

Financial Report for Fiscal Year ended March 31, 2021 [Japanese GAAP] (Consolidated)

May 13, 2021

Company name: Unitika Ltd.

Listed stock exchange: Tokyo Stock Exchange

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

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Expected date for holding a regular shareholders meeting: June 29, 2021

Expected date for submitting securities report: June 29, 2021

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, 2021 (April 1, 2020 to March 31, 2021)

(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, 2021	110,375	(7.7)	6,018	10.1	5,381	70.6	3,864	—
FY ended March 31, 2020	119,537	(7.4)	5,467	(32.9)	3,153	(55.5)	(2,158)	—

(Note) Comprehensive income FY ended March 31, 2021: 3,811 million yen [—%]

FY ended March 31, 2020: (2,097) 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, 2021	61.44	30.85	10.3	2.8	5.5
FY ended March 31, 2020	(43.01)	—	(5.9)	1.6	4.6

(Reference) Equity in earnings/losses of affiliates FY ended March 31, 2021: (0) million yen

FY ended March 31, 2020: 13 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, 2021	190,403	41,192	20.7	257.67
FY ended March 31, 2020	193,726	38,933	18.3	188.37

(Reference) Shareholders' equity: FY ended March 31, 2021: 39,476 million yen

FY ended March 31, 2020: 35,481 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, 2021	14,869	(6,171)	(4,141)	22,593
FY ended March 31, 2020	9,797	(10,192)	(3,482)	18,194

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, 2020	—	0.00	—	0.00	0.00	—	—	—
FY ended March 31, 2021	—	0.00	—	0.00	0.00	—	—	—
FY ending March 31, 2022 (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, 2022 (April 1, 2021 to March 31, 2022)

(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, 2022 (cumulative)	53,000	(3.3)	2,500	(10.7)	1,800	11.7	1,000	(73.2)	14.55
FY ending March 31, 2022	111,000	0.6	6,100	1.4	4,700	(12.7)	4,000	3.5	63.80

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying change of scope of consolidation): Yes

New companies: One (company name) UNITIKA EUROPE GmbH

Excluded companies: One (company name) COSOF 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: No

(ii) Changes of accounting policies other than the above: No

(iii) Changes in accounting estimates: No

(iv) Retrospective restatement: No

(3) Number of shares outstanding (Common stock)

(i) Number of shares outstanding at end of term (including treasury share):

Fiscal year ended March 31, 2021: 57,752,343 shares

Fiscal year ended March 31, 2020: 57,752,343 shares

(ii) Number of treasury shares at end of term

Fiscal year ended March 31, 2021: 95,236 shares

Fiscal year ended March 31, 2020: 94,343 shares

(iii) Average number of shares outstanding during the term

Fiscal year ended March 31, 2021: 57,657,660 shares

Fiscal year ended March 31, 2020: 57,658,293 shares

(Reference) Summary of non-consolidated performance

Non-consolidated performance for fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(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, 2021	69,978	(8.1)	5,504	7.2	5,189	61.0	3,265	—
FY ended March 31, 2020	76,150	(5.2)	5,136	(25.7)	3,224	(49.2)	(2,075)	—

	Profit per share		Diluted profit per share	
	Yen		Yen	
FY ended March 31, 2021	51.07		26.07	
FY ended March 31, 2020	(41.58)		—	

(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, 2021	174,351		40,088		23.0	268.28
FY ended March 31, 2020	172,848		37,008		21.4	214.85

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

FY ended March 31, 2020: 37,008 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 Tuesday, May 25, 2021. 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, 2020	—	0.00	—	12,000.00	12,000.00
FY ended March 31, 2021	—	0.00	—	12,000.00	12,000.00
FY ending March 31, 2022 (forecast)	—	0.00	—	12,000.00	12,000.00
Class B share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2020	—	0.00	—	23,740.00	23,740.00
FY ended March 31, 2021	—	0.00	—	23,740.00	23,740.00
FY ending March 31, 2022 (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

During the consolidated fiscal year under review (April 1, 2020 to March 31, 2021), the Japanese economy worsened rapidly due to the spread of the COVID-19 pandemic. Thereafter, economic activities gradually resumed since measures to prevent further spread of infection were implemented. However, there were growing signs of economic slowdown because of the re-expansion of the pandemic during the winter. Meanwhile, the global economic outlook continued to be uncertain since there were concerns that economic doldrums would linger due to no light seen at the end of the COVID-19 tunnel. Epidemic prevention measures were enhanced since the pace of infections reaccelerated in the Northern Hemisphere during the wintertime and infections with new variants increased, although people's expectations for the containment of the pandemic rose due to the commencement of vaccinations.

