

# Consolidated Financial Results for the Year Ended March 31, 2022

(All financial information has been prepared in accordance with Generally Accepted Accounting Principles in Japan)

May 11, 2022

Company name : DAICEL CORPORATION  
 Stock Exchange on which the shares are listed : Tokyo Stock Exchange in Japan  
 Code number : 4202  
 URL : https://www.daicel.com  
 Representative : Yoshimi Ogawa, President and CEO  
 Contact person : Masahiko Hirokawa, Executive Officer, Deputy General Manager of Corporate Support  
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 Scheduled date of the general meeting of shareholders : June 22, 2022  
 Scheduled date for submitting financial statements : June 23, 2022  
 Scheduled date for dividend payment : June 23, 2022  
 The additional materials of the Financial Results : Yes  
 The briefing session of the Financial Results : Yes (for institutional investors and analysts)

## 1. Consolidated Financial Results for the Year Ended March 31, 2022 (Amounts are rounded down to the nearest million)

### (1) Consolidated Operating Results (% of change from previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2022	467,937	18.9	50,697	59.8	57,291	65.2	31,254	58.5
Year ended Mar. 31, 2021	393,568	(4.7)	31,723	7.0	34,683	9.1	19,713	296.0

(Note) Comprehensive income: 49,901 millions of yen [10.4%] for the Year ended March 31, 2022 and 45,214 millions of yen [1,865.9%] for the Year ended March 31, 2021

	Profit per share	Diluted profit per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended Mar. 31, 2022	104.14	-	12.3	8.6	10.8
Year ended Mar. 31, 2021	65.18	-	6.6	5.6	8.1

(Reference) Share of profit of entities accounted for using equity method: 1,950 millions of yen for the Year ended March 31, 2022 and 1,785 millions of yen for the Year ended March 31, 2021

### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Year ended Mar. 31, 2022	698,836	279,544	38.9	919.88
Year ended Mar. 31, 2021	640,385	245,000	37.1	789.34

(Reference) Shareholders' equity: 272,017 millions of yen as of March 31, 2022 and 237,852 millions of yen as of March 31, 2021

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended Mar. 31, 2022	42,993	(46,528)	(5,452)	87,986
Year ended Mar. 31, 2021	57,869	(34,220)	(17,050)	90,747

## 2. Dividends

(Reference data)	Cash dividends per share					Dividends in total (Annual)	Dividend payout ratio (Consolidated basis)	Dividends to net assets (Consolidated basis)
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Year ended Mar. 31, 2021	-	16.00	-	16.00	32.00	9,642	49.1	3.3
Year ended Mar. 31, 2022	-	16.00	-	18.00	34.00	10,150	32.6	4.0
Year ending Mar. 31, 2023 (Forecast)	-	18.00	-	18.00	36.00		28.8	

### 3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2023

(% of change from same period of previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six months ending Sep. 30, 2022	266,000	18.3	23,000	(15.6)	24,000	(19.6)	18,500	(16.1)	62.56
Year ending Mar. 31, 2023	540,000	15.4	46,500	(8.3)	48,500	(15.3)	37,000	18.4	125.12

#### \*Notes

(1) Changes in significant subsidiaries during the Year ended Mar. 31, 2022 (Changes in specified subsidiaries that caused a change in the scope of consolidation): Applicable

New company : 2 (P Holdings, Inc. and DP Engineering Plastics (Nantong) Co.,Ltd. )

Excluded company : -

(2) Changes in accounting policies, changes in accounting estimates and restatements

i Changes in accounting policies due to revisions of accounting standards: Applicable

ii Changes in accounting policies other than (2)-i: Not applicable

iii Changes in accounting estimates: Not applicable

iv Retrospective restatements: Not applicable

(3) Number of shares issued (common share)

i Number of shares issued at the end of each period (Including treasury shares)	As of Mar. 31, 2022	302,942,682 shares	As of Mar. 31, 2021	302,942,682 shares
ii Number of treasury shares at the end of each period	As of Mar. 31, 2022	7,234,296 shares	As of Mar. 31, 2021	1,609,633 shares
iii Average number of shares during the each period (Cumulative from the beginning of the fiscal year)	Year ended Mar. 31, 2022	300,115,425 shares	Year ended Mar. 31, 2021	302,448,286 shares

