

# Financial Report for Fiscal Year ended March 31, 2019 [Japanese GAAP] (Consolidated)

May 14, 2019

Company name: Unitika Ltd.

Listed stock exchange: Tokyo Stock Exchange

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

Representative: Hiroyuki Shime, President and Chief Executive Officer

Contact: Masanori Onishi, General Manager of Accounting Department

TEL: +81-6-6281-5721

Expected date for holding a regular shareholders meeting: June 27, 2019

Expected date for submitting securities report: June 27, 2019

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, 2019 (April 1, 2018 to March 31, 2019)

### (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, 2019	129,098	0.6	8,144	(30.1)	7,093	(28.9)	5,232	(35.3)
FY ended March 31, 2018	128,388	1.7	11,658	(7.0)	9,972	(4.9)	8,081	9.4

(Note) Comprehensive income FY ended March 31, 2019: 4,302 million yen [(48.0%)]

FY ended March 31, 2018: 8,280 million yen [2.2%]

	Net income per share	Diluted net income per share	Return on equity	Return on asset	Ratio of operating profit to sales
	Yen	Yen	%	%	%
FY ended March 31, 2019	85.17	52.81	13.9	3.5	6.3
FY ended March 31, 2018	133.25	89.40	20.5	4.8	9.1

(Reference) Equity in earnings/losses of affiliates FY ended March 31, 2019: 29 million yen

FY ended March 31, 2018: (54) million yen

(Note) The Company implemented a 1-for-10 share consolidation effective as of October 1, 2017 by consolidating 10 common shares of the Company into one common share. *Net income per share* and *Diluted net income per share* were calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous consolidated fiscal year.

(Note) "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) has been applied from the beginning of the current fiscal year. The change applies retroactively to the results of the previous fiscal year.

### (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, 2019	199,093	41,352	19.0	229.85
FY ended March 31, 2018	201,447	40,729	18.4	160.75

(Reference) Shareholders' equity: FY ended March 31, 2019: 37,873 million yen

FY ended March 31, 2018: 37,165 million yen

(Note) "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) has been applied from the beginning of the current fiscal year. The change applies retroactively to the results of the previous fiscal year.

### (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, 2019	8,985	(6,440)	(6,519)	22,122
FY ended March 31, 2018	9,739	(3,231)	(17,207)	26,169

## 2. Dividend payment

	Annual dividend per share					Annual dividends paid (Total) Millions of yen	Dividend payout ratio (consolidated) %	Dividend ratio of net assets (consolidated) %
	End of Q1 Yen	End of Q2 Yen	End of Q3 Yen	Year end Yen	Total Yen			
FY ended March 31, 2018	—	0.00	—	0.00	0.00	—	—	—
FY ended March 31, 2019	—	0.00	—	0.00	0.00	—	—	—
FY ending March 31, 2020 (forecast)	—	0.00	—	0.00	0.00		—	

(Note) The above *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, 2020 (April 1, 2019 to March 31, 2020)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
1st half of FY ending March 31, 2020	63,000	(0.6)	2,700	(38.8)	2,000	(53.0)	700	(81.9)	9.34
FY ending March 31, 2020	132,000	2.2	6,500	(20.2)	5,200	(26.7)	2,700	(48.4)	41.25

### \* 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: 2 (company name) UNITIKA EMBLEM CHINA LTD.,  
UNITIKA NARIWA 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, 2019: 57,752,343 shares

Fiscal year ended March 31, 2018: 57,752,343 shares

(ii) Number of treasury shares at end of term

Fiscal year ended March 31, 2019: 93,637 shares

Fiscal year ended March 31, 2018: 91,653 shares

(iii) Average number of shares outstanding during the term

Fiscal year ended March 31, 2019: 57,659,366 shares

Fiscal year ended March 31, 2018: 57,668,251 shares

(Note) The Company implemented a 1-for-10 share consolidation effective as of October 1, 2017 by consolidating 10 common shares of the Company into one common share. The *Average number of shares outstanding during the term* was calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous consolidated fiscal year.

(Reference) Summary of non-consolidated performance

Non-consolidated performance for fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(1) Non-consolidated business results

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY ended March 31, 2019	80,322	(1.0)	6,915	(27.5)	6,350	(24.1)	4,196	(26.6)
FY ended March 31, 2018	81,112	2.6	9,537	(2.9)	8,362	3.4	5,715	(27.2)

	Net income per share		Diluted net income per share	
	Yen	Yen	Yen	Yen
FY ended March 31, 2019	67.20	42.35		
FY ended March 31, 2018	92.21	63.22		

(Note) The Company implemented a 1-for-10 share consolidation effective as of October 1, 2017 by consolidating 10 common shares of the Company into one common share. *Net income per share* and *Diluted net income per share* were calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous fiscal year.

