

Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2021

November 10, 2020

Listed stock exchanges: Tokyo Stock Exchange

Company name: Unitika Ltd.

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 submission of quarterly report: November 12, 2020

Expected commencement date for paying dividend: –

Preparation of supplementary explanation documents for quarterly financial results: Yes

Holding of an analyst meeting for quarterly financial results: Yes (for securities analysts and institutional investors)

(Figures rounded down to nearest million yen.)

1. Consolidated performance for 2nd quarter of fiscal year ending March 31, 2021 (April 1, 2020 to September 30, 2020)

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

	Net sales		Operating profit		Ordinary profit		Quarterly profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q2 of FY ending March 31, 2021	54,828	(9.4)	2,798	(2.4)	1,610	(25.0)	3,731	—
Q2 of FY ended March 31, 2020	60,486	(4.6)	2,866	(35.0)	2,148	(49.5)	(1,383)	—

(Note) Comprehensive income Q2 of FY ending March 31, 2021: 4,114 million yen [—%]

Q2 of FY ending March 31, 2020: (1,263) million yen [—%]

	Quarterly profit per share	Diluted quarterly profit per share
	Yen	Yen
Q2 of FY ending March 31, 2021	61.93	29.48
Q2 of FY ended March 31, 2020	(26.78)	—

(2) Consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
Q2 of FY ending March 31, 2021	191,825	42,726	20.5
FY ended March 31, 2020	193,726	38,933	18.3

(Reference) Shareholders' equity 2nd quarter of fiscal year ending March 31, 2021: 39,285 million yen

Fiscal year ended March 31, 2020: 35,481 million yen

2. Dividend payment

	Annual dividend per share				
	End of Q1	End of Q2	End of Q3	Year end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2020	—	0.00	—	0.00	0.00
FY ending March 31, 2021	—	0.00	—	—	—
FY ending March 31, 2021 (forecast)	—	—	—	0.00	0.00

(Note) Revision of the latest dividend forecast: None

(Note) The abovementioned *Dividend payment* refers to dividends paid to the holders of common stock. For details of dividend payment to the holders of class shares (unlisted), the rights of which are different from those of common stock, please refer to *Dividend payment to the holders of class shares* mentioned below.

3. Forecast of consolidated performance for fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY ending March 31, 2021	110,000	(8.0)	4,400	(19.5)	2,700	(14.4)	3,800	—	60.33

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

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying change of scope of consolidation): Yes
New companies: — (company name)
Excluded companies: One (company name) COSOF Co., Ltd.
- (2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- ① Changes in accounting policies due to revisions of accounting standards: No
 - ② Changes of accounting policies other than the above: No
 - ③ Changes in accounting estimates: No
 - ④ Retrospective restatement: No
- (4) Number of shares outstanding (Common stock)
- ① Number of shares outstanding at end of term (including treasury stock):
2nd quarter of the fiscal year ending March 31, 2021: 57,752,343 shares
Fiscal year ended March 31, 2020: 57,752,343 shares
 - ② Number of treasury stocks at end of term
2nd quarter of the fiscal year ending March 31, 2021: 94,671 shares
Fiscal year ended March 31, 2020: 94,343 shares
 - ③ Average number of shares outstanding during the term (quarterly consolidated accumulated period)
2nd quarter of the fiscal year ending March 31, 2021: 57,657,898 shares
2nd quarter of the fiscal year ended March 31, 2020: 57,658,458 shares

* This brief report of quarterly financial statements is not subject to audit procedures by a certified public accountant or an independent auditor.

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

(Note on the 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. Qualitative Information on Quarterly Results (3) Explanation of future forecast information including forecast of consolidated performance* on page 3 of the attachment.

(Method to obtain the supplementary documents for quarterly financial results)

The Company plans to hold a conference call for institutional investors and securities analysts for quarterly financial results on Wednesday, November 25, 2020. It plans to post the supplementary documents for quarterly financial results to be used in this investor conference call on its website.

