

# Financial Results for the 1st Quarter of the Fiscal Year Ending March 31, 2025

August 6, 2024

Listed stock exchanges: Tokyo Stock Exchange

Company name: Unitika Ltd.

Code number: 3103

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

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Expected commencement date for paying dividend: –

Preparation of supplementary explanatory documents for financial results: Yes

Holding of an analyst meeting for financial results: None

(Figures rounded down to nearest million yen.)

## 1. Consolidated performance for 1st quarter of fiscal year ending March 31, 2025 (April 1, 2024 to June 30, 2024)

### (1) Consolidated performance (accumulation) (Percentages represent changes from same period in previous year.)

	Net sales		Operating profit		Ordinary profit		Quarterly profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q1 of FY ending March 31, 2025	30,658	9.7	1,168	—	2,674	250.5	1,976	731.5
Q1 of FY ended March 31, 2024	27,940	(5.6)	(676)	—	762	(72.8)	237	(88.4)

(Note) Comprehensive income Q1 of FY ending March 31, 2025: 1,974 million yen [—%]  
Q1 of FY ended March 31, 2024: (956 million yen) [—%]

	Quarterly profit per share	Diluted quarterly profit per share
	Yen	Yen
Q1 of FY ending March 31, 2025	34.28	16.14
Q1 of FY ended March 31, 2024	2.90	1.94

### (2) Consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
Q1 of FY ending March 31, 2025	189,391	40,222	20.5
FY ended March 31, 2024	186,333	38,247	19.7

(Reference) Shareholders' equity 1st quarter of fiscal year ending March 31, 2025: 38,764 million yen  
Fiscal year ended March 31, 2024: 36,764 million yen

## 2. Dividend payment

	Annual dividend per share				
	End of Q1	End of Q2	End of Q3	Year end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2024	—	0.00	—	0.00	0.00
FY ending March 31, 2025	—	—	—	—	—
FY ending March 31, 2025 (forecast)	—	0.00	—	0.00	0.00

(Note) Revision of the latest dividend forecast: None

(Note) The above-mentioned *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, 2025 (April 1, 2024 to March 31, 2025)

(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, 2025 (cumulative)	59,000	1.7	1,400	—	500	466.3	200	—	3.47
FY ending March 31, 2025	120,000	1.4	3,000	—	1,400	—	400	—	6.94

(Note) Revision of the latest forecasts of operational results: Yes

(Note) The Company calculated profit per share excluding the impact of dividend payment to the holders of class shares since it refrained from announcing the forecast of year-end dividends on class shares for the fiscal year ending March 2025.

## \* Notes

(1) Major changes in the scope of consolidation during the period: No

New companies: — (company name)

Excluded companies: — (company name)

(2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

① Changes in accounting policies due to revisions of accounting standards: Yes

② Changes in accounting policies other than the above: No

③ Changes in accounting estimates: No

④ Retrospective restatement: No

(Note) For details, please refer to “2. *Quarterly Consolidated Financial Statements and Main Notes* (3) *Notes on quarterly consolidated financial statements (Notes on change in accounting policies)*” on page 8 of the attachment.

(4) Number of shares outstanding (Common stock)

① Number of shares outstanding at end of term (including treasury stock):

1st quarter of the fiscal year ending March 31, 2025: 57,752,343 shares

Fiscal year ended March 31, 2024: 57,752,343 shares

② Number of treasury shares at end of term

1st quarter of the fiscal year ending March 31, 2025: 96,954 shares

Fiscal year ended March 31, 2024: 96,907 shares

③ Average number of shares outstanding during the term (quarterly consolidated accumulated period)

1st quarter of the fiscal year ending March 31, 2025: 57,655,414 shares

1st quarter of the fiscal year ended March 31, 2024: 57,655,746 shares

\* Review of the attached quarterly consolidated financial statements by a certified public accountant or an independent auditor: No

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

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, etc.* (3) *Explanation of future forecast information including forecast of consolidated performance*” on page 3 of the brief report of quarterly financial statements (the attachment).

