

Financial Report for Fiscal Year ended March 31, 2023 [Japanese GAAP] (Consolidated)

May 12, 2023

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, 2023

Expected date for submitting securities report: June 29, 2023

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, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	117,942	2.8	1,327	(77.9)	1,069	(83.3)	102	(95.4)
FY ended March 31, 2022	114,713	—	6,005	(0.2)	6,399	18.9	2,223	(42.5)

(Note) Comprehensive income FY ended March 31, 2023: 1,905 million yen [(37.0%)]

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

	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, 2023	(3.13)	—	0.2	0.6	1.1
FY ended March 31, 2022	33.32	17.88	5.5	3.4	5.2

(Reference) Equity in earnings/losses of affiliates FY ended March 31, 2023: 17 million yen

FY ended March 31, 2022: 20 million yen

(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, 2023	190,003	43,918	22.2	332.02
FY ended March 31, 2022	191,399	43,071	21.6	303.57

(Reference) Shareholders' equity: FY ended March 31, 2023: 42,110 million yen

FY ended March 31, 2022: 41,296 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, 2023	509	(8,092)	(1,657)	9,612
FY ended March 31, 2022	8,666	(8,989)	(4,212)	18,415

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, 2022	—	0.00	—	0.00	0.00	—	—	—
FY ended March 31, 2023	—	0.00	—	0.00	0.00	—	—	—
FY ending March 31, 2024 (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 classified shares (unlisted), the rights of which are different from those of common stock, please refer to *Dividend payment to the holders of classified shares* mentioned below.

3. Forecast of consolidated performance for fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(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, 2024 (cumulative)	62,000	4.9	1,300	(14.1)	700	(82.0)	100	(96.6)	(0.73)
FY ending March 31, 2024	130,000	10.2	3,800	186.3	2,400	124.4	900	775.4	10.70

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying change of scope of consolidation): Yes
 New companies: — (company name)
 Excluded companies: One (company name) Unitika Plant Engineering Co., Ltd.
- (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 11 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, 2023: 57,752,343 shares
 Fiscal year ended March 31, 2022: 57,752,343 shares
 (ii) Number of treasury shares at end of term:
 Fiscal year ended March 31, 2023: 96,504 shares
 Fiscal year ended March 31, 2022: 95,761 shares
 (iii) Average number of shares outstanding during the term:
 Fiscal year ended March 31, 2023: 57,656,240 shares
 Fiscal year ended March 31, 2022: 57,656,863 shares

(Reference) Summary of non-consolidated performance

Non-consolidated performance for fiscal year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(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, 2023	78,094	0.8	2,381	(58.9)	3,094	(50.7)	1,751	9.0
FY ended March 31, 2022	77,483	—	5,790	5.2	6,271	20.9	1,607	(50.8)

	Profit per share		Diluted profit per share	
	Yen		Yen	
FY ended March 31, 2023	25.47		14.13	
FY ended March 31, 2022	22.64		12.93	

(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, 2023	172,432	41,219	23.9	316.57
FY ended March 31, 2022	172,788	40,485	23.4	289.51

(Reference) Shareholders' equity: FY ended March 31, 2023: 41,219 million yen
 FY ended March 31, 2022: 40,485 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 3 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 Thursday, May 25, 2023. 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 classified shares

The breakdown of dividends per share related to classified 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, 2022	—	0.00	—	12,000.00	12,000.00
FY ended March 31, 2023	—	0.00	—	12,000.00	12,000.00
FY ending March 31, 2024 (forecast)	—	0.00	—	12,000.00	12,000.00
Class B share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2022	—	0.00	—	23,740.00	23,740.00
FY ended March 31, 2023	—	0.00	—	23,740.00	23,740.00
FY ending March 31, 2024 (forecast)	—	0.00	—	23,740.00	23,740.00