Dividend payment to the holders of class shares

The breakdown of dividends per share related to class shares, the rights of which are different from those of common stock, is as follows:

	Annual dividends				
	End of Q1	End of Q2	End of Q3	Year end	Total
Class A share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2020	—	0.00	—	12,000.00	12,000.00
FY ending March 31, 2021	—	0.00			
FY ending March 31, 2021 (forecast)			—	12,000.00	12,000.00
Class B share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2020	—	0.00	—	23,740.00	23,740.00
FY ending March 31, 2021	—	0.00			
FY ending March 31, 2021 (forecast)			—	23,740.00	23,740.00

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1. Qualitative Information on Quarterly Results

(1) Explanation of operational results

During the first six-month period of the consolidated fiscal year under review, the Japanese economy entered into a recession because of a sharp decline in production and sales in a wide variety of industries, including automobiles, the evaporation of demand from foreign visitors to Japan, a fall in demand on the backdrop of self-restraint concerning nonessential outings, and a deterioration in the employment and income environment due to the COVID-19 pandemic. Meanwhile, the global economic cycle also entered a contraction phase since nobody was able to predict when the spread of the new coronavirus infections would be fully under control and concerns grew over lingering stagnation of economic activities.

Additionally, concerning a lawsuit filed by citizens of Toyohashi City, Aichi Prefecture (the “City”), who claimed that Unitika’s sale of land for industrial use to a third party was a breach of the land transfer contract—the land was transferred by the City to the Company in 1951—and requested the mayor of the City to pursue 6,300 million yen in damages and delinquency charges against the Company (the Company participated in the lawsuit as an assisting intervener), a judgment was entered ordering the mayor to demand the Company to pay part of the above-mentioned amount (2,094 million yen in damages and delinquency charges) in the court of second instance. In response to the judgment, the Company, the mayor, and citizens of Toyohashi City appealed to a higher court and petitioned for acceptance of a final appeal. However, the Supreme Court dismissed the final appeal and petition for acceptance of final appeal and decided not to accept the petition as the final appellate court on July 21, 2020. Accordingly, the Company paid 2,609 million yen to the City at the end of August 2020.

Under these circumstances, the Unitika Group has been endeavoring to realize the building of strong business portfolios, promotion of global business development, a change in business culture and mind-set, the Group’s basic policies that place the strengthening of the foundation for a growth phase as the highest priority under *G-STEP30, the 1st*, a new three-year medium-term management plan announced in May 2020.

Consequently, the Group reported net sales of 54,828 million yen (down 9.4% year on year), operating profit of 2,798 million yen (down 2.4% year on year), and ordinary profit of 1,610 million yen (down 25.0% year on year). Meanwhile, profit attributable to owners of parent amounted to 3,731 million yen (versus loss attributable to owners of parent of 1,383 million yen in the previous year) in the consolidated fiscal year under review since the Group posted insurance claim income of 3,398 million yen related to a fire that broke out at the Uji Plant on January 8, 2019 as an extraordinary income.

Here is an overview of the business results by segment.

From the first quarter of the current fiscal year, the Company has changed its reportable segment classification. For a year-on-year comparison of operational results mentioned below, the change applies retrospectively to the results for the previous fiscal year. For details, please refer to “2. Quarterly Consolidated Financial Statements and Main Notes (4) Notes on quarterly consolidated financial statements (Segment information, etc).”

[Polymers]

The Polymers business saw a sales decrease in automotive applications, etc. due to the spread of the COVID-19 outbreak. In the Films business, the packaging sector saw demand grow temporarily in food and liquid detergent refill applications, supported by demand from people staying at home due to self-restraint concerning nonessential outings, telecommuting, and the suspension of classes. However, sales for confectionery souvenir applications remained weak. Furthermore, sales of high-value-added products, such as *EMBLEM HG*, a barrier nylon film, continued to grow robustly in Japan and overseas. In the industrial sector, demand was sluggish since sales fell in information terminal equipment applications, etc. However, sales of high-value-added products, such as *Uni-peel*, a silicon-free mold release PET film, increased steadily. Accordingly, the sector saw a net sales and profit decline. In the Plastics business, sales of nylon resins were poor due to the huge impact from a fall in the number of automobiles manufactured and a delay in the recovery of sales caused by excessive inventory in the distribution channel. Furthermore, sales of *U-Polymer*, a polyarylate resin, faced an uphill battle in overseas sales as well as in information terminal equipment and office equipment applications. Sales of raw materials for other functional resins also declined in automobile and daily commodities applications. Accordingly, the sector saw a net sales and profit decline.

Consequently, the Polymers business posted operating profit of 2,400 million yen (down 23.3% year on year) on net sales of 20,193 million yen (down 12.9% year on year).