**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, 2024	—	0.00	—	0.00	0.00
FY ending March 31, 2025	—				
FY ending March 31, 2025 (forecast)		0.00	—	—	—
Class B share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2024	—	0.00	—	0.00	0.00
FY ending March 31, 2025	—				
FY ending March 31, 2025 (forecast)		0.00	—	—	—

(Note) The Company refrained from announcing the forecast of year-end dividends for the fiscal year ending March 2025.

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## 1. Overview of Business Performance, etc.

## (1) Overview of quarterly business performance

During the first quarter of the consolidated fiscal year under review (April 1, 2024 to June 30, 2024), looking at the domestic economy, the personal services industry, such as tourism and food services, continued enjoying a robust business environment. Meanwhile, personal consumption stagnated due to the impact of a continuing rise in prices. In the manufacturing industry, business sentiment showed signs of a pickup in some sectors, including the semiconductor industry, and for the decline in capital expenditure seemingly bottomed out. On the other hand, the outlook for the Japanese economy continued to remain uncertain owing to the impact of the certification data falsification issue in the automobile industry, the shortage of personnel, and a rise in production costs caused by the continuing depreciation of the yen.

Under these circumstances, after recording very disappointing business results in the previous fiscal year, the UNITIKA Group placed getting out of the red as the highest priority and took the following measures: cost reduction efforts such as cutting expenses, price revisions to improve profitability, and sales promotion of higher value-added functional products to boost profitability.

Consequently, in the first quarter of the consolidated fiscal year under review, the UNITIKA Group reported net sales of 30,658 million yen (up 9.7% year on year) and an operating profit of 1,168 million yen (versus an operating loss of 676 million yen in the previous year). With the progress of yen depreciation, the Group posted foreign exchange valuation gains on foreign currency-denominated assets of 1,476 million yen, resulting in an ordinary profit of 2,674 million yen (up 250.5% year on year). Furthermore, profit attributable to owners of parent was 1,976 million yen (up 731.5% year on year).

Here is an overview of the business results by segment.

## [Polymers Segment]

In the Polymers Segment, sales volume rebounded since inventory adjustment in the supply chain came to an end, resulting in a recovery in orders. The impact of recovery in production volume, cost-reduction efforts, and product price revisions outweighed the effects of yen depreciation and continuing high raw material and fuel prices, improving profitability.

In the Films business, looking at packaging applications, sales volumes recovered, since distributors' inventories were adjusted to normal levels, leading to a rebound in orders. The sales volume of "EMBLEM-HG," a barrier nylon film, grew steadily as a result of production capacity expansion. For industrial applications, sales volume recovered, supported by a rebound in the semiconductor-related market. In the Southeast Asia market, profitability improved due to sales price revisions. Accordingly, the Films business saw both net sales and operating profit increase.

In the Plastics business, the sales volume of engineering plastics declined due to a delayed recovery in demand in China. However, sales remained flat owing to the effect of sales price revision. Among functional plastics, sales of "ARROWBASE," a modified polyolefin emulsion, grew robustly. Furthermore, the business revised sales prices. Accordingly, the Plastics business saw both net sales and operating profit increase.

Consequently, the Polymers Segment witnessed both net sales and operating profit grow. The segment posted an operating profit of 1,452 million yen (up 768.4% year on year) on net sales of 14,126 million yen (up 11.0% year on year).

## [Performance Materials Segment]

In the Performance Materials Segment, demand recovered for many applications, leading to a restoration of sales volume. Accordingly, production volume rebounded, bringing down production costs. As profitability improved, the segment saw its operating loss shrink.

In the Activated Carbon Fibers business, sales for mainstay water purifier applications were sluggish since the widespread adoption of purifiers in households under the COVID-19 pandemic reached a plateau. As sales of VOC (volatile organic compounds) removal sheets also decreased for air purification applications, the business saw its overall sales decrease.

In the Glass Fibers business, sales in the industrial material sector remained robust for all applications, such as building materials applications. In the electronic material sector, sales grew due to a recovery in sales volume, mainly high-performance glass cloth for package substrate, reflecting a pickup in semiconductor market conditions.

