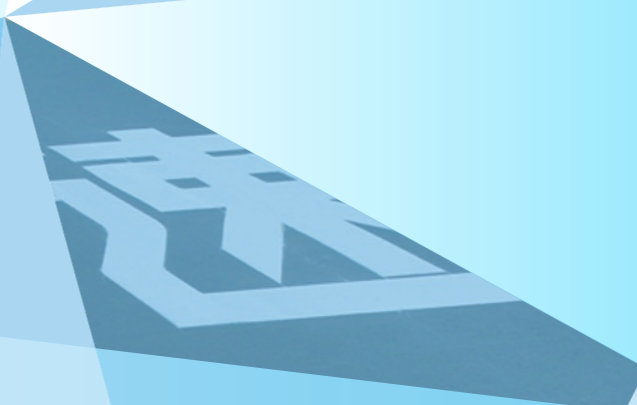


UNITIKA REPORT 2024

Integrated Report

**Connecting people's
lives and technology**



Making the materials for a better future society.

Technology exists to contribute to a prosperous life and a better future.

Unitika has believed this to be true since our founding in 1889.

Today, we provide materials that play indispensable roles in creating a sustainable society by accurately understanding needs before they arise, and meeting them with polymer technology evolved from our foundational fiber and textiles technologies.

By offering our unique Unitika technologies, we aim to be a company that will continue to be chosen by our customers and by the future.

Planet

Our Philosophy

Contributing to society by connecting people's lives and technology

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Prosperity

People

Notes on the Integrated Report

In FY 2021, the Unitika Group integrated the usual Fact Book and Unitika CSR Report, and issued a Unitika Report that summarizes the financial information and non-financial information in a single book. With this report, we are aiming to further deepen the understanding of the Unitika Group by a wide range of stakeholders, including shareholders and investors.

Organizations covered in the report: In principle, this report covers the activities of Unitika, Ltd. and the Unitika Group companies, both in Japan and overseas.

Period covered in the report: April 1, 2023 to March 31, 2024 (includes some information from April 1, 2024 onwards)

Issue: October 2024

Important notes concerning forecasts: The contents of this report are based on the information currently available to the Unitika Group, and on certain assumptions the Unitika Group determines to be reasonable; the contents are not intended to be a promise that they will be achieved. The actual results, etc., may differ considerably due to various factors.

History of the Unitika Group

1889

1950

1970

1980

1990

2000

2010

2020

Founded as a spinning company, we have expanded our product areas to contribute to the realization of a better society.



Amagasaki Boseki (Later, Dainippon Boseki) Head Office Plant



Nippon Rayon Nearby the Uji Plant Main Building Office

Natural fiber

- Cotton yarn

Synthetic fiber

- Vinyon fiber
- Polyester fiber
- Rayon fiber
- Nylon fiber

● **"Emblem"**
"Emblem" is making a positive difference in food distribution, as a superior strength food packaging film with an oxygen gas barrier.



Simultaneous biaxial-oriented nylon film "Emblem"
Polyarylate "U-Polymer"



Spunbond nonwoven fabric
Glass fiber IC cloth



Glass beads "Unibeads"

● Multi-layer yarn "Paipa"



Silky material "Silmie5"

● Meta-aramid fiber

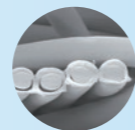


Ultra permeable waterproof material "Dinkam"

● **"Sparklite"**
A retro-reflective cloth composed of our glass beads helps to make road work safer at night.



Retro-reflective cloth "Sparklite"



Core-sheath composite nonwoven fabric "Eleves"

● Activated carbon fibers



Spunlace "Cottoace"

● **"Hygra"**
A fiber with a water-absorbing polymer placed inside absorbs and releases moisture, resulting in a smooth surface.



Moisture absorbing/desorbing fiber "Hygra"

● Recycled fiber "Uniccolo"

● "Palpaeco"



Polylactic acid "Terramac"



Biomass nylon fiber "Castlon"



Cesium-adsorbing fiber "CsCATCHER"



Recycled polyester fiber "Z-10 ECO+"

● **"Emblem NC"**
"Emblem NC" is easy-to-tear food packaging film, which can be cut off in a straight line.



Easy-to-tear film "Emblem NC"



Multi-layer film "Emblon"



Nanocomposite



Release film "Unipeel"



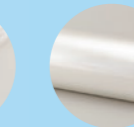
Heat-resistant polyamide film "Uniamide"



Heat-resistant polyamide resin "XecoT"



High gas barrier film "Emblem HG"



Recycled nylon film "Emblem CE"

● **Solvent-resistant hollow fiber membrane**
This energy-saving and low-cost product separates nanoparticles and dissolved components from other substances in organic solvents.

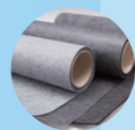


Solvent-resistant hollow fiber membrane "WINSEP NF"

● Low thermal expansion IC cloth



Gas-permeable waterproof sheet "Eleves Capping Sheet"



Activated carbon fiber sheets



Thermal adhesive long fiber "Melset"



Smoke barrier "U-Clear Sheet"

Polymers Segment

Performance Materials Segment

Fibers & Textiles Segment

Founded as a spinning company in modern Japan

The History of the Unitika Group began in 1889, when the company Amagasaki Boseki Ltd. was founded. Since 1918, we supported the development of Japan's fiber and textile industry as Dainippon Boseki Co., Ltd., which was regarded as one of the three major spinning companies. Then in 1969, we merged with Nippon Rayon Co., Ltd. to create Unitika Ltd.

We supported the shift to Western-style clothing since the Meiji era with apparel fibers. After the war, we responded to the growing demand for synthetic fibers in Japan and abroad.

Expanded business areas during the period of rapid economic growth

The way of living and economic environment in Japan changed considerably following the period of rapid economic growth and the Oil Shock. Amidst that, we forged ahead with differentiating and diversifying Unitika from our competitors, and developed our business into a wide range of areas from films, resins and nonwoven fabrics to activated carbon fibers. We expanded the areas in which Unitika products are used to go beyond just clothing, and also encompass general daily life goods, automobiles, and other applications.

We responded to new lifestyle needs such as the boom in personal cars, packaged food sold at convenience stores, etc.

Restructuring and reforming our businesses through selection and focus

After the collapse of the Bubble economy, we reviewed our businesses and set up new companies and overseas subsidiaries of our strong businesses. Unitika moved ahead with its global expansion through a process of business selection and focus. We focused on new businesses in polymers and performance materials, and strengthened development and sales to rebuild our portfolio.

With the proliferation of the Internet and mobile devices, we have expanded our contribution to the development of electronic devices.

Speeding up the development of environmentally friendly materials and high value-added products

As the global demand for sustainability continues, in many of our business areas, the Unitika Group is speeding up the new development and strengthening of businesses of high value-added products that can meet the needs of customers, and of environmentally friendly materials such as energy-saving products and products that use recycled resources and plant-derived raw materials.

We back up the sustainability required of all our products with unique, high-performance materials.

Scenes in which Unitika's Products Used

The Unitika Group's products are used in a wide range of situations, from automobiles, food packaging, and digital equipment to building materials.

We support the various aspects of daily life, the environment, and the development of diverse industries.

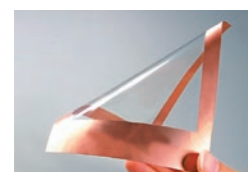
Polymers Performance Materials Fibers & Textiles

Telecommunication, Electronics and Semiconductor Processing



Finished glass fabrics for printed circuit boards

Glass fiber fabrics that combine various process technologies within an integrated manufacturing system from the raw fibers to weaving and surface treatment processing. Used as a material in printed circuit boards for many digital devices.



"Uniamide"

A high heat-resistant polyamide film that maintains high transmittance of both UV and visible light even after high heat treatment such as reflow. Applications include transparent heat-resistant laminated substrates and heat-resistant carrier tapes.



"Unipeel"

A silicon-free release polyester film with heat and solvent resistance. There is no risk of silicon contamination during processing. Used in various mold release applications such as in the electronics field.

Automobiles and Mobility



High-gloss pre-colored plastic with metallic appearance Unitika nanocomposite nylon 6

Nylon resin that can achieve a high-brightness metallic appearance simply by injection molding. It can contribute to energy saving and VOC reduction by eliminating the coating process. An ideal material for metallic interior and exterior automobile parts.



"U-Polymer"

A polyarylate resin, which is an amorphous, high heat-resistant, transparent super engineering plastic that Unitika was the first in the world to industrialize. It is used in a range of applications, including precision equipment, cars, machinery, medicine, food products, and everyday goods, etc.



"Marix"

A polyester spunbond nonwoven fabric with high strength and high dimensional stability. Its uses include civil engineering materials, construction materials, automobile parts, and carpet backing.

Living and Safety



"Emblem HG"

A high gas barrier nylon film for use in boiling and retorting applications. Its barrier properties do not change when subjected to physical stresses such as bending and tension. It enables the long-term preservation of food products.



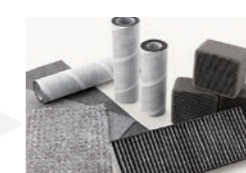
"Palpa"

Double-layered yarn consisting of a core (polyester) and a sheath (cotton). It combines the feel of cotton with the wrinkle resistance and dimensional stability of polyester.



"Cottoace"

A nonwoven fabric made of 100% cotton fibers strongly intertwined with each other using only jet water flow. It is used in products that come into contact with the skin, such as cosmetic goods. It is also certified as marine biodegradable (OK biodegradable MARINE).



Activated carbon filters

Filters that use Unitika's activated carbon fibers, which have excellent adsorption speed of minute amounts of harmful substances. Used in water purifiers and air purifiers that contribute to water and air purification and pollution prevention.

Civil Engineering, Infrastructure, and Construction



"Aqua Pack"

A sheet that is a nonwoven fabric pre-impregnated with curing agent and can be easily applied to concrete by simply watering the nonwoven fabric. It is registered with NETIS.



"Unibeads"

True spherical glass beads ranging in size from a few micrometers to a few millimeters. Used for a range of road sign applications, including white lines and pedestrian crossings. Their retroreflective properties increase visibility at night, playing an important role in road safety.

Primary Industry

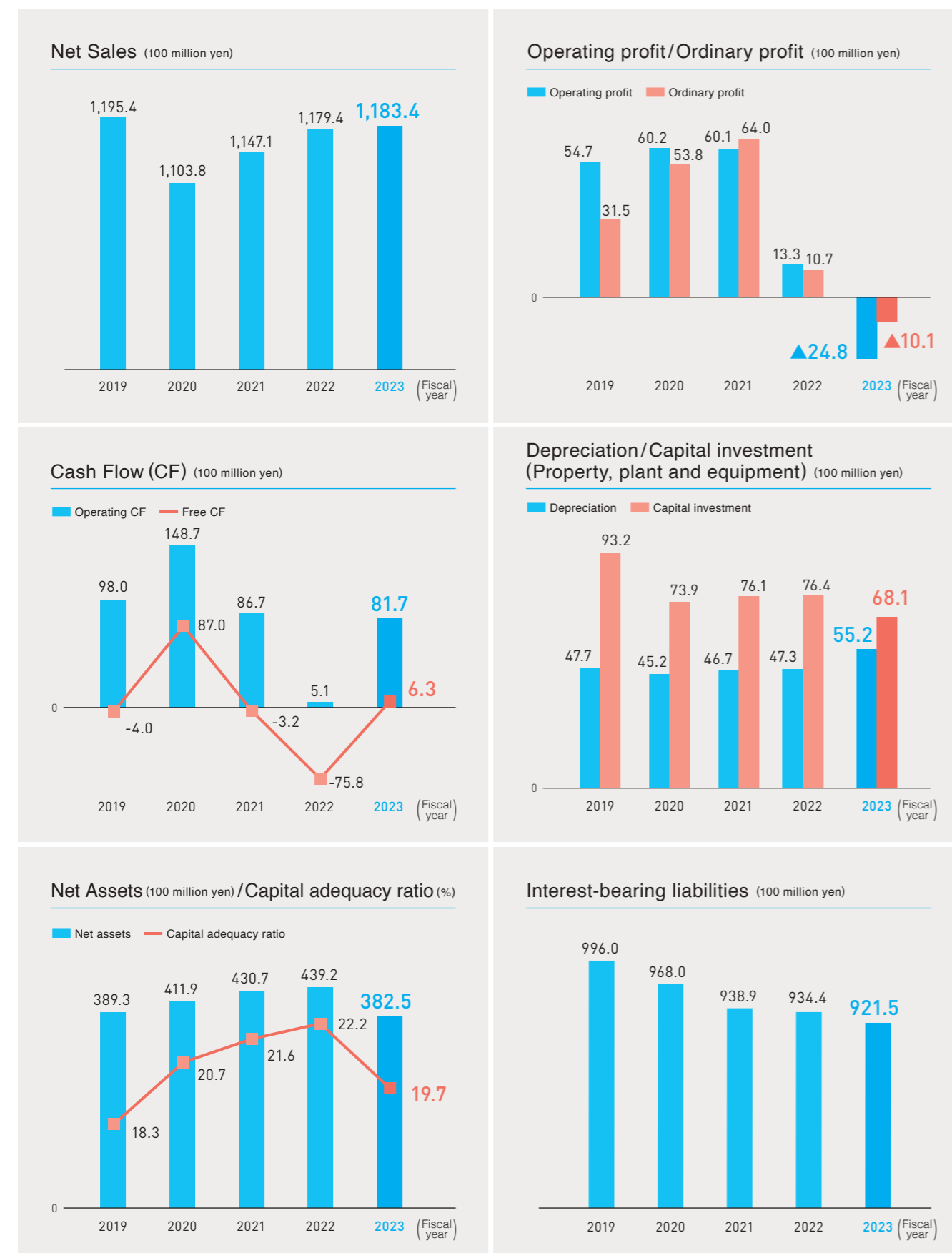


"Melset"

A high-strength and core-sheath composite multifilament, composed of high-viscosity polyester resin at the core and low-melting polyester resin at the sheath. It is a binder fiber that can be molded into various shapes by heat treatment.

Financial and Non-Financial Highlights

Financial Highlights (Consolidated basis)



Non-Financial Highlights (As of Mar. 31, 2024)



*1 Aggregation range: The labor union members of the following 7 companies: Unitika Ltd.; Unitika Glass Fiber Co., Ltd.; Nippon Ester Co., Ltd.; Unitika Technos Co., Ltd.; Unitika Trading Co., Ltd.; Unitika Garment Technology Co., Ltd.

*2 Calculation range: Unitika Ltd.; Unitika Trading Co., Ltd.; Nippon Ester Co., Ltd.; Terabo Co., Ltd.; Ad' All Co., Ltd.

Message from the President



Shuji Ueno

Representative Director
and President,
Chief Executive Officer

Applying every effort to generate an operating profit surplus this fiscal year

At the Unitika Group, our long-term vision, G-STEP30^{*1}, looks ahead to 2030, and FY 2023 marked the end of the first year of our medium-term management plan, G-STEP30 2nd. This plan, the second step toward achieving the long-term vision, aims to shift gears to strengthening our businesses. The business environment remains unstable and our results were quite disappointing^{*2}, but we are unwaveringly advancing our sustainability initiatives toward 2030. Although we are struggling in some areas, our overall process is making steady progress. Sustainability is an essential issue for a company to continue its activities, and we see it as a natural part of doing business in the global market.

Regarding FY 2024, what I would like to specifically draw attention to as the head of the organization is the need to rebuild our revenue base and produce results with an emphasis on operating profit. I intend to apply every effort to achieve this and make a public commitment to achieve an operating profit surplus by the end of FY 2024 (fiscal year ending March 31, 2025). To this end, it is my mission to restore and strengthen the Group's earning power and put it back on a growth trajectory.

^{*1} The long-term vision that looks toward 2030. In May 2020 we revised the desired image of the Unitika Group and set three stages of three-year medium-term management plans.

^{*2} The results for FY 2023 saw net sales increase by 400 million yen to 118.3 billion yen compared to FY 2022, while operating profit saw a large drop of 3.8 billion yen to a loss of 2.5 billion yen.

[P20_Toward Profitability in FY 2024](#)

Sharing the management policy based on the philosophy of “connecting people’s lives and technology” throughout the Company

The philosophy of the Unitika Group is “contributing to society by connecting people’s lives and technology.” Successive presidents have always kept this in mind when formulating their medium- and long-term management plans, and have considered each measure from various angles based on this. During my tenure, we have established a long-term management plan called G-STEP30, which of course also used our philosophy as the starting point. So, what are the “people’s lives” that our philosophy says our technology should be contributing to? We have defined three types of living as the values provided by the Group: safe and secure living, convenient and comfortable living, and living in coexistence with the environment.

By combining this thinking with that laid out in the Sustainability Plan^{*3} that was launched last fiscal year to form the Group’s mission, we aim to be “a company that is continuously chosen by customers.” This flows into our long-term vision of contributing to the realization of a sustainable society, and I seek to improve understanding of this both inside and outside of the Company through presentation materials and other means. Comments from employees are printed on the cover of our company newsletter, and I often see that employees in various positions, including sales, accounting, and factory workers, mentioning “connecting people’s lives and technology.” I feel that our philosophy is directly permeating throughout the Company.

I am originally from the technology field and worked in hands-on development for a long time, and many times I was inspired by the philosophy when I was troubled or ran into a wall. When faced with difficulties, they were encouraging words that brought me back to the basics of what our technology is for and how it should be connected to people’s lives. I guess others involved in development feel the same way.

Although I do not have many opportunities to speak directly with local employees at our overseas locations due to the language barrier, when I do get a chance to speak with them, I always try to promote the understanding and permeation of the Group’s role in society by first keeping our philosophy in mind and then explaining the three types of living that are the value we provide.

Focus on shifting gears to strengthening our businesses in order to be “continuously chosen by customers”

To make our long-term vision of “becoming a company that is continuously chosen by customers” a reality, we are proceeding with a management plan consisting of three steps,

“

Strengthening earning power and putting the Company on a growth trajectory is my mission.

My aim is for us to become a company that contributes to a better future society based on our strengths in highly functional and environmentally friendly products.

”

[P15_Value Creation Process](#)

^{*3} Priority issues and KPIs were formulated during the period of the previous medium-term management plan. The measures are promoted based on the three categories of Prosperity, Planet, and People found in the SDGs approach.

[P29_Sustainability Plan](#)

each lasting three years, and we are now approaching the second step. The three Gs (Growth, Global, Governance) are set as the single theme throughout all three steps, and their progress is being carefully managed.

Although the progress of G-STEP30 2nd has encountered difficulties in terms of performance, we are taking steps to address various issues within this context. Specifically, we have set eight priority issues*4 and their KPIs in the form of a Sustainability Plan, with interim targets for FY 2025 and long-term targets for 2030. One particular area of progress in FY 2023 relates to personnel. An important issue for a company such as ours that has technology at its core, is the development of personnel. I feel that we have been able to make steady progress in cultivating and passing on our technological and sales know-how, and in nurturing the core personnel who will lead the Group's next generation.

Currently, our focus is on expanding sales of products that contribute to the three types of living, and a major pillar is to link the expanding sales to increased revenue. If we can contribute to society by providing products that are "safe and secure," "convenient and comfortable," and "in coexistence with the environment," customers will naturally choose them. Being chosen by customers will lead to revenue. I am committed to this story, and although the business environment has not always been favorable, I believe that in FY 2023 we made some progress toward contributing more to the three types of people's living through our various commercial products.

On the other hand, we still face risks in implementing measures to achieve the long-term vision, as there have been rapid changes in the business environment, such as the outbreak of the COVID-19 pandemic immediately after G-STEP30 was announced. The global market is also changing considerably, and these uncertainties in the business environment are tending to become more apparent, so I feel it is important to have a system that allows us to flexibly change and improve our plans.

Regarding the promotion of global business development, the overseas sales ratio has remained largely unchanged at 23% to 24% over the past few years, but our target is to raise this ratio to 30% by 2030. The Group views Southeast Asia as a key market for growth, but competition intensified beyond our expectations in FY 2023 as an oversupply of Chinese products flowed into the Southeast Asian market. From FY 2024, we are taking measures to change the way we compete. Although the competitive environment in the Southeast Asian market is tough, it is not that difficult to simply increase sales, but we are now in the process of selecting sales destinations based on whether they are appropriately profitable.

*4 The eight priorities are the three types of living plus Promoting corporate activities in coexistence with the environment, Human rights, Employee engagement, Diversity, and Supply chain management.

P45_Human Capital

P23_Messages from the Division General Managers in the Polymers Segment



The positions, superiorities, market conditions of the Company's products, and growth strategies in the Films and Plastics Divisions are explained.

P21_Technology and R&D

A diversified growth strategy to further strengthen our responsiveness to the niche markets that are our strengths

The Group has four competitive advantages: responsiveness to diverse needs, global niche technologies and products, domestic and global top share products, and core technologies, but as we are a manufacturer, I believe that our strength lies in our manufacturing technologies. To be precise, One of them is polymer technology, and another is textiles and textile processing technology, which formed the foundation of Unitika's founding business. In the past, we processed not only polymers but also metals and ceramics into fibers, and today we have added processes for turning inorganic glass materials and activated carbon into fibers. These technologies can then be combined to create distinctive products. I believe that if we can apply these technologies as the seeds of product development and utilize them to develop niche markets where we can display our uniqueness, and capture the needs of customers half a step ahead of what they are looking for, we can create our own target markets.

The key to achieving this is the integration of manufacturing, sales, and development. This is a refrain often heard from manufacturers, who say that information about customers and their needs will not be brought to life unless manufacturing, sales, and development are sufficiently linked. The Group's sales departments include people with engineering backgrounds in sales planning and other areas, who work together with sales representatives to respond to customers, a synergistic combination of manufacturing and sales that can respond to diverse and specialized needs in a precise and detailed manner.

Intellectual property is also an important aspect of strengthening our competitive advantage as a technology-driven company. It has become a major part of our growth strategy and we will continue to focus on it. I am proud that the number of patents we hold is on a par with those of companies with sales at a larger scale than our Group, and we will continue to maintain and improve our system to protect our intellectual property.

In terms of priorities for strengthening our competitiveness, in addition to strengthening this combination of manufacturing, sales, and development, we will invest our human, physical, and financial capital into strong businesses with earning power. For this purpose, we intend to make selective allocations of small, medium, and large amounts of capital, which is the intent in the medium-term management plan.

The most important financial indicator is of course operating profit, which measures profitability. Since our Group is heavily indebted, we inevitably need operating cash flow. Borrowings naturally incur an interest burden, and responding to aging facilities always involves capital investment for maintenance and renewal. That is why it is important to focus on operating profit, and we are constantly aware that this will lead to a higher return on shareholder' equity. Reducing borrowings and building a leaner financial structure is what we should be aiming for, but since paying back borrowings is also a matter of cash flow, I understand that improving operating profit remains the most important issue.

At the risk of repeating myself, the most important thing to focus on is operating profit. I have made a public commitment to apply every effort to achieve an operating profit surplus in FY 2024, and it is my strong desire to show both inside and outside the Company that we will raise the level of all profits. To this end, we must identify profitable businesses and rectify unprofitable businesses, and the criterion for judgment is whether the operating profit of the business is in the red or not. But rather than just looking at the present, we are progressing the

P25_Messages from the Division General Managers in the Performance Materials Segment



The positions, superiorities, market conditions of the Company's products, and growth strategies in the AFC and Glass Fibers Divisions are explained.

“

Continuing to be chosen by customers based on our contribution to people's lives and the environment. I believe that is the best route to becoming a highly profitable enterprise.

”



improvement of our business structure while discussing what the Group should look like two or three years from now. As for our capital investment plan, over the past three years, we have spent 5 to 7 billion yen per year, for a total of around 20 billion yen, on investments to increase profits and to maintain the functionality of our manufacturing facilities. However, in light of the severe business environment in FY 2024, we plan to review our investment efficiency and reduce the amount of investment to about half of the previous amount. As our eight business fields are interrelated in some areas, I believe it is necessary to improve the structure while keeping an eye on the overall balance, and we are currently in the process of formulating a strategy.

Creating a governance structure in which all committees report directly to the Board of Directors

Next, I would like to explain the status of organizing our governance structure. Regarding our quality assurance system, we had a quality deficiency incident in FY 2019, which caused inconvenience to our customers. Based on our reflection upon this incident, a Quality Assurance Committee was established in FY 2020, chaired by me, with the Quality Assurance Office overseeing quality assurance activities. In FY 2023 (the fiscal year ended March 31, 2024), we were able to expand the activities to our overseas sites, and I feel that our quality assurance system is now firmly in place both domestically and internationally, as we are able to keep a close eye on our overseas sites as well.

As for the management structure, the outside directors and outside auditors attend management meetings to share issues. The outside officers may not know much about our business fields or our work sites, but it is because they are unfamiliar that they can provide simple and frank questions and opinions, which makes discussions more lively. I feel that they provide those of us within the Company with new perspectives and are a part of good governance.

In addition, in FY 2023 we completed the process of developing a system in which all committees, including the Quality Assurance Committee, Sustainability Committee, Risk Management Committee, and Compliance Committee report directly and regularly to the Board of Directors.

I mentioned that discussions among inside and outside directors are becoming more lively, and agenda items regarding personnel are particularly so, as the outside officers can also offer their expert opinions. We have received useful tips, opinions, and suggestions from those who have methodologies based on their own experiences as business managers, and those from academia who are familiar with how to communicate with younger generations. In addition, during the monthly reports, the outside officers ask about the progress of issues raised in the previous month, which naturally creates a good sense of tension in the Board of Directors meetings, as they expect a response to their questions. On the topic of the reporting system, I think it is an ironclad rule of business that important matters, especially negative information, must be shared as soon as possible. When such information comes to our attention, we try to speed up the sharing of information by holding an extraordinary officers meeting instead of waiting for the next Board of Directors meeting.

Approaching sustainability as another driver of growth and striving to strengthen earning power

I recently attended an international conference on synthetic fibers, and I saw firsthand that

P55_Corporate Governance

P53_Governance - Interview with Outside Directors



The current status of the Group's governance structure from an outside perspective.

“

Sustainability is a prerequisite in the global market, and we will work on it as a business opportunity.

”

the sustainability perspective of coexisting with the environment has become an unavoidable movement. In particular, Europe is determined to reduce CO₂ emissions to the point of zero emissions. I also strongly felt that we were now in an era in which certain values are required as a matter of course around the world, such as eliminating the use of dangerous and harmful chemicals along with CO₂ emissions, and conducting corporate activities that protect human rights, including in the supply chain. I also saw that the targets that the Group has set forth in our Sustainability Plan are in line with this global trend. At the same time, however, I believe that we need to be flexible enough to adapt to changes in the world without fear and without being locked into our 2030 targets. Sustainability is a central issue to corporate management and is essential for a company to survive, but even if we proceed with our current plans, I feel that we will not be able to participate in the economic activities of the global market unless we take a more proactive approach to additional dimensions of sustainability. I consider this necessary to compete in the global market, not as a competitive advantage but as a basic requirement.

Looking back at FY 2023 once again, in terms of performance, growth in Southeast Asia did not materialize as expected, and although the losses in the Fibers & Textiles Business decreased*⁵, we were not able to fully develop the strengths we have in the Polymers Business*⁶. We will quickly proceed with overseas expansion and the rebuilding of highly profitable businesses going forward.

Through the rest of FY 2024, we will gradually proceed with the passing on of high raw material and fuel prices that had been partially delayed, starting with those customers who have given their consent. We plan to achieve this in the middle of this year. We will also actively promote investment in personnel. Human capital is an important foundation of management. Corporate management is not possible without people, so even if it takes time, we will promote the development of global personnel, as well as continue to promote the development of core personnel which we have already started. Also, sustainability is sure to become an important standard aspect of business in the future. I think this naturally means that there will be business opportunities, and will work hard to keep my eye on those opportunities.