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 new three-year medium-term management plan announced in May 2020.

Consequently, the Group reported net sales of 110,375 million yen (down 7.7% year on year), operating profit of 6,018 million yen (up 10.1% year on year), and ordinary profit of 5,381 million yen (up 70.6% year on year). Meanwhile, profit attributable to owners of parent amounted to 3,864 million yen (versus loss attributable to owners of parent of 2,158 million yen in the previous year) in the consolidated fiscal year under review. This was because the Group posted insurance claim income of 3,676 million yen related to a fire that broke out at the Uji Plant on January, 2019 as an extraordinary income and also recorded impairment loss of 3,397 million yen for business assets of OSAKA DYEING CO., LTD., a consolidated subsidiary, and the Fibers Division of Unitika Ltd.

Here is an overview of the business results by segment.

From the current fiscal year, the Company has changed its reportable segment classification. For a year-on-year comparison of operational results mentioned below, the change applies retrospectively to the results for the previous fiscal year. For details, please refer to “3. Consolidated Financial Statements and Major Notes to Consolidated Financial Statements (5) Notes on consolidated financial statements (Segment information, etc.)”

[Polymers Segment]

In the Polymers segment, restoration from the fire incident at the Uji Plant progressed steadily. However, sales decreased in the industrial field, such as automotive and electric and electronics applications, due to the spread of the COVID-19 pandemic.

In the Films business, the packaging sector saw sales grow steadily, supported by a temporary rise in sales in the food field due to demand from staying at home, despite a fall in sales of goods for convenience stores and confectionery souvenirs due to self-restraint concerning nonessential outings. Furthermore, sales of high-value-added products, such as *EMBLEM HG*, a barrier nylon film, continued to grow robustly in Japan and overseas. In the industrial sector, demand continued to be strong in the semiconductor field. Regarding sales of high-value-added products, sales of *UNIPPEEL*, a silicon-free release PET film, increased steadily, but sales of *Uni-amide*, a high heat-resistant polyamide film, decreased. Accordingly, the sector saw net sales fall but profit remain flat.

In the Plastics business, sales of nylon resins decreased in many applications, including electric and electronic applications, building materials applications, and daily sundries applications, but recovered in automotive applications from the second half of the fiscal year despite a fall in sales due to declining production. Sales of *U-Polymer*, a polyarylate resin, were sluggish in overseas sales as well as in information terminal equipment, office equipment, and daily commodities applications. Sales of raw materials for functional resins also decreased due to the impact of stagnated consumer spending and production. Accordingly, the sector saw net sales and profit decline.

Consequently, the Polymers segment reported a fall in net sales and operating profit. Specifically, the segment posted operating profit of 5,682 million yen (down 0.7% year on year) on net sales of 41,436 million yen (down 9.3% year on year).

[Performance Materials Segment]

In the Performance Materials segment, sales of materials for medical gowns and some sanitary goods increased due to the spread of the COVID-19 pandemic, but sales for many applications, such as automotive and building and civil engineering applications, were affected by the pandemic.

In the Activated Carbon Fibers business, sales for environment-related applications were steady due to robust demand for electronic industry-related applications. However, sales for mainstay water purifier applications were sluggish due to decreases in sales for commercial-use applications and VOC removal applications in addition to sales for housing equipment-related applications.

In the Glass Fibers business, in the industrial materials sector, sales of tents and sheets, etc. for building and civil engineering applications were weak due to the restraint of capital expenditures and the postponement and cancellation of projects, while sales for automobile and environment-related applications recovered in the second half of the fiscal year. In the electronic materials sector, sales of IC cloth, especially high-value-added products, such as super-thin products and materials with low thermal expansion, were robust for information terminal equipment-related applications. Furthermore, sales for semiconductor applications, such as products for personal computers and servers, were also steady.

