

# Financial Report for Fiscal Year ended March 31, 2022 [Japanese GAAP] (Consolidated)

May 13, 2022

Company name: Unitika Ltd.

Listed stock exchange: Tokyo Stock Exchange

Code number: 3103 URL: <https://www.unitika.co.jp/e/home.htm>

Representative: Shuji Ueno, President and Chief Executive Officer

Contact: Masumi Fujimoto, General Manager of Accounting Department

TEL: +81-6-6281-5721

Expected date for holding a regular shareholders meeting: June 29, 2022

Expected date for submitting securities report: June 29, 2022

Expected commencement date for paying dividend: –

Preparation of the attachment of Financial Report: Yes

Holding of a results presentation: Yes (for securities analysts and institutional investors)

(Figures rounded down to nearest million yen.)

## 1. Consolidated performance for fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

### (1) Consolidated business results (Percentages represent changes from same period in previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 31, 2022	114,713	—	6,005	(0.2)	6,399	18.9	2,223	(42.5)
FY ended March 31, 2021	110,375	(7.7)	6,018	10.1	5,381	70.6	3,864	—

(Note) Comprehensive income FY ended March 31, 2022: 3,027 million yen [ (20.6%) ]

FY ended March 31, 2021: 3,811 million yen [ —% ]

	Profit per share	Diluted profit per share	Return on equity	Return on asset	Ratio of operating profit to sales
	Yen	Yen	%	%	%
FY ended March 31, 2022	33.32	17.88	5.5	3.4	5.2
FY ended March 31, 2021	61.44	30.85	10.3	2.8	5.5

(Reference) Equity in earnings/losses of affiliates FY ended March 31, 2022: 20 million yen

FY ended March 31, 2021: (0) million yen

(Note) The “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. have been applied from the beginning of the consolidated fiscal year ended March 31, 2022. Accordingly, net sales for the consolidated fiscal year ended March 31, 2022 show the amount after the above-mentioned accounting standard, etc. have been applied, and the year-on-year percentage change in net sales for the consolidated fiscal year ended March 31, 2022 has been omitted from the table above.

### (2) Consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FY ended March 31, 2022	191,399	43,071	21.6	303.57
FY ended March 31, 2021	190,403	41,192	20.7	257.67

(Reference) Shareholders' equity: FY ended March 31, 2022: 41,296 million yen

FY ended March 31, 2021: 39,476 million yen

### (3) Consolidated cash flows situation

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at period end
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY ended March 31, 2022	8,666	(8,989)	(4,212)	18,415
FY ended March 31, 2021	14,869	(6,171)	(4,141)	22,593

## 2. Dividend payment

	Annual dividend per share					Annual dividends paid (Total)	Dividend payout ratio (consolidated)	Dividend ratio of net assets (consolidated)
	End of Q1	End of Q2	End of Q3	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY ended March 31, 2021	—	0.00	—	0.00	0.00	—	—	—
FY ended March 31, 2022	—	0.00	—	0.00	0.00	—	—	—
FY ending March 31, 2023 (forecast)	—	0.00	—	0.00	0.00			

(Note) The abovementioned *Dividend payment* refers to dividends paid to the holders of common stock. For details of dividend payment to the holders of class shares (unlisted), the rights of which are different from those of common stock, please refer to *Dividend payment to the holders of class shares* mentioned below.

### 3. Forecast of consolidated performance for fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(Percentages represent changes from same period in previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
1st half of FY ending March 31, 2023 (cumulative)	60,000	8.1	2,100	(38.1)	1,500	(48.7)	700	(68.4)	9.51
FY ending March 31, 2023	126,000	9.8	5,500	(8.4)	3,300	(48.4)	1,500	(32.5)	20.77

#### \* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying change of scope of consolidation): No  
New companies: — (company name)  
Excluded companies: — (company name)
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - (i) Changes in accounting policies due to revisions of accounting standards: Yes
  - (ii) Changes of accounting policies other than the above: No
  - (iii) Changes in accounting estimates: No
  - (iv) Retrospective restatement: No
 (Note) For details, please refer to “3. Consolidated Financial Statements and Major Notes to Consolidated Financial Statements (5) Notes on consolidated financial statements (Changes in accounting policies)” on page 12 of the attachment.
- (3) Number of shares outstanding (Common stock)
  - (i) Number of shares outstanding at end of term (including treasury share):  
Fiscal year ended March 31, 2022: 57,752,343 shares  
Fiscal year ended March 31, 2021: 57,752,343 shares
  - (ii) Number of treasury shares at end of term  
Fiscal year ended March 31, 2022: 95,761 shares  
Fiscal year ended March 31, 2021: 95,236 shares
  - (iii) Average number of shares outstanding during the term  
Fiscal year ended March 31, 2022: 57,656,863 shares  
Fiscal year ended March 31, 2021: 57,657,660 shares

#### (Reference) Summary of non-consolidated performance

##### Non-consolidated performance for fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

##### (1) Non-consolidated business results (Percentages represent changes from same period in previous year.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 31, 2022	77,483	—	5,790	5.2	6,271	20.9	1,607	(50.8)
FY ended March 31, 2021	69,978	(8.1)	5,504	7.2	5,189	61.0	3,265	—

	Profit per share		Diluted profit per share	
	Yen		Yen	
FY ended March 31, 2022	22.64		12.93	
FY ended March 31, 2021	51.07		26.07	

(Note) The “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. have been applied from the beginning of the fiscal year ended March 31, 2022. Accordingly, net sales for the fiscal year ended March 31, 2022 show the amount after the above-mentioned accounting standard, etc. have been applied, and the year-on-year percentage change in net sales for the fiscal year ended March 31, 2022 has been omitted from the table above.

