

# Financial Report for Fiscal Year ended March 31, 2020 [Japanese GAAP] (Consolidated)

May 14, 2020

Company name: Unitika Ltd.

Listed stock exchange: Tokyo Stock Exchange

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

Representative: Shuji Ueno, President and Chief Executive Officer

Contact: Masanori Onishi, General Manager of Accounting Department

TEL: +81-6-6281-5721

Expected date for holding a regular shareholders meeting: June 26, 2020

Expected date for submitting securities report: June 26, 2020

Expected commencement date for paying dividend: –

Preparation of the attachment of Financial Report: Yes

Holding of a results presentation: Yes (From the viewpoint of preventing the spread of COVID-19, the Company plans to upload a streaming video of the presentation of its financial results on its website.)

(Figures rounded down to nearest million yen.)

## 1. Consolidated performance for fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

### (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, 2020	119,537	(7.4)	5,467	(32.9)	3,153	(55.5)	(2,158)	—
FY ended March 31, 2019	129,098	0.6	8,144	(30.1)	7,093	(28.9)	5,232	(35.3)

(Note) Comprehensive income FY ended March 31, 2020: (2,097) million yen [ –% ]

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

	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, 2020	(43.01)	—	(5.9)	1.6	4.6
FY ended March 31, 2019	85.17	52.81	13.9	3.5	6.3

(Reference) Equity in earnings/losses of affiliates FY ended March 31, 2020: 13 million yen

FY ended March 31, 2019: 29 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, 2020	193,726	38,933	18.3	188.37
FY ended March 31, 2019	199,093	41,352	19.0	229.85

(Reference) Shareholders' equity: FY ended March 31, 2020: 35,481 million yen

FY ended March 31, 2019: 37,873 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, 2020	9,797	(10,192)	(3,482)	18,194
FY ended March 31, 2019	8,985	(6,440)	(6,519)	22,122

## 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, 2019	—	0.00	—	0.00	0.00	—	—	—
FY ended March 31, 2020	—	0.00	—	0.00	0.00	—	—	—
FY ending March 31, 2021 (forecast)	—	—	—	—	—	—	—	—

(Note) The above *Dividend payment* refers to dividends paid to the holders of common stock. The Company will announce its dividend forecast for the fiscal year ending March 31, 2021 immediately after the calculation of the forecast of operational results becomes possible. 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, 2021 (April 1, 2020 to March 31, 2021)

The Company has left the forecast of consolidated performance for the fiscal year ending March 31, 2021 as undetermined, since it is difficult for its management team to reasonably estimate the impact of the spread of COVID-19 on the Company's business activities and operational results at the present moment. The Company will announce the forecast immediately after the calculation of the forecast of operational results becomes possible.

#### \* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying change of scope of consolidation): No  
 New companies: — (company name)  
 Excluded companies: — (company name)
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - (i) Changes in accounting policies due to revisions of accounting standards: 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, 2020: 57,752,343 shares  
 Fiscal year ended March 31, 2019: 57,752,343 shares
  - (ii) Number of treasury shares at end of term  
 Fiscal year ended March 31, 2020: 94,343 shares  
 Fiscal year ended March 31, 2019: 93,637 shares
  - (iii) Average number of shares outstanding during the term  
 Fiscal year ended March 31, 2020: 57,658,293 shares  
 Fiscal year ended March 31, 2019: 57,659,366 shares

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

##### Non-consolidated performance for fiscal year ended March 31, 2020 (April 1, 2019 to March 31, 2020)

##### (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, 2020	76,150	(5.2)	5,136	(25.7)	3,224	(49.2)	(2,075)	—
FY ended March 31, 2019	80,322	(1.0)	6,915	(27.5)	6,350	(24.1)	4,196	(26.6)

	Profit per share		Diluted profit per share	
	Yen		Yen	
FY ended March 31, 2020	(41.58)		—	
FY ended March 31, 2019	67.20		42.35	

##### (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, 2020	172,848	37,008	21.4	214.85
FY ended March 31, 2019	177,231	39,406	22.2	256.44

(Reference) Shareholders' equity: FY ended March 31, 2020: 37,008 million yen  
 FY ended March 31, 2019: 39,406 million yen

\* The financial report 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.