In the Glass Beads business, sales for industrial applications decreased due to a fall in demand for machinery-component-related applications, mainly automobiles. Furthermore, sales for reflective material and road applications also remained weak.

In the Non-woven Fabrics business, sales for industrial materials applications, centering on building and civil engineering applications, automotive applications and skin care applications in Japan were sluggish. On the other hand, sales for daily product applications were steady, supported by growing demand for medical gowns and disinfectant sheets.

In the Industrial Materials business, sales of polyester staple fibers for building material and automotive applications remained weak, while their sales for daily product applications were steady due to a temporary rise in demand due to the spread of the COVID-19 pandemic. Sales for industrial materials applications were also strong. Furthermore, sales of ultra-high-strength polyester filament yarns decreased substantially for building and civil engineering applications due to the postponement and suspension of projects, etc.

Consequently, the Performance Materials segment reported a fall in net sales and a rise in operating profit. Specifically, the segment posted operating profit of 792 million yen (versus an operating profit of 4 million yen in the previous year) on net sales of 29,628 million yen (down 8.4% year on year).

[Fibers and Textiles Segment]

In the Garments, Lifestyle Materials and Bedding business, sales for medical gown and infection protective clothing applications grew sharply due to the spread of the COVID-19 pandemic. On the other hand, sales in the uniform sector, a mainstay of this business, in general, remained very weak since demand was sluggish mainly for the service and office-related sectors as well as the women's and sport clothing sectors.

Consequently, the Fibers & Textiles segment reported a fall in net sales and operating profit. Specifically, the segment posted an operating loss of 368 million yen (versus an operating profit of 8 million yen in the previous year) on net sales of 39,278 million yen (down 5.0% year on year).

[Others]

The Others category posted an operating loss of 78 million yen (versus an operating loss of 289 million yen in the previous year) on net sales of 31 million yen (down 77.1% year on year).

(2) Overview of financial position

Total assets decreased by 3,322 million yen from the end of the previous consolidated year to 190,403 million yen mainly due to a decrease in inventories and property, plant and equipment despite an increase in cash and deposits from the receipt of insurance claims related to the fire incident at the Uji Plant. Liabilities fell by 5,581 million yen from the end of the previous consolidated year to 149,211 million yen. This was primarily due to a decline in notes and accounts payable-trade and long-term borrowings and the reversal of provision for loss on litigation. Net assets increased by 2,258 million yen from the end of the previous consolidated year to 41,192 million yen. This was mainly due to a rise in retained earnings caused by the posting of profit attributable to owners of parent.

(3) Overview of cash-flow

Cash and cash equivalents (hereinafter referred to as "net cash") as of March 31, 2021 increased by 4,399 million yen to 22,593 million yen.

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

Net cash provided by operating activities amounted to 14,869 million yen during the current consolidated fiscal year (up 51.8% year on year) mainly due to a decrease in inventories and the receipt of insurance claims related to the fire incident at the Uji Plant despite a decline in trade payables and damage payments in the litigation over the sale of land for industrial use.

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

Net cash used in investing activities amounted to 6,171 million yen during the current consolidated fiscal year

(10,192 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 4,141 million yen during the current consolidated fiscal year (3,482 million yen used in the previous consolidated fiscal year) due to the repayments of borrowings.

(Reference) Changes in cash flow-related indicators

	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
(i) Shareholders' equity ratio (%)	20.7	18.3	19.0
(ii) Shareholders' equity ratio on market value basis (%)	12.4	8.0	12.3
(iii) Ratio of interest-bearing debt to cash flow	6.7	10.5	11.8
(iv) Interest coverage ratio	13.3	8.3	7.4

(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 new 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.