○ Table of contents for the attachment

1. Overview of Business Performance.....	2
(1) Overview of business performance of the year.....	2
(2) Overview of financial position.....	3
(3) Overview of cash-flow.....	3
(4) Future forecast	3
(5) Basic policy for profit distribution and dividends for the fiscal year ended March 31, 2023 and the fiscal year ending March 31, 2024.....	3
2. Basic Approach to the Selection of Accounting Standards	3
3. Consolidated Financial Statements and Major Notes to Consolidated Financial Statements.....	4
(1) Consolidated balance sheets	4
(2) Consolidated income statement and consolidated comprehensive income statement	6
(Consolidated income statement).....	6
(Consolidated comprehensive income statement).....	7
(3) Consolidated statements of changes in net assets	8
(4) Consolidated statements of cash flow	10
(5) Notes on consolidated financial statements	11
(Notes on going concern assumption).....	11
(Notes on significant changes in the amount of shareholders' equity)	11
(Changes in accounting policies)	11
(Segment information, etc.).....	12
(Per share information)	14
(Material subsequent events).....	14
4. Supplemental Materials	15

1. Overview of Business Performance

(1) Overview of business performance of the year

During the consolidated fiscal year under review (April 1, 2022 to March 31, 2023), the Japanese economy as a whole showed a gradual recovering trend since the government's coronavirus measures, which included movement restrictions, were eased little by little. However, the business environment surrounding manufacturing industries continued to be harsh owing to soaring natural resource prices and a further decline in the value of the yen. On the other hand, the outlook of the global economy remained uncertain because a rise in interest rates in each country depressed the economy.

Under these circumstances, the Unitika Group has been endeavoring to realize "Building a robust business portfolio," "Promotion of the global business," and "Reformation of the corporate culture and awareness," its basic policy that assigns top priority to the strengthening of a foundation toward its growth stage under "G-STEP30, the 1st," a medium-term management plan that is in its final year.

Consequently, in the consolidated fiscal year under review, the Group reported net sales of 117,942 million yen (up 2.8% year on year), operating profit of 1,327 million yen (down 77.9% year on year), and ordinary profit of 1,069 million yen (down 83.3% year on year). Furthermore, profit attributable to owners of parent was 102 million yen (down 95.4% year on year).

Here is an overview of the business results by segment.

[Polymers Segment]

The Polymers Segment suffered the impact of sluggish demand mainly for electric and electronic applications. Furthermore, the segment saw profitability deteriorate greatly, despite revising its product prices, since raw material and fuel prices soared faster than price hikes.

In the Films business, the global supply-demand balance relaxed in the packaging sector, while demand for electric and electronic applications decreased sharply in the industrial sector. As a result, sales volume decreased in both sectors. On the other hand, the business revised its selling prices and focused on sales of high-value-added products, such as "EMBLEM-HG." Accordingly, the Films business saw net sales increase but profit decrease.

In the Plastics business, sales volume decreased in the engineering plastics sector owing to a delay in the recovery of automobile production, a decline in capacity utilization of its customers' plants in China, and sluggish demand due to an economic slump in Europe. In the functional plastic sector, sales for electric and electronic applications declined in the latter half of the current fiscal year. On the other hand, overseas sales increased. Accordingly, the Plastics business saw net sales grow and profit decline.

Consequently, the Polymers segment posted operating profit of 3,475 million yen (down 47.7% year on year) on net sales of 51,536 million yen (up 1.4% year on year).

[Performance Materials Segment]

In the Performance Materials Segment, soaring raw material and fuel prices pushed up the cost of production, affecting profitability significantly despite price hikes.

The Activated Carbon Fibers business had difficulty in increasing sales due to an inventory adjustment in the supply chain for water purifier applications and a decline in capacity utilization in the electronics sector.

In the Glass Fibers business, in the industrial materials sector, sales for tent and sheet applications were steady. In the electronic materials sector, sales of IC cloth declined drastically due to a worsening semiconductor market in the latter half of the current fiscal year.

The Glass Beads business revised its product prices to cope with soaring fuel prices. However, the number of projects decreased in road applications. Demand for retro-reflective material applications declined due to a weak economy in Europe. Accordingly, sales for both applications were sluggish.

In the Non-woven Fabrics business, while marine distribution was returning to normal, export sales steadily grew. Sales for the daily product sector, such as skin care applications, were weak. The business had difficulty in securing profitability due to soaring raw material and fuel prices.

In the Industrial Fibers business, in Japan, sales for building and civil engineering applications were robust, but sales for some filter and fishery applications were sluggish. Export sales were affected by an economic slump in Europe.

Consequently, the Performance Materials segment saw net sales grow and profit decline. The segment posted an operating loss of 535 million yen (versus an operating profit of 24 million yen in the previous year) on net sales of 34,420 million yen (up 0.1% year on year).