##### (2) Non-consolidated financial situation

	Total assets		Net assets		Capital adequacy ratio	Net assets per share
	Millions of yen		Millions of yen		%	Yen
FY ended March 31, 2022	172,788		40,485		23.4	289.51
FY ended March 31, 2021	174,351		40,088		23.0	268.28

(Reference) Shareholders’ equity: FY ended March 31, 2022: 40,485 million yen  
FY ended March 31, 2021: 40,088 million yen

\* The financial report is not subject to audit procedures by a certified public accountant or an independent auditor.

#### \* Explanation on appropriate use of forecasts of performance and other special items

(Note on forward-looking statements)

The forward-looking statements in this document concerning forecasting of performance, etc. are based on currently available information and assumptions considered by the Company to be reasonable. Such statements are neither promises nor guarantees of future performance. The actual performance may be significantly different from forecasts due to various factors. Concerning assumptions used as a basis for forecasting business performance and precautionary statements when using the forecast of performance, please refer to 1. Overview of Business Performance (4) Future forecast on page 4 of the attachment.

(Method to obtain information on the presentation of financial results)

The Company plans to hold a results presentation conference call for securities analysts and institutional investors on Wednesday, May 25, 2022. It plans to post on its website supplementary documents to the financial results to be distributed at the results presentation.

## Dividend payment to the holders of class shares

The breakdown of dividends per share related to class shares, the rights of which are different from those of common stock, is as follows:

	Annual dividends				
	End of Q1	End of Q2	End of Q3	Year end	Total
Class A share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2021	—	0.00	—	12,000.00	12,000.00
FY ended March 31, 2022	—	0.00	—	12,000.00	12,000.00
FY ending March 31, 2023 (forecast)	—	0.00	—	12,000.00	12,000.00
Class B share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2021	—	0.00	—	23,740.00	23,740.00
FY ended March 31, 2022	—	0.00	—	23,740.00	23,740.00
FY ending March 31, 2023 (forecast)	—	0.00	—	23,740.00	23,740.00

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## 1. Overview of Business Performance

### (1) Overview of business performance of the year

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been applied from the current consolidated fiscal year under review (April 1, 2021 to March 31, 2022). Accordingly, the Company’s accounting method for revenue recognition for the current consolidated fiscal year ended March 31, 2022 differed from that for the previous consolidated fiscal year ended March 31, 2021. Thereby, in the explanation on operational results for the current consolidated fiscal year ended March 31, 2022, the Company explained net sales without describing the year-on-year amount and percentage changes.

During the consolidated fiscal year under review (April 1, 2021 to March 31, 2022), the Japanese economy intermittently suffered from the impact of the spread of the new coronavirus pandemic (hereinafter “COVID-19”). The economic recovery was on track, supported by the government’s measures to prevent the expansion of the infection throughout the period. However, the epidemic of COVID-19 variants restrained corporate production activity and consumer spending, stagnating the recovery. On the other hand, escalating raw material prices, distribution costs, and energy costs depressed corporate earnings. Furthermore, Russia’s invasion of Ukraine in 2022 casted a shadow over the supply of energy and logistics. In addition, the further depreciation of the yen at the end of the current fiscal year made the outlook for the economy more uncertain.

Under these circumstances, the Unitika Group has been endeavoring to realize the building of strong business portfolios, promotion of global business development, and a change in business culture and mind-set—the Group’s basic policies that place the strengthening of the foundation for a growth phase as the highest priority under “G-STEP30, the 1st,” a medium-term management plan that is in the second year.

Consequently, in the consolidated fiscal year under review, the Group reported net sales of 114,713 million yen (versus net sales of 110,375 million yen in the previous year), operating profit of 6,005 million yen (down 0.2% year on year), and ordinary profit of 6,399 million yen (up 18.9% year on year). Furthermore, profit attributable to owners of parent amounted to 2,223 million yen (down 42.5% year on year) due to the posting of impairment loss of 2,169 million yen for business assets of THAI UNITIKA SPUNBOND CO., LTD. (“TUSCO”), a consolidated subsidiary, and the Industrial Materials Division. The application of the Accounting Standard for Revenue Recognition, etc. caused net sales to decrease by 3,088 million yen.

Here is an overview of the business results by segment.

#### [Polymers Segment]

The Polymers Segment suffered negative impacts of soaring raw material and fuel prices. However, the segment saw demand recover and sales grow steadily in the current fiscal year under review.

In the Films business, the packaging sector saw sales grow throughout the period due to the taking root of “a new lifestyle” amid the COVID-19 pandemic. Furthermore, sales of high-value-added products, such as “EMBLEM-HG,” a barrier nylon film, and environmentally friendly food package films, increased steadily. In the industrial sector, sales were robust, mainly in electric and electronic applications, while sales of high-value-added products, such as “UNIPEEL,” a silicon-free release PET film, increased steadily. On the other hand, overseas subsidiaries significantly suffered negative impacts of sea transportation bottlenecks and a succeeding sharp rise in transportation costs. Accordingly, the Films business saw net sales increase but profit decrease.