While it is difficult for the Group to predict when the COVID-19 pandemic will be fully under control, it will steadily implement the measures outlined in its medium-term management plan and expects to adequately cope with changes in its business environment. Depending on how soon it will be contained, the Group's financial condition and performance may be significantly influenced by the pandemic. Under such situation, the Unitika Group forecasts that it will post net sales of 111,000 million yen, operating profit of 6,100 million yen, ordinary profit of 4,700 million yen, and profit attributable to owners of parent of 4,000 million yen in the year ending March 31, 2022.

(5) Basic policy for profit distribution and dividends for the fiscal year ended March 31, 2021 and the fiscal year ending March 31, 2022

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, 2021, 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 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, 2020)	Current consolidated fiscal year (March 31, 2021)
Assets		
Current assets		
Cash and deposits	18,860	23,370
Notes and accounts receivable-trade	30,953	29,182
Inventories	29,498	26,033
Other	2,961	2,595
Allowance for doubtful accounts	(48)	(91)
Total current assets	82,225	81,088
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,858	10,492
Machinery, equipment and vehicles, net	21,543	20,108
Tools, furniture and fixtures, net	1,127	1,009
Land	65,191	62,647
Leased assets, net	233	146
Construction in progress	6,492	8,607
Total property, plant and equipment	105,447	103,010
Intangible assets		
Other	1,756	1,991
Total intangible assets	1,756	1,991
Investments and other assets		
Investment securities	2,645	2,498
Investments in capital	8	7
Long-term loans receivable	405	271
Retirement benefit asset	29	27
Deferred tax assets	223	219
Other	1,067	1,353
Allowance for doubtful accounts	(84)	(65)
Total investments and other assets	4,296	4,312
Total non-current assets	111,500	109,314
Total assets	193,726	190,403

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (March 31, 2020)	Current consolidated fiscal year (March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,922	13,606
Short-term borrowings	2,288	2,130
Current portion of long-term borrowings	2,675	2,664
Lease obligations	363	153
Income taxes payable	284	923
Provision for bonuses	1,710	1,770
A product repair reserve fund	42	40
Other	8,949	10,056
Total current liabilities	31,237	31,346
Non-current liabilities		
Long-term borrowings	94,631	92,002
Lease obligations	162	224
Deferred tax liabilities	7,824	7,884
Deferred tax liabilities for land revaluation	3,579	3,169
Provision for loss on litigation	2,566	—
Retirement benefit liability	14,333	14,324
Other	458	258
Total non-current liabilities	123,554	117,864
Total liabilities	154,792	149,211
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	13,218	13,126
Retained earnings	21,559	25,695
Treasury shares	(56)	(57)
Total shareholders' equity	34,821	38,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	361	480
Deferred gains or losses on hedges	(11)	16
Revaluation reserve for land	6,412	6,313
Foreign currency translation adjustment	(3,521)	(4,374)
Remeasurements of defined benefit plans	(2,581)	(1,823)
Total accumulated other comprehensive income	660	611
Non-controlling interests	3,451	1,715
Total net assets	38,933	41,192
Total liabilities and net assets	193,726	190,403

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

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (April 1, 2020 to March 31, 2021)
Net sales	119,537	110,375
Cost of sales	92,156	83,220
Gross profit	27,380	27,154
Selling, general and administrative expenses	21,913	21,136
Operating profit	5,467	6,018
Non-operating income		
Interest income	76	36
Dividend income	83	76
Share of profit of entities accounted for using equity method	13	—
Foreign exchange gains	—	139
Rental income	121	81
Subsidy income	—	357
Other	230	294
Total non-operating income	525	985
Non-operating expenses		
Interest expenses	1,174	1,167
Share of loss of entities accounted for using equity method	—	0
Foreign exchange losses	308	—
Syndicated loan origination fee	869	—
Other	486	453
Total non-operating expenses	2,839	1,622
Ordinary profit	3,153	5,381
Extraordinary income		
Gain on sales of non-current assets	83	198
Gain on sales of investment securities	0	734
Insurance claim income	—	3,676
Total extraordinary income	84	4,610
Extraordinary losses		
Loss on sales of non-current assets	—	386
Impairment loss	1,043	3,397
Loss on disposal of non-current assets	1,278	817
Loss on tax purpose reduction entry of non-current assets	—	199
Business restructuring expenses	30	383
Loss on litigation	—	70
Provision for loss on litigation	2,566	—
Other	48	66
Total extraordinary losses	4,967	5,321
Profit (loss) before income taxes	(1,728)	4,669
Income taxes-current	600	1,212
Income taxes-deferred	(129)	(411)
Total income taxes	471	800
Profit (loss)	(2,200)	3,869
Profit (loss) attributable to non-controlling interests	(41)	5
Profit (loss) attributable to owners of parent	(2,158)	3,864