[Fibers and Textiles Segment]

In the Garments, Lifestyle Materials and Bedding business, sales of uniforms and women's clothing were on a recovery path from the slump under the COVID-19 outbreak. Furthermore, net sales increased since the business revised its product prices. On the other hand, the cost of production jumped greatly due to soaring import costs caused by the depreciation of the yen and surging raw material and fuel prices. Profitability deteriorated substantially despite price revisions.

Consequently, the Fibers & Textiles segment saw net sales grow and profit decline. The segment posted an operating loss of 1,535 million yen (versus an operating loss of 610 million yen in the previous year) on net sales of 31,917 million yen (up 8.4% year on year).

[Others]

The Others category posted an operating loss of 69 million yen (versus an operating loss of 55 million yen in the previous year) on net sales of 68 million yen (up 18.1% year on year).

(2) Overview of financial position

Total assets decreased by 1,395 million yen from the end of the previous consolidated year to 190,003 million yen mainly due to a decline in cash and deposits, notes receivable-trade, and accounts receivable-trade despite a rise in inventories and property, plant and equipment. Liabilities fell by 2,242 million yen from the end of the previous consolidated year to 146,085 million yen. This was primarily due to a decrease in notes and accounts payable-trade. Net assets grew by 847 million yen from the end of the previous consolidated year to 43,918 million yen. This was mainly due to a rise in foreign currency translation adjustment and remeasurements of defined benefit plans despite a decline in capital surplus caused by 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, 2023 decreased by 8,803 million yen from the end of the previous consolidated year to 9,612 million yen.

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

Net cash provided by operating activities amounted to 509 million yen (down 94.1% year on year) during the current consolidated fiscal year mainly due to a decrease in trade receivables despite a rise in inventories.

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

Net cash used in investing activities amounted to 8,092 million yen during the current consolidated fiscal year (8,989 million yen used in the previous consolidated fiscal year) mainly 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 1,657 million yen during the current consolidated fiscal year (4,212 million yen used in the previous consolidated fiscal year) mainly due to repayment of borrowings and the acquisition and cancellation of Class B shares.

(4) Future forecast

The Unitika Group has formulated “G-STEP30, the 2nd,” a new three-year medium-term management plan that starts from fiscal year ending March 2024.

As a basic policy, the Group is committed to continue to deal with missions under “G-STEP30,” its long-term vision, and will take steps to achieve the rebuilding of business portfolios, promotion of global business development, and improvement of the business foundation.

Although the outlook of business still remains uncertain due to the impact of the prolonged military invasion of Ukraine by Russia and economic slump caused by a rise in interest rates in Europe and the U.S., the Unitika Group is determined to steadily implement each measure stated in its medium-term management plan and to continuously work hard to upgrade a business base for “growth.”

The Group forecasts that it will post net sales of 130,000 million yen, operating profit of 3,800 million yen, ordinary profit of 2,400 million yen, and profit attributable to owners of parent of 900 million yen in the year ending March 31, 2024.

(5) Basic policy for profit distribution and dividends for the fiscal year ended March 31, 2023 and the fiscal year ending March 31, 2024

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, 2023, 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 shares issued through third party allocations in July 2014, the Company plans to provide the following dividends based on the classified share 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, 2022)	Current consolidated fiscal year (March 31, 2023)
Assets		
Current assets		
Cash and deposits	18,985	10,548
Notes receivable-trade	6,148	3,094
Accounts receivable-trade	23,346	20,010
Inventories	29,398	35,739
Other	3,134	5,506
Allowance for doubtful accounts	(87)	(53)
Total current assets	80,926	74,845
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,573	13,880
Machinery, equipment and vehicles, net	19,269	25,996
Tools, furniture and fixtures, net	1,038	1,019
Land	62,584	62,605
Leased assets, net	71	49
Construction in progress	8,590	4,761
Total property, plant and equipment	104,128	108,313
Intangible assets		
Other	2,238	2,171
Total intangible assets	2,238	2,171
Investments and other assets		
Investment securities	2,462	2,608
Investments in capital	7	8
Long-term loans receivable	181	95
Retirement benefit asset	28	28
Deferred tax assets	238	250
Other	1,292	1,792
Allowance for doubtful accounts	(104)	(110)
Total investments and other assets	4,106	4,673
Total non-current assets	110,472	115,158
Total assets	191,399	190,003

