



1st Quarter of Fiscal Year ending March 2022
Consolidated Financial Results

August 3, 2021



DAICEL CORPORATION

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Financial Results

(billion yen)

	21/3 1Q Results	22/3 1Q Results	Change	%
Net sales	82.9	111.4	+28.4	+34.3%
Operating income	3.1	13.9	+10.9	+350.7%
Ordinary income	3.9	15.2	+11.4	+293.3%
Income attributable to owners of parent	0.6	12.3	+11.6	+1,834.3%
Exchange rate USD/JPY	108	110		

In the first quarter of fiscal year ending March 31, 2022, economic activity, which was greatly affected by the coronavirus pandemic, has been recovering in many industries, such as the automobile industry and electronic materials industry, compared to the previous fiscal year. Under the circumstances, we made efforts to expand the sales in response to the recovery of product demand and to increase the price based on an upturn in product markets. Furthermore, we worked to improve profitability through structural reforms and thorough cost reduction. Consequently, we achieved an increase in sales and profit comparing to the previous year. As a side note, the increase in net income attributable to owners of parent is partly due to the acquisition of Polyplastics as a wholly owned subsidiary in October 2020.

Net Sales and Operating Income by Segment (Y on Y)

(billion yen)

Net Sales	21/3 1Q Results	22/3 1Q Results	Change	%	Analysis		
					Quantity	Prices	Exchange Rate Impact
Medical / Healthcare	3.9	4.8	+0.9	+22.0%	+1.0	-0.1	+0.1
Smart	5.1	8.0	+2.9	+56.2%	+2.4	+0.5	+0.0
Safety	10.7	16.3	+5.6	+52.5%	+4.9	+0.7	+0.2
Materials	25.6	28.3	+2.7	+10.5%	-0.6	+3.3	+0.3
Engineering Plastics	35.2	51.5	+16.3	+46.2%	+11.9	+4.3	+0.5
Others	2.4	2.6	+0.2	+6.9%	+0.2	-	-
Total	82.9	111.4	+28.4	+34.3%	+19.7	+8.7	+1.1

Operating Income	21/3 1Q Results	22/3 1Q Results	Change	%	Analysis			
					Quantity	Prices	Exchange Rate Impact	Others
Medical / Healthcare	0.4	0.9	+0.4	+107.3%	+0.6	-0.2	+0.0	+0.1
Smart	0.6	2.0	+1.4	+229.5%	+1.1	+0.3	-0.0	-0.0
Safety	-2.3	0.7	+3.0	-	+3.6	+0.3	+0.0	-0.8
Materials	3.9	6.0	+2.2	+55.8%	-0.4	+2.1	+0.1	+0.5
Engineering Plastics	3.9	8.2	+4.3	+109.6%	+5.9	+0.7	+0.2	-2.3
Others	0.4	0.5	+0.1	+24.6%	+0.1	-	-	-
Corporate	-3.8	-4.4	-0.6	-14.8%	-	-	-	-0.6
Total	3.1	13.9	+10.9	+350.7%	+10.8	+3.2	+0.4	-3.1

*Exchange rate impact is included in price impact.

Progression Rate to the Full-year Forecasts*

(billion yen)

Statements of Income	22/3 1Q Results	22/3 Forecasts (Full Year)	Progression Rate (%)
Net sales	111.4	420.0	26.5%
Operating income	13.9	27.0	51.6%
Ordinary income	15.2	29.0	52.5%
Income attributable to owners of parent	12.3	22.0	55.8%
Exchange rate USD/JPY	110	105	

Net Sales and Operating Income by Segment	Net sales			Operating income		
	22/3 1Q Results	22/3 Forecasts (Full Year)	Progression Rate (%)	22/3 1Q Results	22/3 Forecasts (Full Year)	Progression Rate (%)
Medical / Healthcare	4.8	18.0	26.6%	0.9	1.5	56.7%
Smart	8.0	26.0	30.7%	2.0	3.0	65.8%
Safety	16.3	72.0	22.6%	0.7	4.5	16.4%
Materials	28.3	101.0	28.0%	6.0	10.5	57.5%
Engineering Plastics	51.5	192.0	26.8%	8.2	22.5	36.5%
Others	2.6	11.0	23.2%	0.5	1.5	35.5%
Corporate	-	-	-	-4.4	-16.5	26.6%
Total	111.4	420.0	26.5%	13.9	27.0	51.6%

In this first quarter of fiscal year ending March 31, 2022, our sales volume has exceeded targets. Despite the decline in automobile production caused by the semiconductor shortage which had a negative impact on some part of our operations, growing demand for our products, such as cosmetic ingredients, electronic materials products and engineering plastics led to increases in our sales. Also, as the market for our products trended upwards, we were able to generate overall profits beyond the consolidated forecasts for the full fiscal year.