(Consolidated comprehensive income statement)

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (April 1, 2020 to March 31, 2021)
Profit (loss)	(2,200)	3,869
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	118
Deferred gains or losses on hedges	66	30
Foreign currency translation adjustment	74	(965)
Remeasurements of defined benefit plans, net of tax	(36)	757
Total other comprehensive income	102	(58)
Comprehensive income	(2,097)	3,811
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(2,069)	3,914
Comprehensive income attributable to non-controlling interests	(27)	(103)

(3) Consolidated statements of changes in net assets

Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)

(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	24,040	(56)	37,302
Changes in items during period					
Dividends of surplus			(321)		(321)
(Loss) attributable to owners of parent			(2,158)		(2,158)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		0	0
Change in ownership interest of parent due to transactions with non-controlling interests					
Reversal of revaluation reserve for land					
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(0)	(2,480)	(0)	(2,480)
Balance at end of period	100	13,218	21,559	(56)	34,821

	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	363	(69)	6,412	(3,589)	(2,545)	571	3,479	41,352
Changes in items during period								
Dividends of surplus								(321)
(Loss) attributable to owners of parent								(2,158)
Purchase of treasury shares								(0)
Disposal of treasury shares								0
Change in ownership interest of parent due to transactions with non-controlling interests								
Reversal of revaluation reserve for land								
Net changes in items other than shareholders' equity	(1)	58		68	(36)	88	(27)	61
Total changes in items during period	(1)	58	—	68	(36)	88	(27)	(2,419)
Balance at end of period	361	(11)	6,412	(3,521)	(2,581)	660	3,451	38,933

Current 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)
Disposal 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)
Disposal 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

(4) Consolidated statements of cash flow

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit (loss) before income taxes	(1,728)	4,669
Depreciation	5,333	4,990
Impairment loss	1,043	3,397
Loss on tax purpose reduction entry of non-current assets	—	199
Business restructuring expenses	30	383
Loss on litigation	—	70
Provision for loss on litigation	2,566	—
Insurance claim income	—	(3,676)
Increase (decrease) in allowance for doubtful accounts	33	25
Increase (decrease) in retirement benefit liability	1,120	766
Increase (decrease) in provision for product repair	(30)	(1)
Increase (decrease) in other provisions	57	64
Interest expenses	1,174	1,167
Loss (gain) on disposal of non-current assets	1,278	817
Loss (gain) on sales of non-current assets	(83)	188
Loss (gain) on sales of investment securities	(0)	(734)
Decrease (increase) in trade receivables	4,314	1,622
Decrease (increase) in inventories	97	3,355
Increase (decrease) in trade payables	(3,083)	(1,266)
Other, net	(725)	(1,214)
Subtotal	11,398	14,825
Interest and dividends received	159	114
Interest paid	(1,178)	(1,118)
Income taxes paid	(1,060)	(389)
Proceeds from insurance income	478	4,075
Payments for loss on litigation	—	(2,636)
Net cash provided by (used in) operating activities	9,797	14,869
Cash flows from investing activities		
Decrease (increase) in time deposits	(205)	(110)
Purchase of investment securities	(10)	(11)
Proceeds from sales of investment securities	22	1,036
Purchase of property, plant and equipment	(9,170)	(6,708)
Proceeds from sales of property, plant and equipment	511	596
Payments for retirement of property, plant and equipment	(966)	(589)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	197
Other, net	(372)	(582)
Net cash provided by (used in) investing activities	(10,192)	(6,171)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(113)	133
Proceeds from long-term borrowings	97,126	110
Repayments of long-term borrowings	(99,993)	(2,667)
Dividends paid	(321)	(321)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,230)
Other, net	(181)	(165)
Net cash provided by (used in) financing activities	(3,482)	(4,141)
Effect of exchange rate change on cash and cash equivalents	(51)	(156)
Net increase (decrease) in cash and cash equivalents	(3,927)	4,399
Cash and cash equivalents at beginning of period	22,122	18,194
Cash and cash equivalents at end of period	18,194	22,593

(5) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable.

