

Financial Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2025

February 12, 2025

Listed stock exchanges: Tokyo Stock Exchange

Company name: Unitika Ltd.

Code number: 3103

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

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Expected commencement date for paying dividend: –

Preparation of supplementary explanatory documents for financial results: No

Holding of an analyst meeting for financial results: No

(Figures rounded down to nearest million yen.)

1. Consolidated performance for 3rd quarter of fiscal year ending March 31, 2025 (April 1, 2024 to December 31, 2024)

(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	%
Q3 of FY ending March 31, 2025	93,547	8.1	4,294	—	5,007	—	(24,399)	—
Q3 of FY ended March 31, 2024	86,505	(1.9)	(2,618)	—	(2,114)	—	(2,859)	—

(Note) Comprehensive income Q3 of FY ending March 31, 2025: (25,007) million yen [—%]
Q3 of FY ended March 31, 2024: (1,754) million yen [—%]

	Quarterly profit per share	Diluted quarterly profit per share
	Yen	Yen
Q3 of FY ending March 31, 2025	(423.20)	—
Q3 of FY ended March 31, 2024	(53.29)	—

(2) Consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
Q3 of FY ending March 31, 2025	157,204	13,240	7.7
FY ended March 31, 2024	186,333	38,247	19.7

(Reference) Shareholders' equity 3rd quarter of fiscal year ending March 31, 2025: 12,073 million yen
Fiscal year ended March 31, 2024: 36,764 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, 2024	—	0.00	—	0.00	0.00
FY ending March 31, 2025	—	0.00	—		
FY ending March 31, 2025 (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, 2025 (April 1, 2024 to March 31, 2025)

(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, 2025	125,000	5.6	5,000	—	5,000	—	(24,000)	—	(416.27)

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

(Note) The Company calculated profit per share excluding the impact of dividend payment to the holders of class shares since it refrained from announcing the forecast of year-end dividends on class shares for the fiscal year ending March 2025.

* Notes

(1) Major changes in the scope of consolidation during the period: No

New companies: — (company name)

Excluded companies: — (company name)

(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: Yes

② Changes of accounting policies other than the above: No

③ Changes in accounting estimates: No

④ Retrospective restatement: No

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Main Notes (3) Notes on quarterly consolidated financial statements (Notes on change in accounting policies)” on page 8 of the attachment.

(4) Number of shares outstanding (Common stock)

① Number of shares outstanding at end of term (including treasury stock):

3rd quarter of the fiscal year ending March 31, 2025: 57,752,343 shares

Fiscal year ended March 31, 2024: 57,752,343 shares

② Number of treasury stocks at end of term

3rd quarter of the fiscal year ending March 31, 2025: 97,557 shares

Fiscal year ended March 31, 2024: 96,907 shares

③ Average number of shares outstanding during the term (quarterly consolidated accumulated period)

3rd quarter of the fiscal year ending March 31, 2025: 57,655,128 shares

3rd quarter of the fiscal year ended March 31, 2024: 57,655,657 shares

* Review of the attached quarterly consolidated financial statements by a certified public accountant or an independent auditor: No

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

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 numerous factors. Concerning assumptions used as the basis for forecasting business performance and precautionary statements when using the forecast of performance, please refer to “1. Overview of Business Performance, etc. (3) Explanation of future forecast information including forecast of consolidated performance” on page 3 of the brief report of quarterly financial statements (the attachment).

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, 2024	—	0.00	—	0.00	0.00
FY ending March 31, 2025	—	0.00	—		
FY ending March 31, 2025 (forecast)				—	—
Class B share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2024	—	0.00	—	0.00	0.00
FY ending March 31, 2025	—	0.00	—		
FY ending March 31, 2025 (forecast)				—	—

(Note) The Company refrained from announcing the forecast of year-end dividends for the fiscal year ending March 2025.

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1. Overview of Business Performance, etc.

(1) Overview of quarterly business performance

During the first nine months of the consolidated fiscal year under review (April 1, 2024 to December 31, 2024), the domestic economy remained resilient, particularly in the manufacturing sector, driven by robust capital investment-led demand. However, sectors such as retail and food services struggled, facing challenges from rising prices and labor shortages. Looking ahead, uncertainties remained due to factors such as the impact of changes in trade policies following the U.S. presidential transition, the outlook for China's economy, and ongoing conflicts in Ukraine and the Middle East.

Under these circumstances, in response to the challenging business results in the previous fiscal year, the UNITIKA Group made overcoming the deficit its highest priority. The Group has focused on efforts such as cost reductions, including expense cuts, improving profitability through price revisions, and strengthening profitability by promoting the sales of higher value-added functional products.