* Forecasts of Fiscal Year ending March 2022 were announced on May 13, 2021.

Business Situation

Segment information during the first quarter is summarized as follows.

Medical / Healthcare	<ul style="list-style-type: none"> • Sales volume of 1,3BG (Cosmetic ingredients) exceeded the plan due to temporary changes in the competitive environment. • Overseas sales volume of column exceeded the plan in Chiral separation business.
Smart	<ul style="list-style-type: none"> • The LCD panel market grows well, and sales of cellulose acetate for LCD films exceeded the plan. In the second half, sales will be the same as planned due to the trend of increasing panel inventory by customers. • Demand in the semiconductor and LCD panel materials markets exceeded the plan. Sales volume and revenue of solvents for electronic materials and resist materials were higher than forecast.
Safety	<ul style="list-style-type: none"> • Sales volume of inflators fell short of the plan due to a greater-than-expected decline in automobile production caused by a shortage of semiconductor supplies.

Business Situation

Segment information during the first quarter is summarized as follows.

Materials	<ul style="list-style-type: none">• Market conditions for acetic acid were higher than expected. Along with this, sales price of acetic acid derivative also increased than planned. The supply-demand environment for acetic acid is expected to gradually loosen in the future.• Acetate tow remained almost same as planned.• Sales volume of caprolactone derivatives and epoxy compounds exceeded the plan due to recovery in electronic material applications and sales price revision along with raw material price increase.
Engineering Plastics	<ul style="list-style-type: none">• Market demand was stronger than expected, sales volume exceeded the plan. Sales price revision also strongly increased sales revenue. The business is already operating at full capacity and sales will be under supply capacity constraints.• Limited affect from decline in automobile production due to semiconductor shortage.

Consolidated Balance Sheet

(billion yen)

	Mar. 31, 2021	Jun. 30, 2021	Change
Total Current Assets	312.5	316.1	+3.6
Cash, Deposits and Short-term Investment Securities	91.5	86.3	-5.3
Notes and Accounts Receivable-trade	93.2	86.7	-6.5
Inventories	108.7	117.7	+9.1
Other	19.2	25.4	+6.2
Total Non-Current Assets	327.9	341.3	+13.5
Property, Plant and Equipment	219.7	223.6	+3.9
Intangible Fixed Assets	10.6	11.6	+1.0
Investments and Other Assets	97.5	106.0	+8.5
Total Assets	640.4	657.4	+17.1
Liabilities	395.4	398.4	+3.1
Interest-bearing Liabilities	270.9	271.1	+0.1
Other	124.4	127.4	+2.9
Total Net Assets	245.0	259.0	+14.0
Total Liabilities and Net Assets	640.4	657.4	+17.1

As of June 30, 2021, total assets increased JPY 17.1 billion compared to March 31, 2021.

- Inventory buildup
 - Build up inventories of engineering plastics, which had been decreasing due to increased demand from the recovery of COVID-19.
- Capital investment
 - Establishment of new production site for automobile airbag inflators in India.
 - Expanding production capacities for engineering plastic (COC) in Germany.
- Increase in market value of cross-shareholdings.

Full-year Forecasts

(billion yen)

	21/3 Results	22/3 Initial Forecasts*	22/3 Revised Forecasts	Y o Y		vs Initial Forecasts	
				Change	%	Change	%
Net Sales	393.6	420.0	435.0	+41.4	+10.5%	+15.0	+3.6%
Operating Income	31.7	27.0	35.0	+3.3	+10.3%	+8.0	+29.6%
Ordinary Income	34.7	29.0	37.0	+2.3	+6.7%	+8.0	+27.6%
Income Attributable to Owners of Parent	19.7	22.0	24.0	+4.3	+21.7%	+2.0	+9.1%
Exchange Rate USD/JPY	106	105	106				

We have upwardly revised our consolidated earnings forecast for the full fiscal year ending March 31, 2022, based on the operating results for the first quarter of the current consolidated period, demand forecast and procurement price of raw material. This forecast includes higher raw material procurement costs than originally planned from the second quarter onward. We continuously work to improve profitability by revision of sales price and other activities.