(Significant items that are the basis for preparation of consolidated financial statements)

There are no significant changes in our latest securities report, except for *Items related to the scope of consolidation* and *Items related to the fiscal closing dates of consolidated subsidiaries* stated below.

(Items related to the scope of consolidation)

(1) Number of consolidated subsidiaries: 28 companies

Name of major consolidated subsidiaries:

NIPPON ESTER CO., LTD.

UNITIKA TRADING CO., LTD.

Changes in consolidated subsidiaries during the current consolidated accounting year are as follows: the number of consolidated subsidiaries increased by one due to new establishment and decreased by one due to the transfer of owned shares.

(2) Name of non-consolidated subsidiaries

Non-consolidated subsidiaries

Akoh Unitec Service Co., Ltd.

(Reasons the Company excludes such entities from the scope of consolidation)

Since the total assets, net sales, profit (loss) (corresponding to equity interest) and retained earnings (corresponding to equity interest) of non-consolidated subsidiaries are small and do not significantly influence the Company's consolidated financial statements, the Company excludes these entities from the scope of consolidation.

(Items related to the fiscal closing dates of consolidated subsidiaries)

Twelve consolidated subsidiaries adopt fiscal closing dates different from the fiscal closing date for the consolidated accounting, as follows:

December 31: P.T.EMBLEMASIA and ten other companies

February 28: UNITIKA (HONGKONG) LTD.

When preparing consolidated financial statements of the Company, the financial statements as of the fiscal closing dates of these consolidated subsidiaries are used, and necessary adjustments are made for important transactions occurring at these consolidated subsidiaries after their fiscal closing dates until the fiscal closing date for the consolidated accounting.

(Additional information)

(Litigation)

Concerning the lawsuit filed by citizens of Toyohashi City, Aichi Prefecture (the "City"), who claimed that Unitika's sale of land for industrial use to a third party was a breach of the land transfer contract—the land was transferred by the City to the Company in 1951—and requested the mayor of the City to pursue damages against the Company (the Company participated in the lawsuit as an assisting intervener), the judgment by the Nagoya High Court became final due to the decision by the Supreme Court 3rd Petty Bench. In accordance with the judgment, the Company paid 2,609 million yen in damages and delinquency charges.

(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 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 almost the same as the descriptions in *Significant items that are the basis 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, 2019 to March 31, 2020)

(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	45,705	32,338	41,354	119,399	137	119,537	—	119,537
Inter-segment sales or transfer	7,670	4,357	317	12,346	18	12,364	(12,364)	—
Total	53,376	36,696	41,672	131,745	156	131,901	(12,364)	119,537
Segment income (loss)	5,720	4	8	5,733	(289)	5,444	23	5,467
Segment assets	84,081	63,917	30,514	178,512	1,041	179,554	14,171	193,726
Other items								
Depreciation and amortization	2,751	1,628	249	4,629	3	4,633	700	5,333
Increase in property, plant and equipment and intangible assets	6,207	1,833	243	8,283	24	8,308	1,398	9,707

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

2. Adjustment details are as follows.

(1) Adjustment of (23) million yen for *Segment income (loss)* is attributable to the elimination of inter-segment transactions.

(2) Adjustment of 14,171 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 700 million yen for *Depreciation and amortization* is depreciation and amortization of common assets that are not allocated to each reportable segment.

(4) Adjustment of 1,398 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, 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 consolidated income statement.

4. Matters concerning the revision of reportable segments

From the current fiscal year, the Company has changed its organizational management system and has reviewed the Group's management classification to promote its new medium-term management plan. Accordingly, it has changed its reportable segment classification from the *Polymers* segment, the *Advanced Materials* segment, and the *Fibers & Textiles* segment to the *Polymers* segment, the *Performance Materials* segment, and the *Fibers & Textiles* segment.