(2) Non-consolidated financial situation

	Total assets		Net assets		Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	%	Yen
FY ended March 31, 2019	177,231	39,406	39,406		22.2	256.44
FY ended March 31, 2018	181,889	39,007	39,007		21.4	192.70

(Reference) Shareholders' equity: FY ended March 31, 2019: 39,406 million yen  
FY ended March 31, 2018: 39,007 million yen

\* The flash report of financial results is not subject to an audit by a certified public accountant or an accounting firm.

\* 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.

(Change of date indication)

Date indication has been changed to the western calendar format from the Japanese calendar format from the Brief Report of Financial Statements for the Fiscal Year Ended March 31, 2019.

## 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, 2018	—	0.00	—	12,000.00	12,000.00
FY ended March 31, 2019	—	0.00	—	12,000.00	12,000.00
FY ending March 31, 2020 (forecast)	—	0	—	12,000.00	12,000.00
Class B share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2018	—	0.00	—	23,740.00	23,740.00
FY ended March 31, 2019	—	0.00	—	23,740.00	23,740.00
FY ending March 31, 2020 (forecast)	—	0	—	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.....	4
(4) Future forecast .....	4
(5) Basic policy for profit distribution and dividends for the fiscal year ended March 31, 2019 and the fiscal year ending March 31, 2020.....	5
2. Basic Approach to the Selection of Accounting Standards .....	5
3. Consolidated Financial Statements and Major Notes to Consolidated Financial Statements.....	6
(1) Consolidated balance sheets .....	6
(2) Consolidated income statement and consolidated comprehensive income statement .....	8
(Consolidated income statement).....	8
(Consolidated comprehensive income statement).....	9
(3) Consolidated statements of changes in net assets .....	10
(4) Consolidated statements of cash flow .....	12
(5) Notes on consolidated financial statements .....	13
(Notes on going concern assumption).....	13
(Significant items that are the basis for preparation of consolidated financial statements) .....	13
(Items related to the fiscal closing dates of consolidated subsidiaries).....	13
(Notes on significant changes in shareholders' equity).....	13
(Changes in representation methods) .....	14
(Segment information) .....	14
(Per share information) .....	17
(Material subsequent events).....	17
4. Supplementary Materials .....	18

## 1. Overview of Business Performance

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

During the consolidated accounting year under review, the Japanese economy continued to grow steadily, supported by robust domestic demand against the backdrop of an improvement in the employment and income environment, capital investment, and demand from inbound tourists to Japan, although it was affected by the downturn of exports and production caused by the overseas economic slowdown, mainly in China. Meanwhile, the outlook for the global economy remained unclear because of lingering worries about the unstable political situation in Europe and geopolitical risks as well as uncertainties, including the impact of trade friction between the U.S. and China and overseas economic slowdown.

Under these circumstances, the Unitika Group endeavored to realize the three *Gs* (*Growth, Global, and Governance*) promoted under the “*G*” round 20—to *The Next Stage*, its medium-term management plan.

Consequently, the Group reported net sales of 129,098 million yen (up 0.6% year on year), operating profit of 8,144 million yen (down 30.1% year on year), ordinary profit of 7,093 million yen (down 28.9% year on year), and profit attributable to owners of parent of 5,232 million yen (down 35.3% year on year) in the consolidated accounting year under review.

Furthermore, on January 8, 2019, a fire broke out at the Uji Plant, burning part of the polymerization facilities. The Unitika Group regrets that the occurrence of fire caused significant inconvenience and worry to our shareholders, residents living near the Plant, relevant ministries and agencies, and other concerned parties. Accordingly, the Group posted 87 million yen of loss on fire, expenses for disaster recovery and assets lost, as an extraordinary loss in the consolidated accounting year under review.

The following is an overview of the business results by segment.

#### [Polymers]

The Polymers business saw production and sales of nylon products temporarily decrease in the Films and Plastics businesses due to the occurrence of fire at the Uji Plant in January 2019. In addition, the Polymers business was affected by changes in raw materials and fuel prices throughout this fiscal year.