(Reference) Overview of the Unconsolidated Financial Results

Unconsolidated Financial Results for the Year Ended March 31, 2022

(Amounts are rounded down to the nearest million)

(1) Unconsolidated Operating Results

(% of change from previous year)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2022	206,427	6.2	16,254	240.0	40,801	55.0	28,431	22.6
Year ended Mar. 31, 2021	194,371	(4.4)	4,781	47.5	26,319	67.5	23,190	181.7

	Profit per share	Diluted profit per share
	Yen	Yen
Year ended Mar. 31, 2022	94.73	-
Year ended Mar. 31, 2021	76.68	-

(2) Unconsolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Year ended Mar. 31, 2022	624,190	280,442	44.9	948.37
Year ended Mar. 31, 2021	599,050	265,492	44.3	881.06

(Reference) Shareholders' equity: 280,442 millions of yen as of March 31, 2022 and 265,492 millions of yen as of March 31, 2021

\*This Financial Results report is not subject to audit.

\*Explanations or other special matters to appropriate use of the forecast of consolidated financial results

The forecast of consolidated financial results and certain other statements contained in this document are forward-looking statements, which are rationally determined based on information currently available to the company. For a variety of reasons, actual performance may differ substantially from these projections.

## 5. Overview of the operating results

### (1) Overview of the operating results for ended March 2022

Looking at the world trends during the consolidated the fiscal year ended March 2022, although economic stagnation caused by the spread of COVID-19 has been recovering to some extent, the global economy remained uncertain due to further spread of COVID-19 and has been affected by decline in automobile production from the semiconductor shortage, logistics disruption and the situation in Ukraine.

Amid such circumstances, the Daicel Group has steadily seized sales opportunities offered by the recovery in demand and worked on sales price revisions and cost reductions.

As a result, sales revenue for the consolidated fiscal year under review totaled ¥467,937 million (up 18.9% year-on-year). On the income front, operating income amounted to ¥50,697 (up 59.8% year-on-year), ordinary income was ¥57,291 million (up 65.2% year-on-year), and net income attributable to owners of the parent was ¥31,254 (up 58.5% year-on-year)

(Unit: Million Yen)

	Net Sales	Operating Income	Ordinary Income	Net income attributable to owners of parent
<b>Year ended March 31, 2022</b>	467,937	50,697	57,291	31,254
Year ended March 31, 2021	393,568	31,723	34,683	19,713
Change from previous year	74,369	18,974	22,608	11,541
% of change	18.9	59.8	65.2	58.5

### Capital investment for the fiscal year under review

(Unit: Million Yen)

	Capital investment			Depreciation and amortization			R&D	Foreign exchange
	Tangible	Intangible	Total	Tangible	Intangible	Total		(USD/JPY)
<b>Year ended March 31, 2022</b>	36,988	3,851	40,840	24,650	2,297	26,948	20,741	112
Year ended March 31, 2021	37,538	2,016	39,555	23,768	2,062	25,830	19,540	106
Change from previous year	- 550	1,835	1,285	882	235	1,118	1,201	-
% of change	- 1.5	91.0	3.2	3.7	11.4	4.3	6.1	-

Note: Depreciation and amortization do not include amortization of goodwill.

Segment information is summarized as follows.

[Medical / Healthcare]

The healthcare business increased in sales revenue due to an increase in sales volume of cosmetic and health food ingredients.

The chiral separation business also increased in sales revenue due to an increase in sales volume of optical resolution columns in overseas.

The overall segment sales came to ¥19,494 million (up 20.3% year-on-year). Operating income amounted to ¥3,435 million (up 120.1% year-on-year) due to an increase of sales volume.

[Smart]

The display business, such as cellulose acetate for optical films, and high-performance films, registered growth in sales revenue due to higher sales volume as a result of a strong demand in LCD panels and new adaption of high-performance films.

The IC/Semiconductor business, such as solvents for printed electronics and resist materials, increased in sales revenue driven by higher sales volume due to a strong demand in semiconductor market and rising sales price by increase of material price.

The overall segment sales came to ¥32,490 million (up 31.5% year-on-year). Operating income amounted to ¥5,799 million (up 70.0% year-on-year), due to an increase of sales volume.