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

The Company plans to upload a video streaming of the presentation of its financial results on its website (scheduled to be posted on May 25, 2020).

## 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, 2019	—	0.00	—	12,000.00	12,000.00
FY ended March 31, 2020	—	0.00	—	12,000.00	12,000.00
FY ending March 31, 2021 (forecast)	—	0.00	—	12,000.00	12,000.00
Class B share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2019	—	0.00	—	23,740.00	23,740.00
FY ended March 31, 2020	—	0.00	—	23,740.00	23,740.00
FY ending March 31, 2021 (forecast)	—	0.00	—	23,740.00	23,740.00

## ○ Table of contents for the attachment

1. Overview of Business Performance .....	2
(1) Overview of business performance of the year.....	2
(2) Overview of financial position .....	3
(3) Overview of cash-flow.....	3
(4) Future forecast .....	4
(5) Basic policy for profit distribution and dividends for the fiscal year ended March 31, 2020 and the fiscal year ending March 31, 2021.....	4
2. Basic Approach to the Selection of Accounting Standards .....	4
3. Consolidated Financial Statements and Major Notes to Consolidated Financial Statements.....	5
(1) Consolidated balance sheets .....	5
(2) Consolidated income statement and consolidated comprehensive income statement .....	7
(Consolidated income statement).....	7
(Consolidated comprehensive income statement).....	8
(3) Consolidated statements of changes in net assets .....	9
(4) Consolidated statements of cash flow .....	11
(5) Notes on consolidated financial statements .....	12
(Notes on going concern assumption).....	12
(Significant items that are the basis for preparation of consolidated financial statements) .....	12
(Additional information).....	12
(Segment information) .....	13
(Per share information) .....	15
(Material subsequent events).....	15
4. Supplementary materials .....	16

## 1. Overview of Business Performance

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

During the consolidated fiscal year under review, in the first half, the Japanese economy continued to grow moderately, supported by solid capital investment and consumer spending in Japan as well as good employment and income environment. However, in the second half, the economy entered into a recession because of a decline in domestic demand following the consumption tax rate increase and a sharp decrease in demand of foreign visitors to Japan due to the spread of COVID-19. Meanwhile, looking at the global economy, the U.S. economy continued to grow steadily, while economic stagnation became apparent in China. Furthermore, the outlook for the global economy remained unclear since concerns grew over the outbreak of COVID-19 around the world and its possible prolonged negative impact.

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 119,537 million yen (down 7.4% year on year), operating profit of 5,467 million yen (down 32.9% year on year), and ordinary profit of 3,153 million yen (down 55.5% year on year) in the consolidated fiscal year under review. Meanwhile, the Group posted 2,566 million yen of provision for loss on litigation and 1,043 million yen of impairment loss associated with earnings deterioration in THAI UNITIKA SPUNBOND CO., LTD., a subsidiary in Thailand, as an extraordinary loss, resulting in loss attributable to owners of parent of 2,158 million yen in the consolidated fiscal year under review (vs. profit attributable to owners of parent of 5,232 million yen in the previous year).

Furthermore, as the Group announced on August 28, 2019 and November 1, 2019, incidents of inappropriate quality control were found with some products that were manufactured and marketed by the Company and its subsidiaries. The Unitika Group deeply regrets that the occurrence of such incidents caused significant inconvenience and worry to its customers, relevant ministries and agencies, and other concerned parties.

Here is an overview of the business results by segment.

#### [Polymers]

The Polymers business saw the occurrence of a fire at the Uji Plant in January 2019 affect production and sales of the Films business and nylon products in the Plastics businesses.