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (March 31, 2022)	Current consolidated fiscal year (March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	16,450	15,269
Short-term borrowings	2,065	4,124
Current portion of long-term borrowings	91,647	2,643
Lease liabilities	74	71
Income taxes payable	598	202
Contract liabilities	321	326
Provision for bonuses	1,742	1,554
Provision for product repair	35	35
Other	8,832	8,749
Total current liabilities	121,768	32,977
Non-current liabilities		
Long-term borrowings	177	86,671
Lease liabilities	373	307
Deferred tax liabilities	8,027	8,450
Deferred tax liabilities for land revaluation	3,169	3,139
Retirement benefit liability	14,628	14,375
Other	182	164
Total non-current liabilities	26,559	113,107
Total liabilities	148,328	146,085
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	12,301	11,476
Retained earnings	27,597	27,467
Treasury shares	(57)	(57)
Total shareholders' equity	39,942	38,986
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	435	544
Deferred gains or losses on hedges	(1)	4
Revaluation reserve for land	6,313	6,244
Foreign currency translation adjustment	(4,184)	(3,452)
Remeasurements of defined benefit plans	(1,208)	(217)
Total accumulated other comprehensive income	1,354	3,123
Non-controlling interests	1,774	1,808
Total net assets	43,071	43,918
Total liabilities and net assets	191,399	190,003

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

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Net sales	114,713	117,942
Cost of sales	86,858	94,126
Gross profit	27,855	23,816
Selling, general and administrative expenses	21,850	22,489
Operating profit	6,005	1,327
Non-operating income		
Interest income	42	36
Dividend income	60	62
Share of profit of entities accounted for using equity method	20	17
Foreign exchange gains	1,420	1,395
Other	397	420
Total non-operating income	1,940	1,932
Non-operating expenses		
Interest expenses	1,104	1,051
Origination costs for syndicated loans	—	575
Other	441	563
Total non-operating expenses	1,546	2,190
Ordinary profit	6,399	1,069
Extraordinary income		
Gain on sales of non-current assets	96	299
Gain on sales of investment securities	—	395
Insurance claim income	556	—
Total extraordinary income	653	694
Extraordinary losses		
Impairment loss	2,169	—
Loss on disposal of non-current assets	1,056	873
Loss on tax purpose reduction entry of non-current assets	398	—
Business restructuring expenses	41	154
Other	0	—
Total extraordinary losses	3,667	1,027
Profit before income taxes	3,385	736
Income taxes-current	1,030	416
Income taxes-deferred	156	338
Total income taxes	1,187	755
Profit (loss)	2,198	(18)
(Loss) attributable to non-controlling interests	(25)	(121)
Profit attributable to owners of parent	2,223	102

(Consolidated comprehensive income statement)

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Profit (loss)	2,198	(18)
Other comprehensive income		
Valuation difference on available-for-sale securities	(44)	109
Deferred gains or losses on hedges	(17)	5
Revaluation reserve for land	—	(69)
Foreign currency translation adjustment	276	887
Remeasurements of defined benefit plans, net of tax	615	990
Total other comprehensive income	828	1,924
Comprehensive income	3,027	1,905
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	2,966	1,872
Comprehensive income attributable to non-controlling interests	60	33

(3) Consolidated statements of changes in net assets

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

(Unit: Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	
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	—
Capital increase of consolidated subsidiaries		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								—
Capital increase of consolidated subsidiaries								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

Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	12,301	27,597	(57)	39,942
Changes in items during period					
Dividends of surplus			(302)		(302)
Profit attributable to owners of parent			102		102
Purchase of treasury shares				(825)	(825)
Cancellation of treasury shares		(825)		825	—
Capital increase of consolidated subsidiaries					
Reversal of revaluation reserve for land			69		69
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(825)	(130)	(0)	(955)
Balance at end of period	100	11,476	27,467	(57)	38,986

	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	435	(1)	6,313	(4,184)	(1,208)	1,354	1,774	43,071
Changes in items during period								
Dividends of surplus								(302)
Profit attributable to owners of parent								102
Purchase of treasury shares								(825)
Cancellation of treasury shares								—
Capital increase of consolidated subsidiaries								
Reversal of revaluation reserve for land								69
Net changes in items other than shareholders' equity	109	5	(69)	732	990	1,769	33	1,803
Total changes in items during period	109	5	(69)	732	990	1,769	33	847
Balance at end of period	544	4	6,244	(3,452)	(217)	3,123	1,808	43,918