[Safety]

As acquisition of new orders, the automobile airbag inflator (gas-generation device) and other mobility business increased in sales volume, resulting in higher revenue compared to the prior fiscal year despite the impact of lower automobile production due to the semiconductor shortage.

Consequently, overall segment sales came to ¥69,455 million (up 3.3% year-on-year). Operating income also came to ¥5,189 million (up 132.6 % year-on-year) due to an increase of sales volume and recovery of utilization rate.

[Material]

Although there were changes in accounting standards resulting in decline in sales volume, acetic acid business registered growth in sales revenue due to rising market conditions.

Sales revenue of acetic acid derivatives increased due to rising market conditions.

Acetate tow sales revenue increased slightly due to the effect of foreign exchange although sales volume decreased due to a change in accounting standards.

Caprolactone derivatives and alicyclic-epoxy-resin recorded higher sales revenue driven by higher sales volume due to recovery in demand for electronic material applications and so on.

Consequently, overall segment sales amounted to ¥122,820 million (up 17.9 % year-on-year). Operating income amounted to ¥24,771 million (up 38.2% year-on-year), due to an increase of sales price.

[Engineering Plastics]

In the business of Polyplastics Co., Ltd., such as polyacetal (POM), polybutylene terephthalate (PBT) resin, and liquid crystal polymer (LCP), sales revenue increased driven by higher sales volume due to the recovery of demand for automobiles and smartphones, and revised sales prices.

In the business of Daicel Miraizu Ltd., such as ABS and engineering plastic alloy resin, barriers for food and water-soluble polymers, sales volume increased due to a strong demand resulting in an increase in sales.

Consequently, overall segment sales amounted to ¥212,267 million (up 25.9% year-on-year). Operating income was ¥25,758 million (up 21.7% year-on-year) due to an increase of sales volume and sales price revisions.

[Other Businesses]

Sales revenue of other businesses decreased due to lower sales volume of defense-related business.

Consequently, overall segment sales recorded ¥11,409 million (down 10.0% year-on-year). Operating income amounted to ¥1,766 million (up 19.2% year-on-year).

(2) Overview of financial position for the fiscal year under review

Total assets as of March 31, 2022 were ¥698,836 million, an increase of ¥58,451 million from March 31, 2021, due to increases in inventory and property, plant and equipment, despite a decrease in Cash and deposits.

Total liabilities were ¥419,292 million, an increase of ¥23,908 million from March 31, 2021, due to an increase in bills payable and accounts payable.

Total net assets were ¥279,544 million. Total shareholders' equity, which is calculated as the net assets minus non-controlling interests, was ¥272,017 million. Shareholders' equity ratio was 38.9%.

(3) Overview of cash flow for the fiscal year under review

Cash flow from operating activities

Cash flow from operating activities during the consolidated fiscal year under review was ¥42,993 million (vs. ¥57,869 million in the previous fiscal year). The increases in cash flow were mainly attributable to ¥46,283 million of net income before income taxes and ¥27,490 million of depreciation and amortization. Meanwhile, the main factor for the decreases in cash flow was ¥27,480 million of Decrease (increase) in inventories and a payment of ¥13,558 million for corporate income taxes.

Cash flow from investment activities

Cash flow from investment activities during the consolidated fiscal year under review was -¥46,528 million (vs. -¥34,220 million in the previous fiscal year). The main factors for the increase in cash flow were income of ¥2,809 million from the sale and redemption of investment securities. The main factors for the decrease in cash flow were expenditures of ¥43,494 million for the purchase of property, plant and equipment.

Cash flow from financing activities

Cash flow from financing activities during the consolidated fiscal year under review was -¥5,452 million (vs. -¥17,050 million in the previous fiscal year). The increases in cash flow were mainly attributable to 14,696 million of net increase (decrease) in short-term borrowing and ¥1,704 million of proceeds from long-term borrowings. Meanwhile, the main factors accounting for the decrease in cash flow were ¥5,037 million for repayments of long-term borrowing and ¥9,645 million in dividends paid.

As a result of the above, cash and cash equivalents on March 31, 2022 totaled ¥87,986 million.