Consequently, for the first nine-month period of the consolidated fiscal year, the UNITIKA Group reported net sales of 93,547 million yen (up 8.1% year on year) and an operating profit of 4,294 million yen (versus an operating loss of 2,618 million yen in the same period of the previous year). With the progress of yen depreciation, the Group posted foreign exchange valuation gains on foreign currency-denominated assets of 1,241 million yen, resulting in an ordinary profit of 5,007 million yen (versus an ordinary loss of 2,114 million yen in the same period of the previous year). Additionally, in accordance with the business revitalization plan disclosed on November 28, 2024, UNITIKA reviewed the recoverability of non-current assets held by the Company and its subsidiaries, leading to the recognition of an impairment loss of 31,621 million yen on these assets. As a result, the loss attributable to owners of parent amounted to 24,399 million yen (versus a loss of 2,859 million yen in the same period of the previous year).

Here is an overview of the business results by segment.

[Polymers Segment]

In the Polymers Segment, the sales volume, chiefly of mainstay packaging films, recovered. In addition, sales exceeded those of the previous year, driven by the price revisions across various products. Moreover, the recovery in production volume resulted in lower manufacturing costs, contributing to an improvement in profitability.

In the Films business, sales volume recovered driven by an improvement in market conditions in both the packaging and industrial sectors. This recovery in sales volume led to higher factory utilization rates, which in turn reduced costs. Profitability improved as a result of both cost reductions and price revisions. In the overseas market, profitability significantly increased due to the suspension of unprofitable sales and the impact of price revisions. However, the business continued to face challenges due to competition from low-cost products. As a result, the Films business achieved growth in both net sales and operating profit.

In the Plastics business, the sales volume of engineering plastics declined due to sluggish demand in the automotive sector and a delayed recovery in demand for electric and electronic components. However, sales increased compared to the previous year, primarily driven by price revisions. Sales of specialty polymers, particularly for adhesive and coating applications, grew, with strong performance in overseas markets. As a result, the Plastics business achieved growth in both net sales and operating profit.

Consequently, the Polymers Segment saw both net sales and operating profit grow. The segment posted an operating profit of 4,517 million yen (versus an operating profit of 183 million yen in the same period of the previous year) on net sales of 42,192 million yen (up 9.5% year on year).

[Performance Materials Segment]

In the Performance Materials Segment, sales rebounded across a wide range of applications, including daily products and building and civil engineering applications. Thanks to successful price revisions, profitability improved, leading to increases in both net sales and operating profit. As a result, the segment returned to profitability.

In the Activated Carbon Fibers business, sales for water purifier applications recovered. However, sales for plating solution filter and VOC removal sheet applications were sluggish due to market stagnation.

In the Glass Fibers business, sales in the industrial materials sector were strong, particularly building materials applications, such as incombustible tents. In electronic materials sector sales of IC cloth expanded, driven by demand for high-performance glass cloth for semiconductor package substrates, especially in response to the growth of generative AI.

In the Glass Beads business, sales for road applications were impacted by the continued decline in road construction projects. In industrial applications, sales of high-function glass beads remained steady, while sales for automotive sector struggled.

In the Non-woven Fabrics business, sales of spunbond non-woven fabric and cotton spunlace recovered across a wide range of applications. Especially, sales in daily product applications, such as filters and skin care products, rebounded significantly. Additionally, profitability improved thanks to price revisions and the impact of a weaker yen.

In the Industrial Fibers business, the sales volume of polyester staple fibers remained flat, while sales of high-strength polyester yarn decreased. Sales of hollow-fiber membrane increased, particularly for solvent filtration applications. Although the overall sales volume declined, the loss was reduced thanks to the impact of price revisions.

Consequently, the Performance Materials Segment saw both net sales and operating profit grow. The segment posted an operating profit of 409 million yen (versus an operating loss of 2,047 million yen in the same period of the previous year) on net sales of 27,558 million yen (up 10.2% year on year).

[Fibers and Textiles Segment]

In the Garments, Lifestyle Materials and Bedding business, sales in the uniform sector, a mainstay of this business, were generally strong, mainly to the public sector. However, sales in the general clothing, bedding and sport clothing sectors struggled due to the prolonged weak demand. In the global business, export sales of denim fabric recovered. In the Industrial Materials business, sales improved as demand for building and civil engineering applications picked up. Concerning profitability, operating results improved due to price revisions implemented to offset rising costs.

Consequently, the Fibers & Textiles Segment saw net sales increase and operating loss decrease. The segment posted an operating loss of 560 million yen (versus an operating loss of 703 million yen in the same period of the previous year) on net sales of 23,747 million yen (up 3.5% year on year).

[Others]

The Others category posted an operating loss of 53 million yen (versus an operating loss of 68 million yen in the same period of the previous year) on net sales of 48 million yen (up 38.8% year on year).

