3 of Fiscal Year Ended December 31, 2022 (January 1, 2022 – September 30, 2022)	Q3 of Fiscal Year Ending December 31, 2023 (January 1, 2023 – September 30, 2023)
Profit for the period		61,422	70,064
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
Net changes in equity instruments measured at fair value through other comprehensive income		(1,211)	1,865
Remeasurements related to net defined benefit liabilities (assets)		110	176
Subtotal		(1,101)	2,041
Items that may be reclassified to profit or loss			
Net changes in debt instruments measured at fair value through other comprehensive income		(23)	(47)
Changes in fair value of cash flow hedges		16	36
Exchange differences on translation in foreign operations		71,000	47,179
Share of other comprehensive income of investments accounted for using equity method		13	1,282
Subtotal		71,007	48,450
Total other comprehensive income, net of tax		69,906	50,491
Total comprehensive income		131,328	120,555
Total comprehensive income attributable to			
Owners of parent		110,019	102,263
Non-controlling interests		21,309	18,292
Total comprehensive income		131,328	120,555

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

(3) Condensed consolidated statement of changes in equity

Third Quarter of the Fiscal Year Ended December 31, 2022 (January 1, 2022 – September 30, 2022)

(Millions of Yen)

	Notes	Equity attributable to owners of parent						Non-controlling interests	Total equity
		Capital stock	Share premium	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at January 1, 2022		15,993	14,801	599,946	(68,646)	(4,454)	557,639	77,799	635,438
Profit for the period		–	–	52,474	–	–	52,474	8,948	61,422
Other comprehensive income		–	–	–	–	57,545	57,545	12,361	69,906
Total comprehensive income		–	–	52,474	–	57,545	110,019	21,309	131,328
Purchase of treasury shares		–	–	–	(17,000)	–	(17,000)	–	(17,000)
Disposal of treasury shares		–	223	–	1,832	(146)	1,909	–	1,909
Dividends		–	–	(22,059)	–	–	(22,059)	(9,689)	(31,748)
Equity transactions with non-controlling interests		–	(1,003)	–	–	–	(1,003)	5,086	4,082
Share-based payment transactions		–	833	–	155	–	988	–	988
Transfer from other components of equity to retained earnings		–	–	(666)	–	666	–	–	–
Total transactions with owners		–	52	(22,725)	(15,012)	520	(37,165)	(4,603)	(41,769)
Balance at September 30, 2022		15,993	14,853	629,695	(83,658)	53,611	630,493	94,505	724,997

Third Quarter of the Fiscal Year Ending December 31, 2023 (January 1, 2023 – September 30, 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		–	–	60,993	–	–	60,993	9,071	70,064
Other comprehensive income		–	–	–	–	41,270	41,270	9,221	50,491
Total comprehensive income		–	–	60,993	–	41,270	102,263	18,292	120,555
Purchase of treasury shares		–	–	–	(17,001)	–	(17,001)	–	(17,001)
Dividends		–	–	(23,101)	–	–	(23,101)	(7,708)	(30,810)
Equity transactions with non-controlling interests		–	(6,140)	–	–	1,389	(4,751)	(7,259)	(12,010)
Share-based payment transactions		–	842	–	153	–	995	–	995
Transfer from other components of equity to retained earnings		–	–	93	–	(93)	–	–	–
Total transactions with owners		–	(5,298)	(23,009)	(16,848)	1,296	(43,859)	(14,968)	(58,826)
Balance at September 30, 2023		15,993	9,911	682,843	(100,547)	69,087	677,287	93,054	770,341

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

(4) Condensed consolidated statement of cash flows

(Millions of Yen)

	Notes	Q3 of Fiscal Year Ended December 31, 2022 (January 1, 2022 – September 30, 2022)	Q3 of Fiscal Year Ending December 31, 2023 (January 1, 2023 – September 30, 2023)
Cash flows from operating activities			
Profit before tax		91,416	101,042
Depreciation and amortization expenses		30,225	31,741
Impairment losses		1,937	–
Interest and dividend income		(2,811)	(4,539)
Interest expenses		1,505	2,347
Foreign exchange loss (gain)		1,061	(1,219)
Loss (gain) on sale and retirement of fixed assets		341	753
Decrease (increase) in trade and other receivables		2,354	22,243
Decrease (increase) in inventories		(24,017)	10,536
Increase (decrease) in trade and other payables		(4,834)	(15,485)
Increase (decrease) in other current liabilities		(6,119)	(654)
Increase (decrease) in other non-current assets		3,840	(675)
Other, net		1,734	419
Subtotal		96,635	146,509
Interest and dividends received		3,022	4,392
Interest paid		(1,519)	(2,331)
Income taxes refund		50	846
Income taxes paid		(30,523)	(35,091)
Net cash provided by (used in) operating activities		67,665	114,325
Cash flows from investing activities			
Payments into time deposits		(48,889)	(94,477)
Proceeds from withdrawal of time deposits		60,481	63,011
Purchase of property, plant and equipment, and intangible assets		(23,421)	(27,936)
Proceeds from sale of property, plant and equipment, and intangible assets		20	53
Long-term loan advances		(2,869)	(21)
Purchase of financial assets measured at amortized cost		(603)	–
Purchase of financial assets measured at fair value through profit or loss		(15,000)	(21,666)
Purchase of equity instruments measured at fair value through other comprehensive income		(637)	(9)
Purchase of debt instruments measured at fair value through other comprehensive income		(2,118)	(19,508)
Proceeds from sale and redemption of financial assets measured at amortized cost		1,000	7,900
Proceeds from sale and redemption of financial assets measured at fair value through profit or loss		12,100	7,000
Proceeds from sale and redemption of equity instruments measured at fair value through other comprehensive income		–	120
Proceeds from sale and redemption of debt instruments measured at fair value through other comprehensive income		1,000	6,300
Purchase of shares of subsidiaries and associates	4	–	(11,117)
Other, net		28	151
Net cash provided by (used in) investing activities		(18,908)	(90,198)