* The initial forecasts were announced on May 13, 2021.

Forecasts - Net Sales and Operating Income by Segment

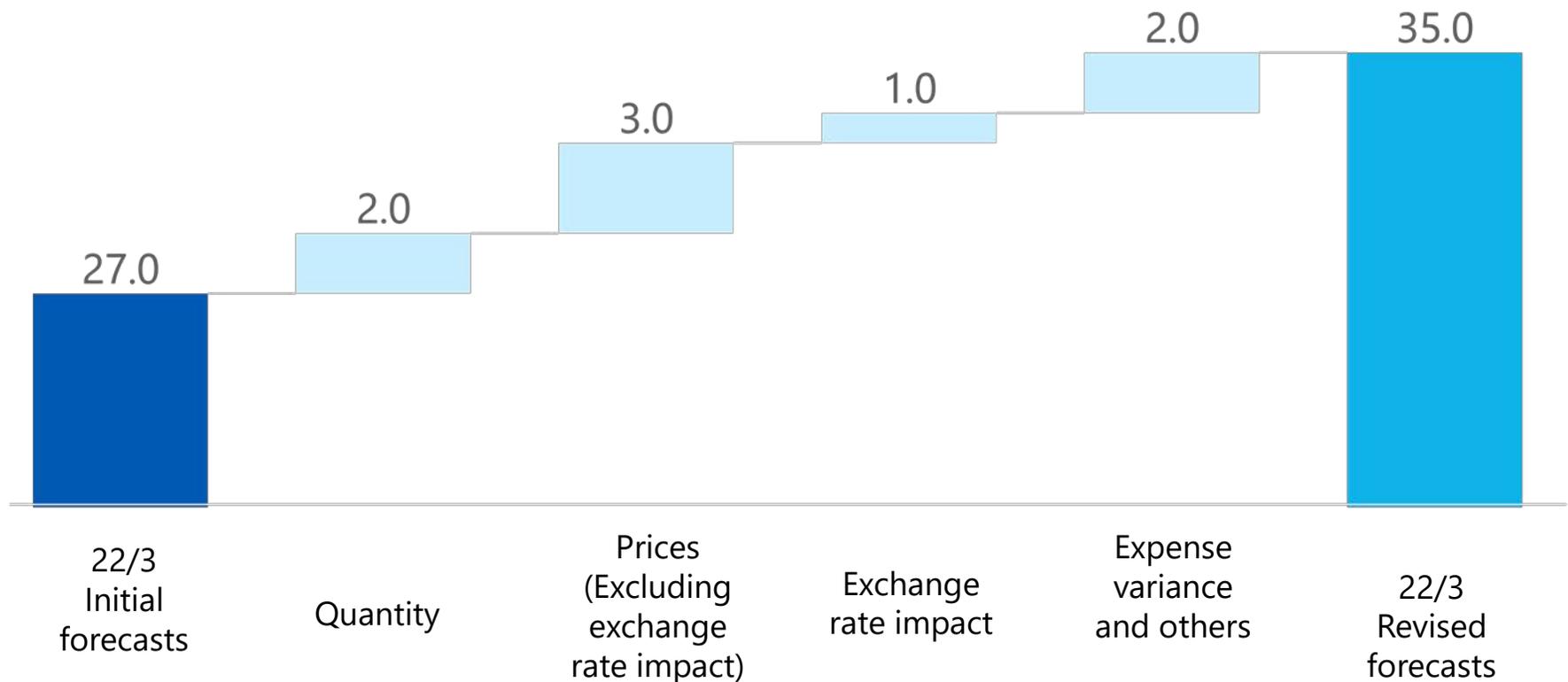
(billion yen)