Reference: Trends in cash flow indicators

	March 2019	March 2020	March 2021	March 2022
Shareholders' equity per total assets (%)	60.1	60.6	37.1	38.9
Shareholders' equity per total assets on market value basis (%)	60.3	41.0	40.1	34.6
Ratio of interest-bearing liabilities to cash flow (year)	1.8	1.6	4.7	6.6
Interest coverage ratio (times)	48.9	45.4	53.8	32.0

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

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

Ratio of interest-bearing debts to cash flow: Interest-bearing debts/Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/Interest expenses

1. Each indicator is calculated based on consolidated financial results.
2. Market capitalization is calculated by multiplying the closing price at year-end by the number of outstanding shares at year-end (excluding treasury stocks).
3. Cash flow from operating activities is the net cash reported on the consolidated statement of cash flow. Interest-bearing debts include all consolidated balance sheet-reported liabilities on which interest is paid. For interest expenses, the amount of interest payment reported on the consolidated statement of cash flow is used.

#### (4) Outlook

Although economic stagnation caused by the spread of COVID-19 has been improving to some extent, the future global economy is expected to remain uncertain due to further spread of new variants of COVID-19 and has been affected by a decline in automobile production from the semiconductor shortage, logistics disruption, soaring raw material and fuel prices and Russia's military invasion of Ukraine.

Amid such circumstances, in order to steadily seize sales opportunities offered by the recovery in demand, the Daicel Group will give top priority to securing product supply to our customers by closely coordinating the supply chain and strategically reviewing inventories. In addition, the Company will work on sales price revisions corresponding to rising raw material and fuel prices, logistics costs and cost reductions.

Regarding the Daicel Group's business forecast for the fiscal year ending March 31, 2023, although revenues are expected to increase due to increasing demand and sales price revisions, operating income and ordinary income are expected to decline due to the increase in raw material and fuel prices and a decline in the acetic acid market that had soared in the previous fiscal year. Net income attributable to owners of the parent is expected to increase due to an extraordinary loss recorded in the previous fiscal year.

Our anticipated earnings for the fiscal year ending March 31, 2023 are as follows.

##### Consolidated Earnings Estimates

Sales revenue	¥540.0billion	(up 15.4% year-on-year)
Operating income	¥46.5 billion	(down 8.3% year-on-year)
Ordinary income	¥48.5 billion	(down 15.3% year-on-year)
Net income attributable to owners of the parent	¥37.0 billion	(up 18.4% year-on-year)

For these forecasts, we assume an exchange rate of ¥115/US dollar, (Asian spot) methanol price of US\$430/ton, Dubai crude oil price of US\$100/bbl and domestic naphtha price of ¥78,000/kl.

The forecasts above are based on currently available information. Actual results may differ from these forecasts due to a number of factors.

#### Outlook for the fiscal year ending March 31, 2023

(Unit: Million Yen)

	Net Sales	Operating Income	Ordinary Income	Net income attributable to owners of parent
<b>Year ending March 31, 2023</b>	540,000	46,500	48,500	37,000
Year ended March 31, 2022	467,937	50,697	57,291	31,254
Change from previous year	72,063	- 4,197	- 8,791	5,746
% change	15.4	- 8.3	- 15.3	18.4

Outlook for sales by segment

(Unit: Million Yen)

	Medical / Healthcare	Smart	Safety	Material	Engineering plastics	Other Businesses
<b>Year ending March 31, 2023</b>	24,000	39,000	86,000	135,000	247,000	9,000
Year ended March 31, 2022	19,494	32,490	69,455	122,820	212,267	11,409
Change from previous year	4,506	6,510	16,545	12,180	34,733	- 2,409
% change	23.1	20.0	23.8	9.9	16.4	- 21.1

Outlook for operating income by segment

(Unit: Million Yen)

	Medical / Healthcare	Smart	Safety	Material	Engineering plastics	Other Businesses	Corporate
<b>Year ending March 31, 2023</b>	2,500	4,100	5,200	9,200	25,000	500	-
Year ended March 31, 2022	2,439	4,035	2,583	18,336	22,110	1,192	-
Change from previous year	61	65	2,617	- 9,136	2,890	-692	-
% change	2.5	1.6	101.3	- 49.8	13.1	- 58.1	-

Note: The method of allocating corporate expenses has been changed from the fiscal year ending March 2023 and the financial results for the year ended March 31 2022 reflect the use of this new method.