For your information, segment information for the previous fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020) was prepared in accordance with the new reportable segment classification.

(Per share information)

	Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (April 1, 2020 to March 31, 2021)
Net assets per share	188.37 yen	257.67 yen
Profit (loss) per share	(43.01) yen	61.44 yen
Profit per share after full dilution	—	30.85 yen

(Notes) 1. The Company did not present *profit per share after full dilution* for the previous consolidated fiscal year, since it posted *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, 2020)	Current consolidated fiscal year (March 31, 2021)
Total net assets (millions of yen)	38,933	41,192
Amounts deducted from the total net assets (millions of yen)	28,072	26,336
[of which amounts to be paid in for shares of class stock (millions of yen)]	[24,299]	[24,299]
[of which preferred dividends (millions of yen)]	[321]	[321]
[of which non-controlling interests (millions of yen)]	[3,451]	[1,715]
Net assets at the end of the fiscal year attributable to common stock (millions of yen)	10,861	14,856
Number of common stock at the end of the fiscal year used for calculating net assets per share (thousand shares)	57,658	57,657

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

	Previous consolidated fiscal year (April 1, 2019 to March 31, 2020)	Current consolidated fiscal year (April 1, 2020 to March 31, 2021)
Profit (loss) per share		
Profit (loss) attributable to owners of parent (millions of yen)	(2,158)	3,864
Amount not attributable to common stockholders (millions of yen)	321	321
[of which preferred dividends (millions of yen)]	[321]	[321]
Profit (loss) attributable to common stock owners of parent (millions of yen)	(2,480)	3,542
Average number of common stock during the fiscal year (thousand shares)	57,658	57,657
Profit per share after full dilution		
Net diluted profit attributable to owners of parent (millions of yen)	—	321
[of which preferred dividends (millions of yen)]	—	[321]
Increased number of common stock (thousand shares)	—	67,622
[of which preferred shares (thousand shares)]	—	[67,622]
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 2020	Full year	119,537	5,467	3,153	(2,158)
		Q2	54,828	2,798	1,610	3,731
	FY ended March 2021	Full year	110,375	6,018	5,381	3,864
		Q2 (Forecast)	53,000	2,500	1,800	1,000
	FY ending March 2022	Full year (Forecast)	111,000	6,100	4,700	4,000
		Q2 (Forecast)	(1,828)	(298)	190	(2,731)
Comparison with prior year	Full year (Forecast)	625	82	(681)	136	

(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 2020	Net sales to outside customers	45,705	32,338	41,354	137	—	119,537	
		Component ratio (%)	38.2	27.1	34.6	0.1	—	100.0	
		Operating profit	5,720	4	8	(289)	23	5,467	
		Component ratio (%)	104.6	0.1	0.1	(5.3)	0.4	100.0	
Results for current 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	
Comparison with previous year		Net sales to outside customers	(4,269)	(2,710)	(2,076)	(106)	—	(9,162)	
		Increase/decrease from previous year (%)	(9.3)	(8.4)	(5.0)	(77.1)	—	(7.7)	
		Operating profit	(38)	787	(377)	211	(32)	551	
		Increase/decrease from previous year (%)	(0.7)	—	—	—	—	10.1	
FY ending March 2022 (Forecast)	(Forecast)	Net sales to outside customers	46,000	32,500	32,500	0	—	111,000	
		Component ratio (%)	41.4	29.3	29.3	0.0	—	100.0	
		Operating profit	6,000	300	(200)	0	—	6,100	
		Component ratio (%)	98.4	4.9	(3.3)	0.0	—	100.0	
	Comparison		Net sales to outside customers	4,564	2,872	(6,778)	(31)	—	625
			Component ratio (%)	11.0	9.7	(17.3)	(100.0)	—	0.6
			Operating profit	318	(492)	168	78	—	82
			Component ratio (%)	5.6	(62.1)	—	—	—	1.3

(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 2019	Full year	6,074	4,481	3,474	102,603	(1,066)	3,497
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

(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 2019	Full year	8,985	(6,440)	(6,519)	22,122
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