[Performance Materials]

The Performance Materials business saw sales of materials for medical gowns and sanitary goods increase due to the COVID-19 pandemic, but sales for many applications, chiefly the automotive, and building and civil engineering fields, stagnated.

In the Activated Carbon Fibers business, overseas sales decreased in addition to a fall in sales for automotive applications. Furthermore, sales for water purifier applications, mainly for housing equipment, also diminished.

In the Glass Fibers business, the industrial materials sector saw sales of tents and sheets, etc. for building and civil engineering applications decrease due to the postponement of projects, etc., and sales for environment-related applications were weak. In the electronic materials sector, sales of IC cloth for information terminal equipment applications stagnated, but sales of products for personal computer and semiconductor applications grew robustly due to the increase in telecommuting. Sales of high-value-added products, such as super-thin products and materials with low thermal expansion, were also strong.

In the Glass Beads business, sales of products for industrial applications were sluggish due to a fall in demand for automotive- and machinery-component-related applications. Furthermore, sales of products for reflective material and road applications also remained weak.

In the Non-woven Fabrics business, sales of spunbond non-woven fabrics for building and automotive applications were sluggish both in Japan and abroad, while sales for daily product applications increased steadily due to a rise in demand for medical gowns, etc. Meanwhile, sales of spunlace non-woven fabrics for medical gown and disinfectant sheet applications grew strongly, making up for a decrease in sales for skin-care goods applications.

In the Industrial Materials business, sales of polyester staple fibers for some sanitary material applications were steady, but sales of ultra-high-strength polyester filament yarns decreased for building and civil engineering applications due to the postponement of projects, etc. In addition, their sales for automotive and daily product applications also remained weak.

Consequently, the Performance Materials business posted operating profit of 302 million yen (versus an operating loss of 35 million yen in the previous year) on net sales of 14,546 million yen (down 12.8% year on year).

[Industrial Fibers and Textiles]

In the Garments, Lifestyle Materials and Bedding business, sales were very weak across the board, including the uniform sector, a mainstay of this business, and the women's clothing sector, due to the COVID-19 pandemic. However, sales grew for medical gown and protective clothing applications, supporting earnings. Meanwhile, sales of denim for overseas were weak.

Consequently, the Industrial Fibers & Textiles business posted operating profit of 165 million yen (versus an operating loss of 79 million yen in the previous year) on net sales of 20,073 million yen (down 2.0% year on year).

[Others]

The Others category posted an operating loss of 33 million yen (versus an operating loss of 144 million yen in the previous year) on net sales of 14 million yen (down 88.6% year on year).

(2) Explanation of financial position

Total assets decreased by 1,900 million yen from the end of the previous consolidated year to 191,825 million yen mainly due to a decrease in notes and accounts receivable – trade despite an increase in cash and deposits from the receipt of insurance claims related to the fire incident at the Uji Plant. Liabilities fell by 5,693 million yen from the end of the previous consolidated year to 149,099 million yen. This was primarily due to a decline in notes and accounts payable – trade and the reversal of provision for loss on litigation. Net assets increased by 3,792 million yen from the end of the previous consolidated year to 42,726 million yen. This was mainly due to a rise in retained earnings caused by the posting of profit attributable to owners of parent.

Here is a summary of the cash flow situation.

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

Net cash provided by operating activities amounted to 7,979 million yen (up 73.7% year on year) during the first six-month period of the current consolidated fiscal year due to a decrease in trade receivables and the receipt of insurance claims related to the fire incident at the Uji Plant despite a decline in trade payables and damage payments in the litigation over the sale of land for industrial use.

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

Net cash used in investment activities amounted to 3,297 million yen during the first six-month period of the current consolidated fiscal year (2,987 million yen used in the same period of the previous consolidated fiscal year) due to the posting of expenses related to capital expenditures.

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

Net cash used in financing activities amounted to 1,681 million yen during the first six-month period of the current consolidated fiscal year (2,079 million yen used in the same period of the previous consolidated fiscal year) mainly due to repayment of borrowings.

As a result, cash and cash equivalents at the end of the second quarter of the consolidated fiscal year under review increased by 2,829 million yen from the end of the previous consolidated fiscal year to 21,023 million yen.