Net Sales	21/3 Results	22/3 Initial Forecasts	22/3 Revised Forecasts	Y o Y		vs Initial Forecasts	
				Change	%	Change	%
Medical / Healthcare	16.2	18.0	19.0	+2.8	+17.2%	+1.0	+5.6%
Smart	24.7	26.0	28.0	+3.3	+13.4%	+2.0	+7.7%
Safety	67.2	72.0	73.5	+6.3	+9.3%	+1.5	+2.1%
Materials	104.2	101.0	108.5	+4.3	+4.1%	+7.5	+7.4%
Engineering Plastics	168.6	192.0	195.0	+26.4	+15.7%	+3.0	+1.6%
Others	12.7	11.0	11.0	-1.7	-13.2%	-	-
Total	393.6	420.0	435.0	+41.4	+10.5%	+15.0	+3.6%

Operating Income	21/3 Results	22/3 Initial Forecasts	22/3 Revised Forecasts	Y o Y		vs Initial Forecasts	
				Change	%	Change	%
Medical / Healthcare	1.6	1.5	2.3	+0.7	+47.3%	+0.8	+53.3%
Smart	3.4	3.0	4.2	+0.8	+23.1%	+1.2	+40.0%
Safety	2.2	4.5	6.5	+4.3	+191.3%	+2.0	+44.4%
Materials	17.9	10.5	14.0	-3.9	-21.9%	+3.5	+33.3%
Engineering Plastics	21.2	22.5	23.0	+1.8	+8.6%	+0.5	+2.2%
Others	1.5	1.5	1.6	+0.1	+8.0%	+0.1	+6.7%
Corporate	-16.1	-16.5	-16.6	-0.5	-3.4%	-0.1	-0.6%
Total	31.7	27.0	35.0	+3.3	+10.3%	+8.0	+29.6%

Revised Forecasts - Operating Income (vs Initial Forecasts Analysis)

(billion yen)



Healthcare SBU-Collaborative research results: the development of health food materials for intestinal microbiome products

In recent years, it has become clear that intestinal bacteria have a great influence on our body condition and various diseases, such as the central nervous system, obesity and diabetes. Under these circumstances, there is growing interest in how to regulate intestinal bacteria and its relationship with these diseases. Healthcare SBU is pursuing the development of materials for health foods, especially intestinal microbiome products.

◇ We verified the function of “Urolithin A” for stimulating Sirtuin gene signal

- We produced “Urolithin A”(product name: URORICH™) industrially by bio fermentation technology for the first time in the world. “Urolithin A” is an intestinal metabolic product of ellagic acid derived from pomegranate peel.
- Collaborative research with Kyushu University confirmed that Urolithin A enhances the expression of the sirtuin gene, which is said to be a longevity gene.
news release : <https://www.daicel.com/news/assets/pdf/20210716.pdf>



◇ We verified the mechanism of regulating intestine immune system of acetic acid using our own cellulose acetate

- In collaboration with the Institute of Physical and Chemical Research, we revealed that acetic acid increases the production of immunoglobulin A (a protein which acts as an antibody when foreign substances invade the body) when it reaches the large intestine.
- We have developed Water Soluble Cellulose Acetate, which can reach into the human large intestine without being digested and absorbed in stomach and small intestine. It has been developed as an edible material by utilizing our own acetate technology cultivated over many years.
- This results were published in the scientific journal “Nature”.
news release : <https://www.daicel.com/news/assets/pdf/20210715.pdf>

Development of 5G/ 6G technology with companywide Daicel Group efforts

The Daicel Group is developing material and technologies for 5G and innovating the next generation standard 6G technology, taking advantage of our total group expertise and collaborating with other institutions.

The following research has been selected for NEDO* "Post 5G Information and Telecommunication Systems Infrastructure Enhancement Research and Development Project / Leading Research". For the success of this project, we are proactive in developing our competitive edge using various materials, synthesis and polymerization technology, and computational simulation technology.

R & D of high-performance materials and measurement technology for millimeter-wave and terahertz bands

6G technology is expected to enable higher speeds, large data transmission, ultra-low latency and multiple simultaneous connections by securing bandwidth using millimeter-wave and terahertz bands. To achieve this high frequency transmission, we will develop the following three technologies.

① Next-generation ultra-low loss, low-dielectric materials ② Reliable bonding technology with smooth conductor and low dielectric materials and ③ Monitoring technology for telecommunication material for terahertz band communication

R & D of high-speed data transmission compatible high density 3-D semiconductor assembly technology beyond 5G semiconductors

High-performance semiconductors are indispensable for 6G which will enable high-speeds, large-capacity, and ultra-low latency. The importance of miniaturization of the preliminary process as well as advanced post-processes that integrate multiple semiconductors in 3-D is increasing. To realize high density, 3-dimensional mounting, we will develop the following three technologies.