In the Plastics business, demand recovered in a wide range of applications, but the recovery in demand for automotive applications slowed down due to a decrease in the number of automobiles manufactured caused by the suspension of operations in factories in Japan and overseas. Sales of nylon resins and “U-Polymer,” a polyarylate resin, recovered, supported by the rebound of demand for electrical and electronics applications. Sales of “XecoT,” a high-heat-resistant aromatic polyamide resin, grew steadily since the resin was newly adopted in automotive applications and electric and electronic applications. Sales of raw materials for other functional resins were also strong. Accordingly, the Plastics business saw net sales and profit grow.

Consequently, the Polymers segment reported a rise in net sales and operating profit. Specifically, the segment posted operating profit of 6,645 million yen (up 17.0% year on year) on net sales of 50,837 million yen (versus net sales of 41,436 million yen in the previous year). The application of the Accounting Standard for Revenue Recognition, etc. caused net sales to increase by 3,224 million yen.

#### [Performance Materials Segment]

The Performance Materials Segment saw sales as a whole grow since demand for construction and civil engineering applications recovered in the latter half of the current fiscal year. However, the segment suffered the negative impact of a sharp rise in raw material and fuel prices and turmoil in the ocean freight network.

In the Activated Carbon Fibers business, demand for mainstay water purifier applications rebounded. In addition, the acquisition of new customers overseas contributed to the growth in sales. The business had tough times since it suffered the negative impact of production reduction due to the shortage of supply of semiconductors for automobile applications and electronics-industry-related applications.

In the Glass Fibers business, in the industrial materials sector, sales for building and civil engineering applications, such as tents and sheets, picked up due to a recovery of capital expenditure in the private sector. In the electronic materials sector, sales of IC cloth remained robust, supported by brisk demand for semiconductors, which were in short supply. Furthermore, sales of high-value-added products, including super-thin products and materials with low

thermal expansion, grew steadily.

In the Glass Beads business, sales for road applications remained flat from the previous year because of a slow recovery of demand. Sales for reflective material applications grew overseas. Sales for industrial applications were also steady in blasting applications.

In the Non-woven Fabrics business, demand stabilized for daily product applications, such as medical gowns, and for sanitary material applications, such as disinfectant sheets, which increased sharply in the previous year. Sales for skin care applications continued to be sluggish due to the impact of restraint on the flow of people. Sales for general industrial materials and building and civil engineering applications moderately recovered from the decline in sales due to the impact of the COVID-19 pandemic in the previous year. However, sales for automotive applications decreased due to the impact of the semiconductor supply shortage.

TUSCO, a subsidiary in Thailand, saw profitability deteriorate, principally in exports to outside Asia, due to chaos in ocean shipping supply chains and a rise in transportation cost.

In the Industrial fibers business, demand for polyester staple fibers recovered in each application. Sales of ultra-high-strength polyester filament yarns increased, supported by a recovery of demand for building and civil engineering applications. However, their profitability suffered from soaring raw material and fuel prices. Furthermore, among high-value-added products, hollow-fiber membrane materials sold steadily.

Consequently, the Performance Materials segment reported a rise in net sales and a fall in operating profit. Specifically, the segment posted operating profit of 24 million yen (down 96.9% year on year) on net sales of 34,372 million yen (versus net sales of 29,628 million yen in the previous year). The application of the Accounting Standard for Revenue Recognition, etc. caused net sales to increase by 2,316 million yen.

#### [Fibers and Textiles Segment]

In the Garments, Lifestyle Materials and Bedding business, sales decreased from the previous year since demand for medical gowns, whose orders grew in the previous year, leveled off. Demand for uniforms and women's clothing gradually picked up, resulting in the growth of sales. However, the business was faced with a difficult situation where production costs sharply rose due to the impact of soaring raw materials and fuel prices and logistics costs as well as the yen's depreciation, etc.

Consequently, the Fibers & Textiles segment reported a fall in net sales and operating profit. Specifically, the segment posted an operating loss of 610 million yen (versus an operating loss of 368 million yen in the previous year) on net sales of 29,446 million yen (versus net sales of 39,278 million yen in the previous year). The application of the Accounting Standard for Revenue Recognition, etc. caused net sales to decrease by 8,629 million yen.

#### [Others]

The Others category posted an operating loss of 55 million yen (versus an operating loss of 78 million yen in the previous year) on net sales of 58 million yen (versus net sales of 31 million yen in the previous year). The application of the Accounting Standard for Revenue Recognition, etc. didn't have impact on net sales.

### (2) Overview of financial position

Total assets increased by 995 million yen from the end of the previous consolidated year to 191,399 million yen mainly due to a rise in inventories and property, plant and equipment despite a decrease in cash and deposits. Liabilities fell by 883 million yen from the end of the previous consolidated year to 148,328 million yen. This was primarily due to a decline in interest-bearing debt despite a rise in notes and accounts payable-trade. Net assets increased by 1,878 million yen from the end of the previous consolidated year to 43,071 million yen. This was mainly due to a rise in retained earnings caused by the posting of profit attributable to owners of parent despite a decrease in capital surplus due to the acquisition and cancellation of Class B shares.