As I mentioned at the outset, my mission now at the top is to put the Company on a growth trajectory by developing revenue foundations and business foundations to restore and strengthen our earnings power as a company. I will do my utmost to examine from all angles every possible measure necessary to achieve this goal. We will work together as a group to achieve our goals of “becoming a company that is continuously chosen by customers” and “contributing to a sustainable society.” I would like to take this opportunity to once again thank all of our stakeholders for your understanding and support for the Group's activities.



*⁵ The operating loss was reduced from the previous fiscal year as profitability improved due to the effects of price revisions and cost reductions.

*⁶ Sales volume declined due to sluggish downstream demand and inventory adjustments in the supply chain.

P31_Dialogue with the Directors in Charge of Sustainability

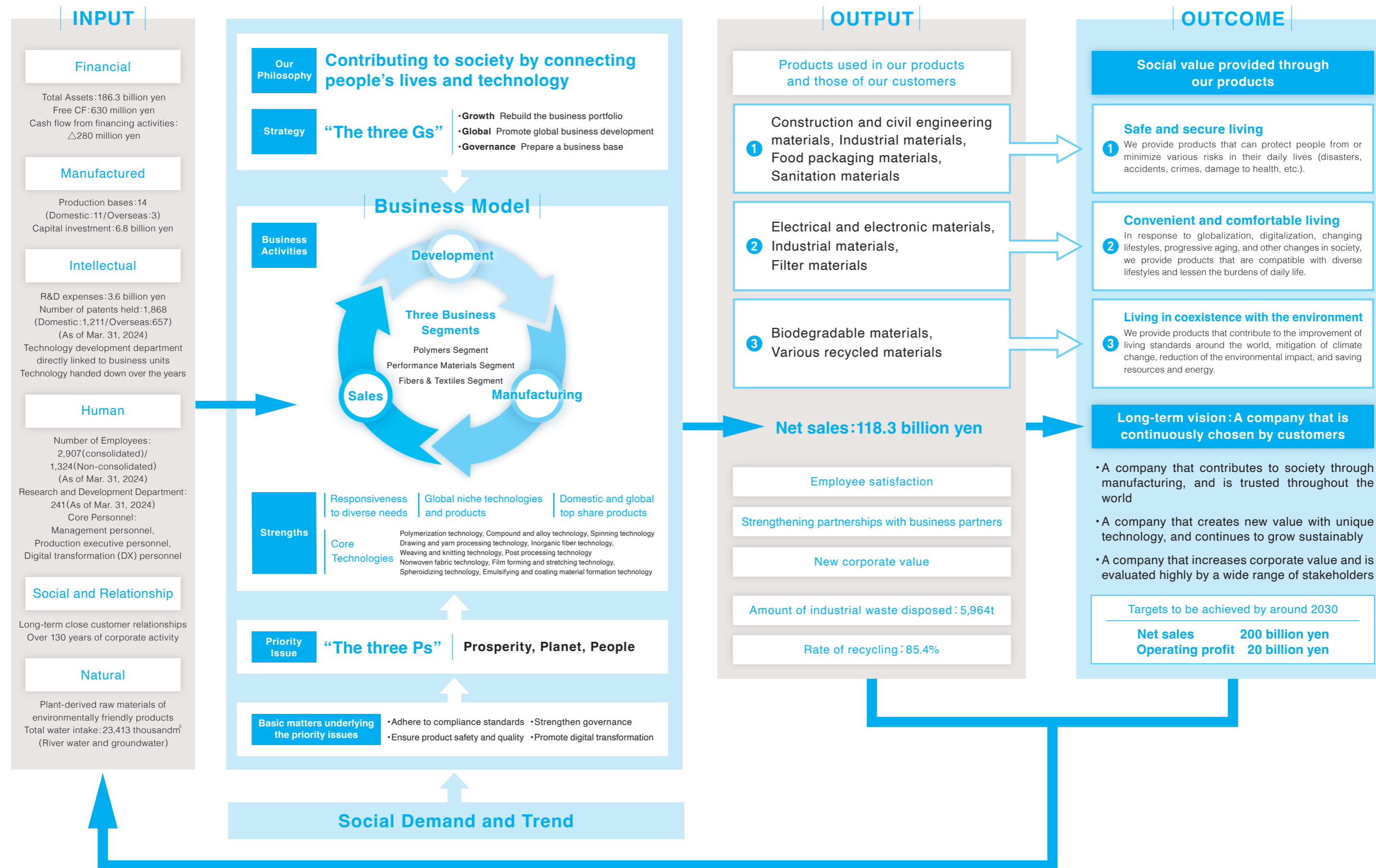


Outside directors evaluate and provide advice from a third-party perspective on reports on activities by the Group's officers in charge.

Shuji Ueno Representative Director and President, Chief Executive Officer

Value Creation Process

Aiming to be a company that is continuously chosen, and contributing to the creation of a sustainable society.



Medium-Term Management Plan

Long-term vision

In May 2020, we revised the desired image of the Unitika Group, and formulated G-STEP30, a long-term vision for around 2030. Under our philosophy of “contributing to society by connecting people’s lives and technology,” we are striving to be a company that is continuously chosen by customers, with the Group mission of contributing to achieving the SDGs through approaches to the “three types of living”, safe and secure living, convenient and comfortable living, and living in coexistence with the environment. We are moving forward with our three-step initiatives toward realizing our long-term vision, as we strive to achieve sustainable growth and contribute to society. The single theme that underlies all three steps is promoting the three Gs (Growth, Global, Governance), and managing their progress.

Desired image in the long-term vision
 We are aiming to be a “company that is continuously chosen by customers.”

A company that is continuously chosen



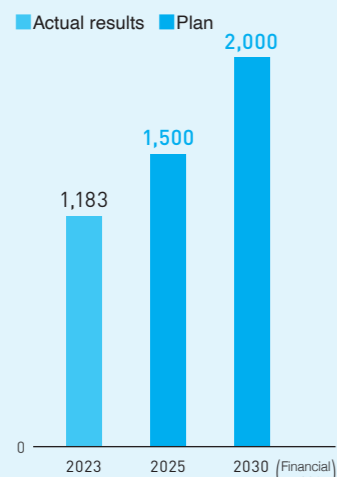
Medium-term management plan G-STEP30 2nd: Starting from FY 2023~

Based on the issues in the previous plan, the current medium-term management plan carries on the concept of the three Gs, which are the theme of the long-term vision G-STEP30, and establishes the basic policies of “**Growth: Rebuild the business portfolio**,” “**Global: Promote**

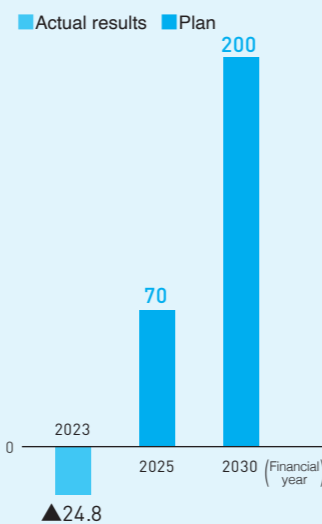
global business development,” and “**Governance: Prepare a business base**.” In line with these policies, we are aiming to implement measures for each of the three Gs to achieve the targets, and to be a “company that is continuously chosen.”

【Financial targets】

Consolidated net sales (100 million yen)



Consolidated operating profit (100 million yen)



(100 million yen)	Actual results FY 2023	Medium-term plan FY 2025	Long-term vision FY 2030
Ordinary profit	▲10.1	50	—
Net income	▲54.4	20	—
Capital adequacy ratio	19.7%	23%	30%
ROE	▲13.8%	5% or more	—
ROIC	▲1.9%	4% or more	—
Overseas sales ratio	24.3%	25%	35%
Net assets	382	486	—
Interest-bearing liabilities	921	903	—

(100 million yen)	Total FY 2020-2022	Total FY 2023-2025
Capital investment	224	200
Depreciation	157	224
R&D expenditures	110	110

Basic Policies / Main Measures

	Basic Policies	Main Measures
Growth Rebuild the business portfolio	Enact fundamental measures for unprofitable business areas	Reduce costs and fully increase prices to cover costs Identify unprofitable business areas
	Promote growth strategies	Strengthen the nylon film business — Line up gas barrier products such as “Emblem HG”
	Expand sales of highly functional products	Develop and promote sustainable products — “Emblem CE”, “XecoT”, hollow fiber membrane Sales of high value-added products — “Uniamide”, special glass fabric
Global Promote global business development	Prepare global production and sales systems	PT. Emblem Asia (Indonesia), Thai Unitika Spunbond Co., Ltd. (TUSCO) (Thailand)
	Develop and strengthen global human resources	— Expand sales within and outside the region, centering on Asia, Europe, and the Americas
Governance Prepare a business base	Reform our organizational culture and develop human resources	Diversity management — Develop core personnel, promote women’s participation Focus on development of next-generation management Cultivate an open organizational culture
	Pass on skills, prepare production sites	Go back to basics in manufacturing and strengthen manufacturing sites — Develop production site leaders through selective education — Promote the digital transformation (DX), utilize production management system data
		Create safe and secure workplaces — Carry out health management — Prepare production sites consistent with risk management (measures for aging equipment)

“G-STEP30 2nd” Look Back at FY 2023

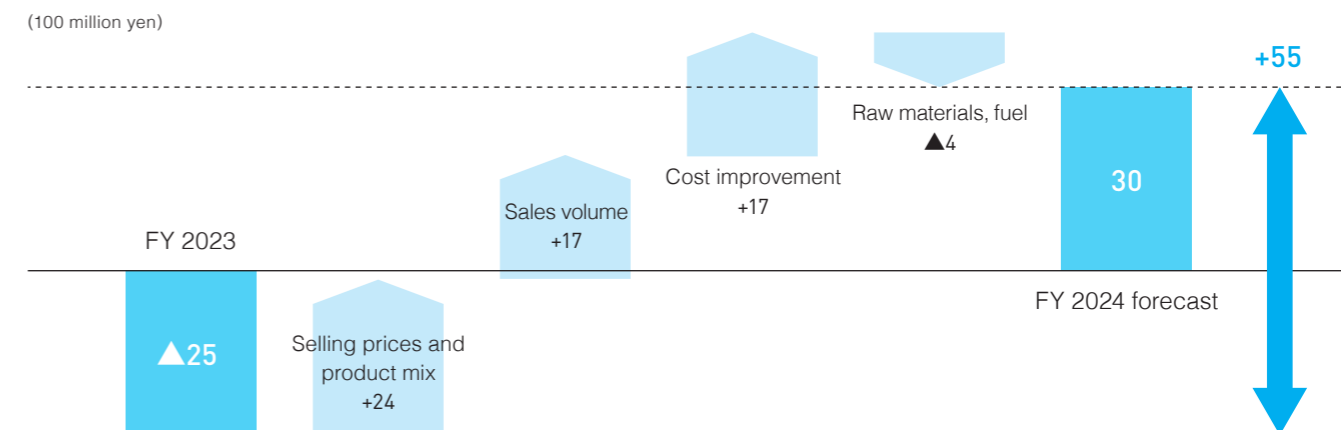
	Basic Policies	Evaluation: ○ Achieved △ Not achieved (issue for the next plan)
Growth	<p>Reduce costs and fully increase prices to cover costs</p> <p>Identify unprofitable business areas</p>	<p>△ Regarding cost reductions, costs conversely increased due to the continued weakening of the yen and a decrease in production volume resulting from lower sales. Price revisions were implemented from time to time but could not be achieved at a sufficient level to respond to high raw material and fuel prices and cost increases.</p>
	<p>Strengthen the nylon film business</p> <p>↳ Line up gas barrier products such as “Emblem HG”</p>	<p>○ The sales volume of “Emblem HG” increased. Other gas barrier products also sold well, meeting the needs for food loss reduction and extended shelf life.</p>
	<p>Develop and promote sustainable products</p> <p>↳ “Emblem CE”, “XecoT”, hollow fiber membrane</p>	<p>△ Sales of sustainable products fell short of the planned amounts.</p>
	<p>Sales of high value-added products</p> <p>↳ “Uniamide”, special glass fabric</p>	<p>△ The sales volume of “Uniamide” failed to increase due to sluggish demand in the electrical and electronics fields. Demand for special glass fabrics recovered at the end of the period and sales were generally as planned.</p>
Global	<p>PT. Emblem Asia (Indonesia), Thai Unitika Spunbond Co., Ltd. (TUSCO) (Thailand)</p> <p>↳ Expand sales within and outside the region, centering on Asia, Europe, and the Americas</p>	<p>△ Profitability deteriorated significantly due to the influx of cheap competitive products, mainly from China.</p>
Governance	<p>Diversity management</p> <p>↳ Develop core personnel, promote women’s participation</p>	<p>○ Regarding the development of personnel, lists of candidates for management executives, production executives, and female managers were compiled, and interviews and training were conducted as appropriate. With regard to fostering organizational culture, a cross-functional team (CFT) was formed on the theme of psychological safety, and female leaders implemented initiatives to resolve issues.</p>
	<p>Focus on development of next-generation management</p> <p>Cultivate an open organizational culture</p>	<p>○ A training program for production executive candidates was devised, a learning path to develop DX personnel was created, and a DX skills evaluation index was constructed.</p>
	<p>Go back to basics in manufacturing and strengthen manufacturing sites</p> <p>↳ Develop production site leaders through selective education</p> <p>↳ Promote the digital transformation (DX), utilize production management system data</p>	<p>○ Regarding health management, we were certified as an Health & Productivity Management Outstanding Organization. The preparation of production sites is progressing as planned.</p>
	<p>Create safe and secure workplaces</p> <p>↳ Carry out health management</p> <p>↳ Prepare production sites consistent with risk management (measures for aging equipment)</p>	

Toward Profitability in FY 2024

List of Priority Measures for FY 2024

Details of Measures	Expected Effects
Seize demand recovery opportunities to increase sales, optimize inventory, and increase production volume	
Recovery of demand in the packaging film market	++
Recovery of demand in the electronics and semiconductor markets	++
Cost reductions through reductions of operating and fixed expenses	+++
Price revisions and rectification of unprofitable sales	+++
Improvement of production efficiency	+
Expand sales of high-performance and high-value-added products (high gas barrier films, high-performance films, hollow fiber membranes, high-performance glass fabrics, etc.)	++

Image of Breakdown of Changes in Operating Profit in FY 2024



Promotion of Sustainability [See pp. 27-28 for details.](#)

In the current medium-term management plan, in addition to the three Gs, we are also working to implement the Sustainability Plan. The Unitika Group has specified eight priority issues and the corresponding KPIs in the previous plan.

In the current medium-term management plan, the eight priority issues are compared with the five Ps that are included in the SDGs concepts, and will be classified into three categories: **Prosperity, Planet, and People.**

Basic Policies	Stakeholders/Values Provided
<p>Our Philosophy</p> <p>Contributing to society by connecting people’s lives and technology</p>	<p>Values Provided to Stakeholders</p> <p>Global Environment Coexistence of business and the environment</p> <p>Shareholders and Investors Sustained improvement of corporate value</p> <p>End Users Safe and secure living /Convenient and comfortable living /Living in coexistence with the environment</p> <p>Business Partners and Clients Sustained business collaborations (partnerships for mutual prosperity)</p> <p>Employees Motivating feeling of actual growth/ Safe and secure workplaces</p>
<p>Group Mission</p> <p>Contributing to the SDGs with approaches to the “three types of living”</p> <ul style="list-style-type: none"> • Safe and secure living • Convenient and comfortable living • Living in coexistence with the environment 	
<p>Desired Image (Long-term Vision) Sustainability Policy</p> <p>Contributing to the realization of a sustainable society, aiming to be a “company that is continuously chosen by customers” We will contribute to the realization of a sustainable society by connecting people’s lives and technology through its business activities.</p>	

Forecasts by Segment

(100 million yen)	Net Sales			Operating Profit		
	FY 2023 results	FY 2024 forecast	Change	FY 2023 results	FY 2024 forecast	Change
Polymers	511	525	+14	6	42	+36
Performance Materials	342	363	+21	▲25	▲10	+15
Fibers & Textiles	330	312	▲18	▲5	▲2	+3
Others	1	0	▲1	▲1	0	+1
Total	1,183	1,200	+17	▲25	30	+55

We will focus on measures to return to profitability as soon as possible and rebuild our earnings base and financial position. At the same time, we will work on fundamental structural improvements while developing new strategies that will lead to sustainable growth.

Technology and R&D

Technology Development Policy

Based on the Unitika Group's philosophy, we aim to conduct development that is highly compatible with our existing businesses while expanding our core businesses at the same time, and also developing highly profitable materials in growth areas within the area of the three types of living to which our technologies should contribute: safe and secure living, convenient and comfortable living, and living in coexistence with the environment.

We are also promoting technological development with a view to commercializing material recycling and chemical recycling as activities that will help realize a low-carbon society, making full use of polymerization technology, our most important core technology.

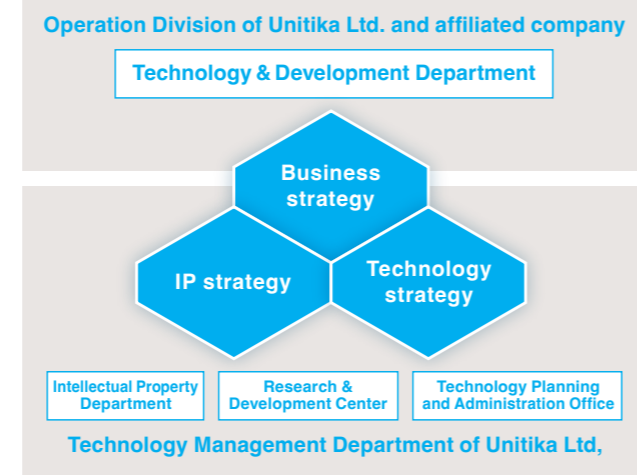
Technology Development Structure

Within the Unitika Group, technological development is handled by the technology and development departments of each Unitika division and their affiliate companies, as well as by the Research & Development Center, which belongs to Unitika's Technology Management Division.

The technology and development departments of each division and affiliated company are working to develop technologies that can respond quickly to the requirements and needs of customers. The Research & Development Center is engaged in the development of technologies that span across the Group and new materials and technologies that will support the next generation of the Unitika Group.

The Unitika's Technology Management Division, to which the Research & Development Center belongs, also includes the Technology Planning & Administration Office, which formulates company-wide technology strategies, and the Intellectual Property Department, which manages intellectual property and formulates intellectual strategies, so that the three strategies of business,

technology, and intellectual property are integrated to strongly promote technology development throughout the Unitika Group.



Direction of Technology Development

The Unitika Group has long utilized its unique core technologies to provide performance materials to the lifestyle and industrial fields. We will continue to advance our core technologies by integrating new peripheral technologies based on our existing core technologies and strengthen the foundations for new product development. In addition, as a medium- to long-term development guideline, we will identify development targets in new growth areas, and adopt the posture described on the right in order to promote development in these areas and demonstrate our presence as "a company that is continuously chosen" and lead to future business growth.

- We aim to develop one-of-a-kind products with an awareness of B-to-B niche and growth areas.
- We will provide materials and technologies that solve problems based on a deep understanding of our customers' manufacturing processes.
- We will create new technological value by focusing on the "high-speed and large-capacity network communications society," "low-carbon society," and "society responding to declining birthrates and aging" as the future society.

Intellectual Property Strategy and Activity Policy

The Unitika Group will add intellectual property strategies to its technological and business strategies and promote them in a three-pronged manner in order to build a network of strong proprietary product rights and secure the superiority of its businesses and products. By enhancing the effectiveness of our intellectual property strategy, we will continue to increase the business contribution of our intellectual property activities, including the value of our own patents, the degree to which our patents are utilized in our business, and the effect of patent

clearances from other companies.

We are also engaged in so-called intellectual property landscape activities, in which we analyze a wide range of intellectual property and non-intellectual property information and utilize the information to develop new customers and search for new development themes in order to contribute to our medium-to long-term business strategies.

The Unitika Group's Core Technologies

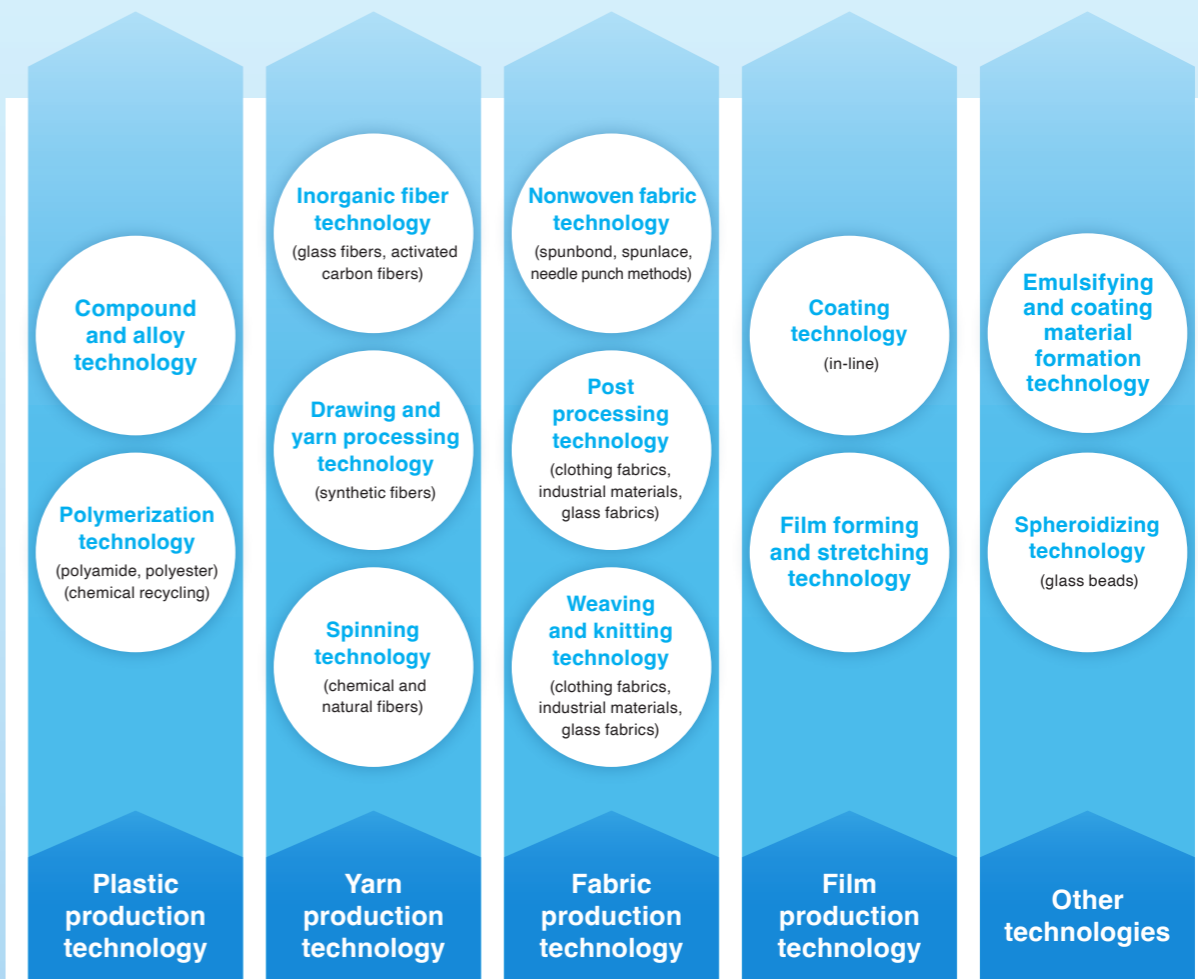
Founded in 1889 as a textile manufacturer, the Unitika Group's core technologies are based on the polymer and fiber-related technologies owned by Dainippon Boseki as well as Nippon Rayon, the other predecessor of the Company. The core technologies we have developed over the years

consist mainly of "plastic production technology," "yarn production technology," "fabric production technology," "film production technology," and "other technologies."

Fields where the Unitika Group provides value



By fully utilizing and integrating these core technologies, the Unitika Group will provide value that contributes to society, particularly in the fields of "Automobiles and Mobility," "Telecommunication, Electronics and Semiconductor Processing," "Living and Safety," "Civil Engineering, Infrastructure, and Construction," and "Primary Industry (agriculture and fishing)."



Messages from the Division General Managers

Polymers Segment

Films Division

Pioneering and niche technologies to respond to global environmental needs



Senior Executive Officer, General Manager of Films Division

Masayuki Nakanishi

Reducing food loss and improving packaging convenience

The Films Division handles two main types of films: nylon films with world-class quality and polyester films that use niche technologies in specialized applications. Our nylon films contribute to the stable supply of food and daily necessities as an indispensable packaging material. Their strength, barrier properties, and ease of opening make it possible to reduce food loss and improve package convenience. Our polyester films have contributed to the development of the packaging and industrial materials fields by producing many products with unique functions that are not available from other companies. "Uniamide", our newly developed heat-resistant polyamide film, is mainly used in the industrial materials sector where its excellent heat resistance and strength contribute to the improvement of our customers' manufacturing processes and the development of new products.

We established the world's first simultaneous biaxial orientation method for nylon film manufacturing in 1968, and still maintain the top position in terms of market share and supply capacity in Japan today. We have a history of exporting nylon films that stretches all the way back to when it was not available outside of Japan, giving us a first-mover advantage internationally as well as domestically.

On the other hand, the Group is a latecomer to the polyester film market, so we are aiming to establish a unique position by developing functional films that other companies cannot

provide. For example, we are developing distinctive products that focus on applications and customers in niche fields, such as packaging bags that are easy to open thanks to the film's straight cutting property, and the ability to add oxygen and water vapor barrier properties to films through aluminum vapor deposition processing.

Penetrating the Asian market with unique functions not found in general-purpose products

The market for both packaging and industrial films saw large distribution inventories during the COVID-19 pandemic. Even after the pandemic subsided, the market environment deteriorated further due to the weak yen and falling consumption, and is still changing on a daily basis. Even in this environment, demand for packaging film is growing from the perspective of food loss. In 2023 we increased production of barrier materials that extend shelf life, especially boilable retort products, and will expand production capacity by a further 30% in 2024. We will continue to focus on the global growth of barrier materials for food loss reduction.

Our strategy moving forward is to go on the offensive, targeting the East and Southeast Asian markets, where demand is growing. I believe that functional films, which differentiate us from our competitors, have a good chance of success in the Asian market, which has previously only used general-purpose products. We will take advantage of the weak yen position to strongly promote exports of unique products while avoiding the increasingly competitive market for general-purpose products.

Looking at the progress of the medium-term management plan, we had quite severe results in FY 2023, but we seem to have hit the bottom around the fourth quarter, and we now expect to progress as planned in FY 2024.

The Group's films business was originally based on the sustainable concept of reusing nylon yarn waste, and is now sought after by customers around the world that it is pursuing initiatives related to the SDGs. As the first producers of nylon film, we are committed to developing unique applications and new products with our customers in Japan and overseas.

Plastics Division

Unique functionality and environmental friendliness create opportunities for success in growing markets



Executive Officer, General Manager of Plastics Division

Kouji Murakami

Unique development in the growing automobile and electronics markets

The Plastics Division handles synthetic resin products, centered on nylon and polyester. The synthetic resin products we manufacture and sell are processed by our customers for use as parts and adhesive functional materials in automobiles and electronic devices. Providing functionality that contributes to the evolution of electric vehicles and electronic devices is the value that the Group offers society. My division also aims to help build a sustainable society by supporting customer innovation through environmentally friendly products with three key words: biomass, recycling, and reduction.

In the competitive plastics industry, the Group has established a unique position in being able to provide original products customized to meet the needs of our customers. Another of our strengths is our lineup of highly regarded functional resins, such as "U-Polymer" and "Arrowbase," which offer unique characteristics not found in the general-purpose products of other companies.