① Copper sintering and bonding technology for high-density packaging compatible with high frequency ② Build-up substrate technology for high reliability and high-performance semiconductors ③ High-frequency packaging optical waveguide connection technology

news release : https://www.daicel.com/news/assets/pdf/20210628_1.pdf

* New Energy and Industrial Technology Development Organization

New brand “DAISI™” ~Free translations of function leads business creation~

In our mid-term management strategy, we will focus on “Free translation of function”. It means by redefining our technology’s essence, we try to find new market which our existing product can be applied and create new business.

We redefined the technology that has brought out these inflators as a “system that can generate optimal energy safely, reliably and instantly just once” and tentatively call it “One-Time Energy.” Additionally, we integrated products using this technology into the brand “DAISI™” (DAICEL Saving Innovation).

In addition to Pyro-fuse and Actranza™ below, we’d like to create new functions or values through “One Time Energy” technology.



Brand website:

<https://www.daicel.com/safety/daisi/>



Pyro-Fuse
(Current breaking device)



Actranza™
(Drug Delivery System)



Emergency Safety Valves for
Plants



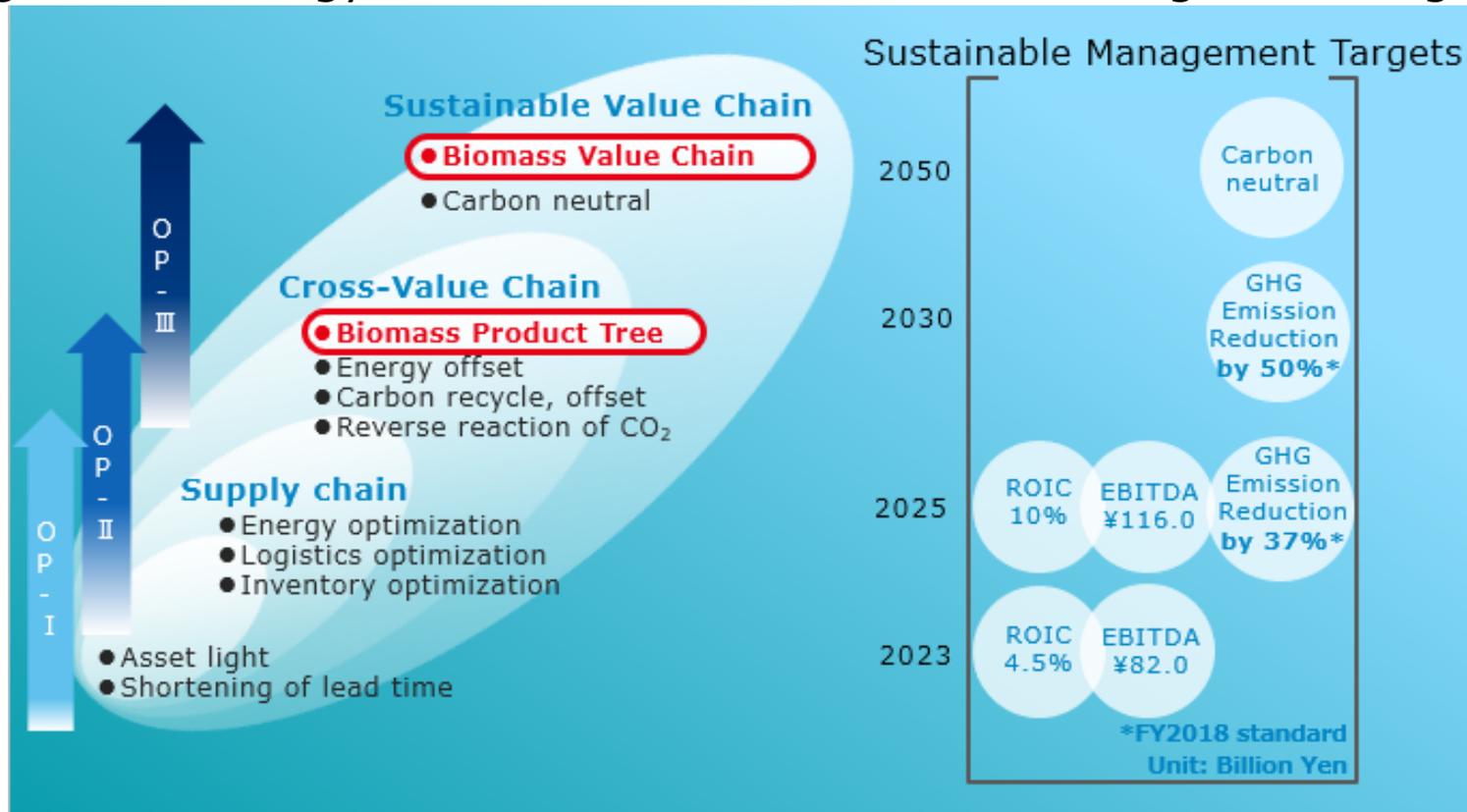
Life Saving Jacket
Work at heights, motorcycles,
horseback riding, etc.