Outlook for capital investment, etc.

(Unit: Million Yen)

	Capital investment			Depreciation and amortization			R&D	Foreign exchange
	Tangible	Intangible	Total	Tangible	Intangible	Total		(USD/JPY)
<b>Year ending March 31, 2023</b>	69,000	3,000	72,000	27,000	2,500	29,500	21,000	115
Year ended March 31, 2022	36,988	3,851	40,840	24,650	2,297	26,948	20,741	112
Change from previous year	32,012	- 851	31,160	2,350	203	2,552	259	-
% change	86.5	- 22.1	76.3	9.5	8.8	9.5	1.2	-

Note: Depreciation and amortization do not include amortization of goodwill.

(5) Basic policy regarding profit distribution and dividends for the current and next fiscal years

Daicel's basic dividend policy is to distribute profits in a balanced manner that comprehensively considers maximizing asset efficiency, realizing optimal capital structure, securing soundness to maintain fund raising capacity, and stable dividends reflecting the consolidated business results. As for the number of dividend payments in each fiscal year, we pay dividends twice a year based on the date of record: at the end of the second quarter and at the end of the fiscal year.

Internal reserves will be applied to investment in business expansion and reinforcement of highly-profitable business structures, such as R&D for new business development and strengthening of existing businesses, new construction and expansion of facilities, and efficiency improvement measures.

Through future business development, we will ensure growing benefits to our shareholders. In our mid-term management strategic period (from the fiscal year ended March 2021 to the fiscal year ending March 2026), we are targeting a total return ratio of 40%, which is a combination of dividends and agile share buybacks, with the current dividend per share as the lower limit.

Based on the policy outlined above, we will hold discussions on the payment of an ordinary year-end dividend of ¥18 per share at the 156th Annual General Meeting of Shareholders to be held on June 22, 2022. This, together with the interim dividend of ¥16 per share that was already paid in December 2021, will achieve an annual dividend of ¥34 per share, an increase of ¥2 per share from the prior fiscal year, for a dividend payout ratio of 32.6% for the year under review.

Regarding the acquisition of treasury stock, the company acquired 6 million shares worth approximately ¥5 billion between November 2021 and February 2022. As a result, the shareholder return ratio for this fiscal year will be 48.6%. For the next fiscal year, Daicel currently plans to pay an annual dividend of ¥36 per share (including an interim dividend of ¥ 18), an increase of ¥2 per share from the prior fiscal year.

(6) Basic concept regarding the selection of accounting standards

The Daicel Group will continue to prepare consolidated financial statements in accordance with Japanese standards, while taking into account the need to compare consolidated financial statements across different accounting periods and companies.

The Daicel Group will adopt International Accounting Standards, as appropriate, in consideration of circumstances in Japan and overseas.

## 5. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2021	As of Mar. 31, 2022
Assets		
Current assets		
Cash and deposits	90,827	88,130
Notes and accounts receivable – trade	93,159	102,562
Securities	709	2,398
Inventories	108,659	142,002
Other	19,200	25,186
Allowance for doubtful accounts	(31)	(32)
Total current assets	312,524	360,247
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	61,999	61,408
Machinery, equipment and vehicles, net	67,289	71,823
Tools, furniture and fixtures, net	5,042	4,671
Land	30,306	31,660
Construction in progress	55,082	60,279
Total property, plant and equipment	219,720	229,843
Intangible assets		
Goodwill	2,410	363
Other	8,197	9,702
Total intangible assets	10,607	10,066
Investments and other assets		
Investment securities	75,352	73,246
Deferred tax assets	1,522	2,474
Retirement benefit asset	7,781	8,686
Other	12,935	14,314
Allowance for doubtful accounts	(58)	(42)
Total investments and other assets	97,532	98,679
Total non-current assets	327,860	338,589
Total assets	640,385	698,836

(Unit: Millions of Yen)

