TRANSLATION FOR REFERENCE PURPOSES ONLY

This notice has been translated from the original Japanese text of the timely disclosure statement dated February 7, 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 FOLLOWING STATEMENTS

These forecasts of financial results are based on judgments obtained from currently available information. Please be advised that, for a variety of reasons, actual results may differ materially from these forecasts.

MEMBERSHIP

February 7, 2020

To whom it may concern

Listed Company Name: Unicharm Corporation
Company Representative: Takahisa Takahara,
President and Chief Executive Officer
(Code Number: 8113, First Section, Tokyo Stock Exchange)
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Notice Concerning Revisions to Forecasts of Financial Results

Unicharm Corporation (the "Company") hereby notifies the revision of consolidated financial results forecast for the period ended December 2019 (January 1, 2019 through December 31, 2019) announced on February 14, 2019 as follows in light of our recent business performance.

1. Revisions to the Forecasts of Consolidated Financial Results for Fiscal Year Ended December 2019 (January 1, 2019 through December 31, 2019)

	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
Previous Forecasts (A)	730,000	100,000	96,500	63,500	106.91
Revised Forecasts (B)	714,000	89,500	69,500	46,000	77.33
Difference (B - A)	△16,000	△10,500	△27,000	△17,500	
Percentage Increase/ Decrease (%)	△2.2%	△10.5%	△28.0%	△27.6%	
(Reference) Actual Results for FY 2018	688,290	95,107	91,561	61,353	103.73

※Core operating income is calculated by deducting selling, general and administrative expenses from gross profit. While it 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. Reasons for Revisions

Although the Company is scheduled to announce the consolidated financial results for the fiscal year ended December 2019 on February 13, in view of the dimensions of the changed amount in comparison to the previous announcement of forecasts, the Company decided to revise the forecasts of consolidated financial results.
Health care business, feminine care business, and pet care business are favorable and growth exceeded forecasted plan in Asia, and they contribute to the consolidated financial results. However, the baby care business, mainly in the Chinese market where the business performance is in a recovery trend, continues to be in a tougher situation than expected. As a result, it is very difficult to achieve the forecasts of the consolidated financial results, which were previously announced.
Note that the Company will not change the year-end dividends accompanied by the revision of financial results.

The main reasons for the revision of financial forecasts are that, although the sales of baby diapers made in Japan had continued to largely grow in China based on the rise of customer needs for "relief, safety and high-quality", preferential customs duties, and the rapid expansion of e-commerce channels, the demand for baby diapers made in Japan reached its peak due to the recent significant changes of economic environment and customers' value. Therefore, the distribution inventories of the products were forced to be adjusted.
In addition, in China and Japan, the number of births is decreasing at high pace compared to governments' estimates. Especially, in baby diapers market in China, customer needs are diversifying and competitions are intensified due to the emergence of local manufacturers. Under these situations, the Company has low expectation to expand sales amount dynamically in the short term. Accordingly, as to production facilities for Chinese baby diaper markets, the Company estimates that the book value of these facilities should fall short of recoverable value of them and decides to impair the book value to recoverable value. As a results, the Company is expected to post impairment losses of 11,987M JPY. The Company continuously makes efforts to develop new products and create new markets to meet customer needs. The Company is trying to promote management resources investment in health care, feminine care and pet care business, which are high-profitability and high-growth markets, and to transform business structures.
Finally, for DSG (Cayman) Limited's Indonesia business that was purchased on September, 2018, the Company is expected to post impairment losses of 5,543M JPY in intangible assets (related customers assets) related to purchased business, accompanied by uniting the business with the existing ones and reorganization of sales channel.

End