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

Considering the consolidated performance for the first six-month period of the current fiscal year and estimates that raw material prices for nylon and polyester will be stable in the third quarter of the current fiscal year and later, the Company has revised the forecast of consolidated performance for the full year of the fiscal year ending March 31, 2021 announced on October 21, 2020 as follows.

Revision of the full year forecast of consolidated performance for the fiscal year ending March 31, 2021 (April 1, 2020 to March 31, 2021)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(Millions of yen)	Yen
Previous forecast (A)	110,000	4,200	2,500	3,100	48.19
Revised forecast (B)	110,000	4,400	2,700	3,800	60.33
Changes (B – A)	—	200	200	700	
Percentage change (%)	—	4.8	8.0	22.6	
(Reference) Performance of the previous fiscal year (the year ended March 31, 2020)	119,537	5,467	3,153	(2,158)	(43.01)

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly consolidated balance sheets

	(Unit: Millions of yen)	
	Previous consolidated fiscal year (March 31, 2020)	Q2 of current consolidated fiscal year ending March 2021 (September 30, 2020)
Assets		
Current assets		
Cash and deposits	18,860	21,482
Notes and accounts receivable – trade	30,953	26,844
Inventories	29,498	28,862
Other	2,961	2,530
Allowance for doubtful accounts	(48)	(56)
Total current assets	82,225	79,661
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	21,543	20,998
Land	65,191	65,045
Other, net	18,711	19,479
Total property, plant and equipment	105,447	105,523
Intangible assets		
Other	1,756	1,849
Total intangible assets	1,756	1,849
Investments and other assets		
Other	4,380	4,851
Allowance for doubtful accounts	(84)	(60)
Total investments and other assets	4,296	4,790
Total non-current assets	111,500	112,164
Total assets	193,726	191,825

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2020)	Q2 of current consolidated fiscal year ending March 2021 (September 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	14,922	12,195
Short-term borrowings	2,288	2,383
Current portion of long-term borrowings	2,675	2,656
Income taxes payable	284	568
Provision for bonuses	1,710	1,704
Provision for product repairs	42	42
Other	9,313	9,971
Total current liabilities	31,237	29,522
Non-current liabilities		
Long-term borrowings	94,631	93,273
Provision for loss on litigation	2,566	—
Retirement benefit liability	14,333	14,517
Other	12,024	11,785
Total non-current liabilities	123,554	119,576
Total liabilities	154,792	149,099
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	13,218	13,218
Retained earnings	21,559	24,970
Treasury shares	(56)	(57)
Total shareholders' equity	34,821	38,231
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	361	409
Deferred gains or losses on hedges	(11)	(16)
Revaluation reserve for land	6,412	6,412
Foreign currency translation adjustment	(3,521)	(3,379)
Remeasurements of defined benefit plans	(2,581)	(2,374)
Total accumulated other comprehensive income	660	1,053
Non-controlling interests	3,451	3,441
Total net assets	38,933	42,726
Total liabilities and net assets	193,726	191,825

- (2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
 (Quarterly consolidated statements of income)
 (Six-month period ended September 30, 2020)

	(Unit: Millions of yen)	
	Six-month period ended September 30, 2019 (April 1, 2019 to September 30, 2019)	Six-month period ended September 30, 2020 (April 1, 2020 to September 30, 2020)
Net sales	60,486	54,828
Cost of sales	46,727	41,587
Gross profit	13,759	13,241
Selling, general and administrative expenses	10,892	10,443
Operating profit	2,866	2,798
Non-operating income		
Interest income	61	21
Dividend income	46	49
Share of profit of entities accounted for using equity method	4	—
Rental income	63	41
Other	164	221
Total non-operating income	340	334
Non-operating expenses		
Interest expenses	599	584
Share of loss of entities accounted for using equity method	—	24
Foreign exchange losses	250	726
Other	208	186
Total non-operating expenses	1,058	1,522
Ordinary profit	2,148	1,610
Extraordinary income		
Gain on sales of non-current assets	74	135
Gain on sales of investment securities	0	—
Insurance claim income	—	3,398
Total extraordinary income	74	3,534
Extraordinary losses		
Loss on disposal of non-current assets	646	691
Loss on sales of investment securities	—	2
Loss on valuation of investment securities	44	26
Business restructuring expenses	23	184
Loss on litigation	—	70
Provision for loss on litigation	2,500	—
Total extraordinary losses	3,213	976
Profit (loss) before income taxes	(990)	4,169
Income taxes – current	371	499
Income taxes – deferred	38	(61)
Total income taxes	410	437
Profit (loss)	(1,400)	3,731
Profit (loss) attributable to non-controlling interests	(17)	(0)
Profit (loss) attributable to owners of parent	(1,383)	3,731

