

To all persons concerned

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Difference between Q2 Earnings Forecast and Actual Results, Amendment of Full-Year Earnings Forecast, and Reduction of Executive Compensation

We hereby announce that there was a difference between the 2nd quarter earnings forecast (cumulative total) for the fiscal year ending in March 2021 (April 1, 2020 to September 30, 2020) that was announced on July 30, 2020 and actual results announced today. We also announce that we have amended the full-year earnings forecast for the fiscal year ending in March 2021 (April 1, 2020 to March 31, 2021), and have initiated a reduction (refund) of executive compensation as stated below.

Description

1. Consolidated Earnings Forecast

- (1) Difference between the 2nd quarter consolidated earnings forecast (cumulative total) for the fiscal year ending in March 2021 and actual results (April 1, 2020 to September 30, 2020)

	Net sales	Operating income	Ordinary income	Quarterly net income attributable to owners of the parent company	Quarterly net income per share
	million yen	million yen	million yen	million yen	yen
Previously announced forecast (A)	33,000	400	750	450	10.03
Actual results (B)	33,548	895	1,205	2,136	47.62
Change (B - A)	548	495	455	1,686	—
Percent change (%)	1.7	123.9	60.8	374.9	—
(Reference) Results for the previous fiscal year (2nd quarter of the fiscal year that ended in March 2020)	44,439	4,628	5,107	3,276	71.05

- (2) Amendment of full-year consolidated earnings forecast for the fiscal year ending in March 2021 (April 1, 2020 to March 31, 2021)

	Net sales	Operating income	Ordinary income	Current net income attributable to owners of the parent company	Current net income per share
	million yen	million yen	million yen	million yen	yen
Previously announced forecast (A)	65,000	1,500	1,950	1,200	26.75
Forecast announced at this time (B)	64,000	△800	△350	670	14.93
Change (B - A)	△1,000	△2,300	△2,300	△530	—
Percent change (%)	△1.5	—	—	△44.2	—
(Reference) Results for the previous fiscal year (fiscal year that ended in March 2020)	81,774	5,970	6,706	4,445	97.68

2. Non-Consolidated Earnings Forecast

- (1) Difference between the 2nd quarter non-consolidated earnings forecast (cumulative total) for the fiscal year ending in March 2021 and actual results (April 1, 2020 to September 30, 2020)

	Net sales	Ordinary income	Quarterly net income	Quarterly net income per share
	million yen	million yen	million yen	yen
Previously announced forecast (A)	23,500	1,600	1,300	28.98
Actual results (B)	23,102	2,236	3,041	69.78
Change (B - A)	△397	636	1,741	—
Percent change (%)	△1.7	39.8	134.0	—
(Reference) Results for the previous fiscal year (2nd quarter of the fiscal year ended in March 2020)	28,769	3,667	2,736	59.33

- (2) Amendment of full-year non-consolidated earnings forecast for the fiscal year ending in March 2021 (April 1, 2020 to March 31, 2021)

	Net sales	Ordinary income	Current net income	Current net income per share
	One million yen	One million yen	One million yen	yen
Previously announced forecast (A)	44,500	2,150	1,600	35.66
Forecast announced at this time (B)	42,000	700	1,700	37.89
Change (B - A)	△2,500	△1,450	100	—
Percent change (%)	△5.6	△67.4	6.3	—
(Reference) Results for the previous fiscal year (fiscal year that ended in March 2020)	50,414	4,091	3,117	68.51

3. Reasons for Difference from Actual Results and for Amendment of Earnings Forecast

- (1) Difference between the 2nd quarter earnings forecast (cumulative total) for the fiscal year ending in March 2021 and actual results (consolidated and non-consolidated)

Concerning consolidated financial results for the cumulative period to the 2nd quarter, net sales were almost the same as the earnings forecast announced on July 30, 2020; however, operating income and ordinary income exceeded the announced values thanks to the streamlining of sales costs and the reduction of expenses. The quarterly net income attributable to owners of the parent company is also higher than the announced value thanks to extraordinary income arising from the inclusion of gains on the sale of investment securities. Concerning non-consolidated earnings, net sales were almost the same as the announced value thanks to the same reasons; however, ordinary income and quarterly net income exceeded the announced values.

- (2) Amendment of full-year earnings forecast for the fiscal year ending in March 2021 (consolidated and non-consolidated)

Concerning the full-year earnings forecast, we estimated that the impact of the spread of the novel coronavirus

infection on Mandom would last to the 2nd quarter at first; however, the recovery has been slow due to decreases in the demand for cosmetics in and outside Japan in the 3rd quarter and after and the end of novel coronavirus infection still cannot be estimated for Indonesia and other countries in Southeast Asia. Therefore, we hereby amend the earnings forecast that we announced previously.

Concerning net sales, in consideration of the aforementioned situation, we estimate further decreases from the earnings forecast announced on July 30, 2020. We also estimate further decreases in each income level due to the impact of decreases in earnings despite our efforts in streamlining of sales costs and reductions in general administrative expenses.

If major changes are estimated, the earnings forecast will promptly be amended again since the possibility of unexpected changes due to status and time of the spread and end of the novel coronavirus infection and other external factors cannot be denied.

4. Reduction (Refund) of Executive Compensation

In consideration of the continued severe financial conditions during the fiscal year ending in March 2021 due to the impact of the novel coronavirus infection, our executive officers voluntarily offered to reduce (refund) their compensation. In today's extraordinary board of directors' meeting after the Compensation Committee, it was determined to reduce executive compensation as stated below.

(1) Executive officers concerned and details of reduction (refund)

President and Executive Officer	: 30% of monthly basic compensation
Senior Managing Executive Officer / Managing Executive Officer	: 15% of monthly basic compensation
Executive Officer	: 10% of monthly basic compensation

(2) Subject period

5 months from November 2020 to March 2021

It has also been determined by discussion of Audit & Supervisory Board Members to reduce (refund) monthly basic compensation of Audit & Supervisory Board Members by 15% during the aforementioned period.

(Note) The aforementioned forecasts are future forecasts based on judgments made from the information available for our company at the time, and the actual results may differ significantly from these earnings forecasts due to a variety of factors.

-End of News Release-