In the Films business, sales in the packaging sector continued to grow steadily, supported by strong sales of seasonal products and expansion in demand for products related to consumption by inbound tourists to Japan and convenience store goods. Furthermore, sales of high value-added products, such as *EMBLEM HG*, a barrier nylon film, also grew vigorously in Japan and overseas. In the industrial sector, sales were steady in the area of electronics applications in the first half of the year due to strong demand in the semiconductor market, but sales slightly slowed down in the second half of the year. Meanwhile, sales of high value-added products such as *Uni-peel*, a silicon-free mold release PET film, were also robust. Consequently, the Films business recorded a rise in sales and a fall in profit.

In the Plastics business, sales of *U-Polymer*, the Company’s original polyarylate resin, decreased from the previous year owing to the impact of inventory adjustment in some applications in the second half of the year, despite a steady increase in sales for automobile applications overseas in the first half of the year. Sales of nylon resins were steady for automobile applications. Meanwhile, demand for *elitel*, a thermoplastic saturated copolymeric polyester resin, and *ARROWBASE*, a range of environmentally friendly water-based polyolefin cationic emulsions, decreased for solar cell applications. Consequently, the Plastics business saw sales remain flat but profit decline.

In the Non-woven Fabrics business, sales of polyester spunbond fabrics, in general, continued to grow steadily in each application. However, demand for polyester spunbond fabrics remained sluggish in part of interior and building materials applications. THAI UNITIKA SPUNBOND CO., LTD. (TUSCO), a subsidiary in Thailand, saw sales increase due to a rise in the utilization of its new machinery, but had difficulty in staying profitable owing to several factors, including an increase in depreciation. Sales of cotton spunlace grew strongly, supported by steady demand for skin care goods. Consequently, the Non-woven Fabrics business reported a rise in sales and a fall in profit.

Consequently, the Polymers business posted operating profit of 7,048 million yen (down 25.0% year on year) on net sales of 61,963 million yen (up 5.9% year on year).

[Advanced Materials]

In the Glass Fibers business, the industrial materials sector saw sales of products for building applications, such as transparent sheets, grow steadily. In the electronic materials sector, sales of IC cloth decreased due to the deterioration of the semiconductor market, but sales of high value-added products, such as super thin products, increased robustly, mainly for information terminal equipment applications.

In the Glass Beads business, sales for industrial applications, such as electronics components and automobile parts, grew strongly, but sales of products for reflective material applications were affected by a fall in demand.

In the Activated Carbon Fibers business, sales for our mainstay water purifier applications, especially faucet built-in water purifiers, remained robust and sales for VOC removal applications continued to grow steadily. However, sales for industrial applications remained sluggish.

Consequently, the Advanced Materials business posted operating profit of 1,219 million yen (down 0.6% year on year) on net sales of 12,739 million yen (up 1.6% year on year).

[Fibers and Textiles]

The Industrial Materials business, in general, was affected by the fluctuation of raw materials and fuel prices. Sales of staple fibers were sluggish for daily product applications, but sales of high value-added products, such as composite fibers, remained robust. Furthermore, sales of ultra-high-strength polyester filament yarns continued to grow steadily, especially for civil engineering and building applications.

In the Garments, Lifestyle Materials and Bedding business, sales in the uniform sector for corporate customers, a mainstay of this business, remained steady and sales of raw fibers for high-functional materials also grew strongly, supported by a recovery in demand in the bedding goods sector. However, sales continued to be sluggish in the sports clothing and women's clothing sectors. Furthermore, in the Overseas business, sales of denim remained weak.

Consequently, the Fibers and Textiles business posted operating profit of 159 million yen (down 87.7% year on year) on net sales of 52,862 million yen (down 1.4% year on year).

[Others]

The Others category posted an operating loss of 275 million yen (compared to an operating loss of 277 million yen in the previous year) on net sales of 1,532 million yen (down 58.8% year on year).

(2) Overview of financial position

Total assets decreased by 2,353 million yen from the end of the previous consolidated year to 199,093 million yen, mainly due to a decrease in cash and deposits. Liabilities fell by 2,976 million yen from the end of the previous consolidated year to 157,740 million yen, mainly due to a decline in interest-bearing liabilities. Net assets grew by 622 million yen from the end of the previous consolidated year to 41,352 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, 2019 decreased by 4,047 million yen to 22,122 million yen.

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

Cash flows from operating activities increased by 8,985 million yen during the current consolidated fiscal year (down 7.7% year-on-year) mainly due to cash-in-flow, which added depreciation to profit before income taxes.

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

Cash flows from investing activities decreased by 6,440 million yen during the current consolidated fiscal year (decreased by 3,231 million yen in the previous consolidated fiscal year) due to the posting of expenses related to capital expenditures.

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

Cash flows from financing activities decreased by 6,519 million yen during the current consolidated fiscal year (decreased by 17,207 million yen in the previous consolidated fiscal year), due to the acquisition and retirement of Class B shares.