(2) Overview of quarterly financial position

Total assets decreased by 29,128 million yen from the end of the previous consolidated fiscal year to 157,204 million yen mainly due to a decline in property, plant and equipment. Liabilities fell by 4,121 million yen from the end of the previous consolidated fiscal year to 143,964 million yen. This was primarily due to a decrease in other non-current liabilities. Net assets declined by 25,007 million yen from the end of the previous consolidated fiscal year to 13,240 million yen. This was mainly due to a fall in capital surplus caused by the posting of loss attributable to owners of parent.

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

Concerning the forecast of consolidated performance, please refer to the Company's notice announced on February 12, 2025, "Notice Concerning Posting of Non-Operating Income (Foreign Exchange Gains) and Extraordinary Loss (Impairment Losses of Non-Current Assets and Business Structure Improvement Expenses) and Revision of Consolidated Performance Forecast for the Full Fiscal Year Ending March 31, 2025."

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly consolidated balance sheets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2024)	Q3 of current consolidated fiscal year ending March 2025 (December 31, 2024)
Assets		
Current assets		
Cash and deposits	11,206	14,051
Notes and accounts receivable-trade, and contract assets	24,225	23,261
Inventories	33,161	35,477
Other	4,227	4,289
Allowance for doubtful accounts	(48)	(54)
Total current assets	72,773	77,025
Non-current assets		
Property, plant and equipment		
Land	62,706	49,665
Other, net	43,805	24,172
Total property, plant and equipment	106,512	73,837
Intangible assets		
Other	1,924	1,702
Total intangible assets	1,924	1,702
Investments and other assets		
Other	5,236	4,690
Allowance for doubtful accounts	(112)	(52)
Total investments and other assets	5,123	4,638
Total non-current assets	113,559	80,178
Total assets	186,333	157,204

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2024)	Q3 of current consolidated fiscal year ending March 2025 (December 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	17,100	18,432
Short-term borrowings	3,085	3,085
Current portion of long-term borrowings	2,629	4,578
Income taxes payable	274	656
Provision for bonuses	1,372	876
Provision for product repairs	35	28
Other	10,170	8,365
Total current liabilities	34,667	36,023
Non-current liabilities		
Long-term borrowings	86,434	84,483
Retirement benefit liability	13,886	14,175
Other	13,096	9,282
Total non-current liabilities	113,417	107,941
Total liabilities	148,085	143,964
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	11,476	11,476
Retained earnings	21,740	(730)
Treasury shares	(57)	(57)
Total shareholders' equity	33,259	10,788
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	929	869
Deferred gains or losses on hedges	5	16
Revaluation reserve for land	6,244	4,315
Foreign currency translation adjustment	(4,537)	(4,807)
Remeasurements of defined benefit plans	862	891
Total accumulated other comprehensive income	3,504	1,284
Non-controlling interests	1,483	1,167
Total net assets	38,247	13,240
Total liabilities and net assets	186,333	157,204

(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
 (Quarterly consolidated statements of income)
 (Nine-month period ended December 31, 2024)

(Unit: Millions of yen)

	Nine-month period ended December 31, 2023 (April 1, 2023 to December 31, 2023)	Nine-month period ended December 31, 2024 (April 1, 2024 to December 31, 2024)
Net sales	86,505	93,547
Cost of sales	73,144	74,352
Gross profit	13,360	19,195
Selling, general and administrative expenses	15,979	14,900
Operating profit (loss)	(2,618)	4,294
Non-operating income		
Interest income	37	89
Dividend income	64	67
Share of profit of entities accounted for using equity method	14	20
Foreign exchange gains	1,341	1,241
Other	221	756
Total non-operating income	1,679	2,175
Non-operating expenses		
Interest expenses	793	995
Other	381	467
Total non-operating expenses	1,175	1,462
Ordinary profit (loss)	(2,114)	5,007
Extraordinary income		
Gain on sales of non-current assets	—	168
Gain on sales of investment securities	10	—
Total extraordinary income	10	168
Extraordinary losses		
Impairment loss	—	31,621
Loss on disposal of non-current assets	464	293
Business restructuring expenses	77	558
Total extraordinary losses	542	32,472
Profit (loss) before income taxes	(2,646)	(27,296)
Income taxes – current	221	758
Income taxes – deferred	243	(3,538)
Total income taxes	464	(2,779)
Profit (loss)	(3,111)	(24,517)
Profit (loss) attributable to non-controlling interests	(251)	(117)
Profit (loss) attributable to owners of parent	(2,859)	(24,399)

(Quarterly consolidated statements of comprehensive income)

(Nine-month period ended December 31, 2024)

(Unit: Millions of yen)

	Nine-month period ended December 31, 2023 (April 1, 2023 to December 31, 2023)	Nine-month period ended December 31, 2024 (April 1, 2024 to December 31, 2024)
Profit (loss)	(3,111)	(24,517)
Other comprehensive income		
Valuation difference on available-for-sale securities	297	(60)
Deferred gains or losses on hedges	(8)	10
Foreign currency translation adjustment	978	(469)
Remeasurements of defined benefit plans, net of tax	89	29
Total other comprehensive income	1,356	(490)
Comprehensive income	(1,754)	(25,007)
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	(1,667)	(24,690)
Comprehensive income attributable to non-controlling interests	(87)	(316)

(3) Notes on quarterly consolidated financial statements

(Notes on change in accounting policies)

(Application of Accounting Standard for Current Income Taxes, etc.)