In the Glass Beads business, sales volume declined since demand for road material applications decreased due to a fall in the number of road construction projects and demand for industrial applications diminished due to weak demand for automobile applications. However, sales increased owing to the effect of sales price revisions and a growth in sales of high value-added products.

In the Non-woven Fabrics business, sales volume recovered mainly in general consumer goods applications, such as household products, and civil engineering materials applications. In addition, the sales volume of cotton spunlace also picked up, contributing to a rise in overall sales. On the other hand, the business had difficulty in securing profitability due to the significant impact of production cost increases caused by rising raw material prices and soaring ocean freight costs.

In the Industrial Fibers business, the business fought an uphill battle in sales of high-strength polyester yarn for civil engineering and construction applications and sales for fishery applications, but sales for filter applications were steady, resulting in a growth in overall sales. However, profitability deteriorated due to a rise in production costs associated with a fall in production volume, chiefly high-strength polyester yarn.

Consequently, the Performance Materials Segment saw net sales increase and operating loss decrease. The segment posted an operating loss of 14 million yen (versus an operating loss of 666 million yen in the previous year) on net sales of 9,274 million yen (up 16.8% year on year).

## [Fibers and Textiles Segment]

In the Garments, Lifestyle Materials and Bedding business, demand in the uniform sector, a mainstay of this business, was mostly steady. However, demand was weak in a wide variety of sectors, such as general clothing sector, including women's clothing, and bedding and sport clothing sectors. The business saw overall sales decrease. In the overseas business, export sales of denim fabric recovered. In the Industrial Materials business, sales remained unchanged, although the strength of demand varied from application to application. Operating loss expanded since the impact of production cost increases caused by the weaker yen exceeded the effect of the sales price revisions, leading to a deterioration of profitability.

Consequently, the Fibers & Textiles Segment saw net sales decrease and operating loss increase. The segment posted an operating loss of 231 million yen (versus an operating loss of 195 million yen in the previous year) on net sales of 7,241 million yen (down 0.3% year on year).

## [Others]

The Others category posted an operating loss of 23 million yen (versus an operating loss of 15 million yen in the previous year) on net sales of 16 million yen (up 28.6% year on year).

## (2) Overview of quarterly financial position

Total assets increased by 3,057 million yen from the end of the previous consolidated year to 189,391 million yen mainly due to a rise in cash and deposits and inventories despite a decline in notes and accounts receivable-trade, and contract assets.

Liabilities grew by 1,083 million yen from the end of the previous consolidated year to 149,168 million yen. This was primarily due to a rise in notes and accounts payable-trade.

Net assets rose by 1,974 million yen from the end of the previous consolidated year to 40,222 million yen. This was mainly due to an increase in capital surplus caused by the posting of profit attributable to owners of parent.

## (3) Explanation of future forecast information including forecast of consolidated performance

In the first quarter of the consolidated fiscal year ending March 31, 2025, sales increased due to the successful implementation of product price revisions. In addition, operating profit grew thanks to cost reduction efforts, such as expense cuts. These positive effects materialized earlier than initially planned. Thus, the Company's performance for the second quarter of the consolidated fiscal year ending March 31, 2025 is expected to exceed its initial forecast announced on May 14, 2024. Consequently, the management team revised the forecast of consolidated performance for the second quarter of the fiscal year ending March 31, 2025 as detailed below. However, the Company has not revised the forecast of consolidated performance for the full year, since there are many uncertain factors, such as continuing high raw material and fuel prices and cost increases due to the weaker yen. UNITIKA will announce the revision of the performance forecast promptly, if it becomes necessary for the Company to revise the forecast in future.