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

	Year ended March 31, 2019	Year ended March 31, 2018	Year ended March 31, 2017
(i) Shareholders' equity ratio (%)	19.0	18.4	19.7
(ii) Shareholders' equity ratio on market value basis (%)	12.3	19.1	25.3
(iii) Ratio of interest-bearing debt to cash flow	11.8	11.1	6.2
(iv) Interest coverage ratio	7.4	7.3	8.8

## (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 solidify the foundation and continue to implement growth measures to realize the three Gs (Growth, Global, and Governance) promoted under the “G” round 20—to The Next Stage, its medium-term management plan launched in FY ended March 2018.

The Unitika Group will steadily implement the measures outlined in its medium-term management plan and expects to adequately cope with changes in its business environment. However, as the Group needs more time to closely examine the impact of the fire that broke out at the Uji Plant in January 2019, it forecasts that the Group records net sales of 132,000 million yen, operating profit of 6,500 million yen, ordinary profit of 5,200 million yen, and profit attributable to owners of parent of 2,700 million yen in the year ending March 31, 2020.



(5) Basic policy for profit distribution and dividends for the fiscal year ended March 31, 2019 and the fiscal year ending March 31, 2020

The Unitika Group considers profit distribution to its shareholders to be an important aspect of its business, but management intends to cancel payment of dividends on common stock for the fiscal year ended March 31, 2019, 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, 2018)	Current consolidated fiscal year (March 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	26,395	22,580
Notes and accounts receivable-trade	36,552	35,316
Inventories	27,202	29,639
Other	2,899	2,416
Allowance for doubtful accounts	(84)	(61)
Total current assets	92,965	89,891
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,939	10,675
Machinery, equipment and vehicles, net	23,081	23,002
Tools, furniture and fixtures, net	1,060	1,159
Land	65,071	65,629
Leased assets, net	346	293
Construction in progress	1,155	2,107
Total property, plant and equipment	101,654	102,868
Intangible assets		
Other	2,139	1,927
Total intangible assets	2,139	1,927
Investments and other assets		
Investment securities	2,840	2,694
Investments in capital	8	8
Long-term loans receivable	285	423
Retirement benefit asset	18	29
Deferred tax assets	333	245
Other	1,220	1,042
Allowance for doubtful accounts	(20)	(37)
Total investments and other assets	4,686	4,406
Total non-current assets	108,481	109,202
Total assets	201,447	199,093

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (March 31, 2018)	Current consolidated fiscal year (March 31, 2019)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	18,968	18,056
Short-term loans payable	2,450	2,430
Current portion of long-term loans payable	2,720	99,993
Lease obligations	57	34
Income taxes payable	676	589
Provision for bonuses	1,576	1,648
A product repair reserve fund	704	72
Provision for business structure improvement	20	—
Other	8,509	8,709
Total current liabilities	35,685	131,534
Non-current liabilities		
Long-term loans payable	100,081	180
Lease obligations	674	588
Deferred tax liabilities	7,672	7,953
Deferred tax liabilities for land revaluation	3,580	3,579
Provision for retirement benefits for directors (and other officers)	4	4
Retirement benefit liability	12,218	13,184
Other	799	715
Total non-current liabilities	125,031	26,206
Total liabilities	160,717	157,740
<b>Net assets</b>		
Shareholders' equity		
Capital stock	100	100
Capital surplus	16,451	13,218
Retained earnings	19,201	24,040
Treasury shares	(55)	(56)
Total shareholders' equity	35,698	37,302
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	491	363
Deferred gains or losses on hedges	(2)	(69)
Revaluation reserve for land	6,415	6,412
Foreign currency translation adjustment	(2,793)	(3,589)
Remeasurements of defined benefit plans	(2,644)	(2,545)
Total accumulated other comprehensive income	1,467	571
Non-controlling interests	3,564	3,479
Total net assets	40,729	41,352
Total liabilities and net assets	201,447	199,093