### (3) Overview of cash-flow

Cash and cash equivalents (hereinafter referred to as "net cash") as of March 31, 2022 decreased by 4,177 million yen from the end of the previous consolidated year to 18,415 million yen.

#### (Net cash provided by [used in] operating activities)

Net cash provided by operating activities amounted to 8,666 million yen during the current consolidated fiscal year (down 41.7% year on year) mainly due to the posting of profit before income taxes and increase in trade payables despite a rise in inventories.

#### (Net cash provided by [used in] investing activities)

Net cash used in investing activities amounted to 8,989 million yen during the current consolidated fiscal year (6,171 million yen used in the previous consolidated fiscal year) due to the posting of expenses related to capital expenditures.

#### (Net cash provided by [used in] financing activities)

Net cash used in financing activities amounted to 4,212 million yen during the current consolidated fiscal year (4,141 million yen used in the previous consolidated fiscal year) due to the repayments of borrowings and the acquisition and cancellation of Class B shares.

## (Reference) Changes in cash flow-related indicators

	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020
(i) Shareholders' equity ratio (%)	21.6	20.7	18.3
(ii) Shareholders' equity ratio on market value basis (%)	8.8	12.4	8.0
(iii) Ratio of interest-bearing debt to cash flow	11.2	6.7	10.5
(iv) Interest coverage ratio	7.6	13.3	8.3

(Notes) Shareholders' equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio on market value basis: Market capitalization/Total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest expense

\*1. Each indicator is calculated based on consolidated financial results.

\*2. Cash flow is net cash provided by operating activities.

\*3. Interest-bearing debt includes all liabilities, reported on the consolidated balance sheet, on which interest is paid.

## (4) Future forecast

The Unitika Group will continue to implement "G-STEP30," a long-term vision for the Group that lays out the desired image of the Group around 2030, and "G-STEP30, the 1st," a three-year medium-term management plan, under which the Group aims to realize the building of strong business portfolios, promotion of global business development, and a change in business culture and mind-set—the Group's basic policies that place the strengthening of the foundation for a growth phase as the highest priority.

Recently, raw material and fuel prices have surged, the yen's value has decreased, and geopolitical risk, centering on Ukraine, has risen, while business activity is expected to recover gradually along with the relaxation of measures to combat COVID-19. Although the outlook of business is still uncertain, the Group is determined to steadily implement each measure stated in its medium-term management plan and to continuously work hard to prepare a business base for "growth."

The Unitika Group forecasts that it will post net sales of 126,000 million yen, operating profit of 5,500 million yen, ordinary profit of 3,300 million yen, and profit attributable to owners of parent of 1,500 million yen in the year ending March 31, 2023.

## (5) Basic policy for profit distribution and dividends for the fiscal year ended March 31, 2022 and the fiscal year ending March 31, 2023

The Unitika Group considers profit distribution to its shareholders to be an important aspect of its business, but management intends to pass dividends on common stock for the fiscal year ended March 31, 2022, giving due consideration to the business results and financial situation at the end of the fiscal year.

For the future, Unitika's basic dividend policy is to conduct profit distribution to shareholders as appropriate to the Company's financial results. At the same time, the Company intends to decide dividend payment after considering the improvement of its financial position and enhancing of internal reserve for securing profit for shareholders from a long-term perspective.

Regarding dividends for the classified stock issued through third party allocations in July 2014, the Company plans to provide the following dividends based on the classified stock issuance guidelines determined at the time of issuance: 12,000 yen per class A share and 23,740 yen per class B share.

**2. Basic Approach to the Selection of Accounting Standards**

The Unitika Group adopts Japanese Accounting Standards (Japanese GAAP), since the Group intends to ensure the comparability of performance with competitors in Japan.

**3. Consolidated Financial Statements and Major Notes to Consolidated Financial Statements****(1) Consolidated balance sheets**

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (March 31, 2021)	Current consolidated fiscal year (March 31, 2022)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	23,370	18,985
Notes and accounts receivable-trade	29,182	—
Notes receivable-trade	—	6,148
Accounts receivable-trade	—	23,346
Inventories	26,033	29,398
Other	2,595	3,134
Allowance for doubtful accounts	(91)	(87)
Total current assets	81,088	80,926
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	10,492	12,573
Machinery, equipment and vehicles, net	20,108	19,269
Tools, furniture and fixtures, net	1,009	1,038
Land	62,647	62,584
Leased assets, net	146	71
Construction in progress	8,607	8,590
Total property, plant and equipment	103,010	104,128
<b>Intangible assets</b>		
Other	1,991	2,238
Total intangible assets	1,991	2,238
<b>Investments and other assets</b>		
Investment securities	2,498	2,462
Investments in capital	7	7
Long-term loans receivable	271	181
Retirement benefit asset	27	28
Deferred tax assets	219	238
Other	1,353	1,292
Allowance for doubtful accounts	(65)	(104)
Total investments and other assets	4,312	4,106
Total non-current assets	109,314	110,472
Total assets	190,403	191,399