In the Films business, the packaging sector saw sales decrease due to the impact of the fire at the Uji Plant and the slowdown in demand for some seasonal products because of unseasonable weather, including a mild winter. However, sales of *EMBLEM HG*, a barrier nylon film, continued to grow steadily and other high-value-added products sold robustly in Japan and overseas. In the industrial sector, demand plunged due to the semiconductor market doldrums. Meanwhile, sales of high-value-added products, such as *Uni-amide*, a heat-resistant thermoplastic polyamide film, and *Uni-peel*, a silicon-free mold release PET film, increased steadily. Consequently, the Film business recorded a fall in sales and a rise in profit.

In the Plastics business, profitability of nylon resins deteriorated since sales decreased significantly due to the following reasons: the impact of the fire at the Uji Plant, a slowdown of the automobile industry, and a decline in capital expenditures in the semiconductor industry. Furthermore, sales of *U-Polymer*, a polyarylate resin, faced an uphill battle due to a fall in demand for automobile applications overseas and for information terminal equipment applications in the second half, despite solid growth in the first half. Sales of raw materials for other functional resins were also sluggish. As a result, the Plastics business saw sales and profit decrease.

In the Non-woven Fabrics business, sales of spunbond non-woven fabrics grew steadily for daily product applications, but were sluggish for building material applications and overseas. THAI UNITIKA SPUNBOND CO., LTD. (TUSCO), a subsidiary in Thailand, saw its earnings deteriorate due to a fall in demand for interior applications and automobile-related applications. Meanwhile, sales of spunlace non-woven fabrics grew strongly overseas but decreased in Japan due to the impact of cooler summer weather and a decline in demand of foreign visitors to Japan. Consequently, the Non-woven Fabrics business reported a fall in sales and profit.

Consequently, the Polymers business posted operating profit of 5,288 million yen (down 25.0% year on year) on net sales of 56,411 million yen (down 9.0% year on year).

**[Advanced Materials]**

In the Glass Fibers business, the industrial materials sector saw sales of products for building applications, such as transparent incombustible sheets, and products for electric and electronic applications grow steadily and sales for environment-related applications recover. In the electronic materials sector, sales of IC cloth were weak due to a delay in the recovery of the semiconductor market, but sales of high-value-added products, such as super-thin products and materials with low thermal expansion, expanded steadily.

In the Glass Beads business, sales of products for road applications grew robustly, but sales of products for industrial applications were sluggish due to a fall in demand in the field of automotive and electronic components. Furthermore, demand for products for reflective material applications also remained weak.

In the Activated Carbon Fibers business, sales of our mainstay water purifier applications, especially faucet built-in water purifiers, continued to be strong across-the-board and sales for VOC removal applications also grew steadily. However, demand for industrial applications continued to decline.

Consequently, the Advanced Materials business posted operating profit of 1,066 million yen (down 12.5% year on year) on net sales of 13,093 million yen (up 2.8% year on year).

**[Fibers and Textiles]**

In the Industrial Materials business, sales of ultra-high-strength polyester filament yarns grew steadily for some fields, such as civil engineering and building applications, but sales of polyester staple fibers and composite fibers in general were sluggish. Furthermore, profitability deteriorated due to rising costs.

In the Garments, Lifestyle Materials and Bedding business, sales continued to be sluggish in the sports clothing, women's clothing, and bedding sectors despite a rise in sales of *Terramac*, biomass plastic. Sales in the uniform sector, a mainstay of this business, stagnated due to inventory adjustment, chiefly for corporate customers, and decreased. Furthermore, in the Overseas business, sales of denim remained decreased from the previous year.

Consequently, the Fibers and Textiles business posted an operating loss of 589 million yen (vs. operating profit of 159 million yen in the previous year) on net sales of 49,894 million yen (down 5.6% year on year).

**[Others]**

The Others category posted an operating loss of 289 million yen (compared to an operating loss of 275 million yen in the previous year) on net sales of 137 million yen (down 91.0% year on year).

**(2) Overview of financial position**

Total assets decreased by 5,367 million yen from the end of the previous consolidated year to 193,726 million yen, mainly due to a decrease in notes and accounts receivable-trade. Liabilities fell by 2,948 million yen from the end of the previous consolidated year to 154,792 million yen. This was primarily due to a decline in notes and accounts payable-trade despite the posting of provision for loss on litigation. Net assets fell by 2,419 million yen from the end of the previous consolidated year to 38,933 million yen. This was mainly due to a decrease in retained earnings caused by the posting of loss attributable to owners of parent.