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

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (April 1, 2018 to March 31, 2019)
Net sales	128,388	129,098
Cost of sales	96,515	99,779
Gross profit	31,873	29,319
Selling, general and administrative expenses	20,214	21,175
Operating profit	11,658	8,144
Non-operating income		
Interest income	73	78
Dividend income	74	72
Rent income	143	127
Gain on valuation of interest rate swaps	76	—
Share of profit of entities accounted for using equity method	—	29
Foreign exchange gains	—	159
Reversal of provision for loss on anti-monopoly act	94	—
Other	176	236
Total non-operating income	639	704
Non-operating expenses		
Interest expenses	1,331	1,217
Share of loss of entities accounted for using equity method	54	—
Foreign exchange losses	288	—
Other	650	537
Total non-operating expenses	2,325	1,754
Ordinary profit	9,972	7,093
Extraordinary income		
Gain on sales of non-current assets	763	35
Gain on sales of investment securities	58	—
Gain on liquidation of subsidiaries and associates	—	398
Total extraordinary income	822	434
Extraordinary losses		
Loss on disposal of non-current assets	349	599
Loss due to fire	—	87
Business structure improvement expenses	1,316	157
Total extraordinary losses	1,666	844
Profit before income taxes	9,128	6,684
Income taxes-current	1,133	1,004
Income taxes-deferred	(117)	447
Total income taxes	1,015	1,452
Profit	8,113	5,231
Profit (loss) attributable to non-controlling interests	31	(0)
Profit attributable to owners of parent	8,081	5,232

## (Consolidated comprehensive income statement)

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (April 1, 2018 to March 31, 2019)
Profit	8,113	5,231
Other comprehensive income		
Valuation difference on available-for-sale securities	11	(128)
Deferred gains or losses on hedges	(11)	(78)
Foreign currency translation adjustment	32	(820)
Remeasurements of defined benefit plans, net of tax	134	99
Total other comprehensive income	167	(929)
Comprehensive income	8,280	4,302
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,279	4,339
Comprehensive income attributable to non-controlling interests	1	(36)

(3) Consolidated statements of changes in net assets  
Previous consolidated fiscal year (April 1, 2017 to March 31, 2018)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	100	28,400	12,117	(47)	40,572
Changes of items during period					
Dividends of surplus			(997)		(997)
Profit attributable to owners of parent			8,081		8,081
Purchase of treasury shares				(11,957)	(11,957)
Disposal of treasury shares		0		0	0
Retirement of treasury shares		(11,949)		11,949	—
Capital increase of consolidated subsidiaries					
Change of scope of consolidation - foreign currency translation adjustment					
Reversal of revaluation reserve for land					
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(11,949)	7,084	(8)	(4,873)
Balance at end of current period	100	16,451	19,201	(55)	35,698

	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 current period	480	8	6,415	(2,856)	(2,779)	1,269	3,422	45,264
Changes of items during period								
Dividends of surplus								(997)
Profit attributable to owners of parent								8,081
Purchase of treasury shares								(11,957)
Disposal of treasury shares								0
Retirement of treasury shares								—
Capital increase of consolidated subsidiaries								
Change of scope of consolidation - foreign currency translation adjustment								
Reversal of revaluation reserve for land								
Net changes of items other than shareholders' equity	11	(11)		62	134	197	141	339
Total changes of items during period	11	(11)	—	62	134	197	141	(4,534)
Balance at end of current period	491	(2)	6,415	(2,793)	(2,644)	1,467	3,564	40,729

## Current consolidated fiscal year (April 1, 2018 to March 31, 2019)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	100	16,451	19,201	(55)	35,698
Changes of items during period					
Dividends of surplus			(397)		(397)
Profit attributable to owners of parent			5,232		5,232
Purchase of treasury shares				(3,270)	(3,270)
Disposal of treasury shares		0		0	0
Retirement of treasury shares		(3,269)		3,269	—
Capital increase of consolidated subsidiaries		36			36
Change of scope of consolidation - foreign currency translation adjustment					
Reversal of revaluation reserve for land			3		3
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(3,232)	4,838	(1)	1,603
Balance at end of current period	100	13,218	24,040	(56)	37,302

	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 current period	491	(2)	6,415	(2,793)	(2,644)	1,467	3,564	40,729
Changes of items during period								
Dividends of surplus								(397)
Profit attributable to owners of parent								5,232
Purchase of treasury shares								(3,270)
Disposal of treasury shares								0
Retirement of treasury shares								—
Capital increase of consolidated subsidiaries							(36)	—
Change of scope of consolidation - foreign currency translation adjustment				(439)		(439)		(439)
Reversal of revaluation reserve for land			(3)			(3)		—
Net changes of items other than shareholders' equity	(128)	(67)		(356)	99	(453)	(48)	(501)
Total changes of items during period	(128)	(67)	(3)	(795)	99	(895)	(84)	622
Balance at end of current period	363	(69)	6,412	(3,589)	(2,545)	571	3,479	41,352