	(Unit: Millions of yen)	
	Previous consolidated fiscal year (March 31, 2021)	Current consolidated fiscal year (March 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	13,606	16,450
Short-term borrowings	2,130	2,065
Current portion of long-term borrowings	2,664	91,647
Lease liabilities	153	74
Income taxes payable	923	598
Contract liabilities	—	321
Provision for bonuses	1,770	1,742
A product repair reserve fund	40	35
Other	10,056	8,832
Total current liabilities	31,346	121,768
Non-current liabilities		
Long-term borrowings	92,002	177
Lease liabilities	224	373
Deferred tax liabilities	7,884	8,027
Deferred tax liabilities for land revaluation	3,169	3,169
Retirement benefit liability	14,324	14,628
Other	258	182
Total non-current liabilities	117,864	26,559
Total liabilities	149,211	148,328
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	13,126	12,301
Retained earnings	25,695	27,597
Treasury shares	(57)	(57)
Total shareholders' equity	38,865	39,942
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	480	435
Deferred gains or losses on hedges	16	(1)
Revaluation reserve for land	6,313	6,313
Foreign currency translation adjustment	(4,374)	(4,184)
Remeasurements of defined benefit plans	(1,823)	(1,208)
Total accumulated other comprehensive income	611	1,354
Non-controlling interests	1,715	1,774
Total net assets	41,192	43,071
Total liabilities and net assets	190,403	191,399

(2) Consolidated income statement and consolidated comprehensive income statement  
(Consolidated income statement)

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Net sales	110,375	114,713
Cost of sales	83,220	86,858
Gross profit	27,154	27,855
Selling, general and administrative expenses	21,136	21,850
Operating profit	6,018	6,005
Non-operating income		
Interest income	36	42
Dividend income	76	60
Share of profit of entities accounted for using equity method	—	20
Foreign exchange gains	139	1,420
Rental income	81	77
Subsidy income	357	143
Other	294	175
Total non-operating income	985	1,940
Non-operating expenses		
Interest expenses	1,167	1,104
Share of loss of entities accounted for using equity method	0	—
Other	453	441
Total non-operating expenses	1,622	1,546
Ordinary profit	5,381	6,399
Extraordinary income		
Gain on sales of non-current assets	198	96
Gain on sales of investment securities	734	—
Insurance claim income	3,676	556
Total extraordinary income	4,610	653
Extraordinary losses		
Loss on sales of non-current assets	386	—
Impairment loss	3,397	2,169
Loss on disposal of non-current assets	817	1,056
Loss on tax purpose reduction entry of non-current assets	199	398
Other	520	41
Total extraordinary losses	5,321	3,667
Profit before income taxes	4,669	3,385
Income taxes-current	1,212	1,030
Income taxes-deferred	(411)	156
Total income taxes	800	1,187
Profit	3,869	2,198
Profit (loss) attributable to non-controlling interests	5	(25)
Profit attributable to owners of parent	3,864	2,223

## (Consolidated comprehensive income statement)

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Profit	3,869	2,198
Other comprehensive income		
Valuation difference on available-for-sale securities	118	(44)
Deferred gains or losses on hedges	30	(17)
Foreign currency translation adjustment	(965)	276
Remeasurements of defined benefit plans, net of tax	757	615
Total other comprehensive income	(58)	828
Comprehensive income	3,811	3,027
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	3,914	2,966
Comprehensive income attributable to non-controlling interests	(103)	60

## (3) Consolidated statements of changes in net assets

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	13,218	21,559	(56)	34,821
Changes in items during period					
Dividends of surplus			(321)		(321)
Profit attributable to owners of parent			3,864		3,864
Purchase of treasury shares				(0)	(0)
Cancellation of treasury shares					
Change in ownership interest of parent due to transactions with non-controlling interests		(91)			(91)
Reversal of revaluation reserve for land			592		592
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(91)	4,135	(0)	4,043
Balance at end of period	100	13,126	25,695	(57)	38,865

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	361	(11)	6,412	(3,521)	(2,581)	660	3,451	38,933
Changes in items during period								
Dividends of surplus								(321)
Profit attributable to owners of parent								3,864
Purchase of treasury shares								(0)
Cancellation of treasury shares								
Change in ownership interest of parent due to transactions with non-controlling interests								(91)
Reversal of revaluation reserve for land								592
Net changes in items other than shareholders' equity	118	27	(98)	(853)	757	(48)	(1,736)	(1,784)
Total changes in items during period	118	27	(98)	(853)	757	(48)	(1,736)	2,258
Balance at end of period	480	16	6,313	(4,374)	(1,823)	611	1,715	41,192

## Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	13,126	25,695	(57)	38,865
Changes in items during period					
Dividends of surplus			(321)		(321)
Profit attributable to owners of parent			2,223		2,223
Purchase of treasury shares				(826)	(826)
Cancellation of treasury shares		(826)		826	—
Change in ownership interest of parent due to transactions with non-controlling interests		1			1
Reversal of revaluation reserve for land			(0)		(0)
Net changes in items other than shareholders' equity					
Total changes in items during Period	—	(824)	1,901	(0)	1,076
Balance at end of period	100	12,301	27,597	(57)	39,942

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	480	16	6,313	(4,374)	(1,823)	611	1,715	41,192
Changes in items during period								
Dividends of surplus								(321)
Profit attributable to owners of parent								2,223
Purchase of treasury shares								(826)
Cancellation of treasury shares								—
Change in ownership interest of parent due to transactions with non-controlling interests								1
Reversal of revaluation reserve for land								(0)
Net changes in items other than shareholders' equity	(44)	(17)	0	189	615	742	59	801
Total changes in items during Period	(44)	(17)	0	189	615	742	59	1,878
Balance at end of period	435	(1)	6,313	(4,184)	(1,208)	1,354	1,774	43,071