	As of Mar. 31, 2021	As of Mar. 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	49,419	61,888
Short-term borrowings	7,024	22,198
Current portion of long-term bonds payable	–	10,003
Current portion of long-term borrowings	5,003	12,272
Income taxes payable	4,582	5,529
Provision for repairs	2,852	–
Provision for environmental measures	–	14
Other	43,684	41,992
Total current liabilities	112,566	153,898
Non-current liabilities		
Bonds payable	140,003	130,000
Long-term borrowings	115,568	106,029
Deferred tax liabilities	13,684	16,311
Provision for retirement benefits for directors	80	89
Provision for repairs	–	1,052
Provision for environmental measures	195	125
Net defined benefit liability	7,923	6,623
Asset retirement obligations	1,268	1,255
Other	4,094	3,906
Total non-current liabilities	282,818	265,394
Total liabilities	395,384	419,292
Net assets		
Shareholders' equity		
Share capital	36,275	36,275
Capital surplus	–	14
Retained earnings	152,816	174,500
Treasury shares	(1,446)	(6,090)
Total shareholders' equity	187,645	204,699
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36,884	36,813
Deferred gains or losses on hedges	(27)	27
Foreign currency translation adjustment	8,689	25,966
Remeasurements of defined benefit plans	4,660	4,509
Total accumulated other comprehensive income	50,207	67,317
Non-controlling interests	7,148	7,526
Total net assets	245,000	279,544
Total liabilities and net assets	640,385	698,836

## (2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Net sales	393,568	467,937
Cost of sales	282,136	329,329
Gross profit	111,431	138,607
Selling, general and administrative expenses	79,708	87,910
Operating profit	31,723	50,697
Non-operating income		
Interest income	225	236
Dividend income	1,635	2,671
Share of profit of entities accounted for using equity method	1,785	1,950
Foreign exchange gains	53	1,685
Rental income from non-current assets	470	490
Subsidy income	233	357
Reversal of provision for environmental measures	1,083	-
Miscellaneous income	920	1,302
Total non-operating income	6,408	8,694
Non-operating expenses		
Interest expenses	1,195	1,361
Arrangement fee	430	-
Bond issuance costs	457	-
Miscellaneous expenses	1,364	739
Total non-operating expenses	3,448	2,100
Ordinary profit	34,683	57,291
Extraordinary income		
Gain on disposal of non-current assets	60	213
Gain on sales of investment securities	3,182	1,664
Total extraordinary income	3,243	1,878
Extraordinary losses		
Loss on retirement of non-current assets	1,099	2,901
Impairment losses	3,786	9,985
Total extraordinary losses	4,885	12,886
Profit before income taxes	33,040	46,283
Income taxes		
Income taxes – current	8,272	12,630
Income taxes – deferred	2,333	1,598
Total income taxes	10,605	14,229
Profit	22,435	32,053
Profit attributable to non-controlling interests	2,722	799
Profit attributable to owners of parent	19,713	31,254

## (3) Consolidated Statement of Comprehensive Income

(Unit: Millions of Yen)

	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Profit	22,435	32,053
Other comprehensive income		
Valuation difference on available-for-sale securities	10,357	(71)
Deferred gains or losses on hedges	46	55
Foreign currency translation adjustment	8,826	16,916
Remeasurements of defined benefit plans, net of tax	2,693	(92)
Share of other comprehensive income of entities accounted for using equity method	854	1,039
Total other comprehensive income	22,779	17,847
Comprehensive income	45,214	49,901
Comprehensive income attributable to		
owners of parent	42,055	48,364
non-controlling interests	3,159	1,536

## (4) Consolidated Statement of Cash Flows

(Unit: Millions of Yen)