(Quarterly consolidated statements of comprehensive income)
 (Six-month period ended September 30, 2020)

(Unit: Millions of yen)

	Six-month period ended September 30, 2019 (April 1, 2019 to September 30, 2019)	Six-month period ended September 30, 2020 (April 1, 2020 to September 30, 2020)
Profit (loss)	(1,400)	3,731
Other comprehensive income		
Valuation difference on available-for-sale securities	33	48
Deferred gains or losses on hedges	(31)	(4)
Foreign currency translation adjustment	(59)	132
Remeasurements of defined benefit plans, net of tax	194	207
Total other comprehensive income	136	383
Comprehensive income	(1,263)	4,114
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(1,229)	4,124
Comprehensive income attributable to non-controlling interests	(34)	(10)

(3) Quarterly consolidated statements of cash flows

	(Unit: Millions of yen)	
	Six-month period ended September 30, 2019 (April 1, 2019 to September 30, 2019)	Six-month period ended September 30, 2020 (April 1, 2020 to September 30, 2020)
Cash flows from operating activities		
Profit (loss) before income taxes	(990)	4,169
Depreciation	2,548	2,412
Business restructuring expenses	23	184
Loss on litigation	—	70
Provision for loss on litigation	2,500	—
Insurance claim income	—	(3,398)
Increase (decrease) in allowance for doubtful accounts	(16)	(14)
Increase (decrease) in retirement benefit liability	645	400
Increase (decrease) in provision for product repairs	(28)	—
Increase (decrease) in other provisions	(60)	(2)
Interest expenses	599	584
Loss (gain) on disposal of non-current assets	646	691
Loss (gain) on sales of non-current assets	(74)	(135)
Loss (gain) on valuation of investment securities	44	26
Decrease (increase) in trade receivables	5,654	3,957
Decrease (increase) in inventories	(887)	526
Increase (decrease) in trade payables	(4,623)	(2,668)
Other, net	(877)	435
Subtotal	5,101	7,239
Interest and dividends received	108	71
Interest paid	(596)	(560)
Income taxes paid	(490)	(199)
Proceeds from insurance income	470	4,064
Payments for loss on litigation	—	(2,636)
Net cash provided by (used in) operating activities	4,593	7,979
Cash flows from investing activities		
Decrease (increase) in time deposits	(206)	198
Purchase of investment securities	(5)	(6)
Proceeds from sales of investment securities	1	—
Purchase of property, plant and equipment	(3,056)	(3,108)
Proceeds from sales of property, plant and equipment	501	165
Payments for retirement of property, plant and equipment	—	(433)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	197
Other, net	(222)	(311)
Net cash provided by (used in) investing activities	(2,987)	(3,297)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(188)	117
Proceeds from long-term borrowings	—	40
Repayments of long-term borrowings	(1,492)	(1,335)
Dividends paid	(321)	(321)
Other, net	(76)	(181)
Net cash provided by (used in) financing activities	(2,079)	(1,681)
Effect of exchange rate change on cash and cash equivalents	(79)	(171)
Net increase (decrease) in cash and cash equivalents	(553)	2,829
Cash and cash equivalents at beginning of period	22,122	18,194
Cash and cash equivalents at end of period	21,569	21,023

(4) Notes on quarterly consolidated financial statements

(Notes on assumption of going concern)

Not applicable

(Notes on significant changes in shareholders' equity)

Not applicable

(Additional information)

(Impact of COVID-19 pandemic)

The spread of the COVID-19 outbreak has had a pervasive impact on economic and corporate activities. In addition, it is quite difficult to predict the future development of the outbreak and the timing of its successful containment. Thus, based on information available from external sources, the Unitika Group made accounting estimates on impairment of non-current assets and recoverability of deferred tax assets etc. on the assumption that the Group business will continue to be affected by COVID-19 for a certain period in the fiscal year ending March 31, 2021.

The assumption used for the said estimates has not significantly changed from the one that the Group described in the Securities Report for the previous consolidated fiscal year.