Revised forecast of consolidated results for the second quarter of the fiscal year ending March 31, 2025  
(from April 1, 2024 to September 30, 2024)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Earnings per share
	million yen	million yen	million yen	million yen	yen
Previous forecast (A)	58,000	1,100	400	200	3.47
Revised forecast (B)	59,000	1,400	500	200	3.47
Changes (B minus A)	1,000	300	100	—	
Changes (%)	1.7	27.3	25.0	—	
(Reference) Results for the second quarter of the previous year (the second quarter of FY ended March 2024)	58,029	(1,792)	88	(409)	(9.55)

## 2. Quarterly Consolidated Financial Statements and Main Notes

## (1) Quarterly consolidated balance sheets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2024)	Q1 of current consolidated fiscal year ending March 2025 (June 30, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	11,206	13,349
Notes and accounts receivable-trade, and contract assets	24,225	22,434
Inventories	33,161	34,262
Other	4,227	5,242
Allowance for doubtful accounts	(48)	(54)
Total current assets	72,773	75,234
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	26,159	26,642
Land	62,706	62,632
Other, net	17,645	17,752
Total property, plant and equipment	106,512	107,027
Intangible assets		
Other	1,924	2,033
Total intangible assets	1,924	2,033
Investments and other assets		
Other	5,236	5,211
Allowance for doubtful accounts	(112)	(115)
Total investments and other assets	5,123	5,096
Total non-current assets	113,559	114,156
Total assets	186,333	189,391

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2024)	Q1 of current consolidated fiscal year ending March 2025 (June 30, 2024)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	17,100	17,746
Short-term borrowings	3,085	3,085
Current portion of long-term borrowings	2,629	3,273
Income taxes payable	274	532
Provision for bonuses	1,372	766
A product repair reserve fund	35	35
Other	10,170	10,714
Total current liabilities	34,667	36,152
Non-current liabilities		
Long-term borrowings	86,434	85,788
Retirement benefit liability	13,886	13,936
Other	13,096	13,291
Total non-current liabilities	113,417	113,015
Total liabilities	148,085	149,168
<b>Net assets</b>		
Shareholders' equity		
Share capital	100	100
Capital surplus	11,476	11,476
Retained earnings	21,740	23,716
Treasury shares	(57)	(57)
Total shareholders' equity	33,259	35,236
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	929	1,059
Deferred gains or losses on hedges	5	8
Revaluation reserve for land	6,244	6,244
Foreign currency translation adjustment	(4,537)	(4,757)
Remeasurements of defined benefit plans	862	974
Total accumulated other comprehensive income	3,504	3,528
Non-controlling interests	1,483	1,457
Total net assets	38,247	40,222
Total liabilities and net assets	186,333	189,391



(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income  
 (Quarterly consolidated statements of income)  
 (Three-month period ended June 30, 2024)

(Unit: Millions of yen)

	Three-month period ended June 30, 2023 (April 1, 2023 to June 30, 2023)	Three-month period ended June 30, 2024 (April 1, 2024 to June 30, 2024)
Net sales	27,940	30,658
Cost of sales	23,259	24,596
Gross profit	4,681	6,061
Selling, general and administrative expenses	5,358	4,893
Operating profit (loss)	(676)	1,168
Non-operating income		
Interest income	15	56
Dividend income	26	29
Share of profit of entities accounted for using equity method	1	3
Foreign exchange gains	1,624	1,476
Other	122	463
Total non-operating income	1,791	2,028
Non-operating expenses		
Interest expenses	235	308
Other	116	214
Total non-operating expenses	351	523
Ordinary profit	762	2,674
Extraordinary income		
Gain on sales of non-current assets	—	175
Total extraordinary income	—	175
Extraordinary losses		
Loss on disposal of non-current assets	161	118
Other	1	9
Total extraordinary losses	163	128
Profit before income taxes	599	2,720
Income taxes-current	76	389
Income taxes-deferred	351	404
Total income taxes	427	794
Profit	172	1,926
(Loss) attributable to non-controlling interests	(64)	(50)
Profit attributable to owners of parent	237	1,976

(Quarterly consolidated statements of comprehensive income)

(Three-month period ended June 30, 2024)

(Unit: Millions of yen)