**(3) Overview of cash-flow**

Cash and cash equivalents (hereinafter referred to as "net cash") as of March 31, 2020 decreased by 3,927 million yen to 18,194 million yen.

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

Cash flows from operating activities increased by 9,797 million yen during the current consolidated fiscal year (up 9.0% year-on-year) mainly due to a decrease in trade receivables and the posting of depreciation and provision for loss on litigation, despite a decline in trade payables.

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

Cash flows from investing activities decreased by 10,192 million yen during the current consolidated fiscal year (decreased by 6,440 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 3,482 million yen during the current consolidated fiscal year (decreased by 6,519 million yen in the previous consolidated fiscal year), due to the repayments of borrowings.

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

	Year ended March 31, 2020	Year ended March 31, 2019	Year ended March 31, 2018
(i) Shareholders' equity ratio (%)	18.3	19.0	18.4
(ii) Shareholders' equity ratio on market value basis (%)	8.0	12.3	19.1
(iii) Ratio of interest-bearing debt to cash flow	10.5	11.8	11.1
(iv) Interest coverage ratio	8.3	7.4	7.3

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

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

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

Interest coverage ratio: Cash flow/Interest expense

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

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

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

## (4) Future forecast

The Unitika Group has formulated *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 the medium-term management plan that starts from fiscal year 2020, the Group is determined to realize the *building of strong business portfolios, promotion of global business development, and change of business culture and mind-set*. The Unitika Group will aim to achieve net sales of 147,000 million yen and operating profit of 11,000 million yen at the final year of the new medium-term management plan by steadily implementing each measure and establishing a corporate management foundation toward sustainable *growth*.

Regarding the future forecast, the economy has greatly slackened due to serious impact of countermeasures against COVID-19 on economic activities. While it is currently difficult to predict the future development of COVID-19, there may be a serious impact on the Company's financial situation and operational results for the fiscal year ending March 31, 2021, depending on the timing of successful COVID-19 containment. The Company has left the forecast of consolidated performance for the fiscal year ending March 31, 2021 as undetermined, since it is difficult for its management team to reasonably estimate the impact of the spread of COVID-19 on the Company's performance at the present moment. The Company will announce the forecast immediately after calculation of the forecast of operational results becomes possible.

## (5) Basic policy for profit distribution and dividends for the fiscal year ended March 31, 2020 and the fiscal year ending March 31, 2021

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, 2020, 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. The Company will announce its dividend forecast for the fiscal year ending March 31, 2021 immediately after the calculation of the forecast of operational results becomes possible.

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, 2019)	Current consolidated fiscal year (March 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	22,580	18,860
Notes and accounts receivable-trade	35,316	30,953
Inventories	29,639	29,498
Other	2,416	2,961
Allowance for doubtful accounts	(61)	(48)
Total current assets	89,891	82,225
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	10,675	10,858
Machinery, equipment and vehicles, net	23,002	21,543
Tools, furniture and fixtures, net	1,159	1,127
Land	65,629	65,191
Leased assets, net	293	233
Construction in progress	2,107	6,492
Total property, plant and equipment	102,868	105,447
Intangible assets		
Other	1,927	1,756
Total intangible assets	1,927	1,756
Investments and other assets		
Investment securities	2,694	2,645
Investments in capital	8	8
Long-term loans receivable	423	405
Retirement benefit asset	29	29
Deferred tax assets	245	223
Other	1,042	1,067
Allowance for doubtful accounts	(37)	(84)
Total investments and other assets	4,406	4,296
Total non-current assets	109,202	111,500
Total assets	199,093	193,726