(4) Consolidated statements of cash flow

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	3,385	736
Depreciation	5,246	5,421
Impairment loss	2,169	—
Loss on tax purpose reduction entry of non-current assets	398	—
Business restructuring expenses	41	154
Insurance claim income	(556)	—
Increase (decrease) in allowance for doubtful accounts	34	(27)
Increase (decrease) in retirement benefit liability	884	678
Increase (decrease) in provision for product repair	(4)	(0)
Increase (decrease) in other provisions	(29)	(191)
Interest expenses	1,104	1,051
Loss (gain) on disposal of non-current assets	1,056	873
Loss (gain) on sales of non-current assets	(96)	(299)
Loss (gain) on sales of investment securities	—	(395)
Decrease (increase) in trade receivables	(144)	6,648
Decrease (increase) in inventories	(3,176)	(6,045)
Increase (decrease) in trade payables	2,581	(1,571)
Other, net	(2,023)	(4,275)
Subtotal	10,873	2,756
Interest and dividends received	102	98
Interest paid	(1,146)	(1,055)
Income taxes paid	(1,320)	(1,290)
Proceeds from insurance income	157	—
Net cash provided by (used in) operating activities	8,666	509
Cash flows from investing activities		
Decrease (increase) in time deposits	285	58
Purchase of investment securities	(10)	(11)
Proceeds from sales of investment securities	2	438
Purchase of property, plant and equipment	(8,105)	(7,958)
Proceeds from sales of property, plant and equipment	248	472
Payments for retirement of property, plant and equipment	(687)	(565)
Other, net	(723)	(526)
Net cash provided by (used in) investing activities	(8,989)	(8,092)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(99)	2,059
Proceeds from long-term borrowings	20	89,173
Repayments of long-term borrowings	(2,861)	(91,682)
Dividends paid	(321)	(302)
Purchase of treasury shares (classified shares)	(826)	(825)
Other, net	(122)	(79)
Net cash provided by (used in) financing activities	(4,212)	(1,657)
Effect of exchange rate change on cash and cash equivalents	357	437
Net increase (decrease) in cash and cash equivalents	(4,177)	(8,803)
Cash and cash equivalents at beginning of period	22,593	18,415
Cash and cash equivalents at end of period	18,415	9,612

(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 (807 shares), a notice requesting the Company to acquire all of its Class B shares it holds 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, 2023.

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, 2023 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: 807 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: 825,318,335 yen

f. Acquisition date: March 15, 2023

(2) Details of Class B shares cancelled

a. Type of shares cancelled: Class B shares

b. Total number of shares cancelled: 807 shares

c. Effective date of cancellation: March 28, 2023

(3) Impact on net assets after cancellation of shares

Amount of capital surplus decreased: 825,318,335 yen

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021; hereinafter "Fair Value Measurement Standard Implementation Guidance") has been applied from the beginning of the consolidated fiscal year ended March 31, 2023. In accordance with the transitional treatment prescribed in Paragraph 27-2 of the Fair Value Measurement Standard Implementation Guidance, the Company has decided to apply the new accounting policies set forth by the Fair Value Measurement Standard Implementation Guidance 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.

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

Previous 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

(Notes) 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 the consolidated income statement.

Current consolidated fiscal year (April 1, 2022 to March 31, 2023)

(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	51,536	34,420	31,917	117,874	68	117,942	—	117,942
Inter-segment sales or transfer	5,889	1,945	160	7,996	—	7,996	(7,996)	—
Total	57,426	36,365	32,078	125,870	68	125,939	(7,996)	117,942
Segment income (loss)	3,475	(535)	(1,535)	1,404	(69)	1,334	(7)	1,327
Segment assets	98,388	62,239	20,209	180,837	297	181,135	8,868	190,003
Other items								
Depreciation and amortization	3,007	1,349	185	4,542	4	4,547	874	5,421
Increase in property, plant and equipment and intangible assets	4,258	2,104	267	6,631	27	6,658	1,596	8,254

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

2. Adjustment details are as follows.

- (1) Adjustment of (7) million yen for *Segment income (loss)* is attributable to the elimination of inter-segment transactions.
- (2) Adjustment of 8,868 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 874 million yen for *Depreciation and amortization* is depreciation and amortization of common assets that are not allocated to each reportable segment.
- (4) Adjustment of 1,596 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, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Net assets per share	303.57 yen	332.02 yen
Profit (loss) per share	33.32 yen	(3.13) yen
Profit per share after full dilution	17.88 yen	—

(Notes) 1. The Company did not present profit per share after full dilution for the current consolidated fiscal year since it posted a loss per share, although there are potential common shares with dilutive effects.