## (4) Consolidated statements of cash flow

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,669	3,385
Depreciation	4,990	5,246
Impairment loss	3,397	2,169
Loss on tax purpose reduction entry of non-current assets	199	398
Business restructuring expenses	383	—
Loss on litigation	70	—
Insurance claim income	(3,676)	(556)
Increase (decrease) in allowance for doubtful accounts	25	34
Increase (decrease) in retirement benefit liability	766	884
Increase (decrease) in provision for product repair	(1)	(4)
Increase (decrease) in other provisions	64	(29)
Interest expenses	1,167	1,104
Loss (gain) on disposal of non-current assets	817	1,056
Loss (gain) on sales of non-current assets	188	(96)
Loss (gain) on sales of investment securities	(734)	—
Decrease (increase) in trade receivables	1,622	(144)
Decrease (increase) in inventories	3,355	(3,176)
Increase (decrease) in trade payables	(1,266)	2,581
Other, net	(1,214)	(1,981)
Subtotal	14,825	10,873
Interest and dividends received	114	102
Interest paid	(1,118)	(1,146)
Income taxes paid	(389)	(1,320)
Proceeds from insurance income	4,075	157
Payments for loss on litigation	(2,636)	—
Net cash provided by (used in) operating activities	14,869	8,666
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(110)	285
Purchase of investment securities	(11)	(10)
Proceeds from sales of investment securities	1,036	2
Purchase of property, plant and equipment	(6,708)	(8,105)
Proceeds from sales of property, plant and equipment	596	248
Payments for retirement of property, plant and equipment	(589)	(687)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	197	—
Other, net	(582)	(723)
Net cash provided by (used in) investing activities	(6,171)	(8,989)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	133	(99)
Proceeds from long-term borrowings	110	20
Repayments of long-term borrowings	(2,667)	(2,861)
Dividends paid	(321)	(321)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(1,230)	—
Purchase of treasury shares (class stock)	—	(826)
Other, net	(165)	(122)
Net cash provided by (used in) financing activities	(4,141)	(4,212)
Effect of exchange rate change on cash and cash equivalents	(156)	357
Net increase (decrease) in cash and cash equivalents	4,399	(4,177)
Cash and cash equivalents at beginning of period	18,194	22,593
Cash and cash equivalents at end of period	22,593	18,415

## (5) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Unitika, Ltd. received from Mizuho Bank, Ltd., who is an owner of its Class B shares (1,615 shares), a notice requesting the Company to acquire part of its Class B shares they hold (808 shares) in exchange for money based on the regulation as defined in Article 13-3, Paragraph 5 of its Articles of Incorporation (Right to Request Acquisition in Exchange for Money). The Company completed the payment of money and acquisition of the subject Class B shares based on the acquisition request on March 15, 2022.

Furthermore, the Company resolved to cancel Class B shares it acquired in accordance with Article 178 of the Companies Act at a meeting of Board of Directors held on March 28, 2022 and completed the cancellation of the shares on the same day.

## (1) Details of Class B shares acquired

a. Type of shares acquired: Class B shares

b. Seller of the shares (shareholder): Mizuho Bank, Ltd.

c. Total number of shares acquired: 808 shares

d. Acquisition value: 1,022,699.3 yen per share

(Note) The above acquisition value is calculated by adding the sum of daily portions of accrued preferred dividend per share (22,699.3 yen) to the amount to be paid per Class B share (1,000,000 yen).

e. Total amount of acquisition: 826,341,034 yen

f. Acquisition date: March 15, 2022

## (2) Details of Class B shares cancelled

a. Type of shares cancelled: Class B shares

b. Total number of shares cancelled: 808 shares

c. Effective date of cancellation: March 28, 2022

## (3) Impact on net assets after cancellation of shares

Amount of capital surplus decreased: 826,341,034 yen

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard"), etc. have been applied from the beginning of the consolidated fiscal year ended March 31, 2022. The Company recognizes revenue in the amount that it expects to receive in exchange for promised goods or services at a point in time when the control of the goods or services is transferred to customers.

Thereby, if the Company's performance obligation is to arrange for the provision of goods or services promised to customers by another party, the Company, as an agent, recognizes revenue on a net basis.

Consequently, net sales and cost of sales for the consolidated fiscal year ended March 31, 2022 each decreased by 3,088 million yen.

The Revenue Recognition Standard, etc. were applied in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Standard. However, these changes had no impact on the balance of retained earnings at the beginning of the consolidated fiscal year ended March 31, 2022.

Furthermore, from the consolidated fiscal year ended March 31, 2022, "Notes and accounts receivable-trade" in "Current assets" on the consolidated balance sheets for the previous consolidated fiscal year were stated as "Notes receivable-trade," "Accounts receivable-trade, and "Contract assets," and "Other" in "Current liabilities" on the consolidated balance sheets for the previous consolidated fiscal year were stated as "Contract liabilities" and "Other." However, according to the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Standard, comparative information for the previous consolidated fiscal year was not reclassified by the new method of presentation.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Standard"), etc. have been applied from the beginning of the consolidated fiscal year ended March 31, 2022. In accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company has decided to apply the new accounting policies set forth by the Fair Value Measurement Standard, etc. into the future. These changes had no impact on the consolidated financial statements.