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (March 31, 2019)	Current consolidated fiscal year (March 31, 2020)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	18,056	14,922
Short-term borrowings	2,430	2,288
Current portion of long-term borrowings	99,993	2,675
Lease obligations	34	363
Income taxes payable	589	284
Provision for bonuses	1,648	1,710
A product repair reserve fund	72	42
Other	8,709	8,949
<b>Total current liabilities</b>	<b>131,534</b>	<b>31,237</b>
Non-current liabilities		
Long-term borrowings	180	94,631
Lease obligations	588	162
Deferred tax liabilities	7,953	7,824
Deferred tax liabilities for land revaluation	3,579	3,579
Provision for retirement benefits for directors (and other officers)	4	—
Provision for loss on litigation	—	2,566
Retirement benefit liability	13,184	14,333
Other	715	458
<b>Total non-current liabilities</b>	<b>26,206</b>	<b>123,554</b>
<b>Total liabilities</b>	<b>157,740</b>	<b>154,792</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	100	100
Capital surplus	13,218	13,218
Retained earnings	24,040	21,559
Treasury shares	(56)	(56)
<b>Total shareholders' equity</b>	<b>37,302</b>	<b>34,821</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	363	361
Deferred gains or losses on hedges	(69)	(11)
Revaluation reserve for land	6,412	6,412
Foreign currency translation adjustment	(3,589)	(3,521)
Remeasurements of defined benefit plans	(2,545)	(2,581)
<b>Total accumulated other comprehensive income</b>	<b>571</b>	<b>660</b>
Non-controlling interests	3,479	3,451
<b>Total net assets</b>	<b>41,352</b>	<b>38,933</b>
<b>Total liabilities and net assets</b>	<b>199,093</b>	<b>193,726</b>

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

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2018 to March 31, 2019)	Current consolidated fiscal year (April 1, 2019 to March 31, 2020)
Net sales	129,098	119,537
Cost of sales	99,779	92,156
Gross profit	29,319	27,380
Selling, general and administrative expenses	21,175	21,913
Operating profit	8,144	5,467
Non-operating income		
Interest income	78	76
Dividend income	72	83
Share of profit of entities accounted for using equity method	29	13
Foreign exchange gains	159	—
Rental income	127	121
Other	236	230
Total non-operating income	704	525
Non-operating expenses		
Interest expenses	1,217	1,174
Foreign exchange losses	—	308
Syndicated loan origination fee	—	869
Other	537	486
Total non-operating expenses	1,754	2,839
Ordinary profit	7,093	3,153
Extraordinary income		
Gain on sales of non-current assets	35	83
Gain on sales of investment securities	—	0
Gain on liquidation of subsidiaries and associates	398	—
Total extraordinary income	434	84
Extraordinary losses		
Impairment loss	—	1,043
Loss on disposal of non-current assets	599	1,278
Loss on valuation of investment securities	—	48
Loss due to fire	87	—
Business restructuring expenses	157	30
Provision for loss on litigation	—	2,566
Total extraordinary losses	844	4,967
Profit (loss) before income taxes	6,684	(1,728)
Income taxes-current	1,004	600
Income taxes-deferred	447	(129)
Total income taxes	1,452	471
Profit (loss)	5,231	(2,200)
(Loss) attributable to non-controlling interests	(0)	(41)
Profit (loss) attributable to owners of parent	5,232	(2,158)

## (Consolidated comprehensive income statement)

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2018 to March 31, 2019)	Current consolidated fiscal year (April 1, 2019 to March 31, 2020)
Profit (loss)	5,231	(2,200)
Other comprehensive income		
Valuation difference on available-for-sale securities	(128)	(1)
Deferred gains or losses on hedges	(78)	66
Foreign currency translation adjustment	(820)	74
Remeasurements of defined benefit plans, net of tax	99	(36)
Total other comprehensive income	(929)	102
Comprehensive income	4,302	(2,097)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,339	(2,069)
Comprehensive income attributable to non-controlling interests	(36)	(27)