My division's main market is the automobile industry. This industry is seeking to reduce the weight and improve the transmission efficiency of electric and hybrid vehicles. Our other important market is the electronic devices industry. Players in this industry are looking for new technological innovations to allow for faster data transmission in 5G and 6G, especially for semiconductors. I believe that, for synthetic resins overall, it is these two markets that will

continue to expand significantly.

Strengthening our response to increasing environmental needs in Japan and overseas

Looking ahead to our future strategy, overseas sales currently account for about 30% of our total sales, and in order to raise this even further we are dispatching engineers to our locations in Europe and the US to conduct marketing activities. Above all, we will focus on environmentally friendly products. For example, the use of Unitika nanocomposite nylon 6 with metallic appearance for automobile interiors can eliminate the coating process and the use of organic solvents. While "Arrowbase" has high adhesion efficiency and does not use organic solvents. Both products can help reduce the use of environmentally hazardous substances. Adoption of these products is increasing both domestically and overseas, and we will continue to focus on this business.

Regarding the progress of the medium-term management plan, although automobile production recovered in FY 2023, it was a difficult year for synthetic resins, which is a materials industry, due to soaring fuel costs and the high cost of importing raw materials as a result of the weak yen. The electronic devices industry finally saw a recovery in semiconductors, but FY 2023 was a bad year for material providers as well, due to a drop in user production caused by excess distribution inventories. In FY 2024, we expect that the market's distribution inventories will be optimized and our customers' production activities will recover, which will allow the Group to return to conventional production activities starting in the first half of the year in the automobile field and in the second half of the year in the electronics and electrical field. We are now at the stage where, with the understanding of our customers, we can proceed with price revisions this fiscal year that were difficult to achieve in FY 2023. I believe that we will successfully catch up to the goals of the medium-term management plan in FY 2025.

The strength of my division is its ability to provide value by leveraging the Group's original products. We will continue to provide strong support for innovation in our customers' product development and technological development worldwide through the Group's unique technologies and responsiveness to needs.

Messages from the Division General Managers

Performance Materials Segment

ACF Division

Developing hazardous substance removal markets with high value-added products and a proposal-based style



General Manager of ACF Division

Shigeaki Sawada

Quickly responding to the development needs of manufacturers

ACF, the abbreviated name of my division, stands for activated carbon fibers. The social value our business brings is our contribution to safe and secure living, which is one of the Group's priority issues. Specifically, we develop and produce water purifiers that remove residual chlorine, trihalomethane, and other harmful substances from tap water, and activated carbon fiber filters used in air purification to reduce the levels of particles such as formaldehyde, a volatile organic substance and suspected carcinogen. Activated carbon is produced in granular and fibrous forms, and while the granular form is used in most applications, the fibrous form has higher performance in smaller volumes, which is an advantage in filter applications that require compactness. My division is working to improve the competitiveness of our products by employing activated carbon fibers and adding value in the form of high performance (smaller size or longer life).

In addition to these materials, one of the strengths of the ACF Division is our ability to quickly achieve the performance required by our customers, who are manufacturers. Our role is to promptly provide items needed during the processes that lead to the final product, based on requests from manufacturers. Our key skill lies in making proposals from the small-scale prototype stage that are in a form close to a final product by combining various materials and diverse processing technologies based on activated carbon fibers. This advantage arises from continuously applying this style of

development together with manufacturers for many years, and from the relationships we have established with manufacturers and consumers who immediately share their needs with us.

Anticipating consumer needs and making proposals to manufacturers

In the water purifier and air purification markets, there will always be demand for the removal of harmful substances in homes and during business activities, and our current policy is to continue providing products that meet those needs. We are also considering expansion into overseas markets. In particular, we are strengthening our sales promotion in European and North American countries where there is a need from those who want to use clean water at a level close to Japanese standards, and we are enhancing our digital marketing and global website for this purpose. We plan to continue building relationships that will allow us to communicate directly with overseas manufacturers in the same way we do domestically.

Our strategy for the future is to become a more proposal-oriented company than we have been in the past. I would like to further strengthen our systems to anticipate consumer needs and propose them to manufacturers, rather than just waiting for manufacturers' demands. For example, PFAS (organic fluorine compounds), which have recently been detected in domestic water purification plants and groundwater, and whose toxicity is of concern, have been raised for carcinogenicity evaluation by the International Agency for Research on Cancer (IARC) of the World Health Organization (WHO), and there are moves to tighten regulations both in Japan and overseas. Inquiries about PFAS have been increasing, and we anticipate a growing need in the future for such new substances to be subject to purification and for lower concentrations of regulated substances. We would like to create a new path to bring the high-performance and safe products that consumers demand through manufacturers to the market as soon as possible, by evaluating products in accordance with various filter standards in advance based on our knowledge and accumulated data and making proposals that anticipate needs that are yet to arise.

Although we are not a large division, the ACF Division has grown steadily because activated carbon fiber contributes to people's health and the global environment. Moving forward, we will continue development that will increase our social business value and make further contributions to a sustainable society.

Glass Fibers Division

Aiming for market expansion by adding higher value and strengthening supply capabilities



Executive Officer, General Manager of Glass Fibers Division

Masahiro Morita

Specialization in filament fiber and integrated in-house production are our strengths

The glass fabrics handled by the Glass Fibers Division are nonflammable and insulating materials. They are used in ceilings, walls, screens, tents, and other industrial materials, as well as in electronics materials related to semiconductors. Materials such as those used for ceilings are required by the Building Standards Act to use noncombustible materials. In this way, glass fabrics for industrial use contribute to safe and secure living. In addition, glass fabrics for electronic materials have been evolving to become thinner and lighter to meet the needs of high-performance and smaller electronic devices to contribute to convenient and comfortable living.

Glass fibers are classified into filament fiber (glass fiber) and staple fiber (glass wool, etc.) fibers, and my division specializes in filament fiber. Since we can handle the entire process in-house, from glass spinning to yarn twisting, weaving, and post-processing, we are able to focus on high-value-added products and offer products that meet the diverse needs of our customers, and I believe this is where our advantage lies.

Regarding the market environment, Japan is prone to disaster risks such as earthquakes and typhoons. Strong legal regulations apply to building materials, so the scope of our business that contributes to safety and security in industrial materials will continue to expand. The semiconductor market, which requires electronic materials, also continues to grow, but the large swings in the boom-bust cycle are a concern. My division must strike a balance in its production

activities by considering both relatively stable industrial materials and highly volatile electronic materials. Since glass fiber production involves many processes and production plans are prepared six months in advance, it is difficult to plot a course while predicting the market. At present, we are working to maintain and expand our supply capacity by enhancing and renovating facilities as well as pursuing production efficiency at our plants in order to resolve supply shortages.

Capturing the recovery in demand for electronic materials to expand profits

Looking ahead, the needs for electronic materials are clear, namely higher performance, smaller, and thinner electronic components. In the field of electronic materials, the technology to produce special fine threads that will make fabrics thinner will be the key to success. For industrial materials, on the other hand, it will be important to have the ability to develop and propose products that meet market needs. For example, we will expand our market base by taking products developed for one customer and proposing them as solutions to problems in other applications.

Efforts to implement the medium-term management plan were delayed in FY 2023 due to the inventory adjustments caused by the semiconductor recession that began in the middle of 2022. In the second half of 2023, demand for cutting-edge products in electronic materials is recovering, such as semiconductor applications intended for AI, and we are off to a good start since April 2024. I now believe that we can make up the ground that was lost in 2023. We will seek to expand overall business profits with the support of industrial materials business, in which demand is relatively stable.

It has been 60 years since the Group started the glass fibers business, and many of our customers have been with us since the beginning. We have a long history of our suppliers, subcontract processing companies, and logistics companies supporting us as one, and we believe that these relationships will be the key to business expansion. We will continue to leverage our strong ties with the aim of further strengthening our supply chain. Internally as well, we emphasize teamwork, and our electronic materials and industrial materials departments are working together to advance our business.

Although the glass fibers business has a modest presence within the Unitika Group when compared to the polymers business, it enjoys a certain reputation in the market. We will continue to produce products that capture the needs of the times and have a presence despite our small size.

Promotion of Sustainability

Our Policy for Sustainability and Priority Issues

In April 2022, the Unitika Group formulated a policy for sustainability at the Sustainability Committee. This policy specifies our philosophy and Group mission for realizing our long-term vision from a sustainability perspective. See pp. Figure 1 for details. ▶

We have been working to resolve the eight priority issues under this sustainability policy. The three priority issues related to business, which we have set as priority issues associated with our products' values, are precisely the Group mission for realizing our long-term vision. We are striving to resolve these issues by providing products that protect people from disasters and accidents, crime, damage to health and other incidents, products that are compatible with digitalization and diversifying lifestyle habits, and products that help reduce CO₂ emissions, conserve resources, and prevent environmental pollution.

The five priority issues related to corporate activities are various issues that we should consider when carrying out our business activities. Specifically, the issues we are working on are carrying out environmentally-friendly corporate activities, respecting the human rights of all stakeholders, ensuring our employees can live a healthy life, preparing a work environment that is motivating and satisfying for a diversity of personnel, and detecting and avoiding risks in the supply chain. See pp. 29–30 for details. ▶

Process for Formulation of Priority Issues

In specifying the priority issues, first we listed the initiatives the Unitika Group is already working on to achieve a sustainable society. Then we referred to the SDGs and the GRI Standards, and listed the initiatives to tackle going forward.

After grouping these initiatives, we identified as issues those initiatives we should achieve by the SDGs target year of 2030.

We then verified the risks and opportunities of each of these issues and their positioning on the value chain, and narrowed down the important items. Finally, we organized these items on a matrix along two axes, one for their importance to stakeholders and the other for their importance to the Unitika Group, and then specified the Priority Issues (Materiality). We also set four items as basic matters underlying the Priority Issues. These items have been approved at a management meeting.

See Figures 2 and 3 for details. ▶

1 The Sustainability Policy of the Unitika Group



Specify



Priority Issues (Materiality)

2 Priority Issue Specification Process

Creation of a Candidate Item List

Create a list referring to materials including SDGs, GRI standards, and other international guidelines.

Identification of Important Items

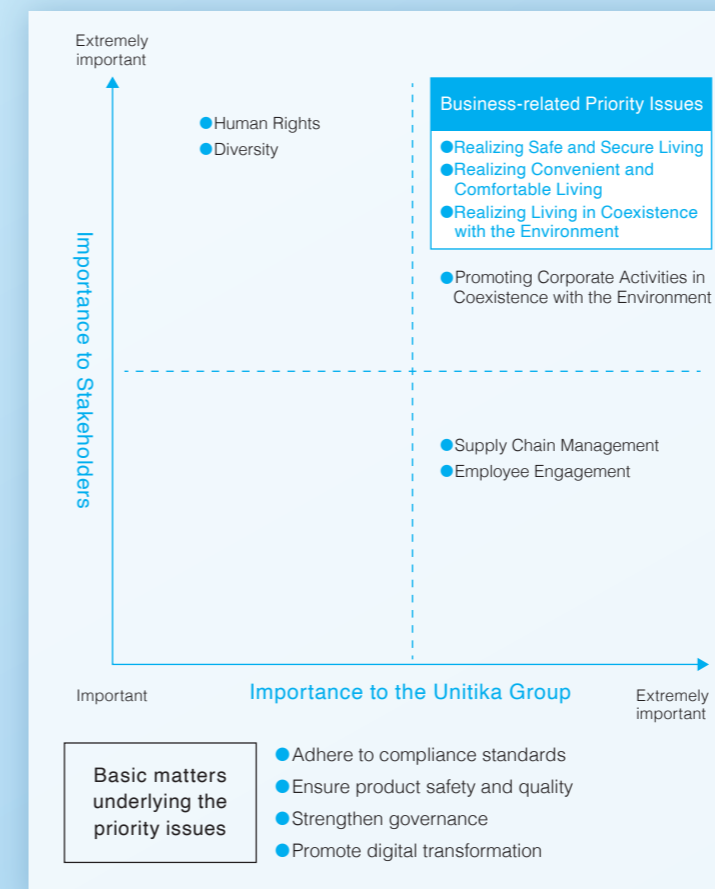
Identify by verifying the risks and opportunities, and the positioning on the value chain.

Assigning Order of Priority and Organizing

Organize these items along two axes, one for their importance to stakeholders and the other for their importance to the Unitika Group.

Approval at a Management Meeting

3 Priority Issue Matrix



Governance

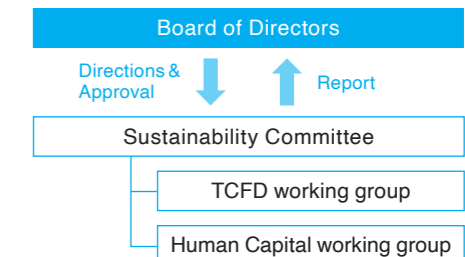
In December 2021, we established the Sustainability Committee as an organization for overseeing our actions going forward in order to achieve the Unitika Group's priority issues and the corresponding indexes (KPIs) and target values. In order to promote company-wide initiatives, a total of seven members, consisting of four directors (Representative Director and President, CEO Shuji Ueno (chair of the committee), Masakazu Kitano, Katsuhide Kyunai, and Tsunetoshi Matsuda), two executive officers, and the general manager of the Global Business Promotion Division, attend as the head of their respective segment or department to conduct discussions, evaluate the appropriateness of measures aimed at realizing the priority issues, targets, indicators, and target values of the Unitika Group, and formulate promotion measures to achieve the targets against the indicators.

The committee members not only oversee the entire structure, but are also responsible for KPIs, supervise their progress, and reflect such progress when formulating medium-term management plans.

The committee meets at least once a year and its discussions are reported to the Board of Directors for directions and approval.

Also, a TCFD working group, which promotes disclosure based on the TCFD Recommendations, and a Human Capital working group, whose purpose is to achieve the targets of the KPIs related to human capital, have been established under the Sustainability Committee to strengthen its structure.

Governance organizational chart













Risk Management

One of the priority issues of the Unitika Group is to "promote corporate activities in coexistence with the environment," which also includes climate change risks.

The Sustainability Committee evaluates the reasonableness of these risks as required, and reports to the Board of Directors on newly identified risks, including those related to climate, if they are determined to be important.

Sustainable Plan (Priority Issues and KPI)

In July 2021, we formulated the KPIs for our priority issues. At the Sustainability Committee held in May every year, we check the progress of our initiatives, review the measures being implemented, and take additional action as required. We identified the priority issues from the perspectives of Prosperity, Planet, and People in the new medium-term management plan G-STEP30 2nd that was announced in May 2023.

	Priority issue	Responsible person	KPIs	Actual result of FY 2023	Target of FY 2025	Target of FY 2030	Relevant products and measures	Relevant SDGs	Renewal Date	
Prosperity	Three priority issues about businesses	Realizing safe and secure living	Masakazu Kitano Director, Managing Executive Officer In charge of the Polymers Segment and Performance Materials Segment				<ul style="list-style-type: none"> Overseas development of food packaging barrier films Marketing of materials for natural disaster prevention/response Expanding sales of water purification filters 		Revised in July 2022	
		Realizing convenient and comfortable living	Katsuhide Kyunai Director, Managing Executive Officer Chairman, Representative Director of Unitika Trading Co., Ltd. In charge of the Fibers & Textiles Segment	Net sales of materials that contribute to the "three types of living"	1.1 times relative to FY 2019 level	1.6 times relative to FY 2019 level	2.6 times relative to FY 2019 level	<ul style="list-style-type: none"> Entering the market for digital related materials Expanding sales of materials related to semiconductors 		
		Realizing living in coexistence with the environment	Minoru Fuji Senior Executive Officer General Manager of Technology Management Division					<ul style="list-style-type: none"> Applying on-site recycling and a mass balance approach Developing the market for environmentally friendly food packaging films 		
Planet	Promoting corporate activities in coexistence with the environment	Minoru Fujii Senior Executive Officer General Manager of Technology Management Division	CO2 emissions (All domestic Group companies)	35% reduction relative to FY 2013 level	24% reduction relative to FY 2013 level	46% reduction relative to FY 2013 level	<ul style="list-style-type: none"> Installing energy-saving equipment and examining the implementation of carbon credits 		Established in July 2021	
			Amount of industrial waste disposed of outside the plants (All domestic Group companies)	19% reduction relative to FY 2019 level	8% reduction relative to FY 2019 level	10% reduction relative to FY 2019 level	<ul style="list-style-type: none"> Introducing equipment for reducing industrial waste and further promoting the recycling of industrial waste 		Established in July 2021	
People	Five priority issues about corporate activities	Human rights	Tsunetoshi Matsuda Director, Senior Executive Officer In charge of Human Resources and General Affairs Department and Sustainability Promotion Office	Implementation rate of human rights education (Entire Group, including overseas companies)	79%	75%	100% (Percentage of employees received human rights education at least once a year from 2026 to 2030)	<ul style="list-style-type: none"> Unitika Human Rights Policy 		Revised in July 2022
		Employee engagement	Minoru Fujii Senior Executive Officer General Manager of Technology Management Division	Lost time injury frequency rate*1 (Entire Group, including overseas companies)	2.29	0.35	0.25	<ul style="list-style-type: none"> Intensifying the intrinsic safety of manufacturing equipment Reviewing utilities 		Revised in May 2024
			Tsunetoshi Matsuda Director, Senior Executive Officer In charge of Human Resources and General Affairs Department and Sustainability Promotion Office	Certified Health & Productivity Management Outstanding Organization (Unitika Ltd. and some Group companies*2)	Certified	Certified	Certified as White 500	<ul style="list-style-type: none"> Unitika Health Management Declaration 		Established in July 2021
		Diversity	Tsunetoshi Matsuda Director, Senior Executive Officer In charge of Human Resources and General Affairs Department and Sustainability Promotion Office	Ratio of women in managerial positions (Entire Group, including overseas companies)	5.5%	8%	20%	<ul style="list-style-type: none"> Unitika Diversity Management Policy 		Revised in July 2022
				Ratio of female new recruits (Career position) working at the head office (Unitika Ltd.)	35%	30%	30%			Established in July 2022
Ratio of men taking paternity leave (All domestic Group companies)	72%			50%	85%	Established in July 2022				
Implementation rate of annual review of the pools of core human resources (Unitika Ltd.)	100%	100%	100%	Established in January 2023						
Supply chain management	Tsunetoshi Matsuda Director, Senior Executive Officer In charge of Legal & Compliance Department, Corporate Planning department and Procurement & Logistics Department	Response rate of the CSR procurement survey (Main business partners and clients)	—	80%	80%	<ul style="list-style-type: none"> Purchasing Policy CSR procurement survey 		Established in July 2021		

*1 The number of lost time injuries occurring in a workplace per 1 million hours worked

*2 Nippon Ester Co., Ltd.; Unitika Trading Co., Ltd.; Unitika Textiles Co., Ltd.; Unitika Glass Fiber Co., Ltd.; Unitika Garment Technology Co., Ltd.

Dialogue with the Directors in Charge of Sustainability

The inside and outside directors exchange opinions on the sustainability management that the Unitika Group is aiming for and its progress. Also, our outside director with expertise in visualizing and quantifying human capital provides an evaluation and advice from a third-party perspective.

Sustainability is the business itself based on our management philosophy. There is also room to improve the training of personnel who will lead in the future.

Matsuda The Unitika Group's approach to sustainability is woven into the very fabric of our business activities, through our philosophy of "contributing to society by connecting people's lives and technology." This is the context in which we are working on our priority issues. Historically, national governments and global institutions were considered responsible for addressing social issues, but companies are now recognized as having important roles to play in taking the initiative to address these issues. To survive as a company in an era where it is unacceptable to be anything other than sustainable in our corporate activities, we intend to promote various measures with an even greater awareness of sustainability.

Ishikawa I can confirm that the Unitika Group is addressing sustainability in terms of environment, society, and governance in a planned manner with well-defined KPIs. As a materials manufacturer, I think our main mission is to contribute to building an affluent and sustainable society through the creation of new value of materials. But I feel I should raise another issue: I think there is still room for growth in the training of personnel to support sustainability management. We need people who can support these initiatives in a continued and sustainable manner.

Matsuda As a company, our attention is inevitably focused on short-term financial indicators, but as you say, we certainly need to think more concretely about personnel development that supports sustainability management in order to achieve these financial indicators.

Ishikawa One skill required for sustainability management is the ability to innovate. I'd describe innovation generally as the ability to develop new things, but here I mean a more internal innovation, or the ability to improve oneself. If we can create a system that can help develop people in this direction within the company, it will have a positive impact on sustainable corporate management.

The KPIs were generally achieved for the priority issues, but challenges exist in what is reflected in net sales and in what concerns the ratio of women in managerial positions.

Matsuda I'd like to talk about the degree to which we achieved our targets for priority issues in FY 2023. Compared to FY 2019, we were not far off the KPI for how much we can

increase sales of products that contribute to the three types of living: "safe and secure living," "convenient and comfortable living," and "living in coexistence with the environment." We struggled the most with "living in coexistence with the environment." This was the result of lagging sales rather than the substance of the products, and I believe we can regain this lost ground. We also had some problems with economic trends, which we will continue to work steadily to address. We have identified eight priority issues, but in addition to working toward the three types of living, we generally achieved our target levels for other issues such as CO2 and waste reduction, human rights, employee engagement, diversity, and supply chain management. Although the target ratio of women at the management level will not be achieved today or tomorrow, we will continue our efforts to achieve the 2030 target.

Ishikawa Sales are also affected by the economy, and I hope you will continue to do well. On top of that, I would like to focus in particular on the ratio of women at the management level. While I am sure that all companies are making serious efforts to achieve this goal, which they are required to disclose in their annual reports, I believe that we need to turn our attention to employees other than women as well. A basic principle of the SDGs is to leave no one behind, and I don't think we should focus too tightly on only the gender gap. As a company, it is important to adopt the goal of creating an environment where everyone can choose their own work style. Child rearing and caregiving are not roles that can only be taken on by women. When making comparisons to global standards, there is a tendency to focus on the ratio of females at the management level, but rather than narrowing the scope of the discussion, I feel that we need to take a broader perspective and establish a system that allows all employees to choose a work style that suits them best. I believe this will ultimately lead to the promotion of diversity.

Matsuda You are certainly right, it is also a biased view to talk only about women. However, we would like to continue using the ratio of women at the management level as an indicator that is easy to see. In the future, we will consider a system that is also flexible in terms of age, educational background, and lifestyle. I also feel that this will become the fertile soil that nourishes personnel who can create internal innovation. I would like to discuss this from the broader perspective that you have pointed out.

Ishikawa Yes, that's right. Sustainability is something that must be viewed from a broad and long-term perspective, and I don't think it is a matter of focusing on "convenient and comfortable living" because "living in coexistence with the environment" is not yet yielding results. Rather, when we think

Director (non-executive)
Professor and Dean of the Faculty of Economics,
Konan University

Noriko Ishikawa

profile

Worked as an urban planning consultant after completing graduate studies at Kobe University. Thereafter obtained a doctorate in international public policy at the Graduate School of Osaka University.
After serving as a lecturer in the Faculty of Economics at Kindai University and a professor in the Faculty of Economics at Konan University, became Dean of the Faculty of Economics at Konan University in April 2023.
Specializes in regional economics. Appointed as a director (non-executive) of the Company in June 2021.



Director, Senior Executive Officer
In charge of the Legal & Compliance Department, Corporate Planning Department, Procurement & Logistics Department, Human Resources & General Affairs Department, Information Systems Department, and Sustainability Promotion Office

Tsunetoshi Matsuda

profile

Joined the Company in April 1986. After being appointed as an executive officer in 2016, served as general manager of the Technology Development Division's Research & Development Center, general manager of the Films Division, and general manager of the Plastics Division, before becoming a senior executive officer in 2020.
Thereafter served as general manager of the Polymers Sector, responsible for the Global Business Promotion Division, and in 2021 was appointed as a director and senior executive officer.
Served as general manager of the Corporate Control Division in April 2023, before assuming his current position in June 2024.



The key to sustainability management is personnel. Developing competency, the ability to improve through experience, is vital.

We will create an environment for the development of next-generation personnel to sustain the achievements we made in the last fiscal year.

about what kind of society we are aiming for in the future, it is important to have a passionate purpose of building a society that coexists in harmony with the environment. So, while there may be ups and downs from year to year, these KPIs are very important indicators for the future outlook.

Expectations for the accumulation of the human capital needed for sustainable management. Creating a mechanism to enhance individual innovation capabilities.

Ishikawa Regardless of size, all companies, large and small, must face the issue of developing personnel for the next generation. The Unitika Group has a 100% implementation rate for periodic evaluation of the core personnel pool, formulation of individual development plans, and annual review of assignments, which I believe is commendable as a firm commitment to addressing personnel development issues. While everyone has their own duties and pressing issues, and they do not have time to spare, I feel that it is wonderful that they are willing to nurture motivated people who will lead the next generation of the Unitika Group.

Matsuda Thank you. We group personnel into three core pools, pools of talent for the next generation of management, manufacturing, and DX. Especially in DX, it is difficult for a company like ours to hire many IT specialists from outside the company, so the key is to determine to what extent we can train them in-house. Rather than making advanced use of IT, we hope to develop people who can use IT at every level to contribute to the resolution of the Group's priority issues. We are currently working to select and maintain a solid pool of personnel in these three genres.

Ishikawa As the job market becomes more active, it is becoming even more important for all companies to retain excellent personnel while training them effectively. The

university I work for is attempting to visualize and quantify human capital. The skills required of working professionals can be broadly divided into literacy and competency. Literacy refers to the ability to use knowledge to solve issues, while competency refers to behavioral characteristics acquired through experience. Of these, I think the focus should be on competency. Affinity, the ability to get things done within a team, and self-efficacy, confidence based on successful experiences, are often linked to the ability to innovate. Every company should be working to create an environment that fosters these competencies.

Matsuda I am interested in the visualization of this kind of skill. I have worked on the visualization of skills such as those used on the manufacturing floor or in maintaining machinery, which I suppose is literacy, but I am surprised to hear that universities are working on the visualization of competencies. I would definitely like to learn more about this.

Ishikawa A cross-functional team (CFT) of several young people in the Unitika Group was created to examine the solutions to a certain issue. The theme at that time was psychological safety, and they conducted a survey to examine the situation within the company. When psychological safety is properly ensured, it creates an environment that fosters the ability to innovate, and in that sense, I assume that this verification was very helpful. It is important to create an environment where employees can think to themselves, "I can grow significantly here." As long as this kind of psychological safety is ensured and recognition of self-efficacy is in place, it is possible to develop personnel who can promote sustainability management with the power of innovation. I feel that the Unitika Group already has sown the seeds for this.

Matsuda Fostering psychological safety is definitely important to us. I attended the recent results presentation myself, and the CFT members were truly psychologically safe and able to take action on their own. I recognized that psychological safety is the responsibility of management, a way for us to nurture and develop as many such people as possible.

Ishikawa I suppose that excellent people from various departments were brought together for this CFT. Those efforts were probably more successful than anticipated. The experience of repeated trial and error in the process of reaching a final conclusion will no doubt lead to the ability to create innovation.

Matsuda Considering the CFT, there were two main aspects at play: the training aspect in which people were brought together from various departments to improve their skills by working on problem solving, and the project aspect in which people with different personalities came together to produce results. We wanted to promote both aspects. The Group has a quiet corporate culture, and there are few people who would normally rush to promote themselves, but as you say, the results of the CFT experiment exceeded expectations.

Each person has their own passions and ideas, and I believe that a strong organization is one in which feels free to naturally express them.

Ishikawa For this, it is important to have someone by your side who inspires you and appreciates your achievements. An organization in which superiors simply give instructions and subordinates carry them out will no doubt fade away. If an environment can be created in which supervisors take a broader stance and nurture competencies, the company will become even more dynamic.