(Segment information, etc.)

## Segment Information

## 1. Summary of reportable segment

Unitika's reportable segments are components of the Company for which separate financial information is available. These segments are subject to regular reviews by the Board of Directors to decide the distribution of managerial resources and evaluate business results.

The Company sets up divisions by product and service in its head office. Each division formulates comprehensive domestic and overseas strategies for its products and services and conducts business activities according to the strategies.

Unitika consists of segments by product and service based on divisions. The following three are its reportable segments: *Polymers*, *Performance Materials*, and *Fibers & Textiles*.

The *Polymers* segment manufactures and markets films and resins. The *Performance Materials* segment makes and sells glass fibers, non-woven fabrics, and so on. The *Fibers & Textiles* segment produces and distributes various types of fibers (threads, cotton, textiles, fabrics and the like).

## 2. Methods to calculate the amount of net sales, profit or loss, assets and other items by reportable segment

Methods of accounting treatment of reported business segments are pursuant to accounting policies adopted for preparation of consolidated financial statements.

Inter-segment earnings and transfers are based on prevailing market prices.

(Application of Accounting Standard for Revenue Recognition, etc.)

As stated in (Changes in accounting policies), the Revenue Recognition Standard, etc. have been applied from the beginning of the consolidated fiscal year ended March 31, 2022, and the method of accounting treatment related to revenue recognition has been changed.

Consequently, net sales of the *Polymers* segment and *Performance Materials* segment increased by 3,224 million yen and 2,316 million yen compared to those under the previous method, respectively, while net sales of the *Fibers & Textiles* segment decreased by 8,629 million yen.

## 3. Information on the amount of net sales, profit or loss, assets and other items by reportable segment

Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Consoli- dated financial statements (Note 3)
	Polymers	Performance Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	41,436	29,628	39,278	110,343	31	110,375	—	110,375
Inter-segment sales or transfer	7,256	4,578	307	12,142	—	12,142	(12,142)	—
Total	48,693	34,207	39,586	122,486	31	122,518	(12,142)	110,375
Segment income (loss)	5,682	792	(368)	6,105	(78)	6,027	(9)	6,018
Segment assets	81,710	63,623	24,608	169,942	1,239	171,181	19,221	190,403
Other items								
Depreciation and amortization	2,644	1,512	240	4,398	2	4,400	589	4,990
Increase in property, plant and equipment and intangible assets	3,611	2,580	206	6,399	5	6,404	1,700	8,104

(Note) 1. The *Other* segment includes business segments that are not included in reportable segments.

2. Adjustment details are as follows.

(1) Adjustment of (9) million yen for *Segment income (loss)* is attributable to the elimination of inter-segment transactions.

(2) Adjustment of 19,221 million yen for *Segment assets* includes investment of surplus funds (cash and deposits) by the parent company, long-term investment funds (investment securities) and assets, etc. related to the Administration and the Research and Development Division of the parent company.

(3) Adjustment of 589 million yen for *Depreciation and amortization* is depreciation and amortization of common assets that are not allocated to each reportable segment.

(4) Adjustment of 1,700 million yen for *Increase in property, plant and equipment and intangible assets* is an increase in common assets that are not allocated to each reportable segment.

3. *Segment income (loss)* is adjusted with operating profit in the consolidated income statement.



## Current consolidated fiscal year (April 1, 2021 to March 31, 2022)

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Consoli- dated financial statements (Note 3)
	Polymers	Performance Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	50,837	34,372	29,446	114,655	58	114,713	—	114,713
Inter-segment sales or transfer	5,312	1,708	215	7,236	—	7,236	(7,236)	—
Total	56,150	36,080	29,661	121,892	58	121,950	(7,236)	114,713
Segment income (loss)	6,645	24	(610)	6,060	(55)	6,004	1	6,005
Segment assets	91,451	59,651	24,356	175,459	598	176,058	15,341	191,399
Other items								
Depreciation and amortization	2,715	1,697	138	4,551	3	4,554	692	5,246
Increase in property, plant and equipment and intangible assets	3,919	2,239	218	6,377	15	6,393	2,036	8,429

(Note) 1. The *Other* segment includes business segments that are not included in reportable segments.

2. Adjustment details are as follows.

- (1) Adjustment of 1 million yen for *Segment income (loss)* is attributable to the elimination of inter-segment transactions.
- (2) Adjustment of 15,341 million yen for *Segment assets* includes investment of surplus funds (cash and deposits) by the parent company, long-term investment funds (investment securities) and assets, etc. related to the Administration and the Research and Development Division of the parent company.
- (3) Adjustment of 692 million yen for *Depreciation and amortization* is depreciation and amortization of common assets that are not allocated to each reportable segment.
- (4) Adjustment of 2,036 million yen for *Increase in property, plant and equipment and intangible assets* is an increase in common assets that are not allocated to each reportable segment.

3. *Segment income (loss)* is adjusted with operating profit in consolidated income statement.