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

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

(Unit: Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	100	16,451	19,201	(55)	35,698
Changes in 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
Cancellation of treasury shares		(3,269)		3,269	—
Capital increase of consolidated subsidiaries		36			36
Change in scope of consolidation - foreign currency translation adjustment					
Reversal of revaluation reserve for land			3		3
Net changes in items other than shareholders' equity					
Total changes in items during period	—	(3,232)	4,838	(1)	1,603
Balance at end of 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 period	491	(2)	6,415	(2,793)	(2,644)	1,467	3,564	40,729
Changes in 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
Cancellation of treasury shares								—
Capital increase of consolidated subsidiaries							(36)	—
Change in scope of consolidation - foreign currency translation adjustment				(439)		(439)		(439)
Reversal of revaluation reserve for land			(3)			(3)		—
Net changes in items other than shareholders' equity	(128)	(67)		(356)	99	(453)	(48)	(501)
Total changes in items during period	(128)	(67)	(3)	(795)	99	(895)	(84)	622
Balance at end of period	363	(69)	6,412	(3,589)	(2,545)	571	3,479	41,352

## Current 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
Cancellation of treasury shares					
Capital increase of consolidated subsidiaries					
Change in scope of consolidation - foreign currency translation adjustment					
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
Cancellation of treasury shares								
Capital increase of consolidated subsidiaries								
Change in scope of consolidation - foreign currency translation adjustment								
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

## (4) Consolidated statements of cash flow

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (April 1, 2018 to March 31, 2019)	Current consolidated fiscal year (April 1, 2019 to March 31, 2020)
<b>Cash flows from operating activities</b>		
Profit before income taxes	6,684	(1,728)
Depreciation	5,035	5,333
Impairment loss	—	1,043
Loss due to fire	87	—
Loss (gain) on liquidation of subsidiaries and associates	(398)	—
Business restructuring expenses	157	30
Provision for loss on litigation	—	2,566
Increase (decrease) in allowance for doubtful accounts	(5)	33
Increase (decrease) in retirement benefit liability	1,072	1,120
Increase (decrease) in provision for business restructuring	(20)	—
Increase (decrease) in provision for product repair	(632)	(30)
Increase (decrease) in other provisions	72	57
Interest expenses	1,217	1,174
Loss (gain) on disposal of non-current assets	599	1,278
Loss (gain) on sales of non-current assets	(35)	(83)
Loss (gain) on sales of investment securities	—	(0)
Decrease (increase) in trade receivables	1,133	4,314
Decrease (increase) in inventories	(2,512)	97
Increase (decrease) in trade payables	(828)	(3,083)
Other, net	(337)	(725)
Subtotal	11,287	11,398
Interest and dividends received	150	159
Interest paid	(1,213)	(1,178)
Income taxes paid	(1,240)	(1,060)
Proceeds from insurance income	—	478
Net cash provided by (used in) operating activities	8,985	9,797
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(236)	(205)
Purchase of investment securities	(10)	(10)
Proceeds from sales of investment securities	0	22
Purchase of property, plant and equipment	(5,769)	(9,170)
Proceeds from sales of property, plant and equipment	55	511
Payments for retirement of property, plant and equipment	—	(966)
Other, net	(479)	(372)
Net cash provided by (used in) investing activities	(6,440)	(10,192)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(18)	(113)
Proceeds from long-term borrowings	140	97,126
Repayments of long-term borrowings	(2,765)	(99,993)
Dividends paid	(397)	(321)
Purchase of treasury shares or class shares	(3,269)	—
Other, net	(209)	(181)
Net cash provided by (used in) financing activities	(6,519)	(3,482)
Effect of exchange rate change on cash and cash equivalents	(71)	(51)
Net increase (decrease) in cash and cash equivalents	(4,047)	(3,927)
Cash and cash equivalents at beginning of period	26,169	22,122
Cash and cash equivalents at end of period	22,122	18,194

(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 accounting policies* stated below.

(Items related to accounting policies)

Basis of recording of significant provisions

Provision for bonuses

To provide for the payment of bonuses to employees, provision is recorded at the estimated amounts to be paid (including part of performance-based remuneration to executive officers).

Provision for loss on litigation

To prepare for possible losses from litigation in process, provision is recorded at the estimated amounts that is thought to be required by estimating loss amounts which may be incurred in the future.