	Three-month period ended June 30, 2023 (April 1, 2023 to June 30, 2023)	Three-month period ended June 30, 2024 (April 1, 2024 to June 30, 2024)
Profit	172	1,926
Other comprehensive income		
Valuation difference on available-for-sale securities	150	129
Deferred gains or losses on hedges	18	2
Foreign currency translation adjustment	(1,327)	(196)
Remeasurements of defined benefit plans, net of tax	29	112
Total other comprehensive income	(1,129)	48
Comprehensive income	(956)	1,974
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(803)	2,000
Comprehensive income attributable to non-controlling interests	(153)	(26)

## (3) Notes on quarterly consolidated financial statements

(Notes on change in accounting policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

UNITIKA LTD. has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter, “Revised Accounting Standard 2022”), etc. since the beginning of the first quarter of the current consolidated fiscal year ending March 31, 2025.

With regard to the revisions concerning the classification of income taxes (taxes on other comprehensive income), the Company has followed the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28; October 28, 2022; hereinafter, “Revised Guidance 2022”). This change in accounting policies had no impact on the quarterly consolidated financial statements.

As for the revisions related to the change in the treatment in consolidated financial statements when gains or losses on sales of shares of subsidiaries, etc. between consolidated companies are deferred for tax purposes, the Company has applied the Revised Implementation Guidance 2022 since the beginning of the first quarter of the current consolidated fiscal year ending March 31, 2025.

This change in accounting policies has been applied retrospectively, and the consolidated financial statements for the first quarter and full year of the fiscal year ended March 31, 2024 have been restated accordingly. This change in accounting policies had no impact on the consolidated financial statements for the first quarter and full year of the fiscal year ended March 31, 2024.

(Notes on segment information, etc.)

[Segment information]

## I. Three-month period ended June 30, 2023 (April 1, 2023 to June 30, 2023)

## 1. Information on net sales, income or loss by reportable segment

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Quarterly consolidated statements of income (Note 3)
	Polymers	Performance Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	12,727	7,938	7,261	27,928	12	27,940	—	27,940
Inter-segment sales or transfer	1,113	433	34	1,580	—	1,580	(1,580)	—
Total	13,841	8,371	7,296	29,509	12	29,521	(1,580)	27,940
Segment income (loss)	167	(666)	(195)	(694)	(15)	(710)	33	(676)

(Notes) 1. The *Other* segment includes business segments that are not included in reportable segments.2. Adjustment for *Segment income (loss)* is attributable to the elimination of inter-segment transactions and the adjustment of inventories.3. *Segment income (loss)* is adjusted with operating loss in the consolidated income statement.

## 2. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment

Not applicable

## II. Three-month period ended June 30, 2024 (April 1, 2024 to June 30, 2024)

## 1. Information on net sales, income or loss by reportable segment

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Quarterly consolidated statements of income (Note 3)
	Polymers	Performance Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	14,126	9,274	7,241	30,642	16	30,658	—	30,658
Inter-segment sales or transfer	1,418	569	19	2,006	—	2,006	(2,006)	—
Total	15,544	9,843	7,260	32,649	16	32,665	(2,006)	30,658
Segment income (loss)	1,452	(14)	(231)	1,206	(23)	1,183	(14)	1,168

(Notes) 1. The *Other* segment includes business segments that are not included in reportable segments.2. Adjustment for *Segment income (loss)* is attributable to the elimination of inter-segment transactions and the adjustment of inventories.3. *Segment income (loss)* is adjusted with operating profit in the consolidated income statement.

## 2. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment

Not applicable

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

Not applicable

(Notes on going concern assumption)

Not applicable

(Notes on quarterly consolidated statements of cash flow)

The Company did not prepare consolidated statements of cash flow for the three-month period ended June 30, 2024. Furthermore, depreciation and amortization (including the amortization of intangible assets) for the three-month period ended June 30, 2024 are as stated below.

	Three-month period ended June 30, 2023 (April 1, 2023 to June 30, 2023)	Three-month period ended June 30, 2024 (April 1, 2024 to June 30, 2024)
Depreciation and amortization	1,446 million yen	1,341 million yen