2. The basis for the calculation of net assets per share is as follows:

	Previous consolidated fiscal year (March 31, 2022)	Current consolidated fiscal year (March 31, 2023)
Total net assets (millions of yen)	43,071	43,918
Amounts deducted from the total net assets (millions of yen)	25,568	24,775
[of which amounts to be paid in for classified shares (millions of yen)]	[23,491]	[22,684]
[of which preferred dividends (millions of yen)]	[302]	[283]
[of which non-controlling interests (millions of yen)]	[1,774]	[1,808]
Net assets at the end of the fiscal year attributable to common stock (millions of yen)	17,502	19,142
Number of common stock at the end of the fiscal year used for calculating net assets per share (thousand shares)	57,656	57,655

3. The basis for the calculation of profit (loss) per share and profit per share after full dilution is as follows:

	Previous consolidated fiscal year (April 1, 2021 to March 31, 2022)	Current consolidated fiscal year (April 1, 2022 to March 31, 2023)
Profit (loss) per share		
Profit attributable to owners of parent (millions of yen)	2,223	102
Amount not attributable to common stockholders (millions of yen)	302	283
[of which preferred dividends (millions of yen)]	[302]	[283]
Profit (loss) attributable to common stock owners of parent (millions of yen)	1,921	(180)
Average number of common stock during the fiscal year (thousand shares)	57,656	57,656
Profit per share after full dilution		
Net diluted profit attributable to owners of parent (millions of yen)	302	—
[of which preferred dividends (millions of yen)]	[302]	—
Increased number of common stock (thousand shares)	66,732	—
[of which preferred shares (thousand shares)]	[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 2022	Full year	114,713	6,005	6,399	2,223
	FY ended March 2023	Q2	59,105	1,514	3,887	2,909
		Full year	117,942	1,327	1,069	102
	FY ending March 2024	Q2 (Forecast)	62,000	1,300	700	100
		Full year (Forecast)	130,000	3,800	2,400	900
	Comparison with prior year	Q2 (Forecast)	2,894	(214)	(3,187)	(2,809)
Full year (Forecast)		12,057	2,472	1,330	797	

(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 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	
Results for current fiscal year	FY ended March 2023	Net sales to outside customers	51,536	34,420	31,917	68	—	117,942	
		Component ratio (%)	43.7	29.2	27.1	0.1	—	100.0	
		Operating profit	3,475	(535)	(1,535)	(69)	(7)	1,327	
		Component ratio (%)	261.9	(40.3)	(115.7)	(5.2)	(0.6)	100.0	
Comparison with previous year		Net sales to outside customers	699	47	2,471	10	—	3,229	
		Increase/decrease from previous year (%)	1.4	0.1	8.4	18.1	—	2.8	
		Operating profit	(3,170)	(560)	(925)	(13)	(8)	(4,678)	
		Increase/decrease from previous year (%)	(47.7)	—	—	—	—	(77.9)	
FY ending March 2024 (Forecast)	(Forecast)	Net sales to outside customers	57,800	37,000	35,100	100	—	130,000	
		Component ratio (%)	44.5	28.5	27.0	0.1	—	100.0	
		Operating profit	5,000	(500)	(600)	(100)	—	3,800	
		Component ratio (%)	131.6	(13.2)	(15.8)	(2.6)	—	100.0	
	Comparison		Net sales to outside customers	6,263	2,579	3,182	31	—	12,057
			Increase/decrease from previous year (%)	12.2	7.5	10.0	45.5	—	10.2
			Operating profit	1,524	35	935	(30)	7	2,472
			Increase/decrease from previous year (%)	43.9	—	—	—	—	186.3

(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 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
FY ended March 2023	Full year	7,641	4,729	3,757	93,440	(952)	2,944

(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 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
FY ended March 2023	Full year	509	(8,092)	(1,657)	9,612