

TRANSLATION FOR REFERENCE PURPOSES ONLY

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September 25, 2018

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)
Contact Person: Atsushi Iwata,
Senior Executive Officer,
General Manager of Accounting
Control and Finance Division.
Telephone Number: +81-3-3451-5111

Notification of Acquisition of Shares in DSG (Cayman) Limited and Conversion into a Subsidiary

Unicharm Corporation (“Unicharm”) hereby today announces the signing of an agreement for Unicharm to acquire entire shares of DSG (Cayman) Limited (“DSGCL”), the holding company of DSG International (Thailand) Public Company Limited (“DSGT”) that manufactures and sells sanitary products in South East Asia, from its shareholders, namely DSG International Limited and North Haven Private Equity Asia Angel Company Limited.

1. Reasons for the Share Acquisition

Unicharm developed our 10th Medium-Term Management Plan in 2016 with the aim to accelerate the globalization and dramatic growth of our business. Under the plan, Unicharm are seeking to achieve consolidated net sales of JPY800 billion, a net sales compound annual growth rate of 7%, a core operating margin of 15% and an ROE of 15%, while addressing a number of social issues, to ultimately help build “cohesive societies.” As Unicharm work towards these goals, Unicharm have proactively expanded our business especially in high growth markets in Asia, as an important part of our strategy to concentrate on priority countries and regions.

DSGCL Group is a corporate group manufacturing and distributing disposable diapers for babies and adults, with business locations in Thailand, Malaysia, Indonesia and Singapore. DSGCL’s baby diaper brands include “BabyLove,” “Fitti” and “PetPet,” while its adult diaper brands include “Certainty.” The group has a solid market share and a high level of recognition in Southeast Asia. Especially in Thailand, where its population aging is expected to outpace that of Japan in the future, the group has built a leading position.

Unicharm have decided on the acquisition this time based on our conviction that the addition of DSGCL Group to our group will help (i) expand and improve our product lineup, enhance our market

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position and realize the economies of scale in the Southeast Asia region, particularly in Thailand and Malaysia, and (ii) generate cost and other synergies through integration of logistics and other functions. In the years ahead, Unicharm would like to pursue those synergies to further drive growth in the Southeast Asia region.

2. Profile of the Company to be Acquired

Profile of DSGCL

(1)	Name	DSG (Cayman) Limited		
(2)	Address	The Office of Sertus Incorporations (Cayman) Limited, Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands		
(3)	Representatives	(Director) Kam Shing Ambrose Chan Man-Wai Ho		
(4)	Business	Holding of DSGT shares		
(5)	Capital	US\$1,904,010 (as of June 30, 2018)		
(6)	Date Established	May 9, 2017		
(7)	Shareholders and Shareholding Ratio	DSG International Limited (66.5%) North Haven Private Equity Asia Angel Company Limited (33.5%)		
(8)	Relationships between Unicharm and DSGCL	Capital Relationship	None	
		Personnel Relationship	None	
		Transaction Relationship	None	
(9)	Operational Results and Financial Condition for the Last Three Years			
	Fiscal Year Ended	December 2015	December 2016	December 2017
	Consolidated Net Assets	—	—	US\$187 million
	Consolidated Total Assets	—	—	US\$328 million
	Consolidated Net Assets per Share	—	—	US\$0.0932
	Consolidated Sales	—	—	US\$252 million
	Consolidated Income before Tax	—	—	US\$9 million
	Consolidated Net Income	—	—	US\$7 million
	Consolidated Net Income per Share	—	—	US\$0.0036
	Dividend per Share	—	—	US\$0.0030

(Note1) Operational results and financial condition above were audited by an auditor

(Note2) Since DSGCL was established on May 9, 2017, the Operational Results and Financial Condition for the fiscal years ended December 2015 and December 2016 are not available.