Revised GHG emission target upward ~Reduce 50% by 2030~

The Daicel Group have revised upward the target of reducing greenhouse gas (GHG) emissions **by 50% by FY 2030 (compared with FY 2018).**

To achieve the goal of “carbon neutrality by 2050,” we will realize earth- and people-friendly processes through three step (Operation I - III) in our mid-term management strategy and achieve our sustainable management targets.



REFERENCES

Trend in Net Sales and Operating Income and Forecasts

(billion yen)

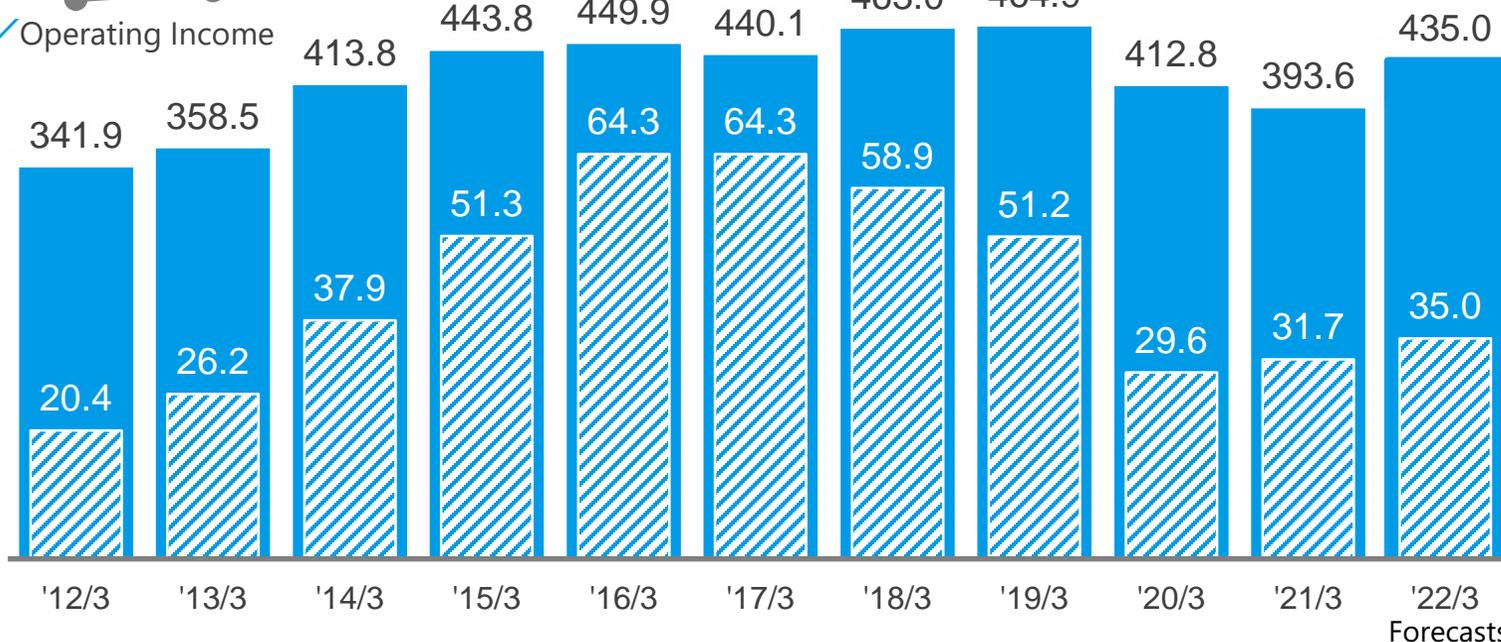
● Methanol(Asian spot price) (USD / ton)