Matsuda In both manufacturing and sales, a person's academic background or alma mater is not important, so we also want to know their competencies. That is why I feel the need to visualize competencies, and also why we need to consider how much we can develop personnel after they join the company.

Governance that ensures effectiveness valuation by an external institution, with a constant awareness that the purpose of strengthening is sustainability.

Matsuda As an entry point for strengthening corporate governance, we have commissioned an external organization to conduct anonymous surveys on the effectiveness of the Board of Directors and report back to the Board of Directors. Last year's results showed that the effectiveness rating was comparable to other companies. On the other hand, there is room for improvement regarding how lively the discussions at board meetings are.

Ishikawa I participate not only in the board meetings but also in the management meetings that precede the board meetings, and I have the impression that they are host to passionate discussions. Personally, I gain a solid understanding of the technicalities and industry-specific background through the management meetings, and I am able to apply this understanding to subsequent decisions. A system is in place where discussions are distilled at management meetings and then elevated to the board meeting, and I think it's working well.

Matsuda How do you feel about actually answering the effectiveness evaluation survey? I would like to hear your impression and what you found significant about it.

Ishikawa I consider it very important as an opportunity for internal reflection. It is useful to have a survey that allows me to reaffirm what I felt on the spot at board meetings, so that I can reevaluate my role and responsibilities. I think it is very effective to feel that I am being evaluated myself. On the other hand, the directors must always be aware of what the purpose of strengthening governance actually is. Discussions must be developed with an eye toward a concrete objective: sustainability management.

Matsuda Previously, Governance was like a mechanism for adhering to rules and regulations that said, "this is how it must be done." Building on what you said, governance represents the entire system that must be established for the company to continue to develop, and the Group will need to review it every year. Governance in terms of capital structure, successor personnel, and especially non-financial aspects are absolutely required these days. So, in closing, is there anything you would like to reiterate or that we haven't covered?

Ishikawa With labor mobility increasing enormously, a major issue is how to ensure that the people we develop will stay with us and carry on the work in the next generation. I believe that personnel development and creation of a sound internal environment will lead to sustainability management. I also believe that each of us needs to be fully aware of how we should be as a member of society, rather than just being driven by our work.

Matsuda The FY 2023 was a difficult one for the Group, as we were hit by high raw material and fuel costs and a weak yen. The fact that we had not fully built up a system that could withstand these blows is a stark reflection on our management. On the other hand, we are steadily making achievements in human capital, diversity, and our contribution to the global environment. The challenge will be to remain a company where performance and sustainability are aligned. In addition, I want to further promote the creation of an environment that fosters the competencies you spoke of today.



Environmental Activities

Basic Environmental Policy

The Unitika Group named 1993 as an Environmental First Year, when we enacted the Unitika Global Environment Charter compiled from our pledge, basic philosophy, and action guidelines. Since then, we have complied with this Charter to ensure that our corporate management methods are environmentally aware, working on a range of environmental activities.

Unitika Global Environment Charter

•Pledge

The growth and development of mankind is rapidly altering our planet's air, water and soil, threatening both the global biosphere and our own future, since both must depend on a finite ecosystem. As a corporation with more than a century of business activities contributing to the public good, we are highly aware of the demanding conditions now facing the global environment. The Charter is the declaration of our intention to focus more attention on protecting and helping the environment, making appropriate environmental action the core of our business activities.

•Basic Philosophy

We conduct corporate activities contributing to coexistence between people and nature by connecting people's lives and technology.

•Action Guidelines

1.Considering the Global Environment Always

The Unitika Group always considers the effects of our corporate activities on the global environment, following a rigorous set of management procedures during product manufacture to prevent harm to it.

2.Contributing through Technology Development

We aggressively research and develop technologies to protect and help the global environment.

3.Using Resources and Energy Efficiently

We promote efficient use of resources and energy, and recycle limited resources.

4.Carrying out PR and Educational Activities

We organize a large number of PR activities that provide information on protecting and helping the global environment, and promote and implement a wide range of educational events.

5.Drawing on the Complete Range of Unitika Group Competencies

Following the mandates of the Charter, we draw on our complete range of competencies to protect and help the global environment.

Management System

Pollution problem was a major issue in Japan in 1973. That year, the Unitika Group enacted the Environmental Preservation Regulations and governed ourselves rather than following external regulations or standards. In 1991, we created a companywide organization called the Environmental Preservation Committee. In 1993, we enacted the Unitika Global Environment Charter, and the following year in 1994, we began yearly environmental auditing, establishing the basic direction for our environmentally-aware management style that has continued to this day. The Environmental Committee consists of 14 members, chaired by the senior executive officer who is the general manager of the Technology Management Division, and including three directors, four executive officers, the general manager of the Global Business Promotion Division, the general manager of the ACF Division, the general manager of the Nonwoven Fabrics Division, and the general managers of the Uji, Okazaki, and Tarui Plants. The committee verifies the basic plans for environmentally friendly management and its progress, reports on the results of environmental audits conducted by the committee secretariat at each business location and Group company, and deliberates on other important environmental matters.

ISO14001 Certification

The Unitika Group have become certified under ISO 14001, which is the international standard for environmentally-aware corporate activities, for three production sites (Uji, Okazaki and Tarui) and major Group companies. We have also started activities to help our affiliates obtain ISO 14001, while also conducting environmental audits of each company.

ISO 14001-Certified Unitika Plants

【Unitika Ltd.】

Uji Plant; Okazaki Plant; Tarui Plant

【Group companies】

Ad'All Co., Ltd.
Unitika Textiles Co., Ltd., Tokiwa Mill
Nippon Ester Co., Ltd., Okazaki Plant
Unitika Glass Fiber Co., Ltd., Kyoto Plant
Unitika Glass Fiber Co., Ltd., Tarui Plant
Terabo Co., Ltd.

Medium-Term Environmental Plan

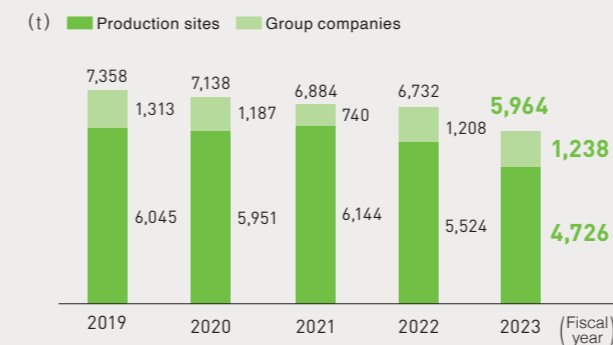
In FY 2023, the first fiscal year of the Tenth Medium-Term Environmental Plan, the energy consumption and CO₂ emissions were reduced due to reduced production activities within the Group. The reduction in the amount of off-site disposal of industrial waste also progressed due to the impact of the decline in production amounts and the promotion of converting waste to valuable resources. On the other hand, the targets for improvement of specific energy consumption and in-process recycling rate were not achieved

▼The Tenth Medium-Term Environmental Plan

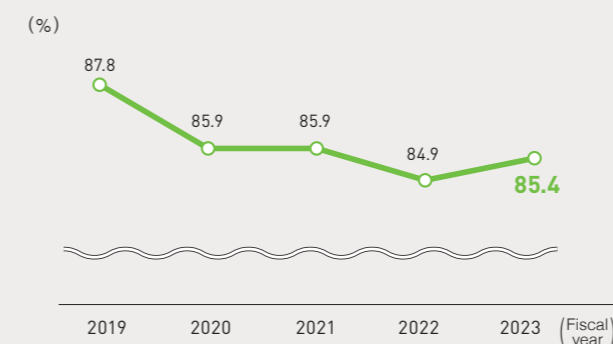
Issues	Reference FY	Baseline Values	Target Values	Improvement Targets for Each Reference FY	FY 2023 Actual Results	Evaluation Results
Reduction of the Amount of Industrial Waste Disposed of Outside the Plants	FY 2019	7,357t	6,773t	Reduced by 8%	5,964t	Achieved
Improvement of Recycling Rate	FY 2021	85.9%	87.0%	Improved by 1.1points	85.4%	Not Achieved
Reduction of Energy Consumption Volume	FY 2021	143ML	137ML	Reduced by 4%	126ML	Achieved
Improvement of Specific Energy Consumption (SEC)	FY 2021	0.722L/kg	0.683L/kg	Improved by 5%	0.801L/kg	Not Achieved
CO ₂ Emissions Reductions*	FY 2013	357kt/year	271kt/year	Reduced by 24%	231kt/year	Achieved

* CO₂ emissions are different from the figures reported in the Annual Securities Report due to a change in the calculation standard from FY 2023.

▼Volume of processed industrial waste products



▼Rate of recycling



due to the decrease in production amounts. As a result, we achieved three of our five environmental targets.

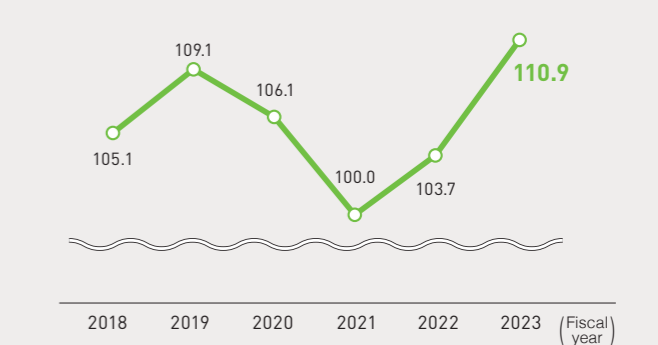
KPIs of Priority Issues (Materiality)

Amount of industrial waste disposed of outside the plants (All domestic Group companies)

FY 2030 target 6,621t
(10% reduction relative to the FY 2019 level)

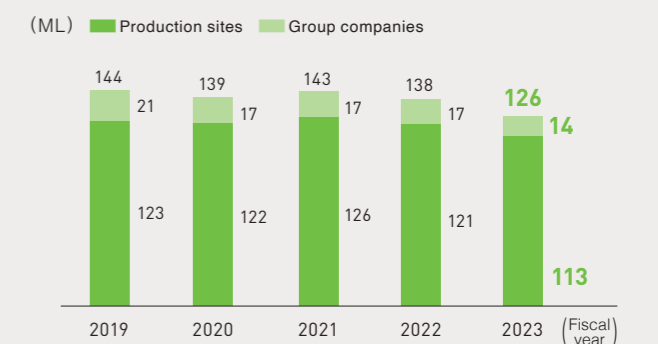
FY 2023 actual results 5,964t
(19% reduction relative to the FY 2019 level)

▼Specific energy consumption (SEC) (with FY 2021 as 100)



(Note) The base year has been changed to FY 2021 because the Mid-term Environmental Plan has moved to the 10th period.

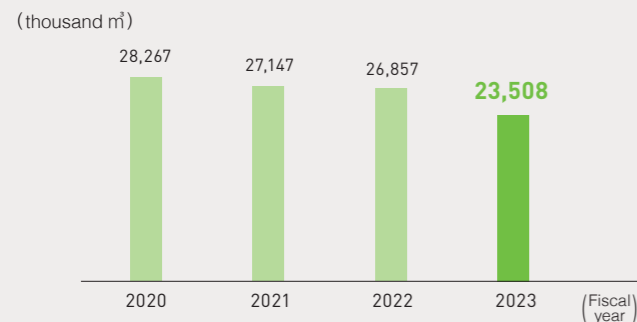
▼Energy consumption volume (crude oil equivalent)



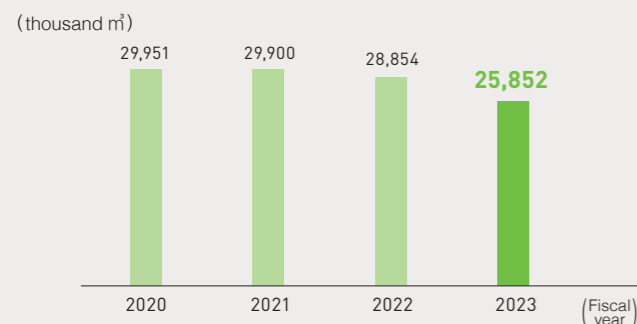
Water Resources

The water used in the Unitika Group's manufacturing processes is mainly river water and groundwater. After use, the water is purified at an on-site treatment facility and returned to the environment as clean water. The groundwater used at the Tarui Plant is circulated within the site many times to save on new groundwater withdrawals. Water consumption by the Unitika Group has been decreasing annually, and in FY 2023 waste water decreased by 10% compared to the previous year.

Total water intake



Total waste water discharge



CO2 Emissions Reductions

Basic Concept

The Unitika Group is aiming to realize a sustainable society through its business and corporate activities, and has long been working to address global climate change and environmental issues.

In the Unitika Group's priority issues formulated in 2021, we set the reduction of greenhouse gas emissions as a priority issue, and have set the CO2 emissions reduction target for FY 2030 at 46% below the FY 2013 level, based on a conversion of greenhouse gases into CO2.

In our business activities, we believe it is important to first of all proactively do what we can ourselves, such as installing equipment that is effective in reducing CO2 emissions.

We believe that increasing the transparency of our activities will enhance our credibility as a company by systematically working to reduce CO2 emissions and announcing the results both internally and externally, as well as announcing our Scope 1, 2, and 3 emissions annually. We believe that pursuing optimal solutions for both corporate growth and the global environment will enhance corporate value and benefit all stakeholders.

Reduction of CO2 Emissions Related to Business Activities (Scope 1 & 2)

Every year, the Unitika Group calculates and reports on the following CO2 emissions at Unitika production sites and offices of our group in Japan : Scope 1, which are direct CO2 emissions from the use of gas and other energy sources; Scope 2, which are indirect CO2 emissions from the use of electricity, heat, and steam supplied from other companies.

In FY 2022 we expanded the types of greenhouse gases for calculation to include non-energy-derived greenhouse gases (so called "6.5 Gases") in Scope 1. We also recalculated all data since FY 2013 to include non-energy-derived greenhouse gases, and we amended the actual standard value and target value of the KPI of CO2 emissions to values that include non-energy-derived greenhouse gases. We have kept in place the FY 2030 target of a 46% reduction in CO2 emissions (Scope 1 & 2) from all domestic production sites relative to the FY 2013 level.

The CO2 emissions of all group companies in Japan in FY 2023 was 231 kt-CO2e in total for Scope 1 and Scope 2. The reduction rate with FY 2013 as the standard year, which is the same as the current government target, is 36%. We are moving ahead with various measures, including updating energy-saving equipment, as we work toward achieving the 46% reduction target.

The CO2 emissions of all overseas group companies in FY 2023 was 70 kt-CO2e in total for Scope 1 and Scope 2. Compared to FY 2018 as the base year, it increased by 4%.

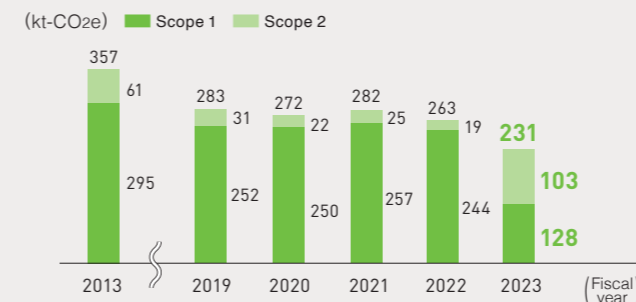
KPIs of Priority Issues (Materiality)	
CO2 emissions* (All domestic Group companies)	
FY 2030 target	193 kt-CO2e (46% reduction relative to the FY 2013 level)
FY 2023 actual results	231 kt-CO2e (35% reduction relative to the FY 2013 level)

* Includes non-energy-derived greenhouse gases.

Location-base (Scope 2)

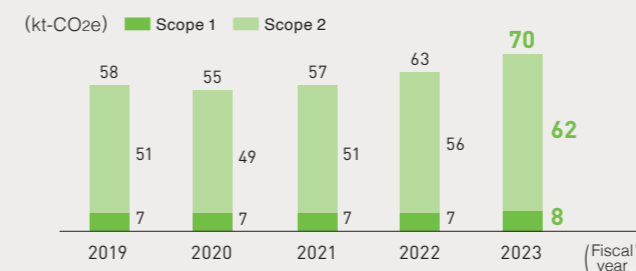
	Amount of emissions
Domestic	109 kt-CO2e
Overseas	62 kt-CO2e
Total	171 kt-CO2e

CO2 Emissions from all group companies in Japan (Scope 1 & 2)



(Note) In FY 2023, due to the revision of the calculation method of energy emissions from cogeneration systems, Scope 1 decreased and Scope 2 of domestic business sites increased compared to the previous year.

CO2 Emissions from all overseas group companies (Scope 1 & 2)

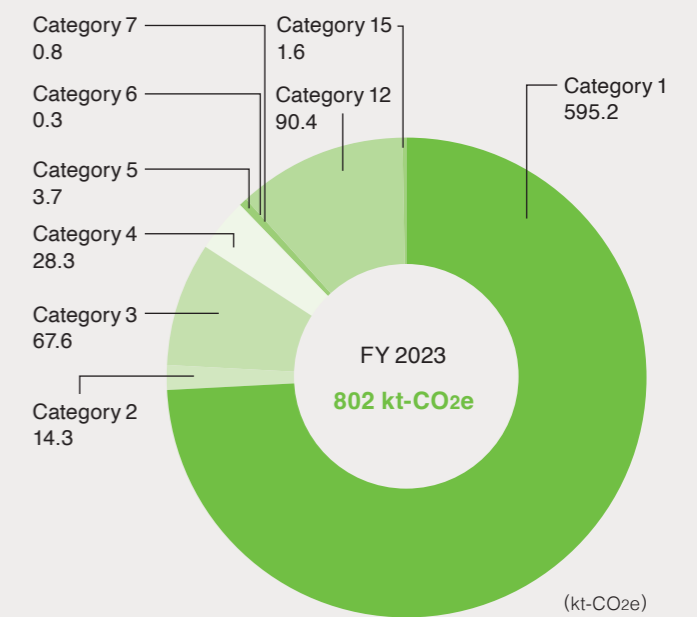


CO2 Emissions (Scope 3) from the supply chain (excluding Unitika)*1

In FY 2022, we started calculating the CO2 emissions of Scope 3. In FY 2023, the organizational scope of the calculation was expanded to include four Group companies*2 in addition to Unitika Ltd. and nine of the 15 categories were calculated, resulting in 802 kt-CO2e.

*1 This is the total of CO2 generated from the supply chain (from the procurement of raw materials to the disposal of final products) related to Unitika's businesses, excluding Scope 1 and Scope 2.

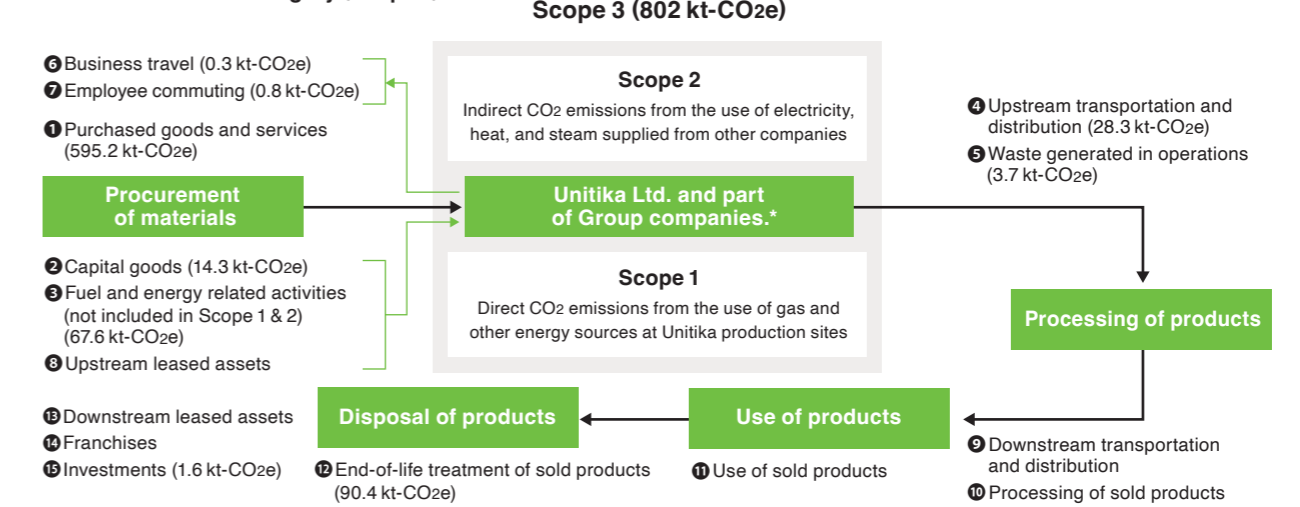
*2 Unitika Trading Co., Ltd.; Nippon Ester Co., Ltd.; Ad'All Co., Ltd.; Terabo Co., Ltd.



Reduction of CO2 Emissions in Logistics

The Unitika Group undertake a variety of efforts to reduce the environmental impact associated with the delivery and emission of raw materials, products, waste, and other materials. These include promoting the shift of cargo transportation modes to more environmentally-friendly methods (modal shifts), and streamlining transportation to improve efficiency. As a specified consignor, the Unitika Group reported 48,752 kt-km of freight and 17.4 kt of CO2 emissions (34% reduction relative to the FY 2013 level) to the government in FY 2023. The Unitika Group will strive for eco-friendly logistics within the whole group by implementing a variety of practices. These include but are not limited to: expanding the use of trains, promoting idle stops, and the use of ecological tires.

Emissions of each category (Scope 3)



Note) ①②③ are excluded from calculations, and ④⑤⑥ do not have any applicable activities. *Unitika Trading Co., Ltd.; Terabo Co., Ltd.; Ad'All Co., Ltd.; Nippon Ester Co., Ltd.

Environment

Climate Change

Disclosure Based on the TCFD Recommendations

Governance

At least once a year, the Unitika Board of Directors receives a report from the Sustainability Committee on sustainability-related matters including actions for climate change. The Board of Directors also monitors the progress status of the KPIs of Unitika Group's priority issues, and

incorporates the findings into the medium-term management plan.

The Sustainability Committee is chaired by the President and Chief Executive Officer. The Board of Directors directs and approves efforts to address issues related to climate-related challenges as reported by the Sustainability Committee. In addition, the Sustainability Committee has established a TCFD Subcommittee to promote disclosure based on TCFD recommendations and to enhance disclosure.

Risks & Opportunities/Financial Impact/Main Action Category

Category	Cause	Businesses impact	Financial impact	Main action	*1 Time axis	*2 All	*3 Lifestyle	*4 Mobility
Transition risks	Regulation	Strengthening of GHG emissions regulations	Rise in the prices of energy and raw materials due to the introduction of carbon pricing	Increase in operating costs Increase in procurement costs	Make the manufacturing process more efficient Reduce total greenhouse gas emissions Consider the use of renewable energy	Medium term	●	
		Strengthening of regulations on processing waste products	Decline in laminated products	Decrease in sales	Develop environmentally-responsive materials Set up a system for processing	Medium term		●
	Market	Development of a circular economy and decarbonized society	Decrease in the demand for Unitika products due to the switch to a low-carbon consumption style (returnable containers, etc.) and a fall in the demand for materials with a substantial environmental impact	Decrease in sales	Develop businesses and new products that contribute to realizing living in coexistence with the environment	Medium term		●
	Technologies	Development of a circular economy and decarbonized society	Increase in the burden to develop environmentally-responsive (circular economy) technologies	Increase in research and development costs	Make the processes to develop technologies more efficient	Medium term	●	
	Reputation	Changes in evaluation in the market	Decline in corporate value due to a worsening brand image, and exclusion from investment targets	Increase in capital costs	Enhance information disclosure Formulate a long-term environmental roadmap	Long term	●	
Physical risks	Acute	Increase in climate-related disasters (floods and droughts, etc.)	Disaster-related damage to the Unitika Group's plants	Increase in recovery and restoration costs Decrease in sales	Carry out risk management and a planned response Implement disaster readiness training	Short term	●	
			Suspension in the delivery of raw materials and parts, etc. due to disaster-related damage to the plants of business partners	Decrease in sales		Short term	●	
	Chronic	Increase in climate-related disasters	Rise in insurance costs due to a global increase in insurable events and related claims	Increase in insurance costs		Long term	●	
Opportunities	Products and services	Development of a circular economy and decarbonized society	Increase in demand for biomass-derived materials and recycled materials	Increase in sales	Develop new products and strengthen measures to expand sales	Medium term		●
			Increase in demand for products that contribute to a reduction in food loss and waste (gas barrier films, etc.)	Increase in sales		Medium term		●
			Increase in vehicle weight reduction and related products for batteries due to the shift to EVs	Increase in sales		Medium term		●
			Strengthening of subsidized businesses associated with the development and implementation of environmentally-responsive materials	Decrease in capital costs		Short term	●	

*1 Time axis (period until the risks and opportunities manifest) Short term: Around 2025, Medium term: Around 2030, Long term: Around 2050
 *2 All (common risks and opportunities in all segments)
 *3 Lifestyle (risks and opportunities unique to the lifestyle and safety areas that are the main applications of products in the Film segment and Plastic segment.)
 *4 Mobility (risks and opportunities unique to the automotive and mobility areas that are the main applications of products in the Film segment, Plastic segment and Nonwoven segment.)

Strategies

The Unitika Group recognizes the table on the left as important risks and opportunities related to climate change. We will conduct even more in-depth scenario analyses, while selecting the target businesses and application areas in Unitika Group. Furthermore, we will review the risks and opportunities as required, as we gradually expand the range of information for disclosure.

(1) Identifying Risks and Opportunities

We have identified the main short-, medium- and long-term risks and opportunities in the Unitika Group that are related to climate change, and organized them in the table on the left. This fiscal year we have identified the relevant risks and opportunities common to all businesses, as well as identifying the unique risks and opportunities of the lifestyle and safety areas that are the main applications of products in the Polymers segment, which is one of the three segments of the Unitika Group.

(2) Implementation of Scenario Analysis

We analyze the set scenarios of (a rise in the global average temperature of) below 2°C and 4°C on themes in the list of climate-related risks and opportunities that are evaluated as being of high importance for the Unitika Group, taking into consideration the impact on businesses, relevance to business strategies, and interest level of stakeholders, etc. Listed below are the results of a scenario analysis review. We also recognize the physical risks of a 4°C scenario as mainly being floods and droughts, etc. We will continue to verify and evaluate these risks. In addition, we recognize that the physical risks in the "4°C scenario" are mainly floods and droughts, and we will continue to verify and evaluate these risks in the future.