(Additional information)

In an appeal hearing 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 demand damages against the Company (the Company participated in the appeal hearing as an assisting intervener), the Nagoya High Court ordered the mayor to request the Company to pay around 2,094 million yen in damages and delinquency charges on July 16, 2019.

Meanwhile, the lawsuit is in progress, since the Company, the mayor, and citizens of Toyohashi City have appealed to the Supreme Court against the judgment made by the court of second instance and petitioned for acceptance of a final appeal. However, the Company made reasonable estimates to calculate the amount based on the judgment by the High Court and recorded 2,566 million yen of provision for loss on litigation.

## (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, 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 the consolidated income statement.

## Current 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	Advanced Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	56,411	13,093	49,894	119,399	137	119,537	—	119,537
Inter-segment sales or transfer	9,264	712	509	10,485	18	10,504	(10,504)	—
Total	65,676	13,805	50,403	129,885	156	130,041	(10,504)	119,537
Segment income (loss)	5,288	1,066	(589)	5,765	(289)	5,475	(8)	5,467
Segment assets	108,397	17,420	47,134	172,951	5,949	178,900	14,825	193,726
Other items								
Depreciation and amortization	3,795	353	480	4,629	3	4,633	700	5,333
Increase in property, plant and equipment and intangible assets	6,598	836	810	8,246	24	8,271	1,435	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 (8) million yen for *Segment income (loss)* is attributable to the elimination of inter-segment transactions.
- (2) Adjustment of 14,825 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 1,435 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, 2018 to March 31, 2019)	Current consolidated fiscal year (April 1, 2019 to March 31, 2020)
Net assets per share	229.85 yen	188.37 yen
Profit (loss) per share	85.17 yen	(43.01) yen
Profit per share after full dilution	52.81 yen	—

(Note) 1. The Company did not present *profit per share after full dilution* for the current 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, 2019)	Current consolidated fiscal year (March 31, 2020)
Total net assets (millions of yen)	41,352	38,933
Amounts deducted from the total net assets (millions of yen)	28,100	28,072
[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)]	[3,479]	[3,451]
Net assets at the end of the fiscal year attributable to common stock (millions of yen)	13,252	10,861
Number of common stock at the end of the fiscal year used for calculating net assets per share (thousand shares)	57,658	57,658

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, 2018 to March 31, 2019)	Current consolidated fiscal year (April 1, 2019 to March 31, 2020)
Profit (loss) per share		
Profit (loss) attributable to owners of parent (millions of yen)	5,232	(2,158)
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)	4,910	(2,480)
Average number of common stock during the fiscal year (thousand shares)	57,659	57,658
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)	41,425	—
[of which preferred shares (thousand shares)]	[41,425]	—
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 2019	Full year	129,098	8,144	7,093	5,232
	FY ended March 2020	Q2	60,486	2,866	2,148	(1,383)
		Full year	119,537	5,467	3,153	(2,158)

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

(Millions of yen)

			Polymers	Advanced Materials	Fibers & Textiles	Other	Elimination or corporate	Consolidated total
Results for previous 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
Results for current fiscal year	FY ended March 2020	Net sales to outside customers	56,411	13,093	49,894	137	—	119,537
		Component ratio (%)	47.2	11.0	41.7	0.1	—	100.0
		Operating profit	5,288	1,066	(589)	(289)	(8)	5,467
		Component ratio (%)	96.7	19.5	(10.8)	(5.3)	(0.1)	100.0
Comparison with previous year		Net sales to outside customers	(5,551)	353	(2,968)	(1,394)		(9,561)
		Increase/decrease from previous year (%)	(9.0)	2.8	(5.6)	(91.0)	—	(7.4)
		Operating profit	(1,759)	(153)	(749)	(13)	(1)	(2,676)
		Increase/decrease from previous year (%)	(25.0)	(12.5)	—	—	—	(32.9)

##### (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 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
FY ended March 2020	Full year	9,316	4,765	3,624	99,595	(1,014)	3,438

##### (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 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
FY ended March 2020	Full year	9,797	(10,192)	(3,482)	18,194