## (4) Consolidated statements of cash flow

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (April 1, 2018 to March 31, 2019)
<b>Cash flows from operating activities</b>		
Profit before income taxes	9,128	6,684
Depreciation	4,868	5,035
Loss due to fire	—	87
Loss (gain) on liquidation of subsidiaries and associates	—	(398)
Business structure improvement expenses	1,316	157
Reversal of provision for loss on anti-monopoly	(94)	—
Increase (decrease) in allowance for doubtful accounts	(11)	(5)
Increase (decrease) in retirement benefit liability	1,157	1,072
Increase (decrease) in provision for business structure improvement	(110)	(20)
Increase (decrease) in provision for product repair	(965)	(632)
Increase (decrease) in other provision	125	72
Interest expenses	1,331	1,217
Loss (gain) on disposal of non-current assets	349	599
Loss (gain) on sales of non-current assets	(763)	(35)
Loss (gain) on sales of investment securities	(58)	—
Decrease (increase) in notes and accounts receivable-trade	(2,471)	1,133
Decrease (increase) in inventories	(1,534)	(2,512)
Increase (decrease) in notes and accounts payable-trade	1,473	(828)
Other, net	(470)	(337)
Subtotal	13,270	11,287
Interest and dividend income received	148	150
Interest expenses paid	(1,334)	(1,213)
Income taxes paid	(1,236)	(1,240)
Payment related to anti-monopoly act	(1,108)	—
Net cash provided by (used in) operating activities	9,739	8,985
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(85)	(236)
Purchase of investment securities	(10)	(10)
Proceeds from sales of investment securities	126	0
Purchase of property, plant and equipment	(3,535)	(5,769)
Proceeds from sales of property, plant and equipment	1,044	55
Other, net	(771)	(479)
Net cash provided by (used in) investing activities	(3,231)	(6,440)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(982)	(18)
Proceeds from long-term loans payable	95	140
Repayments of long-term loans payable	(3,155)	(2,765)
Cash dividends paid	(997)	(397)
Purchase of treasury shares or class shares	(11,949)	(3,269)
Other, net	(216)	(209)
Net cash provided by (used in) financing activities	(17,207)	(6,519)
Effect of exchange rate change on cash and cash equivalents	(22)	(71)
Net increase (decrease) in cash and cash equivalents	(10,721)	(4,047)
Cash and cash equivalents at beginning of period	36,890	26,169
Cash and cash equivalents at end of period	26,169	22,122



## (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.

(Scope of consolidation)

(1) Number of consolidated subsidiaries: 28 companies

Name of major consolidated subsidiaries:

NIPPON ESTER CO., LTD.

UNITIKA TRADING CO., LTD.

The number of consolidated subsidiaries decreased by two due to liquidation during the current consolidated accounting year.

(2) Name of non-consolidated subsidiaries

Name of 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, net income (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)

Eleven consolidated companies adopt fiscal closing dates different from the fiscal closing date for the consolidated accounting, as follows:

December 31: P.T.EMBLEM ASIA and nine other companies

February 28: UNITIKA (HONGKONG) LTD.

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

(Notes on significant changes in shareholders' equity)

UNITIKA LTD. resolved at the meeting of the Board of Directors held on November 8, 2018 to acquire part of the Class B shares issued by the Company (worth 3,200 million yen) in exchange for cash payment in accordance with the provision of Article 13-3, Item 6 of the Company's Articles of Incorporation (Call Options, the Consideration for Which Is Money) and to retire the same in accordance with the provision of Article 178 of the Companies Act subject to the said acquisition. The Company acquired and retired the shares as of February 28, 2019.

(1) Details of acquisition of Class B shares

(a) Class of shares acquired: Class B shares

(b) Counterparties in the acquisition (shareholders): Mizuho Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation

(c) Total number of shares acquired: 3,200 shares

(Note) Regarding the above 3,200 shares, the number of shares acquired from each shareholder was proportionally calculated in accordance with the Company's Articles of Incorporation. Accordingly, the Company acquired 2,020 shares from Mizuho Bank, Ltd. and 1,180 shares from Mitsubishi UFJ Trust and Banking Corporation.

(d) Share acquisition value: 1,021,723.7 yen per share

(Note) The above share acquisition value was calculated by adding the unpaid preferred dividend on a per diem basis (21,723.7 yen) to the amount to be paid per Class B share (1,000,000 yen).

(e) Total share acquisition value: 3,269,515,840 yen

- (f) Acquisition date: February 28, 2019
- (2) Details of retirement of Class B shares
  - (a) Class of shares retired: Class B shares
  - (b) Total number of shares retired: 3,200 shares
  - (c) Effective date of retirement: February 28, 2019
- (3) Impact on net assets after retirement of shares
  - Capital surplus decreased by 3,269,515,840 yen.