Scenarios Used

	Set scenarios (of a rise in the global average temperature)
Below 2°C	• IEA WEO 2022 APS • Various materials, such as SSP 1-2.6 and RCP 2.6
4°C	• IEA WEO 2022 STEPS • Various materials, such as SSP 5-8.5 and RCP 8.5

IEA : International Energy Agency
 WEO : World Energy Outlook
 APS : Announced Pledges Scenario
 STEPS : Stated Policies Scenario
 SSP : Shared Socio-economic Pathways
 RCP : Representative Concentration Pathways

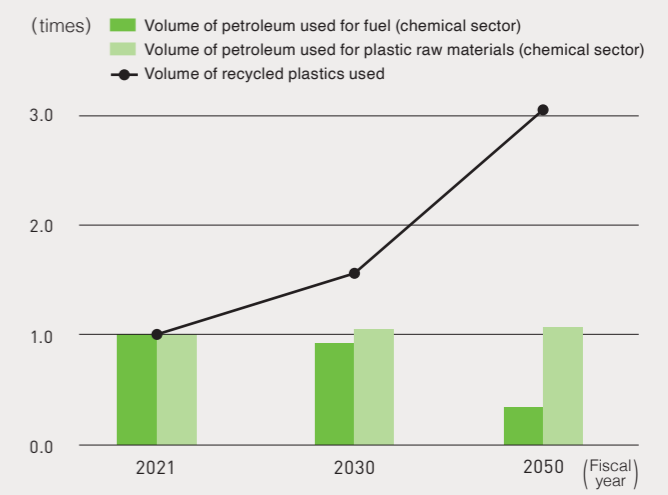
Scenario Analysis I (Opportunities) Increase in Demand for Recycled Plastics

Impact Assessment

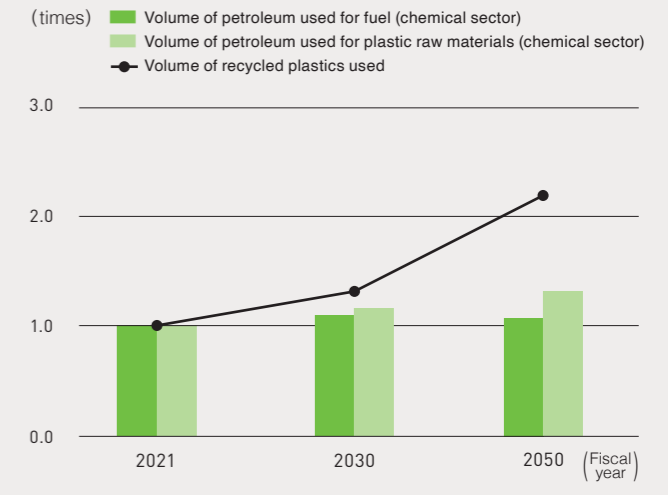
As for the volume of petroleum used in the chemical sector in a below 2°C scenario, although the amount used for fuel is expected to decrease, the amount used for plastic raw

materials is assumed to increase as per in the 4°C scenario. In either scenario, the demand for plastics derived from petroleum resources is forecast to continue going forward. Also within this, the volume of recycled plastics used is expected to increase in either scenario of below 2°C and 4°C, with a particularly large increase anticipated in the below 2°C scenario. As the move toward a circular economy and decarbonized society progresses, the demand for recycled plastics is forecast to increase going forward.

Scenario of below 2°C/Volume (to the FY 2021)



Scenario of 4°C/Volume (to the FY 2021)



Action Strategies

In addition to the traditional businesses of fibers and resins, we are strengthening the food packaging films "Emblem CE" and "Emblem CE," which are made using recycled materials obtained from chemical recycling and materials recycling methods.

Environmentally Friendly Materials

• Scenario Analysis II (Opportunities) Increase in Demand for Products that Contribute to a Reduction in Food Loss and Waste

< Impact Assessment >

The overall global demand for food is expected to rise going forward, and the issue of food loss and waste is anticipated to become increasingly important.

As for trends in the reduction of food loss and waste, the Food and Agriculture Organization of the United Nations (FAO) monitors the ratio of food loss and waste worldwide.

The Sustainable Development Goal (SDGs) 12 of "Responsible Production and Consumption" has set the target 12.3 of "By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses." As society strives to achieve the SDGs, the demand for products that contribute to a reduction in food loss and waste is expected to keep rising going forward.

< Action Strategies >

As we accelerate the development of high value-added products such as the barrier nylon film "Emblem HG", we are also strengthening the expansion of sales in overseas markets where the issue of food loss and waste is anticipated to become increasingly important.

• Scenario Analysis III (Opportunities) Increase in products related to vehicle weight reduction and batteries in the shift to EVs

< Impact Assessment >

The number of new EVs sold is expected to increase under both the 4°C scenario and the below 2°C scenario, but under the below 2°C scenario in particular, the ratio of EV sales in 2050 is estimated to increase significantly.

The Unitika Group's main EV-related products include nylon 6 resin (for automobile applications) and nonwoven fabrics (for automobile applications), which contribute to EV vehicle weight reduction, and LIB film (for EV battery applications), which is used in EV batteries. The market for each of the applications is expected to grow in proportion to the EV market, but it will be necessary to switch products that contribute to vehicle weight reduction from those currently sold for gasoline-powered vehicles to those suitable for EVs. The market for LIBs for EVs is expected to expand in the future due to the shift to EVs, and demand for pouch-type LIBs using film is expected to increase accordingly.

< Action Strategies >

Regarding nylon 6 resin (for automobile applications), we will strengthen marketing to customers who are shifting to EVs and aim to expand the product's adoption in-vehicle components that require weight reduction. Regarding nonwoven fabrics (for automobile applications), we will continue to propose materials that contribute to vehicle weight reduction in line with the shift to EVs, and expand sales for interior material applications that improve the comfort of EVs.

Regarding LIB films, we will aim to expand our market share by quickly responding to customers' new facility launches.

■ Risk Management

In 2020, the Unitika Group launched the Sustainable Business Promotion Project, which comprises all members of top management in the departments, including officers in charge of each segment. These members evaluate issues along two axes on a matrix, one for their importance to stakeholders and the other for their importance to the Unitika Group. They then identify the priority issues, and categorize them into risks and opportunities. One of these priority issues is to "promote corporate activities in coexistence with the environment," which also includes climate change-related risks. The Sustainability Committee evaluates the reasonableness of these risks as required, and reports to the Board of Directors on newly identified risks, including those related to climate, if they are determined to be important.

■ Indexes and Targets

In 2021, the Unitika Group established indexes and targets for priority issues. The Unitika Group recognizes greenhouse gas emissions as a climate change-related risk, and we are using the CO₂ emissions from the entire domestic Group (Scope 1 and Scope 2) as an index for this risk. We are working to further reduce our CO₂ emissions, with the aim for carbon neutrality by FY 2050, and a target of a 46% reduction (relative to the FY 2013 level) in CO₂ emissions by FY 2030.

Biomass Materials

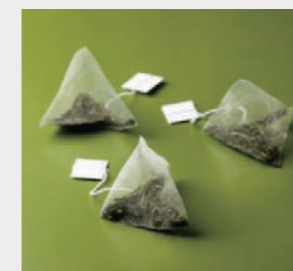
■ "Castlon"

"Castlon" is a 100% biomass material of environmentally-friendly nylon 11, which is made from castor oil (ricinoleic acid) extracted from the seeds of the non-edible castor oil plant (ricinus). It is a lightweight material with excellent wear resistance. This makes "Castlon" suitable for use in various applications including sportswear, outdoor wear and other clothing materials, as well as materials for shoes.



Eco-bag made using "Castlon"

Unitika is also helping to improve poverty among the local farmers who grow the castor oil plants (used to produce "Castlon") in the Indian state of Gujarat, which has mostly barren land due to little rainfall after an extremely short rainy season.



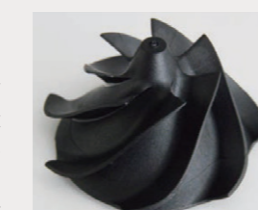
Tea bags made from "Terramac"

■ "Terramac"

"Terramac" is a biomass material made using polylactic acid (PLA), which is made from plant-derived sugars. It has a wide range of applications including in tea bags, etc. PLA is a biodegradable plastic that decomposes into water and carbon dioxide in the natural environment.

■ "XecoT"

"XecoT" is made from castor oil. It has the highest level of heat resistance among polyamide resins, and so it can also be used in the engine compartment of automobiles. "XecoT" has potential applications as a next-generation engineering resin. "XecoT" has a wide range of properties, including coming in various grades when combined with other resins using our original compounding technology.



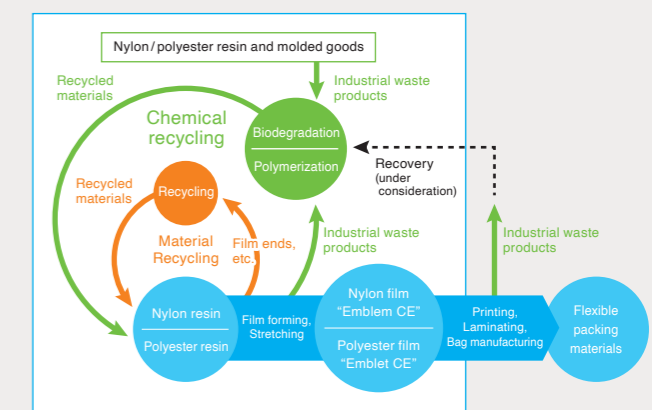
Impeller made using "XecoT"

Recycled Materials

■ "Emblem CE" / "Emblet CE"

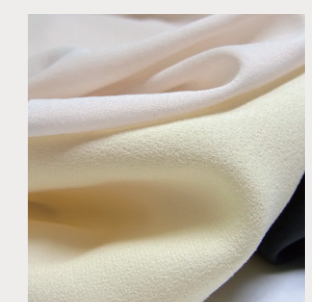
The packaging films "Emblem CE" and "Emblet CE" are made using recycled materials obtained from chemical recycling and materials recycling methods. These films have the same printability and mechanical properties as 100% petroleum-derived plastic films. Also, as we strictly manage the recycled materials used, these films are suitable for food packaging applications. Using the Life Cycle Assessment method, we calculated the greenhouse gas emissions volume associated with their production. A comparison (done by Unitika) with production not using recycled materials shows a reduction in greenhouse gases of around 40% for "Emblem CE" and about 30% for "Emblet CE."

Manufacturing flow of environmentally-friendly food packaging films, and chemical recycling



■ "Z-10 ECO+"

"Z-10 ECO+" is a side-by-side polyester material made from used PET bottles and waste materials, based on Unitika Trading Co., Ltd.'s proprietary polymer design and special spinning and stretching technology. It is a combination of stretchability for comfort and a beautiful tailored look and a rich expression. The Unitika Group is actively switching to recycled raw materials for polyester fibers that it produces in-house.



		2020	2021	2022	2023	Unit	
Energy consumption amount (crude oil equivalent)		138	142	138	126	ML	
CO ₂ emissions	Scope 1	Domestic	250	257	244	128	kt-CO ₂ e
		Overseas	7	7	7	8	kt-CO ₂ e
		Domestic + Overseas	257	263	251	136	kt-CO ₂ e
	Scope 2 (market base)	Domestic	22	25	19	103	kt-CO ₂ e
		Overseas	49	51	56	62	kt-CO ₂ e
		Domestic + Overseas	71	76	75	165	kt-CO ₂ e
	Scope 2 (location base)	Domestic	25	28	22	109	kt-CO ₂ e
		Overseas	49	51	56	62	kt-CO ₂ e
		Domestic + Overseas	74	79	78	171	kt-CO ₂ e
	Scope 1+Scope 2 (market base)	Domestic	272	282	263	231	kt-CO ₂ e
		Overseas	55	57	63	70	kt-CO ₂ e
		Domestic + Overseas	328	339	326	301	kt-CO ₂ e
Scope 3 (Unitika Ltd. and some of Group companies *)		—	592	586	802	kt-CO ₂ e	
Category 1 *2		—	396.8	398.6	595.2	kt-CO ₂ e	
Category 2 *3		—	10.8	12.8	14.3	kt-CO ₂ e	
Category 3 *4		—	68.4	66.4	67.6	kt-CO ₂ e	
Category 4 *2		—	33.0	29.5	28.3	kt-CO ₂ e	
Category 5 *3 *5		—	3.8	4.4	3.7	kt-CO ₂ e	
Category 6 *3		—	0.2	0.2	0.3	kt-CO ₂ e	
Category 7 *3		—	0.6	0.6	0.8	kt-CO ₂ e	
Category 8 *6		—	—	—	—	kt-CO ₂ e	
Category 9 *7		—	—	—	—	kt-CO ₂ e	
Category 10 *8		—	—	—	—	kt-CO ₂ e	
Category 11 *9		—	—	—	—	kt-CO ₂ e	
Category 12 *3		—	77.2	72.2	90.4	kt-CO ₂ e	
Category 13 *6		—	—	—	—	kt-CO ₂ e	
Category 14 *6		—	—	—	—	kt-CO ₂ e	
Category 15 *3 *10		—	1.8	1.6	1.6	kt-CO ₂ e	
Total water intake		28,267	27,148	26,587	23,508	thousand m ³	
Clean water supply		9	8	8	8	thousand m ³	
Ground water		4,217	3,613	3,352	2,745	thousand m ³	
Industrial water		46	62	72	87	thousand m ³	
Seawater		0	0	0	0	thousand m ³	
River water		23,995	23,465	23,155	20,668	thousand m ³	
Total waste water discharge		29,951	29,900	28,854	25,852	thousand m ³	
Discharge to water bodies (COD)		108	110	103	84	t	
Discharge to atmosphere	NO _x	509	488	553	509	t	
	SO _x	10	13	9	16.6	t	
	Discharge to atmosphere (dust)	5	6	5	4.3	t	
PRTR	Discharge to atmosphere	35	32	31	21.4	t	
	Discharge to water bodies	1	1	1	0.8	t	
	Transferred	89	8	7	5.1	t	
Waste products produced	Amount of external recycling	3,506	3,755	3,379	3,138	t	
	Amount of incineration or landfill disposal	3,632	3,128	3,353	2,826	t	
	Waste emissions Total	7,138	6,883	6,732	5,964	t	

*1 Unitika Trading Co., Ltd.; Terabo Co., Ltd.; Ad'All Co., Ltd.; Nippon Ester Co., Ltd.

*2 Some of the items have been accounted for within the scope of consolidation.

*3 Scope of calculation prior to FY 2022 is Unitika Ltd.

*4 The organizational scope is the Unitika Group.

*5 The organizational scope is the Unitika Group from FY 2023.

*6 No applicable activities.

*7 Not calculated due to difficulties in collecting data.

*8 Category 10 is not included in the calculations as the World Business Council for Sustainable Development (WBCSD) Guidance for Accounting and Reporting Corporate GHG Emissions in the Chemical Sector Value Chain stipulates that "chemical companies are not required to report on downstream emissions, since reliable figures are difficult to obtain due to the diverse application and customer structure."

*9 Not relevant. Because the products sold by Unitika are primarily materials, there are no products which use electricity or fuel, and there are no direct GHG emissions at the use phase.

*10 The data of FY 2023 is provisional value based on FY 2022 data.

Establishment of Quality Assurance System

Unitika Group Quality Policies

- With our value of "prioritizing quality over cost and speedy delivery," the Unitika Group provides products that our customers can use safely and with peace of mind.
- We comply with the laws and regulations concerning products and services, and adhere to the agreements we have with our customers.
- To meet quality requirements, we build quality into our products through repeated verifying and testing during design, development, and manufacturing.
- We continually maintain our quality assurance system, and work to improve quality.

Guidelines for Quality Assurance (Except)

< Basic Action >

- Ensure all quality assurance workers comply with laws and regulations related to products and services, and that they are thoroughly aware and strongly motivated to "never do, or let others do, dishonest and falsifying actions."
- Enter into agreements with customers that can be complied with, and successively check the compliance status.
- Share information related to quality assurance within business departments and among Unitika Group companies and departments with jurisdiction.

Governance Structure

The Quality Assurance Committee of the Unitika Group is chaired by the Representative Director and President, Chief Executive Officer, Shuji Ueno, and is composed of 11 members, including the six executive officers in charge of the business sectors that have products under their control and the Technology Management Division, the general managers of the Polymerization Administrative Department, the Nonwoven Fabrics Division, and the ACF Division, and the president of the Group company Unitika Glass Beads Co., Ltd. The committee meets regularly to strengthen governance, make decisions on quality assurance policies and other important matters, deliberate and share information on quality assurance-related problems, and summarize the results of quality assurance audits.

In our management systems, we are strengthening the structure of the quality assurance departments within the Group, and continuously implementing quality audits as a part of our efforts to build and reorganize the quality assurance system. We are also using audits to ensure the reliability of data, make sure we are keeping our promise to customers, and check for any defects and irregularities in the quality assurance system. In these ways, we are striving to prevent inappropriate incidents and to monitor and improve the state of our quality management. Also, in addition to thoroughly familiarizing all quality assurance

workers with the Guidelines for Quality Assurance, which were established in 2019, we conducted group training in FY 2023 for the general managers of the quality assurance departments of each business sector and related companies as ongoing quality compliance education. The training consisted of two parts, with the first part a classroom session focusing on quality compliance education, while the second part included group work on "preventive measures" and "crisis response," and sought to further raise awareness of quality compliance through discussions such as "what could have been done as a department head to prevent this?" and "what actions should be taken to prevent impropriety?"

We will move forward with reforming corporate culture and awareness in order to ensure employees thoroughly understand to "prioritize quality over cost and speedy delivery" as is specified in the Unitika Group Quality Policies, and to ensure there is a Group-wide awareness of compliance, including quality assurance.

Ensuring Product Safety

Unitika Group has established the Product Safety Management Regulations designed to ensure that we always offer safe products to our customers. These safety management regulations contain detailed provisions on areas such as basic policy, responsibility areas, implementation systems, and bylaws on the implementation and application of manual procedures. Unitika and Unitika Group companies work to ensure that product manufacturing and sales are carried out safely and in compliance with these regulations.

When a new product is launched on the market, we hold a Product Liability Review Board to review the products safety, labelling, and other features from various perspectives. We have set up the Central Committee on Product Liability as a company-wide organization. The Committee meets once a year to carry out a general review of the Product Liability Review Board's product safety review results, and also to implement various initiatives such as raising awareness about product safety.

Information on the claims which may bring about an accident is shared by the Quality Assurance Committee and the Central Committee on Product Liability, and such information is used to prevent the recurrence of repeated claims, etc.



Quality Compliance Group Training in 2023



Respect for Human Rights

Unitika Human Rights Policy

In July 2022, the Unitika Group established the Unitika Human Rights Policy. As a member of the Corporate Report Association of Human Rights Issue, Unitika has been working extensively on human rights issues in a variety of ways, such as by gathering educational information on raising awareness of human rights. We are aware that the world is becoming increasingly conscious of human rights, and we have reflected this in our human rights policy by moving forward with our business activities while protecting the human rights of all stakeholders connected with our businesses in accordance with the United Nations Guiding Principles on Business and Human Rights.

<https://www.unitika.co.jp/e/sustainability/society/humanrights/>

In Sep 2023, Unitika Group understands the gist of the Guidelines for Responsible Business Conduct in the Textile and Apparel Industry created by the Japan Textile Federation and the Guidelines on Respecting Human Rights in Responsible Supply Chains created by the Japanese government. In accordance with these Guidelines, the Unitika Group declares to carry out responsible business conduct and respect the human rights of rights holders including foreign technical intern trainees, with the cooperation of all relevant business partners and clients in the supply chain.

[Declaration of Responsible Business Conduct]

1. Commitment and stakeholder engagement

In the Unitika Group Charter of Corporate Behavior and Unitika Human Rights Policy, we declare that we will conduct management that respects the human rights of all people and that we will respect the human rights of all stakeholders in the promotion of our business activities, and we have incorporated this into our management system. In addition, based on the above commitment, we will build the internal foundations to fulfill our responsibility to respect human rights by promoting engagement with our employees, suppliers, and other stakeholders, and we will also promote engagement with our business partners, who are responsible for the supply chain of our products, to encourage them to make the same efforts as we do.

2. Checking human rights risks using a checklist

We will understand the purpose of the "Guidelines for Responsible Business Conduct in the Textile and Apparel Industry" and check the human rights risks at the Company and the related business partners who are part of the supply chain of our products.

3. Actions to prevent and mitigate risks

If the results of the check of the human rights risks indicate that there are issues that need to be addressed, we will

prioritize them according to the severity of the human rights risk and take necessary actions to prevent or mitigate them, starting with the highest priority items.

4. PDCA

We will monitor the actions to prevent and mitigate human rights risks on an ongoing basis to ensure that they remain effective. If any new human rights risks are identified as a result of the monitoring, we will take necessary actions to prevent or mitigate them.

5. Information disclosure

We will publish our efforts to respect human rights on the Company's website below.

<https://www.unitika.co.jp/e/sustainability/society/>

Implementation of Human Rights Education

Under the idea that "UNITIKA shall manage itself in such a way that the human rights of all people are respected," as specified in the Unitika Group Charter of Corporate Behavior, the Unitika Group is working towards human rights awareness by setting up a human rights awareness promotion organization and conducting in-house human rights training for our employees including the Representative Director and President, Chief Executive Officer, executives, and the presidents of Group companies. We have set up support desks at our production sites and Group companies for consultations on sexual harassment, power harassment, maternity harassment, and other forms of harassment related to pregnancy, childbirth, child-rearing and nursing care, with the aim of raising the level of awareness and recognition of our employees. We will carry out human rights education as appropriate, and familiarize Unitika employees in Japan and overseas with the Unitika Human Rights Policy so that they will have a deeper understanding of respecting the human rights of all stakeholders.

KPIs of Priority Issues (Materiality)

Implementation rate of human rights education (entire Group, including overseas companies)

FY 2030 target 100% (Percentage of employees received human rights education at least once a year from 2026 to 2030)
FY 2023 actual result 79%

Human Rights Due Diligence

At Unitika Trading Co., Ltd, which is a core company in the Fibers & Textiles segment, we have identified the human rights-related risks in the garment fibers supply chain, and have set up due diligence mechanisms to reduce and respond to those risks. We identify the Unitika Group's negative impacts on



human rights in society, and correct and lessen these impacts. Based on the Guidelines for Responsible Business Conduct in the Textile and Apparel Industry published by the Japan Textile Federation (JTF) in July 2022, we have been carrying out evaluations using check lists and making the supply chain more visible. We have identified issues such as the need to understand the risks in the supply chain and the need for a complaints handling desk that can also be used by business partners and clients in the event of a human rights violation. Although we have an understanding of the positioning of the primary supply chain in the commercial distribution channels, we recognize once again the difficulty in understanding the peripheral commercial distribution channels. We will continue to take action to prevent and reduce the risks we have identified, and to correct and lessen their impacts.

Elimination of Forced Labor and Child Labor

Unitika Group companies and overseas affiliates have continually made declarations of their refusal to take part in any form of forced labor or child labor in violation of international agreements, such as the International Covenants on Human Rights or the Convention on the Rights of the Child.

We will continue with our activities to eliminate forced labor and child labor, in accordance with the Unitika Human Rights Policy we have formulated and the various international norms we refer to.

Respect for Workers' Rights

The Unitika Group is committed to establishing democratic and fair labor-management relations through mutual respect for management rights and basic labor rights in accordance with the collective bargaining agreements signed with labor unions. We also hold labor-management dialogues between companies and labor unions from time to time.

Promote Diversity

Unitika Diversity Management Policy

In July 2022, the Unitika Group enacted the Unitika Diversity Management Policy. We are promoting diversity management and utilizing a variety of personnel to create new value.

<https://www.unitika.co.jp/e/sustainability/society/diversity-inclusion/>

Promotion of Women's Participation

Training, and Reforming the Way of Thinking

In order to promote diversity, and particularly women's participation in the workplace, we feel it is critical to reform the corporate culture. Based on this mindset, in addition to training

sessions for management (including officers), we interview potential female managers and provide training for their superiors to raise motivation and support the career development of women in the workplace. Through these continuous efforts, we will move forward with reforming the way of thinking and raising the ratio of women in managerial positions.

Recruitment, Assignment, and Training and Education

For the employment of new graduates, we have set a numerical target for the ratio of female new recruits (career position) working at the head office, and we are implementing fair recruitment activities in compliance with the Employment Selection Guidelines issued by The Ministry of Health.

Number and ratio of women in managerial positions (March 31, 2024 entire Group, including overseas companies)

	Number of people	Ratio (%)
Women in managerial positions	27	5.5

Number of new employees (FY 2023 Unitika Ltd.)

	Number of people			Ratio of females (%)
	Female	Male	Total	
Number of new employees	15	43	58	25.9
Head office employees	9	17	26	34.6
Production site employees	5	25	30	16.7
Mid-career recruits	1	1	2	50.0

KPIs of Priority Issues (Materiality)

Ratio of women in managerial positions (entire Group, including overseas companies)

FY 2030 target 20% FY 2023 actual result 5.5%

Ratio of female new recruits (career position) working at the head office (Unitika Ltd.)

FY 2030 target 30% FY 2023 actual result 35%

Wage differential between men and women (%) (FY 2023, Unitika Ltd.)

All workers	Permanent workers	Non-fulltime worker
76.7*	79.1*	64.8*

*Average wage of women when average wage of men is 100

(Note) Calculations were made in accordance with the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Law No. 64, 2015). Since there is no difference in wages between men and women in the same job category or grade, the difference in wages between men and women is due to the difference in the composition of the number of employees.

Utilization of Diverse Human Resources

In the training we conduct at the time new recruits join the company and in level-specific education, we are fostering an understanding of how using diversity in Unitika can enhance

the Unitika Group's power, by accepting and recognizing the individual differences among employees, including employees who are currently child rearing or caregiving, or who are recovering from an illness, have disabilities, are from overseas, identify as LGBTQ+, or are young or elderly. On top of that, we actively utilize a diverse workforce and a recruit on a career basis (mid-career and return-to-work programs).

•Recruitment of Foreign-born Staff

We will be able to demonstrate the strengths of having diverse sensitivities and an international atmosphere, which will also help to strengthen diversity in the company overall.

•Post-retirement Rehiring

Those who wish to be rehired at the retirement age of 60 and are approved by the company are active in their respective workplaces, utilizing the knowledge and skills they have cultivated to train younger workers and pass on their skills.

•Return Employment System

We have also set up the Return Employment System so that if a full-time employee is required to leave the company for unavoidable family reasons (marriage, child-rearing, caregiving, work transfer of spouse, etc.), and later that situation changes and they are able to return to work, that person has the chance to come back and work for Unitika, based on the mutual desire of both the individual and the company.

•Employment of People with Disabilities

We are also actively accepting graduates from special-needs schools in the local communities and students from training schools as a part of our efforts to promote the employment of people with disabilities.

By providing a place of employment, we are not only contributing to local communities, but also creating an environment where each individual with disabilities can demonstrate their abilities as a part of our organization and also giving employees the chance to develop an understanding of diversity.

▽Ratio of employees with disabilities (As of Mar. 31, 2024, entire Group, including overseas companies)

	Ratio (%)
employees with disabilities	2.45

■Promoting a Variety of Work Styles

In order to promote the balance between employees' work and private lives, we have implemented half-day paid leave (14 times/year, 7 days), "no-overtime days" and introduced child-rearing leave, postnatal maternity leave, time off for sick/injured childcare, and time off for caregivers, all exceeding the legal requirements. In some divisions we are preparing a flex-time system for some departments, as well as promoting remote work (working from home) and promoting decent work.

Employees may also take volunteer leave to expand their knowledge.

•Childcare Support System

The Unitika Group has established systems related to childrearing to help employees balance work and family life, including a system for employees with a child between the ages of three and the end of the third grade of elementary school to shorten their working hours by one hour and a flexible working hours system. Return to work rate for childcare leave was 100% in FY 2023, and all employees who requested to return to work did so. We also encourage male employees to take paternity leave.

▽Ratio of taking leave for child rearing (child-rearing leave, etc.)*

	Male		Female	
	Number of people	Ratio taking leave (%)	Number of people	Ratio taking leave (%)
FY 2019	3	6.1	10	100.0
FY 2020	3	8.1	5	100.0
FY 2021	15	36.6	10	111.1
FY 2022	19	52.8	8	66.7
FY 2023	23	71.9	14	127.3

*Tally of leave taken on a FY base
Ratio of women taking maternity leave (%) = (Number of female employees who have taken child-rearing leave + Number of female employees who have given birth) x 100
Ratio of men taking paternity leave (%) = (Number of male employees who have taken child-rearing leave + Number of male employees whose spouse has given birth) x 100

(Note) FY 2019 to FY 2022: 6 companies/Unitika Ltd.; Nippon Ester Co., Ltd.; Unitika Trading Co., Ltd.; Unitika Textiles Co., Ltd.; Unitika Glass Fiber Co., Ltd.; Unitika Garment Technology Co., Ltd.
FY 2023 actual result/FY 2030 target: All domestic Group companies

▽Return to work rate for childcare leave (All domestic Group companies)

FY 2023 actual result	100%
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Return to work rate for childcare leave (%) = Number of employees who actually returned to work on childcare leave in FY 2023 (persons)/Persons who took childcare leave who wished to return to work in FY 2023 (persons) x 100

KPIs of Priority Issues (Materiality)

Ratio of men taking paternity leave (All domestic Group companies)

FY 2030 target 85% FY 2023 actual result 71.9%

•Caregiver Support System

Although only one employee took caregiver leave in FY 2023, there are many employees who are responding to caregiving in ways that suit their individual needs, such as the time off for caregivers, paid leave, flex-time system, and remote working.