As there is a high level of uncertainty with this incident, the Group may incur losses in the future if the impact lingers on.

(Litigation)

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

(Segment information, etc.)

Segment Information

I. Six-month period ended September 30, 2019 (April 1, 2019 to September 30, 2019)

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

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Quarterly consolidated statements of income (Note 3)
	Polymers	Performance Materials	Industrial Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	23,182	16,688	20,487	60,359	127	60,486	—	60,486
Inter-segment sales or transfer	3,826	1,875	151	5,852	18	5,871	(5,871)	—
Total	27,009	18,564	20,638	66,212	145	66,357	(5,871)	60,486
Segment income (loss)	3,130	(35)	(79)	3,015	(144)	2,871	(5)	2,866

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

II. Six-month period ended September 30, 2020 (April 1, 2020 to September 30, 2020)

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

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Quarterly consolidated statements of income (Note 3)
	Polymers	Performance Materials	Industrial Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	20,193	14,546	20,073	54,814	14	54,828	—	54,828
Inter-segment sales or transfer	3,747	2,378	136	6,263	—	6,263	(6,263)	—
Total	23,941	16,925	20,210	61,077	14	61,091	(6,263)	54,828
Segment income (loss)	2,400	302	165	2,867	(33)	2,834	(35)	2,798

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

2. Matters concerning the revision of reportable segments

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

For your information, segment information for the first six-month period ended September 30, 2019 (April 1, 2019 to September 30, 2019) was prepared in accordance with the new reportable segment classification.

3. Supplementary Materials

1. Results and earnings forecast for fiscal year ending March 2021 (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)
	FY ending March 2021	Q2	54,828	2,798	1,610	3,731
		Full year (forecast)	110,000	4,400	2,700	3,800
	Comparison with previous year	Q2	(5,657)	(68)	(537)	5,115
Full year		(9,537)	(1,067)	(453)	5,958	

2. Segment information (consolidated)

(Millions of yen)

			Polymers	Performance Materials	Industrial Fibers & Textiles	Other	Adjustment	Consolidated total
Results for previous fiscal year	1st six-month period ended September 2019 (Results)	Net sales to outside customers	23,182	16,688	20,487	127	—	60,486
		Component ratio (%)	38.3	27.6	33.9	0.2	—	100.0
		Operating profit	3,130	(35)	(79)	(144)	(5)	2,866
		Component ratio (%)	109.2	(1.2)	(2.8)	(5.0)	(0.2)	100.0
Results for current fiscal year	1st six-month period ended September 2020 (Results)	Net sales to outside customers	20,193	14,546	20,073	14	—	54,828
		Component ratio (%)	36.8	26.5	36.6	0.0	—	100.0
		Operating profit	2,400	302	165	(33)	(35)	2,798
		Component ratio (%)	85.8	10.8	5.9	(1.2)	(1.3)	100.0
Comparison with the same period of the previous year		Net sales to outside customers	(2,988)	(2,142)	(413)	(112)	—	(5,657)
		Increase/decrease from previous year (%)	(12.9)	(12.8)	(2.0)	(88.6)	—	(9.4)
		Operating profit	(730)	337	244	110	(30)	(68)
		Increase/decrease from previous year (%)	(23.3)	—	—	—	—	(2.4)

3. Capital investment, Depreciation (Property, plant and equipment), R&D expenditures, Interest-bearing liabilities, Financial account balance, Number of permanent employees (consolidated)

(Millions of yen, persons)

		Capital investment	Depreciation (Property, plant and equipment)	R&D expenditures	Interest-bearing liabilities (end of fiscal year)	Financial account balance	Number of permanent employees (persons)
FY ended March 2019	Full year	6,074	4,481	3,474	102,603	(1,066)	3,497
1st six-month period ended September 2019	Q2	3,154	2,268	1,831	100,922	(490)	3,477
FY ended March 2020	Full year	9,316	4,765	3,624	99,595	(1,014)	3,438
1st six-month period ended September 2020	Q2	3,033	2,179	1,832	98,313	(513)	3,435

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 2019	Full year	8,985	(6,440)	(6,519)	22,122
1st six-month period ended September 2019	Q2	4,593	(2,987)	(2,079)	21,569
FY ended March 2020	Full year	9,797	(10,192)	(3,482)	18,194
1st six-month period ended September 2020	Q2	7,979	(3,297)	(1,681)	21,023