(Changes in representation methods)

(Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

“Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) has been applied from the beginning of the current fiscal year. Accordingly, deferred tax assets have been classified as investments and other assets, and deferred tax liabilities have been classified as non-current liabilities.

(Segment information)

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, Advanced Materials, and Fibers & Textiles.

The Polymers segment manufactures and markets films, resins, and non-woven fabrics. The Advanced Materials segment makes and sells glass fibers and so on. The Fibers & Textiles segment produces and distributes various types of fibers (threads, cotton, textiles and 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, 2017 to March 31, 2018)

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Consoli- dated financial statements (Note 3)
	Polymers	Advanced Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	58,516	12,536	53,612	124,665	3,723	128,388	—	128,388
Inter-segment sales or transfer	9,486	912	792	11,191	1,167	12,359	(12,359)	—
Total	68,003	13,449	54,404	135,857	4,891	140,748	(12,359)	128,388
Segment income (loss)	9,401	1,227	1,290	11,919	(277)	11,642	16	11,658
Segment assets	107,064	17,456	46,189	170,710	8,762	179,473	21,973	201,447
Other items								
Depreciation and amortization	3,451	367	490	4,309	13	4,323	544	4,868
Increase in property, plant and equipment and intangible assets	2,658	403	340	3,402	48	3,450	1,203	4,654

(Note) 1. The *Other* segment includes business segments that are not included in reportable segments, such as the design, construction, and maintenance businesses of plant projects.

2. Adjustment details are as follows.

- (1) Adjustment of 16 million yen for *Segment income (loss)* is attributable to the elimination of inter-segment transactions.
- (2) Adjustment of 21,973 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 544 million yen for *Depreciation and amortization* is depreciation and amortization of common assets that are not allocated to each reportable segment.
- (4) Adjustment of 1,203 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 income in the consolidated income statement.

## Current consolidated fiscal year (April 1, 2018 to March 31, 2019)

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Consoli- dated financial statements (Note 3)
	Polymers	Advanced Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	61,963	12,739	52,862	127,565	1,532	129,098	—	129,098
Inter-segment sales or transfer	9,415	829	498	10,743	1,236	11,979	(11,979)	—
Total	71,378	13,569	53,360	138,308	2,768	141,077	(11,979)	129,098
Segment income (loss)	7,048	1,219	159	8,427	(275)	8,151	(6)	8,144
Segment assets	109,810	17,615	47,022	174,448	6,623	181,072	18,020	199,093
Other items								
Depreciation and amortization	3,523	346	479	4,350	8	4,359	676	5,035
Increase in property, plant and equipment and intangible assets	4,593	376	384	5,354	26	5,381	1,035	6,416

(Note) 1. The *Other* segment includes business segments that are not included in reportable segments, such as the design, construction, and maintenance businesses of plant projects.

2. Adjustment details are as follows.

(1) Adjustment of 6 million yen for *Segment income (loss)* is attributable to the elimination of inter-segment transactions.

(2) Adjustment of 18,020 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 676 million yen for *Depreciation and amortization* is depreciation and amortization of common assets that are not allocated to each reportable segment.

(4) Adjustment of 1,035 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 income in consolidated income statement.

## (Per share information)

	Previous consolidated fiscal year (April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (April 1, 2018 to March 31, 2019)
Net assets per share	160.75 yen	229.85 yen
Net income per share	133.25 yen	85.17 yen
Net income per share after full dilution	89.40 yen	52.81 yen

(Note) 1. The Company implemented a 1-for-10 share consolidation effective as of October 1, 2017 by consolidating 10 common shares of the Company into one common share. *Net income per share* and *Diluted net income per share* were calculated on the assumption that the relevant share consolidation had been implemented at the beginning of the previous consolidated fiscal year.

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

	Previous consolidated fiscal year (March 31, 2018)	Current consolidated fiscal year (March 31, 2019)
Total net assets (millions of yen)	40,729	41,352
Amounts deducted from the total net assets (millions of yen)	31,460	28,100
[of which amounts to be paid in for shares of class stock (millions of yen)]	(27,499)	(24,299)
[of which preferred dividends (millions of yen)]	(397)	(321)
[of which non-controlling interests (millions of yen)]	(3,564)	(3,479)
Net assets at the end of the fiscal year attributable to common stock (millions of yen)	9,268	13,252
Number of common stock at the end of the fiscal year used for calculating net assets per share (thousand shares)	57,660	57,658