•Volunteer Leave System

We have a "volunteer leave system" for participation in the Japan Overseas Cooperation Volunteers program for the purpose of social contribution activities. A leave of absence of up to two years and four months is possible for those participants who intend to resume working after their period of participation.

■Human Resource Development and Creating a Pool of Core Human Resources

•Approach to Personnel Training & Education

The Unitika Group regards personnel as "human assets" and is focused on their development. Unitika's personnel system is designed to encourage employees to develop their careers and improve their abilities. It offers several different educational programs to enable employees to work on their personal growth, with a high degree of motivation and an ambitious mindset.

These programs are offered systematically and continuously to enable organizational growth and boost corporate competitiveness. It is important that the three elements that make up personnel development, namely "assignment and transfers," "evaluation and treatment," and "education and training," function well and work together. At the center of these three elements is "work," and we believe that work is the greatest opportunity for development.

•Setting Up an Education System

Underpinning Unitika's education system is the concept that raising the skills standards of all our employees leads to strengthening the organization's foundations. We consider on-the-job training (OJT), based on the career paths of employees, as the core of human resource development. Accordingly, we have established a system that more efficiently provides follow-ups for early-career employees, as well as education and support for managers. In the off-the-job training (OFF-JT) that complements OJT, we are enhancing level-specific education, function-specific education, and the Global Human Resources Education Program.

<https://www.unitika.co.jp/e/sustainability/society/training-health/>

▽Education and Training-related Results (FY 2023)

Education investment/person*	30,344 yen
Education time/person	18.5 hours
Total number of participants	18,132 people
Total training time	42,270 hours

*Education investment/person = Total education investment / (Employees at all domestic Group companies + Employees posted overseas)

•Personnel Training & Education and Creating a Pool of Core Human Resources

We are working on creating a pool of core human resources who will become next-generation leaders that will raise Unitika's corporate value. This includes establishing, training and educating a pool of human resources in specific levels and areas, conducting regular evaluations, formulating individual training and education plans, and aiming for a 100% implementation of annual reviews of assignments. We will set up three pools of human resources: management personnel as candidates for future management,

production executive personnel as candidates for middle-ranking executives at production sites, and digital transformation (DX) personnel to promote reforms and innovations using digital technologies. We will then select personnel with the potential required in each of these pools of human resources, and train and educate them so we can create a pool of highly-engaged personnel.

The management personnel pool will include the top management from domestic and overseas sites. We will select personnel based on their competence corresponding to their job responsibilities, and not be constrained by seniority and past evaluations. We will also provide opportunities for employees to attend external business schools to acquire practical business skills, and report regularly to the Representative Director and President, Chief Executive Officer on the status of appointments, transfers, and training etc. to share annual review information. We will also link the management personnel pool to the succession plan for future CEOs.

For the production executives personnel pool, we will select top-performing production site employees who have completed the on-site training for young technicians that is implemented over three years after joining the company, and also outstanding candidates for the training and education we have carried out so far to improve technical skills. In addition to OFF-JT and OJT that emphasize the technologies to solve on-site issues using QC methods and technical proficiency, we will implement programs that focus on the "people" skills required by leaders who will eventually become production executives.

The DX personnel pool is intended to train and educate personnel who will help us to achieve sophisticated digital transformation, as well as expand the base of IT personnel. We aim to develop personnel using an online learning platform that has learning content set at four skill levels (Level 0: "Knowledge Input," Level 1: "From Knowing to Using," Level 2: "From Using to Business Improvement," and Level 3: "From Business Improvement to Transformation"). We promote employees' autonomous reskilling and upskilling through one-year courses of ongoing lessons. In addition, skill level indicators (learning paths and assessments) are prepared and disclosed to employees. They are used as a roadmap and measurement tool to achieve higher skill levels and the pooling of highly skilled personnel.

KPIs of Priority Issues (Materiality)

Implementation rate of annual review of the pools of core human resources (Unitika Ltd.)

FY 2030 target 100% FY 2023 actual results 100%

■Create and Maintain an Organizational Culture & Environment

•Revitalize the Organization Using CFT

In order to expand the base in IT education and cultivate a culture where diverse personnel respect each other and grow together, we will use the activities of cross-functional teams

Society

Safety Initiatives

(CFTs) to break down the vertical organization structure and provide employees with a workplace that can clearly and extensively view company-wide issues.

In the 2023 fiscal year, we have chosen themes such as "Psychological Safety," "Productivity Improvement (AI)," and "Digital Marketing." Employees from various business divisions, research and development, and administrative departments are participating in this initiative. Additionally, we are actively selecting women as team members and appointing them as leaders, thereby creating opportunities to cultivate female leaders within our organization.

• Personnel Evaluation System and Rotation

We have developed a range of training and education programs to enable employees to work on their personal growth while developing their careers and improving their abilities, with a high degree of motivation and an ambitious mindset. By systematically and continuously implementing these programs, we are aiming to enhance our corporate competitiveness.

Unitika's personnel evaluation system is designed to provide a more accurate understanding of the roles employees expect to fulfill and clarify the targets for developing skills and capabilities, and to provide more impartial evaluations of the individuals producing the results needed to fill those roles. Employees are given yearly performance evaluations that rate them based on their competency, ability, role improvement, attainment of results, and job execution processes. They are also given twice-yearly performance evaluations in accordance with the Company's target management system. These evaluations are linked to pay raises, promotions and bonuses. We will use reliable feedback from superiors about the evaluation results to help employees develop their skills and capabilities going forward.

We are also implementing a personnel rotation system to enable the career development of each employee, to create synergy among organizations, and to lead to better business opportunities and corporate performance. We are working to make the system more effective while also taking into consideration various factors such as the allocation preferences they have personally applied for.

Employee Engagement

■ Unitika Health Management Declaration

In July 2022 we established the Unitika Health Management Declaration, and we are implementing Health and productivity management^{®**1} under the direction of the Representative Director and President, Chief Executive Officer.

<https://www.unitika.co.jp/e/sustainability/society/training-health/#policy>

■ Promotion of Employee Health

• Certified as a Health & Productivity Management Outstanding Organization

In recognition of Unitika Group's ongoing efforts to promote

measures for mental health and lifestyle-related diseases, part^{**2} of the Unitika Group received certification as Health & Productivity Management Outstanding Organization in March 2023 and March 2024, two years in a row. We will continue to work with companies, industrial doctors, health management staff, health insurance societies and other organizations to further enhance the health management of employees, including raising the rate of participation in the specific health guidance program and lowering the rate of smoking. We are working to acquire White 500 certification by 2030, which lists the top 500 companies based on the results of health management surveys among the certified companies in the large-scale company division of the Certified Health & Productivity Management Outstanding Organizations Recognition Program.



^{*1} Health Management[®] is a registered trademark of the NPO KenkoKeiei.

^{*2} Unitika Ltd.; Nippon Ester Co., Ltd.; Unitika Trading Co., Ltd.; Unitika Textiles Co., Ltd.; Unitika Glass Fiber Co., Ltd.; Unitika Garment Technology Co., Ltd.

KPIs of Priority Issues (Materiality)

Certification as Health & Productivity Management Outstanding Organization (Unitika Ltd. and some Group companies*)

FY 2030 target Certified as White 500
FY 2023 actual result Certified

^{*} Nippon Ester Co., Ltd.; Unitika Trading Co., Ltd.; Unitika Textiles Co., Ltd.; Unitika Glass Fiber Co., Ltd.; Unitika Garment Technology Co., Ltd.

• Mental Health Initiatives

Based on the Ministry of Health, Labour and Welfare's "Guidelines for Maintaining and Improving Workers' Mental Health," we conduct mental health training both at the time new recruits join the company and when employees are promoted. We are actively working to promote the mental health of our employees. We are also conducting stress checks every year, and implementing stress relief measures for those with a check result of high stress levels, as a primary preventive measure for mental health care.

▽ Stress check examination rate

FY 2023	96.5%
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(Note) We conducted stress checks at these companies below.
Unitika Ltd.; Nippon Ester Co., Ltd.; Unitika Trading Co., Ltd.; Unitika Textiles Co., Ltd.; Unitika Glass Fiber Co., Ltd.; Unitika Garment Technology Co., Ltd.

• Return Support Guidelines

We have established "Return Support Guidelines" to allow those who were away for an extended period of time to return to work smoothly.

• Lifestyle Disease Countermeasures

We conduct blood tests and electrocardiograms, outside of what is required by law, at the once-a-year regular health checkups for employees aged under 35 years. We are also encouraging employees to take an interest in managing their

health, before they become middle-aged and older.

• Infectious Disease Prevention Measures

We administer influenza vaccinations to employees at each production site, and take measures to prevent employees from developing influenza and having it progress into a serious case. During the COVID-19 pandemic, we strengthened our efforts to provide a safe and secure workplace and to ensure the continuation of business activities, such as implementing telework and taking measures to prevent the spread of infections.

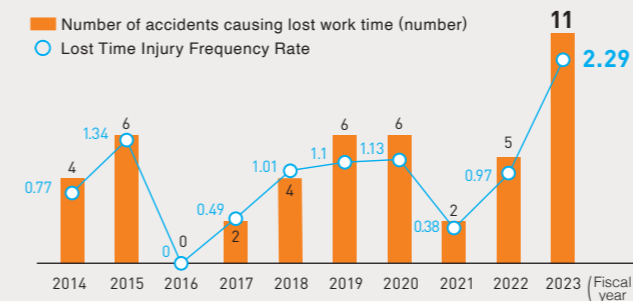
Safety and Health Initiatives

At the Unitika Group, the Central Safety and Sanitation Committee is implementing health and safety activities aimed at eliminating accidents that require time off from work at all production sites and affiliates. We hold safety and sanitation managers meetings three times a year for those Group employees in charge of safety and sanitation. At these meetings, the participants share information such as the analysis of and measures for industrial accidents, initiatives to address companywide issues, and movements for revising laws and regulations.

■ Dialogue with Employees

Each business site holds monthly meetings of Health and Safety Subcommittees at the department level and the Health and Safety Committee at the site level, where dialogue is conducted between employees and the top management of the site or department. The Committees share information on occupational accidents that have occurred within the Group, and report on matters identified during on-site patrols, the status of improvements, near-misses, and other matters. The Uji and Okazaki Plants also have "Hazard Simulation Training Facilities," where new employees can simulate being entangled in or crushed by machinery and learn the importance of protective equipment.

▽ Results of industrial safety and health activities over the last 10 years



(Note) The reporting range
Before FY 2018: All main domestic production sites
FY 2019 to FY 2022: All domestic Group companies
FY 2023: entire Group, including overseas companies

KPIs of Priority Issues (Materiality)

Number of accidents causing lost work time (Until FY 2023)

FY 2023 actual results 11 (entire Group, including overseas companies)

Lost Time Injury Frequency Rate (From FY 2024 onward)

FY 2030 target 0.25 (entire Group, including overseas companies)

■ Central Disaster Readiness Committee

The Central Disaster Readiness Committee is chaired by Tsunetoshi Matsuda, Director and Senior Executive Officer, and consists of 13 members, including Executive Officers Minoru Fujii, Hiroyuki Okuma, and Tatsuhiro Ozaki; the general managers of the Legal & Compliance, Information Systems, and Procurement & Logistics Departments; the general manager of the Business Planning & Administration Department of the Group company Unitika Trading Co., Ltd., the office managers of the Osaka and Tokyo Head Offices, and the general managers of the Uji, Okazaki, and Tarui Plants. The committee is responsible for confirming the current status of disaster prevention organizations and activities, as well as for formulating and promoting the implementation of advance measures and providing guidance, in order to minimize damage to employees and facilities caused by disasters such as major earthquakes.

■ Response to Accident

In the early morning of October 10, 2023, a steam pipe ruptured at the Uji Plant's power generation facility, causing steam to gush out. No one was injured in the accident, and the steam supply to the plant was restored six hours after the accident, with only a minor impact on production. Although the dispersal of a white substance due to the accident was confirmed, we promptly commissioned a third-party organization to conduct a health impact assessment, and received an opinion that no health effects are expected.

Subsequent investigation revealed that the accident was caused by an increase in temperature inside the boiler where the ruptured steam pipe was located. Therefore, we have added a function that automatically stops the boiler when the temperature inside the boiler rises, and we also conducted boiler accident education and training to prevent recurrence.

■ Strengthening of Disaster Prevention and Readiness Measures

To prepare for major disasters like the earthquake and tsunami that devastated Tohoku in March 2011, disaster readiness measures are crucial both to fulfill the basic mission of protecting the lives of employees, as well as to uphold the responsibility to stakeholders of continuing business activities. In July 2021, we revised the Unitika disaster prevention and readiness measures outline, and prepared a disaster prevention and readiness system and disaster control measures. Also in October 2023, the Central Disaster Readiness Committee held its FY 2023 Disaster Prevention Committee meeting to make the entire company aware of the importance of disaster prevention and readiness.

Additionally, as internal standards for managing safety at production facilities, Unitika has established a set of "pre-evaluation policies" on safety sanitation and environmental effects at new facilities. As a disaster readiness measure when creating or renovating facilities, a total of two rigorous inspections (during design and upon completion) are carried out in compliance with these standards.

Disaster Readiness Training

Unitika has reflected on the fire that occurred at the Uji Plant in January 2019, and we are reviewing overall the fire prevention system and working to prevent the recurrence of such incidents. We are also actively carrying out accidents and natural disaster training, as well as doing drills at production sites in the spring and autumn seasons of fire prevention activities.

At the Tarui Plant, 156 employees participated in an integrated disaster prevention and readiness drill on November 29, 2023. Fire drills using underground fire hydrants were also conducted along with earthquake simulation drills for notification, evacuation, and safety confirmation. At the Okazaki Plant, 477 employees participated in integrated fire prevention and disaster prevention drills on November 17, 2023. In addition to evacuation drills in preparation for an earthquake, we partnered with the head office squad and district squads to carry out drills in preparation for a variety of crises including emergency rescue, the outflow of chemicals, fire breakouts, and the confinement of employees. In addition, on September 21, 2023, a whole-site training was conducted for one of the three shifts (36 employees), and training was conducted by each department and group for the other shifts.

At the Uji Plant, 578 employees participated in a whole-site disaster prevention and readiness drill on March 21, 2024. Shakeout drills were conducted in each department, followed by evacuation drills to primary and tertiary evacuation sites, as well as a safety confirmation drill.



FY 2023 disaster prevention and readiness drill (Tarui Plant)



FY 2023 disaster prevention and readiness drill (Okazaki Plant)

Preparation for Large-Scale Disasters

Unitika has established the Protocol for Returning Home, which encourages employees to stay at their workplaces if trains and other public transportation stop running due to large-scale disasters. This is to prevent employees from having difficulties in returning home, and to prevent them from obstructing the operations of police officers and fire fighters. We are also making other preparations such as storing disaster equipment, supplies, drinking water and preserved food. We have also established a system that allows us to handle requests for support from local residents in surrounding neighborhoods and for cooperation from local governments.

Supply Chain Management

Purchasing Policy

Unitika's purchasing departments will engage in transparent and fair procurement practices that meet personal and

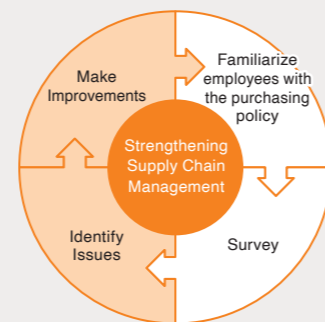
community standards. They will uphold our duty as a company to engage in responsible procurement practices, placing emphasis on CSR activities. Under our purchasing policy, we will carry out supply chain management initiatives with our business partners and clients.

<https://www.unitika.co.jp/e/sustainability/society/supply/>

Strengthening Supply Chain Management

The Unitika Group has set strengthening supply chain management as a priority issue. We are familiarizing business partners and clients with our purchasing policy, while also periodically conducting CSR procurement surveys to check the situation of our business partners and clients, and working with them to improve issues in the supply chain.

PDCA cycle of Supply Chain Management



In FY 2023, we reviewed the responses to the first CSR procurement survey, identified issues in the supply chain, and conducted improvement activities. Specifically, we first analyzed our suppliers' responses to the survey and evaluated the status of each company's CSR efforts.

Analysis Results of 1st CSR procurement survey (FY 2022)

Evaluation	Number of companies	Ratio
A	102	51.3%
B	59	29.6%
C	13	6.5%
Subtotal	174	87.4%
Unanswered/Declined to answer	25	12.6%
Total	199*	100%

* Total of the business partners and clients with an 80% transaction amount in the purchasing department of Unitika Ltd., and the business partners and clients with a 72% transaction amount in the purchasing department of Unitika Trading Co., Ltd.

Of the 174 companies that responded to the survey, 102 companies were given an A grade, and 59 companies were given a B grade, as we had confirmed that they understood the Unitika Purchasing Policy and are firmly committed to CSR initiatives. Further, for the 13 companies that were given a C grade due to meeting the criteria for needing improvement, we provided an opportunity for communication through means such as interviews to further confirm the details of their survey responses. Through this

communication, we confirmed the background that led to the responses that needed improvement, and found that the intent of the questions was not communicated correctly and that there were many incorrect answers. Ultimately, all suppliers were taking the CSR initiatives we required, and we reached a conclusion that improvements were not necessary. For those suppliers who did not respond to the survey, we are encouraging them to support our future survey activities and CSR initiatives. In FY 2024, we are planning to conduct the second CSR procurement survey that will target new suppliers.

KPIs of Priority Issues (Materiality)

Response rate of the CSR procurement survey (Main business partners and clients)

FY 2030 target 80% FY 2023 actual results —

Participation in Declaration of Biodiversity

Unitika has endorsed the Declaration of Biodiversity released by Keidanren (Japan Business Federation) in 2009 and has partnered with it in promoting the declaration. The declaration contains seven principles covering areas such as harmonizing business activities with natural cycles, and promoting businesses oriented to these cycles. Unitika's business activities are designed with an awareness of biodiversity.

Unitika no Mori ("Forest of Unitika") Project

Unitika's labor union, Unitika Union, established a volunteer fund in FY 1992 to develop a variety of domestic and international support activities. As a project that commemorates its 30th anniversary in FY 2003, Unitika Union started the Midori no Plan ('Green Plan') with the purpose of social contribution and environmental protection in Japan. For the Midori no Plan that spans more than 20 years, we planted Japanese chestnut oaks, konara oaks and Japanese cypresses in a 2-hectare area (approximately 2.5 acres) of mountain forest that has been named Unitika no Mori, located in Hidakagawa Town, Wakayama Prefecture. Several times a year, Unitika Group employees visit the site to maintain the forest by clearing underbrush and pruning branches. These activities have been officially recognized by Wakayama Prefecture as "an effort that contributes to CO₂ absorption through forestation." It is expected to result in about 800 metric tons of CO₂ absorption in 100 years.

Unitika no Mori was the first "corporate forest" in Wakayama, which was a pioneer nationwide in the establishment of such corporate forests. Unitika no Mori has contributed to revitalizing the local region by such activities as continuous interaction with the local people and woodland preservation activities. In FY 2018, Unitika no Mori was awarded the Wakayama Prefecture Greening Achievement Award as high recognition of its contributions.

"Midori no Plan season 2" was launched in FY 2022, and in

March 2024, 21 employees of Unitika Group worked on our second tree-planting activity at the "2nd Unitika no Mori". The total number of participants in this project to date is 585 people. We will continue this project in the future to promote biodiversity conservation and raising employees' awareness of environmental conservation.



A Group photo taken at the "Midori no Plan Training Session" held in March 2024

Mobile Art Room "chokipetasu"

Unitika Trading Co., Ltd. is actively engaged in sustainable activities such as reducing and recycling waste fiber and textile products within the Company. In this context, the "MoriBito" project to create new value related to the circular economy has been implemented as a new initiative.

"chokipetasu" is a project by Nakasho Co., Ltd. (head office: Chuo-ku, Tokyo; President: Shinichi Nakamura), a paper wholesaler with a 240-year history in Nihonbashi, Tokyo, and atelieryamada inc. (head office: Shinagawa-ku, Tokyo; President: Ryuta Yamada), a creative company that produces art events, which creates a space for local children to enjoy arts and crafts and creative activities using materials. Unitika Textiles Co., Ltd. provides leftover cotton from its spinning process to "chokipetasu" so that it is reborn into a material that gives excitement to children.



Cotton provided by Unitika Textiles Co., Ltd. through MoriBito, and craftworks in progress

About "MoriBito"

"MoriBito" was started as an ESG investment and corporate value enhancement initiative by Unitika Trading Co., Ltd. Currently, the project incorporates the concept of design management and collaborates with individuals, organizations, companies, schools, and local governments to encourage the growth of things, mechanisms, technologies, services, and ideas into new business models. It aims to create new value through collaboration with an awareness of the "circular economy" to address social issues that are difficult for a single company to tackle alone.

Donations

In response to the 2024 Noto Peninsula Earthquake, the Company donated five million yen and the union donated 960,000 yen through a fund-raising campaign.

Interview with Outside Directors



A fresh start toward becoming highly profitable

Director (non-executive)

Minoru Furukawa

An outside director provides his assessment of the Unitika Group's governance and advice on future management from a supervisory perspective.

Q What is the role you are expected to play as an outside director of the Unitika Group?

As an important part of the supervisory function of the Board of Directors, I believe that the role of an outside director is to supervise corporate management from an objective standpoint, independent from the execution of the business, as a representative of the common interests of shareholders, including minority shareholders. An outside director is also expected to oversee conflicts of interest between management and shareholders.

Specifically, outside directors are expected to harmonize the interests of each stakeholder group (shareholders, investors, partners, local communities, the global environment, and employees) while providing opinions from a broad perspective on the agenda proposed by management for the Unitika Group's sustainable growth and enhancement of corporate value, and to serve as a catalyst for better decision-making. In particular, an important role of outside directors is to provide opinions from different perspectives from those of internal directors and to stimulate discussion.

I believe the following three points are important

prerequisites for stimulating discussion.

- (1) **When management is hesitant to take risks, encourage management to make a decision that takes financial constraints into account. Of course, reckless risk-taking must be avoided.**
- (2) **The appointment of executive directors should be based on a thorough assessment of their suitability for the position. In particular, the appointment of the representative director and president (CEO) should be carefully evaluated based on the candidate's insight, leadership, and popularity. Once the CEO is appointed, reappointment or dismissal should be based on their performance.**
- (3) **Remuneration should be designed to provide appropriate incentives to motivate management.**

As an outside director, I will continue to make efforts to further invigorate the Board of Directors with the aim of achieving the medium- to long-term growth of the Unitika Group.

Q How do you plan to use your experience and skills in this role?

During my tenure at Hitachi Zosen Corporation, I worked mainly in the accounting and finance fields. After becoming president, I spun off the shipbuilding business and made a major shift in the company's business structure toward the environmental business. I also worked to reduce the company's interest-bearing debt and strengthen its financial position. These reforms were possible thanks to the employees who worked hard on the front line of reform. From this experience, I have come to realize that people are the backbone of corporate management and that a sound balance sheet, in other words, a strong financial position, is critical for the survival and development of any company.

The Unitika Group is a company with both a long history and talented personnel. In order to transform into a growing company that maximizes the capabilities of these personnel,

we must first leave no stone unturned in the transformation of the business structure and restructuring of the business portfolio. The Unitika Group has excessive interest-bearing liabilities relative to its shareholders' equity. The orthodox method to steadily reduce interest-bearing liabilities is to become a highly profitable company and secure the resources to repay the debt. For this reason, taking fundamental measures against unprofitable business areas is unavoidable.

I will actively offer my opinions based on my past experience to address the two major issues facing the Unitika Group, namely the future transformation of the business structure and the reduction of excessive interest-bearing liabilities, with the aim of reviving the prestigious Unitika name.

Q What was the theme that you focused on most at Unitika's Board of Directors meetings in FY 2023? Also, can you think of any memorable moments from the discussions?

My primary focus was on the problem of low profitability that the Unitika Group is facing. Unfortunately, in spite of concerted company-wide efforts, the Company fell into an operating deficit in FY 2023 for the first time in its history. Each time we received monthly reports at the Board of Directors meeting, we requested cost reductions and price increases, but price increases continued in the wake of soaring raw material costs, especially for materials denominated in foreign currencies, which rose due to depreciation of the yen.

The Company was also exposed to attacks through low prices by foreign companies and was unable to reverse the operating deficit. Operating losses for two consecutive fiscal

years are not acceptable for the sake of the Company's survival. Our mandatory targets for FY 2024 are to return to profitability in operating profit and to return to profitability in net income.

Under these circumstances, one of the most memorable moments from the FY 2023 board meetings was the discussion on the FY 2024 budgeting policy. I was very impressed by the passionate discussions that took place about how to achieve profitability, and the clear determination from all the officers to achieve profitability in FY 2024.

The Board of Directors will closely monitor the Company to ensure that it achieves an operating profit surplus in FY 2024.

Q What kind of discussions do you plan to have at future Unitika board meetings?

Returning operating profit and net profit to a surplus in FY 2024 is essential for the survival of the Unitika Group. We will discuss various measures to achieve this goal and I have the following agenda items in mind.

- (1) **Enact fundamental measures for unprofitable business areas**
– Focused investment of people, assets, and money into profitable businesses –
- (2) **Thorough monthly follow-up of price increases**
– Pursuit of increased operating profit –
- (3) **Thorough monthly follow-up of the progress of cost reductions**
– Pursuit of cost ratio reduction –

- (4) **Implement measures to bring PT. Emblem Asia (Indonesia), the most important subsidiary in the polymers business segment, back to profitability**
- (5) **Promote development of competitive new products**
– Maintain development expenses, even if it hurts –
- (6) **Develop new customers and markets**
- (7) **Reduce fixed costs**
- (8) **Monthly follow-up of cash flow**

Through these discussions, I hope to reach the formulation of concrete plans and implement the measures as soon as possible to achieve a return to profitability in operating profit and net profit.

[Please explain your mission and commitment to the stakeholders.]

The two main features of governance failure in Japanese manufacturing companies are quality issues and false accounting. The real cause of quality issues, especially in the manufacturing industry, is a lack or breakdown of communication between the factory floor and top management. To prevent these issues from arising, I consider the appointment of the CEO to be extremely important, as I mentioned before.

Several years ago, the Unitika Group also experienced a quality deficiency incident. We disclosed the problem to the public, implemented corrective measures, and worked to prevent recurrence. An independent Quality Assurance Office (currently the Quality Assurance Group of the Legal & Compliance Department) was established to ensure close communication with the factory floor and promote daily quality assurance operations, while the Quality Assurance Committee, chaired by the president, monitors quality assurance for the entire Group.

The Compliance Committee, chaired by the officer in charge, monitors the operation of the Unitika Group's whistleblower system and works to prevent various types of harassment and violations

of antimonopoly law. In addition, to manage the risk of losses, we have established a Risk Management Committee and have put in place a system to deal with the major management risks that may arise in the Unitika Group's business activities.

The Board of Directors will monitor the matters reported by the above committees in a timely and appropriate manner and take the measures necessary to improve profitability.

Last March, the Tokyo Stock Exchange requested that companies listed on the Prime and Standard Markets with a P/B ratio of less than 1x disclose their measures to increase their P/B ratio to 1x or more. I am fully aware that strengthening governance is a fundamental part of complying with this demand and becoming a company of choice for investors, and I will strive to enhance the corporate value of the Unitika Group.