● Exchange Rate(USD/JPY)



■ Net Sales / Operating Income



Quarterly Results for Sales and Operating income

(billion yen)

Net Sales	2021/3				2022/3
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	1 st Quarter
Medical / Healthcare	3.9	3.9	4.2	4.2	4.8
Smart	5.1	5.2	7.3	7.1	8.0
Safety	10.7	16.5	19.5	20.5	16.3
Materials	25.6	23.7	25.6	29.3	28.3
Engineering Plastics	35.2	39.5	46.5	47.4	51.5
Others	2.4	3.7	3.0	3.6	2.6
Total	82.9	92.4	106.0	112.2	111.4

Operating income	2021/3				2022/3
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	1 st Quarter
Medical / Healthcare	0.4	0.4	0.4	0.3	0.9
Smart	0.6	0.4	1.0	1.3	2.0
Safety	-2.3	0.6	2.2	1.7	0.7
Materials	3.9	3.6	3.4	7.1	6.0
Engineering Plastics	3.9	4.3	5.8	7.1	8.2
Others	0.4	0.5	0.4	0.2	0.5
Corporate	-3.8	-3.9	-3.6	-4.7	-4.4
Total	3.1	6.0	9.6	13.0	13.9

Financial Forecast (FY ending March 2022)

(billion yen)

		2022/3 Initial Forecasts			2022/3 Revised Forecasts			Change (B)-(A)
		1 st Half	2 nd Half	Total(A)	1 st Half	2 nd Half	Total(B)	
	Medical / Healthcare	8.5	9.5	18.0	9.5	9.5	19.0	+1.0
	Smart	13.5	12.5	26.0	15.5	12.5	28.0	+2.0
	Safety	34.0	38.0	72.0	35.0	38.5	73.5	+1.5
	Materials	49.5	51.5	101.0	55.5	53.0	108.5	+7.5
	Engineering Plastics	96.0	96.0	192.0	101.0	94.0	195.0	+3.0
	Others	5.5	5.5	11.0	5.5	5.5	11.0	+0.0
Net sales		207.0	213.0	420.0	222.0	213.0	435.0	+15.0
	Medical / Healthcare	0.8	0.7	1.5	1.6	0.7	2.3	+0.8
	Smart	2.3	0.7	3.0	3.5	0.7	4.2	+1.2
	Safety	1.5	3.0	4.5	3.0	3.5	6.5	+2.0
	Materials	7.0	3.5	10.5	10.5	3.5	14.0	+3.5
	Engineering Plastics	10.5	12.0	22.5	12.5	10.5	23.0	+0.5
	Others	0.7	0.8	1.5	0.8	0.8	1.6	+0.1
	Corporate	-8.8	-7.7	-16.5	-8.9	-7.7	-16.6	-0.1
Operating income		14.0	13.0	27.0	23.0	12.0	35.0	+8.0
Ordinary income		15.0	14.0	29.0	24.0	13.0	37.0	+8.0
Income attributable to owners of parent		11.0	11.0	22.0	16.0	8.0	24.0	+2.0
(ref.) Exchange rate USD/JPY		105	105	105	107	105	106	



Assumptions

		2021/3 Results		2022/3 Initial Forecasts		2022/3 Results & Revised Forecasts		
		1 st Half (Results)	2 nd Half (Results)	1 st Half (Forecasts)	2 nd Half (Forecasts)	1 st Quarter (Results)	2 nd Quarter (Forecasts)	2 nd Half (Forecasts)
Exchange rate (USD/JPY)		107	105	105	105	110	105	105
Raw Materials	Methanol Asian spot price (USD/ton)	192	316	280	280	357	340	340
	Crude Oil Dubai (USD/bbl.)	37	53	50	50	67	70	70
	Domestic Naphtha (JPY/kl)	27,500	34,500	32,000	32,000	48,000	48,000	48,000

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