3. The basis for the calculation of net income per share and net income per share after full dilution is as follows:

	Previous consolidated fiscal year (April 1, 2017 to March 31, 2018)	Current consolidated fiscal year (April 1, 2018 to March 31, 2019)
Net income per share		
Net income attributable to owners of parent (millions of yen)	8,081	5,232
Amount not attributable to common stockholders (millions of yen)	397	321
[of which preferred dividends (millions of yen)]	(397)	(321)
Net income attributable to common share owners of parent (millions of yen)	7,684	4,910
Average number of common stock during the fiscal year (thousand shares)	57,668	57,659
Net income per share after full dilution		
Net diluted earnings attributable to owners of parent (millions of yen)	397	321
[of which preferred dividends (millions of yen)]	(397)	(321)
Increased number of common stock (thousand shares)	32,732	41,425
[of which preferred shares (thousand shares)]	(32,732)	(41,425)
Outline of potential common shares that were not included in the calculation of net income per share after full dilution due to their anti-dilutive effect.	—	—

## (Material subsequent events)

Not applicable.

## (1) Results (consolidated)

(Millions of yen)

			Net sales	Operating profit	Ordinary profit	Net income attributable to owners of parent
Consolidated	FY ended March 2018	Full year	128,388	11,658	9,972	8,081
		Q2	63,379	4,408	4,257	3,875
	FY ended March 2019	Full year	129,098	8,144	7,093	5,232
		Q2 (Forecast)	63,000	2,700	2,000	700
	FY ending March 2020	Full year (Forecast)	132,000	6,500	5,200	2,700
		Q2 (Forecast)	(379)	(1,708)	(2,257)	(3,175)
Comparison with prior year	Full year (Forecast)	2,902	(1,644)	(1,893)	(2,532)	

## (2) Segment information (consolidated)

(Millions of yen)

			Polymers	Advanced Materials	Fibers & Textiles	Other	Elimination or corporate	Consolidated total	
Results for prior fiscal year	FY ended March 2018	Net sales to outside customers	58,516	12,536	53,612	3,723	—	128,388	
		Component ratio (%)	45.6	9.8	41.8	2.9	—	100.0	
		Operating profit	9,401	1,227	1,290	(277)	16	11,658	
		Component ratio (%)	80.6	10.5	11.1	(2.4)	0.1	100.0	
Results for current fiscal year	FY ended March 2019	Net sales to outside customers	61,963	12,739	52,862	1,532	—	129,098	
		Component ratio (%)	48.0	9.9	40.9	1.2	—	100.0	
		Operating profit	7,048	1,219	159	(275)	(6)	8,144	
		Component ratio (%)	86.5	15.0	2.0	(3.4)	(0.1)	100.0	
Comparison with prior year		Net sales to outside customers	3,447	203	(750)	(2,191)	—	710	
		Increase/decrease from prior year (%)	5.9	1.6	(1.4)	(58.8)	—	0.6	
		Operating profit	(2,353)	(8)	(1,131)	2	(22)	(3,514)	
		Increase/decrease from prior year (%)	(25.0)	(0.6)	(87.7)	—	—	(30.1)	
FY ending March 2020 (Forecast)	(Forecast)	Net sales to outside customers	65,000	13,500	53,500	0	—	132,000	
		Component ratio (%)	49.2	10.2	40.5	0.0	—	100.0	
		Operating profit	5,200	1,100	400	(200)	—	6,500	
		Component ratio (%)	80.0	16.9	6.2	(3.1)	—	100.0	
	Comparison		Net sales to outside customers	3,037	761	638	(1,532)	—	2,902
			Increase/decrease from prior year (%)	4.9	6.0	1.2	(100.0)	—	2.2
			Operating profit	(1,848)	(119)	241	75	—	(1,644)
			Increase/decrease from prior year (%)	(26.2)	(9.8)	151.6	—	—	(20.2)

## (3) Capital expenditures, Depreciation (Property, plant and equipment), R&amp;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 2017	Full year	4,825	4,292	3,142	109,327	(1,826)	3,671
FY ended March 2018	Full year	4,129	4,448	3,274	105,252	(1,182)	3,677
FY ended March 2019	Full year	6,074	4,481	3,474	102,603	(1,066)	3,497

## (4) Cash flow (consolidated)

(Millions of yen)

		Cash flow from operating activities	Cash flow from investment activities	Cash flow from financing activities	Cash and cash equivalents at end of fiscal year
FY ended March 2017	Full year	18,111	(4,158)	(19,089)	36,890
FY ended March 2018	Full year	9,739	(3,231)	(17,207)	26,169
FY ended March 2019	Full year	8,985	(6,440)	(6,519)	22,122