Corporate Governance

Basic Policies

At Unitika Group, we carry out business activities as we strive to be a company that is continuously chosen by customers, under our philosophy of contributing to society by connecting people's lives and technology. We have worked to achieve stakeholder-focused management by pursuing stakeholder strategies that include the enhancement of legal compliance and risk management, the timely and appropriate disclosure of information, and the implementation of rapid decision making. We believe this will enable Unitika to maximize corporate value in an increasingly global environment, and continue to grow.

Structural Overview

Under the Companies Act, Unitika has adopted the system of a company with a Board of Auditors, and put in place auditors. We have also introduced a voluntary executive officer system. We divide the decision making and management supervisory (governance) functions of the Board of Directors and the business execution functions of the executive

officers. In order to enhance the mobility and effectiveness of the management, we promote cooperation between the directors and the executive officers, while most of the directors also serve as the executive officers with some exceptions.

We believe that our governance system is functioning as expected by means of the establishment of a voluntary committee, an executive officer system, outside directors, and an auditor system.

Board of Directors

The Unitika Board of Directors is composed of six directors: Representative Director and President Shuji Ueno (chairman), Masakazu Kitano, Katsuhide Kyunai, Tsunetoshi Matsuda, Minoru Furukawa (outside director), Noriko Ishikawa (outside director).

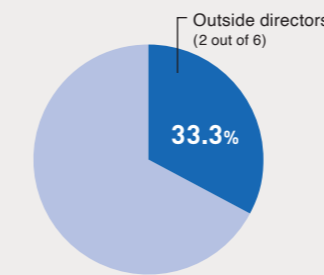
The outside directors apply their respective extensive experience and broad knowledge to provide objective recommendations; this enhances the transparency and integrity of management.

The auditors (Shigeru Sugisawa, Akio Toyoda, Tetsuaki Fukuhara (outside auditor), Makoto Sano (outside auditor)) attend the Board of Directors meetings so that they can speak up and check the decision-making process of

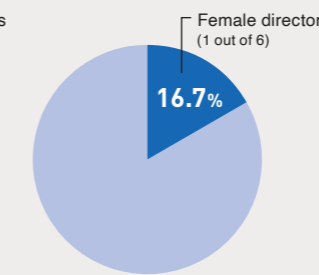
management. The Board of Directors meetings are held once a month, and also on an ad-hoc basis as required.

Board of Directors

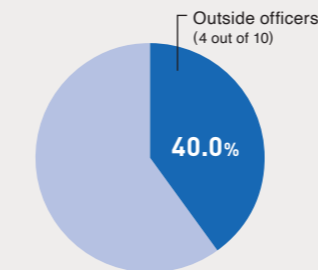
[Ratio of outside directors]



[Ratio of female directors]



[Ratio of outside officers]



Nominating Committee / Remuneration Committee

The Unitika Nominating Committee and Remuneration Committee are each composed of three directors: Minoru Furukawa (outside director) as Committee Chairman, Shuji Ueno, and Noriko Ishikawa (outside director). These committees deliberate matters concerning the appointment and remuneration of management (executive officers) and the nomination of candidates for directors and auditors, and then report their recommendations to the Board of Directors (for auditor candidates, after approval from the Board of Auditors). This is how these committees are working to ensure the integrity and improve the transparency of matters related to executive officers and determining their remuneration.

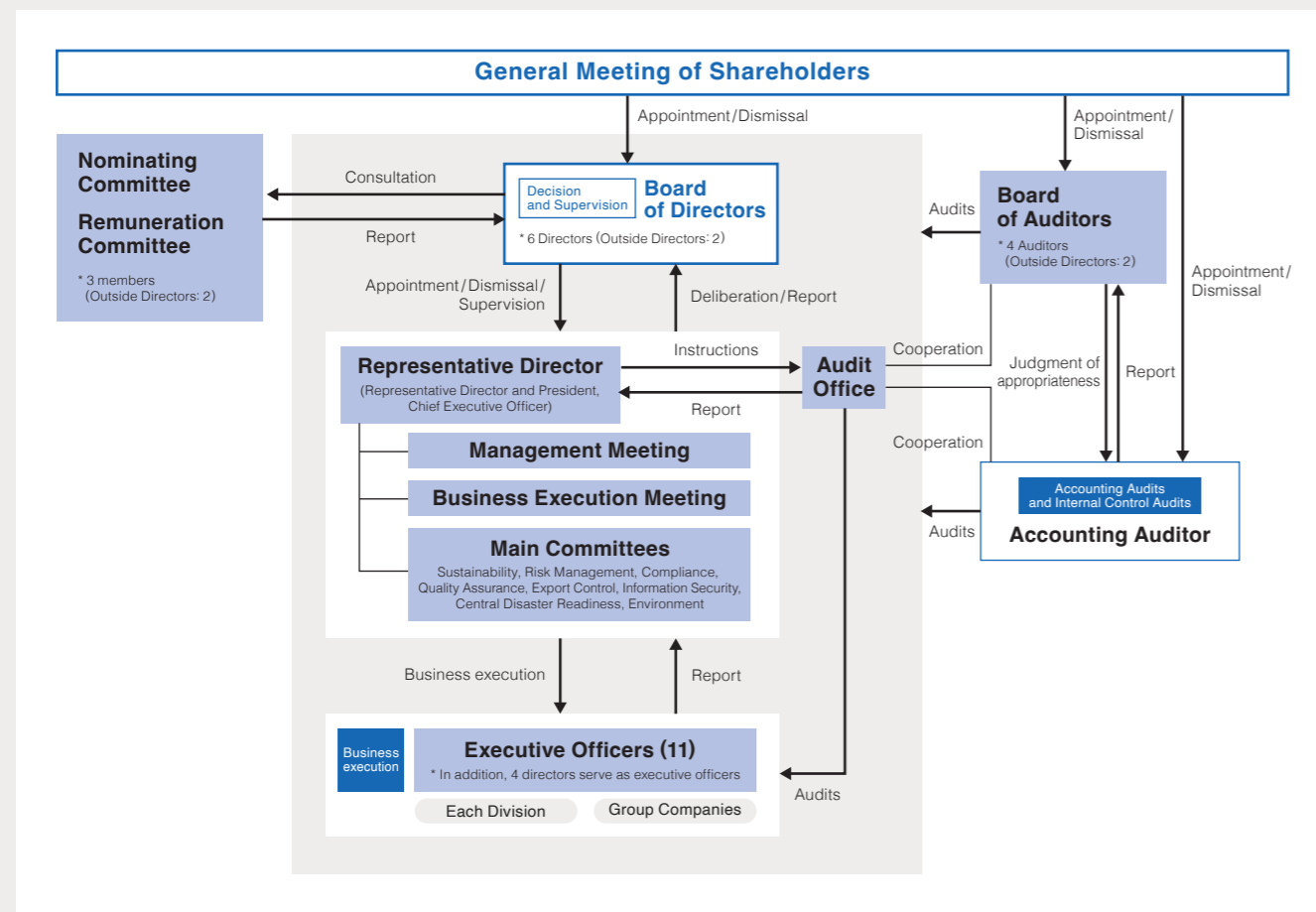
Management Meeting

Unitika's management meeting was established for the purpose of deepening the directors' discussions on basic policies and issues related to overall management, as well as for the early identification of management issues, streamlining and speeding up decision-making on policies related to the formulation of measures, and ensuring timely execution. The meetings are chaired by the Representative Director and President, Chief Executive Officer, Shuji Ueno, and constituted by all of the directors, namely Masakazu Kitano, Katsuhide Kyunai, Tsunetoshi Matsuda, Minoru Furukawa (outside director), and Noriko Ishikawa (outside director). Important matters are discussed and deliberated in advance at the management meeting before being submitted to the Board of Directors. In principle, management meetings are held monthly, and all of the auditors (Shigeru Sugisawa, Akio Toyoda, Tetsuaki Fukuhara (outside auditor), and Makoto Sano (outside auditor)) attend as observers to ensure an opportunity to check management's decision-making.

Board of Auditors

The Unitika Board of Auditors is composed of four auditors: Shigeru Sugisawa (chairman), Akio Toyoda, Tetsuaki Fukuhara (outside auditor), and Makoto Sano (outside auditor). These auditors audit and monitor management, such as the management policies, execution of business operations, and preservation of property in accordance with standards including the relevant laws and regulations, the Unitika Articles of Incorporation, and provisions, etc.

Governance organizational chart



Main meetings and their members

◎Chairman / ○Committee Chairman / ●Member / ▲Observer

Name	Job Title	Board of Directors	Board of Auditors	Management Meeting	Business Execution Meeting	Nominating Committee	Remuneration Committee	Sustainability Committee	Risk Management Committee	Compliance Committee	Quality Assurance Committee	Export Control Committee	Information Security Committee	Central Disaster Readiness Committee	Environment Committee
Shuji Ueno	Representative Director and President, Chief Executive Officer	◎		◎	◎	●	●	○			○				
Masakazu Kitano	Director, Managing Executive Officer	●		●	●			●	●	●					●
Katsuhide Kyunai	Director, Managing Executive Officer	●		●	●			●	●	●					●
Tsunetoshi Matsuda	Director, Senior Executive Officer	●		●	●			●	○	○		○	●	○	●
Minoru Furukawa	Director (non-executive)	●		●		○	○								
Noriko Ishikawa	Director (non-executive)	●		●		●	●								
Shigeru Sugisawa	Auditor (executive)	●	◎	▲	▲				▲	▲					
Akio Toyoda	Auditor (non-executive)	●	●	▲											
Tetsuaki Fukuhara	Auditor (non-executive)	●	●	▲											
Makoto Sano	Auditor (non-executive)	●	●	▲											
	Number of other Members				8 others			3 others	4 others	3 others	10 others	3 others	5 others	12 others	11 others

Business Execution Meeting

Unitika's business execution meeting was established to enable the directors and the managers of each business sector and administrative sector to share information on the status of business execution in their respective divisions, as well as to ensure thorough implementation of instructions related to management policy and to discuss and deliberate on issues related to business execution. The meeting consists of 12 members, including the four internal directors, namely the Representative Director and President, Chief Executive Officer, Shuji Ueno (Chair), Masakazu Kitano, Katsuhide Kyunai, and Tsunetoshi Matsuda, and the eight executive officers in charge of the business and administrative sectors. Auditor Shigeru Sugisawa attends as an observer, and the meeting is held monthly in principle.

Policy and Process for the Appointment and Dismissal of Directors

When the Board of Directors nominates candidates for director or auditor, and when it appoints or dismisses a core member of management, the Nominating Committee, a voluntary advisory body chaired by an independent outside director, deliberates and nominates candidates from the perspective of whether the candidate has a wealth of experience, a sense of balance, high levels of insight and ethics, and diverse expertise that will contribute to effective corporate governance, Unitika's sustainable growth, and the enhancement of corporate value over the medium to long term. Candidates for auditor are nominated with the prior consent of the Board of Auditors.

Evaluating the Effectiveness of the Board of Directors

Unitika conducts self-evaluation and analysis of the effectiveness of the Board of Directors with the aim of improving the functioning of the Board of Directors and thereby enhancing corporate value.

For self-assessment and analysis, the following methods were used with the advice of external organizations.

In March 2024, Unitika conducted a survey on all directors and auditors comprising the Board of Directors. We were able to ensure the anonymity of the respondents by having them submit their answers directly to the external institutions. At the regular Board of Directors meeting held in June 2024, we analyzed, discussed and evaluated the Board of Directors, taking into consideration the tallied results from the external institutions.

The results were generally a positive evaluation of the support system, composition, operation, management, supervision, and other functions of the Board of Directors. Subsequently, we have evaluated the Board of Directors to be effective overall.

In the previous evaluation of effectiveness, there was a shared recognition that the Board needed to make the meetings a forum for lively discussions on management issues and strengthened management monitoring functions, since then, we have seen steady progress in efforts to address these issues, such as initiatives for the promotion of diversity as a management issue, as well as following up on management plans and implementing

risk management.

There were views expressed on the ongoing strengthening of monitoring function of management and a shift to making the meetings a forum for lively discussions on management issues of the Board of Directors. Opinions were also shared on issues concerning the further enhancement of the Board of Directors' functions.

Remuneration of Executive Officers

All Unitika executive officers are remunerated in cash payments. Excluding outside directors and auditors, these payments to executive officers are comprised of position-specific fixed remuneration and performance-linked remuneration as an incentive. Outside directors and auditors only receive fixed remuneration. The remuneration of Unitika executive officers is determined via consultation with the voluntary Remuneration Committee, which has an independent outside director as the Committee Chairman and is set up as an advisory institution of the Board of Directors. The remuneration of directors is determined by the Board of Directors, and the remuneration of auditors is determined by the Board of Auditors. When determining the level of remuneration for executive officers, we also refer to surveys and other data from external third-party institutions, and take into consideration the views, etc. of outside officers in the Remuneration Committee. The remuneration is appropriately determined within the maximum limit of executive officer remuneration (within 40 million yen per month for directors and within 6 million yen per month for auditors), as stipulated at the Annual General Meeting of Shareholders (June 28, 1990).

Unitika's performance-linked remuneration system targets achieving the medium-term management plan as a strong motivator. It was introduced for executive officers excluding outside directors and auditors, and calculates remuneration based on an evaluation of the achievement rate according to the current fiscal year's results for the medium-term management plan's revenue target values. The ratio of performance-linked remuneration has been roughly set at around 10% of the position-specific fixed remuneration as a standard level. The evaluation of the achievement rate related to the revenue that is the base for calculating the remuneration is set using a certain weight assigned to consolidated net sales, operating profit, and net profit. Also, the evaluation for calculating the performance-linked remuneration is determined via consultation with the Remuneration Committee.

Details of Remuneration of Executive Officers

Category of executive officers	Total (million yen)	Class-specific total (million yen)	
		Fixed remuneration	Performance-linked remuneration
Directors (excluding outside directors): 5	107	107	—
Auditors (excluding outside auditors): 3	27	27	—
Outside officers: 6	33	33	—

(Note) The above figures include two directors and two auditors who retired upon the conclusion of the 213th Annual General Meeting of Shareholders held on June 29, 2023.

Internal Control System

Basic Policies

Under the Companies Act, Ordinance for Enforcement of the Companies Act and Financial Instruments and Exchange Act, Unitika has created a system that ensures the adequate operation of our company and group, as well as the trustworthiness of our financial reports, as follows.

Structural Overview

The Internal Control System stipulates the Unitika's Basic Policy for Internal Control based on Companies Act and the Financial Instruments and Exchange Act. Internal controls for financial reporting are dealt with mainly at the Audit Office, while internal controls regarding offices are set up at our key business branches in order to establish the corporate framework for internal controls. Also, in addition to collecting information within the company and the Group, which is mainly done by the Risk Management Office, we also have systems in place to enable a timely response to matters, including setting up a Compliance Committee and whistleblower contact points within and outside the company.

Unitika's Basic Policy for Internal Control (Item Headings)

- Organization to ensure that the execution of job duties by directors and employees complies with all applicable legislation and the Articles of Incorporation
- Items pertaining to saving/managing information on directors' execution of job duties
- Regulations on loss hazard management; other organizational elements
- Organization to ensure that execution of directors' job duties is performed efficiently
- Organization to ensure suitability of operations done by corporate groups
- Items pertaining to ensuring the effectiveness of instructions to employees, and to their independence from directors, when auditors ask for the appointment of those employees to act as assistants
- Organization for making a report to the auditors, and an organization that ensures the fair treatment of people who make a report to the auditors
- Items regarding the procedures for the advanced payment or reimbursement of the expenses arising from the performance of duties of the auditors or the policies regarding the processing of other expenses or debts arising from the performance of duties of the auditors
- Other organizational elements to ensure that auditing by auditors is performed effectively

Record of main meetings held and attendance

Record of main meetings held and attendance of Board of Directors

	Job title	Name	Attendance record
Chairman	Representative Director and President, Chief Executive Officer	Shuji Ueno	100% (16/16 times)
Member	Representative Director and Chairman	Hiroyuki Shime	100% (3/3 times)
Member	Director	Eiji Sumi	100% (16/16 times)
Member	Director	Masakazu Kitano	100% (16/16 times)
Member	Director	Tsunetoshi Matsuda	100% (16/16 times)
Member	Outside Director	Minoru Furukawa	93% (15/16 times)
Member	Outside Director	Michihiko Ota	100% (3/3 times)
Member	Outside Director	Noriko Ishikawa	93% (15/16 times)
Member	Auditor	Kazuki Oka	100% (3/3 times)
Member	Auditor	Shigeru Sugisawa	100% (16/16 times)
Member	Auditor	Akio Toyoda	100% (13/13 times)
Member	Outside Auditor	Tetsuaki Fukuhara	100% (16/16 times)
Member	Outside Auditor	Sumitaka Maruyama	100% (3/3 times)
Member	Outside Auditor	Makoto Sano	100% (13/13 times)

(Note 1) The attendance of Representative Director and Chairman Hiroyuki Shime and Outside Director Michihiko Ota covers the Board of Directors meetings held prior to their retirement on June 29, 2023 (three meetings).

(Note 2) The attendance of Auditor Akio Toyoda and Outside Auditor Makoto Sano covers the Board of Directors meetings held after their appointment on June 29, 2023. (Prior to that, their predecessors, Auditor Kazuki Oka and Outside Auditor Sumitaka Maruyama attended all Board of Directors meetings (three meetings).)

Record of main meetings held and attendance of the Nominating Committee (FY 2023)

	Job title	Name	Attendance record
Committee chairman	Outside Director	Minoru Furukawa	100% (3/3 times)
Member	Representative Director and President, Chief Executive Officer	Shuji Ueno	100% (3/3 times)
Member	Outside Director	Noriko Ishikawa	100% (3/3 times)

Record of main meetings held and attendance of the Remuneration Committee (FY 2023)

	Job title	Name	Attendance record
Committee chairman	Outside Director	Minoru Furukawa	100% (5/5 times)
Member	Representative Director and Chairman	Hiroyuki Shime	100% (2/2 times)
Member	Representative Director and President, Chief Executive Officer	Shuji Ueno	100% (5/5 times)
Member	Outside Director	Michihiko Ota	100% (2/2 times)
Member	Outside Director	Noriko Ishikawa	100% (5/5 times)

(Note) The attendance of Representative Director and Chairman Hiroyuki Shime and Outside Director Michihiko Ota covers the Remuneration Committee held prior to their retirement on June 29, 2023 (two meetings).

Record of main meetings held and attendance of the Board of Auditors

	Job title	Name	Attendance record
Auditor (executive)		Shigeru Sugisawa	100% (13/13 times)
Auditor (non-executive)		Akio Toyoda	100% (10/10 times)
Auditor (outside, non-executive)		Tetsuaki Fukuhara	100% (13/13 times)
Auditor (outside, non-executive)		Makoto Sano	100% (10/10 times)

(Note) The attendance of Auditor Akio Toyoda and Outside Auditor Makoto Sano covers the Board of Directors meetings held after their appointment on June 29, 2023. (Prior to that, their predecessors, Auditor Kazuki Oka and Outside Auditor Sumitaka Maruyama attended all Board of Directors meetings (three meetings).)

Compliance Structure

Compliance

Approach to Compliance

The Unitika Group recognizes that the implementation of compliance is the most important issue for management and business, and we will actively work on compliance with laws, regulations, social norms, the Unitika Group Charter of Corporate Behavior, the Unitika Group Code of Conduct, and internal regulations. In addition to fulfilling our social responsibilities, we will strive to maintain and improve the credibility of the Unitika Group.

Unitika Group Charter of Corporate Behavior/ Unitika Group Code of Conduct

In 1998, the Unitika Group created the Unitika Charter of Corporate Behavior, a document that sets forth the basic action policy needed to fulfill our mission in society, and in 2001 we issued the first edition of the Unitika Action Standards. On April 1, 2020, we revised each document as the Unitika Group Charter of Corporate Behavior and the Unitika Group Code of Conduct. The Unitika Group Code of Conduct includes specific action standards that employees should follow as a company, in accordance with the Unitika Group Charter of Corporate Behavior. We are promoting compliance with the Unitika Group Code of Conduct, such as by distributing the Unitika Group Code of Conduct booklet to all executive officers and employees in the Unitika Group, along with a card-sized portable version that can be referred to at all times.

<https://www.unitika.co.jp/e/sustainability/governance/compliance/>

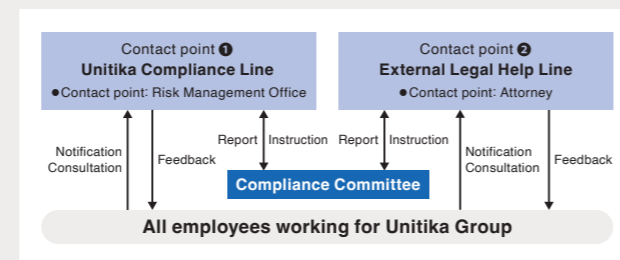
Compliance Committee

The Compliance Committee is chaired by Director and Senior Executive Officer Tsunetoshi Matsuda (Chief Compliance Officer), and consists of six members, namely Directors Masakazu Kitano and Katsuhide Kyunai and Executive Officer Minoru Fujii, who are in charge of business and administrative sectors, and Attorneys Seiji Morinobu and Takeo Segawa, to whom the whistleblower service is entrusted. Full-Time Auditor Shigeru Sugisawa attends the meeting as an observer. The committee oversees and promotes the Unitika Group's compliance system in a cross-cutting manner, including management of the Unitika Group Charter of Corporate Behavior and the Unitika Group Code of Conduct, implementation of educational and awareness-raising activities, establishment and execution of the compliance system, and monitoring of the operation of the whistleblower system.

Whistleblower Contact Points

Unitika has enacted the Whistleblower Protection Regulations, which specify provisions to protect whistleblower privacy and prohibit prejudicial treatment of them for making a report. We have set up two reporting contact points (one inside and one outside the Company) to enable employees to immediately

report (even anonymously) any dishonest or illegal conduct they become aware of. We respond in a timely and appropriate manner to any consultations or notifications of such conduct. The number of whistle-blowing cases in FY 2023 was 58. (including the number of cases received by the Harassment Consultation Desk)



Harassment Consultation Services

We have set up a help desk at each office and Group companies regarding harassment at work, such as sexual harassment, power harassment, harassment in relation to pregnancy, childbirth, parenting and nursing care including maternity harassment, in order to detect and resolve harassment at an early stage. The Guidelines Regarding the Prevention of Human Rights Violation such as Harassment at Unitika Group was established in 2012, and was revised in December 2016. As we broadly strive toward the prevention of harassment and the establishment of a workplace where all our employees can work comfortably, we have added the statements that sexual harassment cannot be allowed regardless of the victim's sexual orientation and gender identity, and that it is considered as sexual harassment if there is any nonconsensual sexual statements or action, even if it is between people of the same sex.

Export Control

In the Unitika Group, export control managers appointed at our business sectors and Group companies carry out the management of daily export operations under the Export Control Committee, based on the Export Control Regulations. The Export Control Committee is chaired by Director and Senior Executive Officer Tsunetoshi Matsuda, and consists of four members, namely Executive Officer Minoru Fujii, general manager of the Accounting Department, and general manager of the Global Business Promotion Division. The committee is in charge of security export control based on the Foreign Exchange and Foreign Trade Act, other relevant laws and regulations, and international treaties with which Japan is required to comply, as well as the establishment of a regular control system, monitoring its operation, and providing education and awareness. The committee secretariat checks the status of management in each department through audits and other means, and works to ensure that the entire Group is aware of the Deemed Export Control so that there are no deficiencies in compliance. In FY 2023, all management-level staff were reminded of the importance of export control operations through export control training conducted by an external instructor.

Risk Management

Risk Management

Approach to Risk Management

The Unitika Group recognizes the possibility that risks may occur, and strives to avoid such risks, minimize their impact, and take other proactive measures, or to deal with them after the fact if they do occur.

Risk Management System

We have set up a risk management system in the Unitika Group under the Risk Management Committee and in accordance with the Risk Management Regulations. With this system, we are ensuring the continuity of the Unitika Group by preventing the occurrence of risks and minimizing the loss and damage incurred when risks occur.

The Risk Management Committee is chaired by Director and Senior Executive Officer Tsunetoshi Matsuda (Chief Risk Management Officer) and consists of seven members: Directors Masakazu Kitano, Katsuhide Kunai, Executive Officers Minoru Fujii, Tatsuhiro Ozaki, Hiroyuki Okuma and the general manager of the Accounting department, who are responsible for business and administrative divisions. Shigeru Sugisawa, full-time auditor, attends as an observer. The Committee organizes countermeasures for risks that the entire Unitika Group should be ready for, and risks that have a substantial impact on business operations. It inspects the progress status of these countermeasures, and considers and deliberates on matters such as those associated with investigating the causes of risks occurring and considering ways to prevent their recurrence.

Business and Other Risks

Risks that may affect the Unitika Group's operating results, financial position, etc. include the following.

- (1) Risks related to compliance with laws and regulations, etc.
- (2) Risks related to financial reporting
- (3) Risks related to product safety and quality assurance
- (4) Risks related to information systems
- (5) Risks related to disasters, accidents, etc.
- (6) Other risks related to the conduct of the Unitika Group's business
 - (i) Risks related to fluctuations in the price of raw materials and fuel
 - (ii) Risks related to fluctuations in foreign exchange and interest rates
 - (iii) Risks related to overseas business
 - (iv) Risks related to bad debts
 - (v) Risks related to the impairment of fixed assets
 - (vi) Risks related to COVID-19
 - (vii) Other risks related to major variable factors

Information Security Management

In accordance with the Unitika Group's Information Security Declaration, we have established a Basic Policy on Information Security and the internal rules for operating the policy.

The Information Security Committee, chaired by Shuichi Misu, Executive Officer, and consisting of Tsunetoshi Matsuda, Senior Executive Officer, Hiroyuki Okuma, Tatsuhiro Ozaki, Executive Officer, the general manager of Legal & Compliance Department, and the general manager of Information System Department, protects the Unitika Group's information assets by preventing information security incidents, planning and implementing measures, and providing education and training.

Regarding the protection of personal information, Unitika handles this in accordance with the laws and regulations, such as periodically inspecting the information held and how it is handled, and taking comprehensive measures for security management.

Prohibition of Bribery

The Unitika Group has established the prohibition of bribery and other corrupt behavior as a commitment to be fulfilled in the actions of each individual employee in the Unitika Group Code of Conduct, which outlines specific actions to be observed in business activities, and ensures that all officers and employees are fully aware of this commitment. We will never give or receive improper money or other benefits in any form for the purpose of influencing business decisions in our business activities. We will not engage in any activities that interfere with fair trade, such as the offering of bribes, cartels, bid rigging, or any other activities that may be suspected of constituting illegal behavior. In order to build and maintain sound relationships not only with all of our customers, but also with political and administrative bodies and other organizations, we will maintain high ethical standards, strive for honest and transparent communication, conduct fair transactions, and engage in moderate and sensible activities.