Profile of DSGT

(1)	Name	DSG International (Thailand) Public Company Limited		
(2)	Address	No. 183, 11th Floor, Regent House Building, Rajdamri Road, Kwaeng Lumpini, Khet Pathumwan, Bangkok		
(3)	Representatives	(Director) Kam Shing Ambrose Chan Justine Man-San Wang Yeoh Aik Cheong		

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(4)	Business	Manufacturing and sales of diapers for babies and adults in Southeast Asia	
(5)	Capital	THB 1,259,999,795 (as of June 30, 2018)	
(6)	Date Established	May 20, 1994	
(7)	Major Shareholder and Shareholding Ratio	DSG (Cayman) Limited (99.3%)	
(8)	Relationships between Unicharm and DSGT	Capital Relationship	None
		Personnel Relationship	None
		Transaction Relationship	None
(9)	Operational Results and Financial Condition for the Last Three Years		
	Fiscal Year Ended	December 2015	December 2016
		December 2017	
	Consolidated Net Assets	THB2,342 million (JPY7,963 million)	THB2,352 million (JPY7,997 million)
	Consolidated Total Assets	THB6,893 million (JPY23,435 million)	THB7,332 million (JPY24,930 million)
	Consolidated Net Assets per Share	THB1.8589 (JPY6.3202)	THB2.1529 (JPY7.3198)
	Consolidated Sales	THB7,515 million (JPY25,551 million)	THB8,235 million (JPY27,998 million)
	Consolidated Income before Tax	THB31 million (JPY106 million)	THB289 million (JPY983 million)
	Consolidated Net Income	THB70 thousand (JPY237 thousand)	THB243 million (JPY826 million)
	Consolidated Net Income per Share	THB0.0001 (JPY0.0002)	THB0.1928 (JPY0.6555)
	Dividend per Share	THB0.0450 (JPY0.1530)	—

(Note3) Operational results and financial condition above were audited by an auditor

(Note4) THB 1 = JPY 3.4

3. Profile of the Sellers

(DSG International Limited)

(1)	Name	DSG International Limited	
(2)	Address	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	
(3)	Representatives	Not disclosed	
(4)	Business	Not disclosed	
(5)	Capital	Not disclosed	
(6)	Date Established	Not disclosed	
(7)	Net Assets	Not disclosed	
(8)	Total Assets	Not disclosed	
(9)	Major Shareholders and Shareholding Ratio	Not disclosed	
(10)	Relationships between Unicharm and the Seller	Capital Relationship	None
		Personnel Relationship	None
		Transaction Relationship	None
		Status as a Related Party	Not applicable

(North Haven Private Equity Asia Angel Company Limited)

(1)	Name	North Haven Private Equity Asia Angel Company Limited	
(2)	Address	The Office of Sertus Incorporations (Cayman) Limited, Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman	

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	Islands	
(3)	Representatives	Not disclosed
(4)	Business	Not disclosed
(5)	Capital	Not disclosed
(6)	Date Established	Not disclosed
(7)	Net Assets	Not disclosed
(8)	Total Assets	Not disclosed
(9)	Major Shareholders and Shareholding Ratio	Not disclosed
(10)	Relationships between Unicharm and the Seller	Capital Relationship
		None
		Personnel Relationship
		None
		Transaction Relationship
		None
		Status as a Related Party
		Not applicable

4. Number of Shares to be Purchased, Purchase Price, and Post-acquisition Shareholding

(1)	Unicharm's Shareholding before the Acquisition	Number of DSGCL shares held: 0 (Shareholding ratio: 0%)
(2)	Number of Shares to be Purchased	DSGCL shares: 2,008,021,988 (Purchase price: US\$530million)
(3)	Unicharm's Shareholding after the Acquisition	Number of DSGCL shares held : 2,008,021,988 (Shareholding ratio: 100.0%)

5. Timeline

(1)	Execution of the Share Purchase Agreement	September 25, 2018
(2)	Share Purchase	September 25, 2018

6. Future Outlook

The impact of this share acquisition on our consolidated financial results for the fiscal year ending December 31, 2018 will be minor.

End