UNITIKA LTD. has applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; hereinafter, “Revised Accounting Standard 2022”), etc. since the beginning of the first quarter of the current consolidated fiscal year ending March 31, 2025.

With regard to the revisions concerning the classification of income taxes (taxes on other comprehensive income), the Company has followed the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28; October 28, 2022; hereinafter, “Revised Guidance 2022”). This change in accounting policies had no impact on the quarterly consolidated financial statements.

As for the revisions related to the change in the treatment in consolidated financial statements when gains or losses on sales of shares of subsidiaries, etc. between consolidated companies are deferred for tax purposes, the Company has applied the Revised Guidance 2022 since the beginning of the first quarter of the current consolidated fiscal year ending March 31, 2025. This change in accounting policies has been applied retrospectively, and the consolidated financial statements for the third quarter and full year of the previous fiscal year ended March 31, 2024 have been restated accordingly. This change in accounting policies had no impact on the consolidated financial statements for the third quarter and full year of the previous fiscal year ended March 31, 2024.

(Notes on segment information, etc.)

[Segment Information]

I. Nine-month period ended December 31, 2023 (April 1, 2023 to December 31, 2023)

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	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	38,527	25,003	22,939	86,470	35	86,505	—	86,505
Inter-segment sales or transfers	3,859	1,366	82	5,308	—	5,308	(5,308)	—
Total	42,387	26,369	23,022	91,778	35	91,814	(5,308)	86,505
Segment income (loss)	183	(2,047)	(703)	(2,567)	(68)	(2,635)	16	(2,618)

(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 and the adjustment of inventories.3. *Segment income (loss)* is adjusted with operating loss in the quarterly consolidated statements of income.2. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment
Not applicable

II. Nine-month period ended December 31, 2024 (April 1, 2024 to December 31, 2024)

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	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	42,192	27,558	23,747	93,498	48	93,547	—	93,547
Inter-segment sales or transfers	4,318	1,602	55	5,975	—	5,975	(5,975)	—
Total	46,510	29,161	23,802	99,474	48	99,522	(5,975)	93,547
Segment income (loss)	4,517	409	(560)	4,367	(53)	4,313	(19)	4,294

(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 and the adjustment of inventories.3. *Segment income (loss)* is adjusted with operating profit in the quarterly consolidated statements of income.2. Information on impairment loss of non-current assets or goodwill, etc. by reportable segment
(Significant impairment losses related to non-current assets)

In the Polymers Segment, in the Performance Materials Segment and in the Fibers & Textiles Segment, the Company recorded an impairment loss related to non-current assets. The total amount of the impairment loss for the first nine-month period of the current fiscal year ending March 31, 2025 in the Polymers Segment, in the Performance Materials Segment and in the Fibers & Textiles Segment was 14,469 million yen, 16,326 million yen and 826 million yen, respectively.

(Notes on significant changes in shareholders' equity)

Not applicable

(Notes on assumption of going concern)

Not applicable

(Notes on quarterly consolidated statements of cash flow)

The Company did not prepare consolidated statements of cash flow for the first nine-month period of the current consolidated fiscal year ending March 31, 2025.

Depreciation and amortization (including the amortization of intangible assets) for the first nine-month period of the current consolidated fiscal year ending March 31, 2025 are as stated below.

	Nine-month period ended December 31, 2023 (April 1, 2023 to December 31, 2023)	Nine-month period ended December 31, 2024 (April 1, 2024 to December 31, 2024)
Depreciation and amortization	4,519 million yen	4,029 million yen

(Significant subsequent event)

UNITIKA LTD. held an extraordinary general meeting of shareholders and a class meeting of holders of ordinary shares on February 7, 2025. At these meetings, in accordance with the business revitalization plan approved by the Regional Economy Vitalization Corporation of Japan, the Company proposed and disclosed the following matters: the issuance of Class C shares through a third-party allotment, partial amendments to the Articles of Incorporation, and the reduction of both paid-in capital and capital reserves. As detailed in "Notice Regarding the Approval of Agenda Items Proposed at the Extraordinary General Meeting of Shareholders and the Class Meeting of Holders of Ordinary Shares," all proposed resolutions were approved.