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

(Millions of Yen)

	Notes	Q3 of Fiscal Year Ended December 31, 2022 (January 1, 2022 – September 30, 2022)	Q3 of Fiscal Year Ending December 31, 2023 (January 1, 2023 – September 30, 2023)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings		9,520	85
Proceeds from long-term borrowings		3,984	–
Repayments of long-term borrowings		(743)	–
Repayments of lease liabilities		(4,016)	(4,816)
Purchase of investments in subsidiaries not resulting in change in scope of consolidation		–	(12,090)
Payments for purchase of treasury shares		(17,000)	(17,001)
Dividends paid to owners of parent		(22,066)	(23,107)
Dividends paid to non-controlling interests		(2,285)	(7,626)
Proceeds from share issuance to non-controlling interests		2,870	81
Proceeds from exercise of employee share options		1,909	–
Net cash provided by (used in) financing activities		(27,826)	(64,474)
Effect of exchange rate changes on cash and cash equivalents		14,487	11,786
Net increase (decrease) in cash and cash equivalents		35,417	(28,562)
Cash and cash equivalents at beginning of period		187,547	217,153
Cash and cash equivalents at end of period		222,965	188,590

(5) Notes to the condensed consolidated financial statements

1. Notes regarding going concern assumptions

None.

2. Material accounting policies

Material 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, except for the following item.

Application of Amendments to IAS 12

The Group has applied the “International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12)” (hereinafter “Amendments to IAS 12”) from the second quarter of the fiscal year ending December 31, 2023.

Pursuant to the exception for Amendments to IAS 12, the Group does not recognize deferred tax assets and liabilities related to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD).

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.



*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

(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, 2022 (January 1, 2022 – September 30, 2022)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	560,165	88,761	5,622	654,548	–	654,548
Sales across segments (Note)	–	–	101	101	(101)	–
<b>Total segment sales</b>	560,165	88,761	5,723	654,649	(101)	654,548
<b>Segment profit (Core operating income)</b>	79,212	12,107	343	91,662	–	91,662
Other income						964
Other expenses						(3,220)
Financial income						4,067
Financial costs						(2,056)
<b>Profit before tax</b>						91,416

(Millions of Yen)

	Q3 of Fiscal Year Ending December 31, 2023 (January 1, 2023 – September 30, 2023)					
	Reportable segments				Adjustments	Amounts reported in condensed consolidated statements
	Personal care	Pet care	Other	Total		
Sales to external customers	580,112	101,284	6,036	687,431	–	687,431
Sales across segments (Note)	–	–	343	343	(343)	–
<b>Total segment sales</b>	580,112	101,284	6,378	687,774	(343)	687,431
<b>Segment profit (Core operating income)</b>	75,038	17,507	191	92,736	–	92,736
Other income						7,064
Other expenses						(1,474)
Financial income						5,915
Financial costs						(3,199)
<b>Profit before tax</b>						101,042

(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.”

*TRANSLATION FOR REFERENCE PURPOSES ONLY*

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

5. 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, 2022 (January 1, 2022 – September 30, 2022)	Q3 of Fiscal Year Ending December 31, 2023 (January 1, 2023 – September 30, 2023)
Freight-out expenses	46,076	44,043
Sales promotion expenses	19,483	20,264
Advertising expenses	18,192	21,046
Employee benefit expenses	33,932	36,309
Depreciation and amortization expenses	7,979	8,120
Research and development expenses	5,999	6,832
Others	20,484	23,907
Total	152,145	160,522

6. Other income

Fire insurance proceeds of ¥5,249 million were received in relation to a fire accident took place on June 24, 2020, at Ahmedabad Factory of Unicharm India Private Ltd., a subsidiary of the Company, and they are included in other income of the condensed consolidated statement of income.