## (Per share information)

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Net assets per share	257.67 yen	303.57 yen
Profit per share	61.44 yen	33.32 yen
Profit per share after full dilution	30.85 yen	17.88 yen

(Notes) 1. The basis for the calculation of net assets per share is as follows:

	Previous consolidated fiscal year (March 31, 2021)	Current consolidated fiscal year (March 31, 2022)
Total net assets (millions of yen)	41,192	43,071
Amounts deducted from the total net assets (millions of yen)	26,336	25,568
[of which amounts to be paid in for shares of class stock (millions of yen)]	[24,299]	[23,491]
[of which preferred dividends (millions of yen)]	[321]	[302]
[of which non-controlling interests (millions of yen)]	[1,715]	[1,774]
Net assets at the end of the fiscal year attributable to common stock (millions of yen)	14,856	17,502
Number of common stock at the end of the fiscal year used for calculating net assets per share (thousand shares)	57,657	57,656

2. The basis for the calculation of profit per share and profit per share after full dilution is as follows:

	Previous consolidated fiscal year (April 1, 2020 to March 31, 2021)	Current consolidated fiscal year (April 1, 2021 to March 31, 2022)
Profit per share		
Profit attributable to owners of parent (millions of yen)	3,864	2,223
Amount not attributable to common stockholders (millions of yen)	321	302
[of which preferred dividends (millions of yen)]	[321]	[302]
Profit attributable to common stock owners of parent (millions of yen)	3,542	1,921
Average number of common stock during the fiscal year (thousand shares)	57,657	57,656
Profit per share after full dilution		
Net diluted profit attributable to owners of parent (millions of yen)	321	302
[of which preferred dividends (millions of yen)]	[321]	[302]
Increased number of common stock (thousand shares)	67,622	66,732
[of which preferred shares (thousand shares)]	[67,622]	[66,732]
Outline of potential common shares that were not included in the calculation of profit per share after full dilution due to their anti-dilutive effect	—	—

## (Material subsequent events)

Not applicable.

#### 4. Supplemental Materials

##### (1) Results (consolidated)

(Millions of yen)

			Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Consolidated	FY ended March 2021	Full year	110,375	6,018	5,381	3,864
		Q2	55,514	3,392	2,922	2,214
	FY ended March 2022	Full year	114,713	6,005	6,399	2,223
		Q2 (Forecast)	60,000	2,100	1,500	700
	FY ending March 2023	Full year (Forecast)	126,000	5,500	3,300	1,500
		Q2 (Forecast)	4,486	(1,292)	(1,422)	(1,514)
Comparison with prior year	Full year (Forecast)	11,287	(505)	(3,099)	(723)	

##### (2) Segment information (consolidated)

(Millions of yen)

			Polymers	Performance Materials	Fibers & Textiles	Other	Elimination or corporate	Consolidated total	
Results for previous fiscal year	FY ended March 2021	Net sales to outside customers	41,436	29,628	39,278	31	—	110,375	
		Component ratio (%)	37.5	26.8	35.6	0.0	—	100.0	
		Operating profit	5,682	792	(368)	(78)	(9)	6,018	
		Component ratio (%)	94.4	13.2	(6.1)	(1.3)	(0.1)	100.0	
Results for current fiscal year	FY ended March 2022	Net sales to outside customers	50,837	34,372	29,446	58	—	114,713	
		Component ratio (%)	44.3	30.0	25.7	0.1	—	100.0	
		Operating profit	6,645	24	(610)	(55)	1	6,005	
		Component ratio (%)	110.7	0.4	(10.2)	(0.9)	0.0	100.0	
Comparison with previous year		Net sales to outside customers	9,401	4,744	(9,832)	27	—	4,338	
		Increase/decrease from previous year (%)	—	—	—	—	—	—	
		Operating profit	963	(767)	(241)	22	10	(12)	
		Increase/decrease from previous year (%)	17.0	(96.9)	—	—	—	(0.2)	
FY ending March 2023 (Forecast)	(Forecast)	Net sales to outside customers	57,000	37,000	32,000	0	—	126,000	
		Component ratio (%)	45.2	29.4	25.4	0.0	—	100.0	
		Operating profit	5,600	200	(300)	0	—	5,500	
		Component ratio (%)	101.8	3.6	(5.5)	0.0	—	100.0	
	Comparison		Net sales to outside customers	6,163	2,628	2,554	(58)	—	11,287
			Component ratio (%)	12.1	7.6	8.7	—	—	9.8
			Operating profit	(1,045)	176	310	55	—	(505)
			Component ratio (%)	(15.7)	—	—	—	—	(8.4)

##### (3) Capital expenditures, Depreciation (Property, plant and equipment), R&D expenditures, Interest-bearing liabilities, Financial account balance, Number of permanent employees (consolidated)

(Millions of yen, persons)

		Capital expenditures	Depreciation (Property, plant and equipment)	R&D expenditures	Interest-bearing liabilities (end of fiscal year)	Financial account balance	Number of permanent employees (persons)
FY ended March 2020	Full year	9,316	4,765	3,624	99,595	(1,014)	3,438
FY ended March 2021	Full year	7,387	4,517	3,639	96,798	(1,054)	3,007
FY ended March 2022	Full year	7,614	4,672	3,601	93,890	(1,002)	3,037

##### (4) Cash flow (consolidated)

(Millions of yen)

		Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of fiscal year
FY ended March 2020	Full year	9,797	(10,192)	(3,482)	18,194
FY ended March 2021	Full year	14,869	(6,171)	(4,141)	22,593
FY ended March 2022	Full year	8,666	(8,989)	(4,212)	18,415