Directors



Apr. 1983 Joined the Company
 June 2012 Director, Executive Officer
 July 2012 Director, Senior Executive Officer
 Apr. 2015 Director, Managing Executive Officer
 June 2015 Representative Director, Managing Executive Officer
 June 2019 Representative Director and President, Chief Executive Officer (present)

Shuji Ueno

Representative Director and President,
 Chief Executive Officer,
 In charge of Audit Office



Apr. 1985 Joined the Company
 Apr. 2015 Executive Officer, General Manager of Technology Development Division, and Manager of Technology Development & Planning Office
 Apr. 2017 Executive Officer, General Manager of Technology Development Division, and Manager of Technology Development & Planning Office, and General Manager of Research & Development Center
 Apr. 2018 Senior Executive Officer, Deputy General Manager of Technology Development Division, and General Manager of Research & Development Center
 Apr. 2019 Senior Executive Officer, General Manager of Technology Development Division, and General Manager of Research & Development Center
 Apr. 2020 Managing Executive Officer, General Manager of Technology Development Division, and Manager of Technology Development & Planning Office
 Apr. 2021 Managing Executive Officer, General Manager of Technology Development Division, and Manager of Technology Development & Planning Office, Responsible for Supervising Production
 June 2021 Director, Senior Executive Officer, General Manager of Technology Development Division, and Manager of Technology Development & Planning Office, Responsible for Supervising Production
 Apr. 2022 Director, Senior Executive Officer, General Manager of Technology Development Division, and General Manager of Production Management Division
 Oct. 2023 Director, Managing Executive Officer, In charge of the Polymers Segment, Stationed in Tokyo (present)
 Apr. 2024 Director, Managing Executive Officer In charge of the Polymers Segment and Performance Materials Segment.

Masakazu Kitano

Director,
 Managing Executive Officer,
 In charge of the Polymers
 Segment and Performance
 Material Segment



Apr. 1985 Joined The Sanwa Bank, Limited (now MUFG Bank, Ltd.)
 June 2010 Vice President of Kyoto Branch of the Bank of Tokyo-Mitsubishi UFJ, Ltd. (now MUFG Bank, Ltd.)
 Apr. 2012 Managing Director Head of Osaka Credit Division of the Bank of Tokyo-Mitsubishi UFJ, Ltd. (now MUFG Bank, Ltd.)
 Nov. 2014 Seconded to the Company, General Manager of Management Planning Promotion Department
 Apr. 2015 Joined the Company, Executive Officer, General Manager of Corporate Planning Department
 Apr. 2018 Senior Executive Officer, General Manager of Corporate Planning Division
 Apr. 2020 Managing Executive Officer, General Manager of Corporate Planning Division
 Apr. 2023 Managing Executive Officer and President, Representative Director of Unitika Trading Co., Ltd.
 June 2024 Director, Managing Executive Officer responsible for Fibers & Textiles Segment and Chairman, Representative Director of Unitika Trading Co., Ltd. (present)

Katsuhide Kyunai

Director,
 Managing Executive Officer,
 In charge of the Fibers
 and Textiles Segment.
 Chairman,
 Representative Director
 of Unitika Trading Co., Ltd.



Apr. 1986 Joined the Company
 Apr. 2016 Executive Officer, General Manager of Research & Development Center of Technology Development Division
 Apr. 2017 Executive Officer, Manager of Films Division
 Apr. 2019 Executive Officer, Manager of Plastics Division
 Apr. 2020 Senior Executive Officer, Manager of Plastics Division
 Apr. 2021 Senior Executive Officer, General Manager of Polymers Sector, In charge of Global Business Promotion Division
 June 2021 Director, Senior Executive Officer, General Manager of Polymers Sector, In charge of for Global Business Promotion Division
 Apr. 2023 Director, Senior Executive Officer, General Manager of Corporate Control Division
 Oct. 2023 Director, Senior Executive Officer, In charge of Legal & Compliance Department, Corporate Planning Department, and Procurement & Logistics Department
 Jun 2024 Director, Senior Executive Officer, In charge of Legal & Compliance Department, Corporate Planning Department, Procurement & Logistics Department, Human Resources and General Affairs Department, Information System Department and Sustainability Promotion Office (present)

Tsunetoshi Matsuda

Director, Senior Executive Officer
 In charge of Legal & Compliance
 Department,
 Corporate Planning Department,
 Procurement & Logistics Department,
 Personnel and General Affairs Department,
 Information System Department
 and Sustainability Promotion Office



Apr. 1966 Joined Hitachi Zosen Corporation (now Kanadevia Corporation)
 Apr. 2005 Representative Director, President of Hitachi Zosen Corporation
 June 2010 Representative Director, Chairman and President of Hitachi Zosen Corporation
 Apr. 2013 Representative Director, Chairman and Chief Executive Officer of Hitachi Zosen Corporation
 Apr. 2016 Representative Director, Chairman of Hitachi Zosen Corporation
 June 2016 Outside Director of the Senshu Ikeda Bank, Ltd.
 Apr. 2017 Director, Advisor of Hitachi Zosen Corporation (now Kanadevia Corporation)
 June 2017 Outside Director of Senshu Ikeda Holdings, Inc. (present)
 June 2017 Non-Executive Director of the Senshu Ikeda Bank, Ltd. (present)
 June 2017 Director of the Company (present)

Minoru Furukawa

Director (non-executive)



Apr. 2004 Lecturer at the Research Institute for Economics and Business Administration, Kobe University
 Apr. 2005 COE researcher at the Department of Natural Science of Graduate School of Engineering, Kobe University
 Apr. 2007 Specially-appointed lecturer at the Faculty of Economics, Kindai University
 Apr. 2009 Lecturer at the Faculty of Economics, Kindai University
 Apr. 2010 Associate Professor at the Department of Economics, Faculty of Economics, Konan University
 Apr. 2016 Professor at the Department of Economics, Faculty of Economics, Konan University (present)
 June 2021 Director of the Company (present)
 Apr. 2023 Dean of the Faculty of Economics, Konan University (present)

Noriko Ishikawa

Director (non-executive)

Auditors



Apr. 1985 Joined the Company
 May 2009 General Manager of Environment System Design & Construction Department, Environment & Engineering Division
 June 2010 General Manager of Environment Engineering Department, Environment & Engineering Division
 July 2012 General Manager of Corporate Control Department, Corporate Planning Division
 Apr. 2015 Deputy General Manager of Corporate Planning Department, Corporate Planning Division
 Apr. 2017 General Manager of Corporate Planning Department, Corporate Planning Division
 Apr. 2020 Executive Officer, General Manager of Corporate Planning Department
 July 2020 Executive Officer, General Manager of Corporate Management Division and General Manager of Legal Affairs Office
 July 2021 Executive Officer, General Manager of Corporate Management Division
 Apr. 2022 Advisor (full-time)
 June 2022 Auditor (present)

Shigeru Sugisawa

Auditor (executive)



Apr. 1983 Joined the Company
 June 2010 General Manager of International Business Division
 May 2015 Representative Director and President of Unitika do Brasil Industria Textil Ltda.
 Apr. 2019 Executive Officer, General Manager of Global Business Promotion Division, and General Manager of Global Planning & Management Division of the Company
 Mar. 2020 Executive Officer, General Manager of Global Business Promotion Division
 Apr. 2023 Advisor (non-executive)
 June 2023 Auditor (non-executive, present)

Akio Toyoda

Auditor (non-executive)



Apr. 1977 Registration as an Attorney (Osaka Bar Association)
 Joined Kuboi & Partners Law Office
 Apr. 1986 Opened Meiwa Law Office
 Apr. 2003 Opened Mizuki Law Office
 Apr. 2013 Chairman of Osaka Bar Association
 June 2017 Auditor of the Company (present)

Tetsuaki Fukuhara

Auditor (non-executive)



July 2013 District Director of Fukuchiyama Tax Office
 July 2014 Office Manager of Public Relations, Management and Co-ordination Department, Osaka Regional Taxation Bureau
 July 2015 Section Chief of Second Personnel Division, Management and Co-ordination Department, Osaka Regional Taxation Bureau
 July 2016 Section Chief of First Personnel Division, Management and Co-ordination Department, Osaka Regional Taxation Bureau
 July 2018 Deputy Manager, First Department of Investigation, Osaka Regional Taxation Bureau
 July 2019 Manager, Taxation Division 2, Osaka Regional Taxation Bureau
 Aug. 2020 Registration as a Certified Tax Accountant
 Feb. 2022 Outside Auditor of Hikarishinsei Company, Limited (present)
 June 2023 Auditor of the Company (present)

Makoto Sano

Auditor (non-executive)

Skills Matrix

Name	Position in the Company	Type	Gender	Skills and experience						
				Corporate management planning	Sales Marketing	Finance Accounting	Legal affairs Risk management	R&D Manufacturing	Global	Sustainability Human resources and personnel development
Shuji Ueno	Representative Director and President, Chief Executive Officer		Male	●				●		●
Masakazu Kitano	Director, Managing Executive Officer		Male					●		●
Katsuhide Kyunai	Director, Managing Executive Officer		Male	●		●	●			
Tsunetoshi Matsuda	Director, Senior Executive Officer		Male		●			●	●	
Minoru Furukawa	Director	Outside, Independent	Male	●		●			●	
Noriko Ishikawa	Director	Outside, Independent	Female							●

(Note) The table listed above is not a comprehensive listing of the full range of skills and experience the directors have.

Financial Data (11-year, consolidated)

	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Operating Results												
Net Sales (100 million yen)	1,626.9	1,591.3	1,464.7	1,262.2	1,283.9		1,291.0	1,195.4	1,103.8	1,147.1	1,179.4	1,183.4
Operating Profit (100 million yen)	68.0	89.2	104.5	125.4	116.6		81.4	54.7	60.2	60.1	13.3	△ 24.8
Operating Profit Margin (%)	4.2	5.6	7.1	9.9	9.1		6.3	4.6	5.5	5.2	1.1	△ 2.1
Ordinary Profit (100 million yen)	47.1	76.8	68.2	104.8	99.7		70.9	31.5	53.8	64.0	10.7	△ 10.1
Profit Attributable to Owners of Parent (100 million yen)	5.8	△ 270.3	69.3	73.9	80.8		52.3	△ 21.6	38.6	22.2	1.0	△ 54.4
EBITDA (100 million yen)	117.4	136.3	150.1	168.3	161.1		126.3	102.3	105.4	106.8	60.6	30.4

Financial Condition

Total Assets (100 million yen)	2,541.8	2,358.8	2,199.6	2,118.7	2,014.5		1,990.9	1,937.3	1,904.0	1,914.0	1,900.0	1,863.3
Net Assets (100 million yen)	193.7	315.9	379.4	452.6	407.3		413.5	389.3	411.9	430.7	439.2	382.5
Shareholders' Equity (100 million yen)	155.4	283.5	346.0	418.4	371.7		378.7	354.8	394.8	413.0	421.1	367.6
Capital Adequacy Ratio (%)	6.1	12.0	15.7	19.7	18.4		19.0	18.3	20.7	21.6	22.2	19.7
D/E Ratio (times)	10.6	4.7	3.7	2.6	2.8		2.7	2.8	2.5	2.3	2.2	2.5
Interest-bearing Liabilities (100 million yen)	1,645.5	1,339.0	1,263.3	1,093.3	1,052.5		1,026.0	996.0	968.0	938.9	934.4	921.5

Cash Flow, Investing, Others

Cash Flow from Operating Activities (100 million yen)	68.4	60.8	116.6	181.1	97.4		89.9	98.0	148.7	86.7	5.1	81.7
Cash Flow from Investing Activities (100 million yen)	△ 41.0	△ 1.5	41.2	△ 41.6	△ 32.3		△ 64.4	△ 101.9	△ 61.7	△ 89.9	△ 80.9	△ 75.4
Free Cash Flow (100 million yen)	27.4	59.4	157.9	139.5	65.1		25.4	△ 4.0	87.0	△ 3.2	△ 75.8	6.3
Cash Flow from Financing Activities (100 million yen)	△ 30.5	58.7	△ 50.1	△ 190.9	△ 172.1		△ 65.2	△ 34.8	△ 41.4	△ 42.1	△ 16.6	△ 2.8
Capital Investment* (100 million yen)	50.0	48.1	59.7	48.3	41.3		60.7	93.2	73.9	76.1	76.4	68.1
Depreciation* (100 million yen)	49.4	47.2	45.6	42.9	44.5		44.8	47.7	45.2	46.7	47.3	55.2
R&D Expenditure (100 million yen)	38.8	39.4	32.0	31.4	32.7		34.7	36.2	36.4	36.0	37.6	36.0

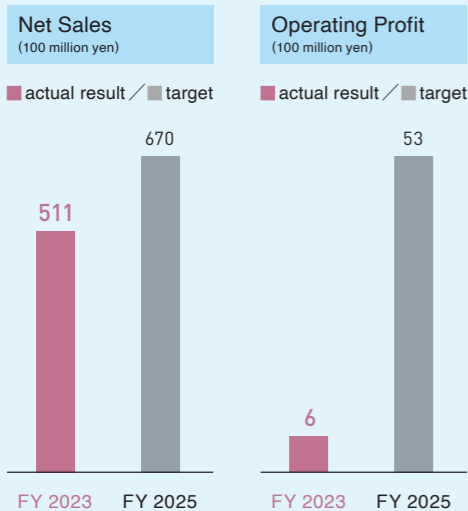
* Capital Investment and Depreciation do not include intangible assets.

Per Share Indices, Other Indices

Net Income per Share (yen)	10.1	△ 468.7	102.9	110.8	133.3		85.2	△ 43.0	61.4	33.3	△ 3.1	△ 94.4
Net Assets per Share (yen)	269.4	△ 170.1	△ 67.6	58.0	160.8		229.9	188.4	257.7	303.6	332.0	244.2
Operating ROA (%)	2.7	3.8	4.8	5.9	5.8		4.1	2.8	3.2	3.1	0.7	△ 1.3
Number of Employees	4,513	4,458	3,906	3,671	3,677		3,497	3,438	3,007	3,037	2,944	2,907

(Note) A reverse split (10:1) was implemented on October 1, 2017. "Net Income per Share" and "Net Assets per Share" are calculated based on the assumption of said reverse split at the start of the period for FY 2013.

Polymers Segment



In the Polymers segment, sales volume declined due to sluggish downstream demand and inventory adjustments in the supply chain. On the other hand, despite the implementation of product price revisions, they were exceeded by the impact of high raw material and fuel prices and cost increases due to production cutbacks, resulting in a deterioration of earnings.

In the films business, in the packaging field, sales of films for food packaging decreased due to a lack of growth in the volume of food consumption as a result of rising prices. On the other hand, sales of the high-barrier nylon film "Emblem HG" increased due to its high gas barrier performance. In the industrial field, sales decreased mainly in films used in the manufacturing process of products for electrical and electronic applications. In the Southeast Asian market, the profitability of nylon films deteriorated due to a decline in unit selling prices caused by the influx of inexpensive competing products from China. This resulted in an increase in net sales and a decrease in operating profit for the business

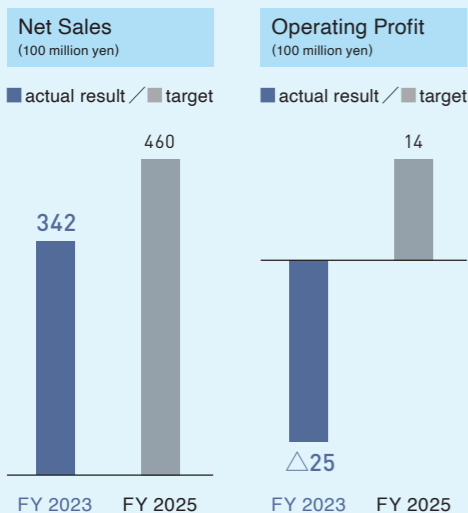
overall.

In the plastics business, the sales volume of engineering plastics declined, mainly due to sluggish demand in China. Although price revisions were implemented against the backdrop of high raw material and fuel prices, both sales and earnings deteriorated due to the impact of production cutbacks in response to lower sales.

Regarding functional plastics, sales of adhesives and coatings applications were strong, and sales of environmentally friendly materials such as recycled materials increased, resulting in higher sales and lower earnings for the business as a whole.

As a result of the above, the result in the Polymers segment was an increase in net sales and a decrease in operating profit. Net sales were 51,074 million yen (year-on-year +2.2%) and the operating profit was 603 million yen (year-on-year -81.7%).

Performance Materials Segment



In the Performance Materials segment, there were signs of demand recovery in some applications, but sales declined in many applications. In addition to high raw material and fuel prices, cost increases due to the impact of production cutbacks outweighed the effect of price revisions, and the profitability deteriorated, resulting in an operating loss.

In the activated carbon fibers business, sales of VOC removal sheets for air purification applications were strong, but sales for mainstay water purification and other applications were weak.

In the glass fiber business, sales in the industrial materials field were firm for all applications. Sales of IC cloth in the electronic material field recovered due to a partial recovery in the semiconductor market toward the end of the period. However, profitability deteriorated due to rising costs caused by production cutbacks for inventory adjustment.

In the glass beads business, sales of products for road and reflective materials applications declined, but sales of high value-added products for industrial applications grew, and profitability

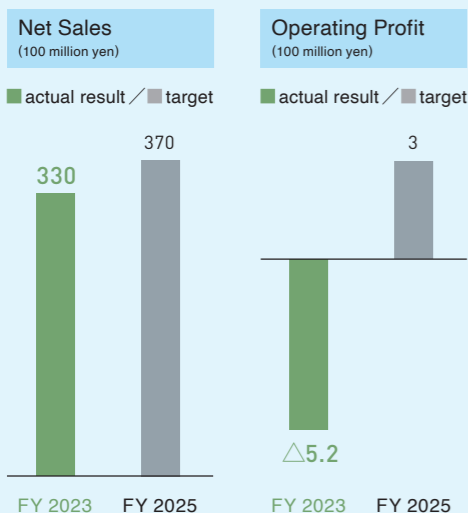
improved for each application due to the implementation of price revisions and the effects of cost reduction measures.

In the nonwoven fabrics business, sales declined due to sluggish demand in a wide range of fields, including the construction, primary industry, and general consumer goods fields. In addition, price revisions were implemented in response to soaring raw material and fuel prices and other cost increases, but these were more than offset by the impact of decreased sales.

In the industrial fibers business, sales for filter applications and export sales of differentiated products were strong, but sales of high-strength yarn for civil engineering and construction applications struggled.

As a result of the above, the result in the Performance Materials segment was a decrease in net sales and operating profit. Net sales were 34,206 million yen (year-on-year -0.6%) and the operating loss was 2,478 million yen (compared to a loss of 535 million yen in the previous fiscal year).

Fibers & Textiles Segment



In the Fibers & Textiles segment, the operating loss was reduced from the previous fiscal year as profitability improved due to the effects of price revisions and cost reductions.

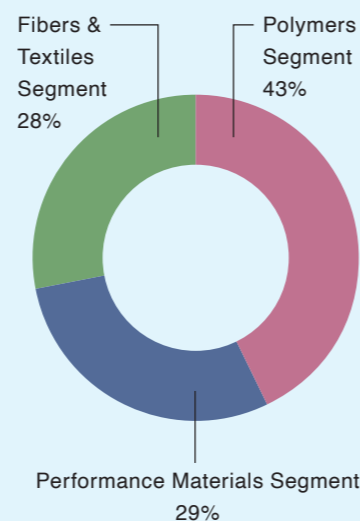
In the garment fiber business, demand in the mainstay uniform field and the general garments, such as women's wear, was generally firm, although it stalled somewhat in the second half. On the other hand, sales in the nightwear and sportswear fields were sluggish.

In the global business, export sales of denim fabrics declined.

In the industrial material business, sales declined due to the delayed recovery of demand in the automobile, electrical and electronics fields.

As a result of the above, the result in the Fibers & Textiles segment was a decrease in net sales and an increase in operating profit. Net sales were 33,004 million yen (year-on-year -1.4%) and the operating loss was 523 million yen (compared to a loss of 1,354 million yen in the previous fiscal year).

Sales Ratio by Segment



Unitika Ltd. <https://www.unitika.co.jp/e/>

Founded June 19, 1889

Capital Stock 100,450,000 yen

Outline of Main Businesses Polymers Segment
Films (nylon, polyester),
Plastics (nylon, polyester, polyarylate),
Biodegradable materials

Performance Materials Segment
Nonwoven fabrics (polyester spunbond, cotton spunlace), Activated carbon fibers, Glass fibers,
Glass beads, Industrial fibers

Fibers & Textiles Segment
Fibers and textiles (polyester)

Head Office



Osaka Head Office

Tokyo Head Office

[Osaka Head Office]

Osaka Center Bldg., 4-1-3 Kyutaro-machi, Chuo-ku, Osaka 541-8566 Japan
Tel.: +81-6-6281-5695

[Tokyo Head Office]

Nihombashi-Nichigin Dori Bldg., 4-6-7 Nihonbashi-Hongoku-cho, Chuo-ku, Tokyo 103-8321 Japan
Tel.: +81-3-3246-7540

Research Laboratory and Production Sites

Research & Development Center 23 Uji-Kozakura, Uji, Kyoto, 611-0021, Japan
Tel.: +81-774-25-2214

Uji Plant 5 Uji-Tonouchi, Uji, Kyoto, 611-8555, Japan
Tel.: +81-774-25-2029

Okazaki Plant 4-1 Hinakita-machi, Okazaki, Aichi, 444-8511, Japan
Tel.: +81-564-23-2311

Tarui Plant 2210 Tarui-cho, Fuwa-gun, Gifu, 503-2121, Japan
Tel.: +81-584-22-1201

Sakoshi Plant 846 Kono, Ako, Hyogo, 678-0171, Japan
Tel.: +81-791-48-8185

Overseas Offices and Satellite Offices

U.S. Office 1135 N Arlington Heights Rd., Unit 420, Itasca, IL 60143, U.S.A.

Main Companies in the Unitika Group

• Trading Companies (Manufacturer-type trading companies)

Unitika Trading Co., Ltd.
Metlife Hommachi Square, 2-5-7 Hommachi, Chuo-ku, Osaka, 541-0053, Japan
Tel.: +81-6-4705-9011

• Polymers Segment

Nippon Ester Co., Ltd.
Osaka Center Bldg., 4-1-3 Kyutaro-machi, Chuo-ku, Osaka, 541-0056, Japan
Tel.: +81-6-6281-5520

Terabo Co., Ltd.

28-55 TsudaMinami-cho, Kaizuka-shi, Osaka, 597-8511, Japan
Tel.: +81-72-431-2424

Unitika Technos Co., Ltd.

19 Uji-Yauchi, Uji, Kyoto, 611-0021, Japan
Tel.: +81-774-23-8088

U.C.S Co., Ltd.

120-1 Minami-Ouchi, Mori, Kumiyama-cho, Kuse-gun, Kyoto, 613-0024, Japan
Tel.: +81-75-632-5020

• Performance Materials Segment

Unitika Glass Fiber Co., Ltd.
45-2 Uji-Kozakura, Uji, Kyoto, 611-0021, Japan
Tel.: +81-774-25-2361

Unitika Glass Beads Co., Ltd.

10-1 Ohmine-Minamimachi, Hirakata, Osaka, 573-0145, Japan
Tel.: +81-72-858-1353

Unitika Sparklite Co., Ltd.

13-8 Ikagahera, Goma, Hiyoshi-cho, Nantan, Kyoto, 629-0311, Japan
Tel.: +81-771-74-1075

Ad'All Co., Ltd.

5 Uji-Tonouchi, Uji, Kyoto, 611-8555, Japan
Tel.: +81-774-25-2274

• Fibers & Textiles Segment

Osaka Dyeing Co., Ltd.

2-1-1 Yamazaki, Shimamoto-cho, Mishima-gun, Osaka, 618-0001, Japan
Tel.: +81-75-961-1221

Unitika Spinning Co., Ltd.

1701 Ikenarimen, Shisa-cho, Matsuura, Nagasaki, 859-4518, Japan
Tel.: +81-956-72-2101

Unitika Mate Co., Ltd.

3-1-4 Motomachi, Naniwa-ku, Osaka, 556-0016, Japan
Tel.: +81-6-4705-9141

Kamijo Seiki Co., Ltd.

26 Ichibanwari, Gokasho, Uji, Kyoto, 611-0011, Japan
Tel.: +81-774-32-8352

Unitika Garment Technology Co., Ltd.

28-55 TsudaMinami-cho, Kaizuka, Osaka, 597-0014, Japan
Tel.: +81-72-437-0055

Unitika Textiles Co., Ltd.

88 Nakabara, Soja, Okayama, 719-1195, Japan
Tel.: +81-866-93-1251

Overseas Affiliate Companies

• Polymers Segment

【Films】

PT. Emblem Asia (Indonesia)

Business: Manufacture and sales of nylon films

【Plastics】

Unitika (Hong Kong) Ltd. (Hong Kong)

Business: Import, export, domestic and overseas sales of functional polymers

Unitika Advance (Thailand) Co., Ltd. (Thailand)

Business: Import, export, domestic and overseas sales of functional polymers



Unitika Europe GmbH
Germany



Thai Unitika Spunbond Co., Ltd.
Thailand



PT. Emblem Asia
Indonesia



PT. Unitex
Indonesia

• Performance Materials Segment

【Nonwovens】

Thai Unitika Spunbond Co., Ltd. (Thailand)

Business: Manufacture and sales of polyester spunbond

• Fibers & Textiles Segment

PT. Unitex (Indonesia)

Business: Cotton and cotton-polyester blends spinning

Unitika (Beijing) Trading Co., Ltd. (China)

Business: Manufacturing oriented trading company in China

Unitika Trading Vietnam Co., Ltd. (Vietnam)

Business: Import, export, domestic and overseas sales, consulting

PT. Unitika Trading Indonesia (Indonesia)

Business: Import, export, domestic and overseas sales



Unitika (Hong Kong) Ltd.
China



Unitika (Shanghai) Ltd.
China



Unitika do Brasil Industria Textil Ltda.
Brazil

• Trading Companies

Unitika America Corporation (U.S.A.)

Business: Import and export

Unitika Europe GmbH (Germany)

Business: Import and export

Unitika (Shanghai) Ltd. (China)

Business: Import and export

Unitika (Shanghai) Ltd. Guangzhou Branch (China)

Business: Import and export

• Other

Brazcot Ltda. (Brazil)

Business: Agriculture and forestry (natural rubber)

Unitika do Brasil Industria Textil Ltda. (Brazil)

Business: Cotton spinning

Share Status (as of March 31, 2024)

1. Total number of shares issued

Common shares: 57,752,343 (shares)

Class A shares: 21,740 (shares)

Class B shares: 944 (shares)

2. Number of shareholders

Common shares: 36,807 (people)

Class A shares: 1 (people)

Class B shares: 1 (people)

3. Major Shareholders

Name	Number of Shares (1,000 shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	6,249	10.83
MUFG Bank, Ltd.	2,356	4.08
Employee stock ownership plan of Unitika Group	1,771	3.07
Custody Bank of Japan, Ltd. (trust account)	1,185	2.05
DAIDO LIFE INSURANCE COMPANY	800	1.38
Unitika Kyouei-Kai	666	1.15
Custody Bank of Japan, Ltd. (trust account No.4)	658	1.14
Tokio Marine & Nichido Fire Insurance Co., Ltd.	649	1.12
Shinya Utiki	585	1.01
DFA INTL SMALL CAP VALUE PORTFOLIO (Permanent representatives: Citibank, N.A. Tokyo Branch)	574	0.99

(Note 1) The shareholding ratio is rounded down to two decimal places.

(Note 2) The shareholding ratio is calculated excluding treasury stock (96,907 shares).

Distribution of Shares by Shareholder (as of March 31, 2024) Common Shares (100 shares per unit)

■ Percentage of shares held

	Number of shareholders (people)	Number of shares held (unit)	Percentage of shares held (%)
Financial Institutions	27	133,623	23.20
Financial Instruments Business Operator	34	22,880	3.97
Domestic Corporations	243	12,790	2.22
Foreign Investors (Non-Individuals)	79	26,271	4.56
Foreign Investors (Individuals)	36	366	0.06
Individuals and Other	30,647	380,121	65.99

(Note 1) 96,907 shares of treasury stock are included in 969 units in "Individuals / Others" and 7 shares in "Number of shares less than one unit."

(Note 2) 20 units of shares in the name of Japan Securities Depository Center, Inc. are included in "Other corporations" above.

(Note 3) The above table does not include 147,243 shares that are held in less than one unit.