	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Cash flows from operating activities		
Profit before income taxes	33,040	46,283
Depreciation	26,323	27,490
Impairment losses	3,786	9,985
Amortization of goodwill	1,081	705
Increase (decrease) in provision for environmental measures	(2,077)	(56)
Interest and dividend income	(1,861)	(2,907)
Interest expenses	1,195	1,361
Share of loss (profit) of entities accounted for using equity method	(1,785)	(1,950)
Loss (gain) on disposal of non-current assets	(60)	(213)
Loss on retirement of non-current assets	1,099	2,901
Loss (gain) on sale of investment securities	(3,182)	(1,664)
Decrease (increase) in trade receivables	(10,846)	(3,429)
Decrease (increase) in inventories	11,091	(27,480)
Increase (decrease) in trade payables	2,183	7,924
Other, net	2,461	(8,872)
Subtotal	62,449	50,074
Interest and dividends received	3,086	4,261
Interest paid	(1,076)	(1,342)
Income taxes paid	(9,976)	(13,558)
Income taxes refund	3,385	3,556
Net cash provided by (used in) operating activities	57,869	42,993
Cash flows from investing activities		
Net decrease (increase) in time deposits	1	(55)
Purchase of property, plant and equipment	(34,698)	(43,494)
Proceeds from sale of property, plant and equipment	74	876
Purchase of intangible assets	(2,091)	(3,977)
Purchase of investment securities	(916)	(165)
Proceeds from sale and redemption of investment securities	5,048	2,809
Purchase of shares of subsidiaries and associates	-	(329)
Loan advances	(18)	(400)
Collection of loans receivable	809	84
Other, net	(2,427)	(1,875)
Net cash provided by (used in) investing activities	(34,220)	(46,528)

(Unit: Millions of Yen)

	Year ended Mar. 31, 2021	Year ended Mar. 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(238)	14,696
Proceeds from long-term borrowings	88,177	1,704
Repayments of long-term borrowings	(10,484)	(5,037)
Proceeds from issuance of bonds	99,542	-
Purchase of treasury shares	(8,286)	(4,983)
Dividends paid	(10,415)	(9,645)
Dividends paid to non-controlling interests	(6,940)	(1,008)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(167,330)	(150)
Repayments of lease liabilities	(1,076)	(1,029)
Net cash provided by (used in) financing activities	(17,050)	(5,452)
Effect of exchange rate change on cash and cash equivalents	3,475	6,137
Net increase (decrease) in cash and cash equivalents	10,073	(2,850)
Cash and cash equivalents at beginning of period	80,674	90,747
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	89
Cash and cash equivalents at the end of period	90,747	87,986

(5) Notes to Consolidated Financial Statements

(Adoption of Accounting Standard for Revenue Recognition)

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter “Accounting Standard for Revenue Recognition”) and “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021) has been applied and recognized a revenue based on the amount estimated to be received in exchange for promised goods or services at the point when the control of such goods or services is transferred to the customer from the beginning of the fiscal year ending March 31, 2022. In accordance with the transitional treatment set forth in the proviso of “Accounting Standard for Revenue Recognition” paragraph 84, the cumulative effect applying the new accounting policy retrospectively before the beginning of the fiscal year ending March 31, 2022, is added to or subtracted from the retained earnings as of the beginning of the fiscal year ending March 31, 2022. However, hence applying “Accounting Standard for Revenue Recognition” paragraph 86, the new accounting standard is not applied retroactively before the beginning of the fiscal year ending March 31, 2022, to almost every contract which recognized revenue by previous treatment. As a result, “Net sales” decreased by ¥7,969 million, “Cost of sales” decreased by ¥7,173 million, and “Operating Profit,” “Ordinary profit” and “Profit before income taxes” decreased by ¥796 million. In addition, “Retained earnings” at the beginning of the fiscal year ending March 31, 2022, decreased by ¥26 million.

(Adoption of Accounting Standard for Fair Value Measurement)

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019, hereinafter “Accounting Standard for Fair Value Measurement”) and other has been applied from the beginning of the fiscal year ending March 31, 2022, and, in accordance with transitional measures set forth in “Accounting Standard for Fair Value Measurement” paragraph 19 and “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019) paragraph 44-2, “Accounting Standard for Fair Value Measurement” and other has been decided to be applied into the future.

These changes had no impact on the consolidated financial statements

(Changes in Scope of Consolidation or Scope of Equity Method Application)

(Significant Changes in Scope of Consolidation)

P Holdings, Inc. and DP Engineering Plastics (Nantong) Co.,Ltd. has been included in the scope of consolidation since it was newly established in the year ended March 31, 2022.

Polyplastics Marketing (India) Private Ltd. has been included in the scope of consolidation in the year ended March 31, 2022, since materiality has increased.

(6) Notes to Consolidated Statements of Income

Daicel group has recognized impairment losses on the following asset groups.

Year ended Mar. 31, 2021

(Unit: Millions of Yen)

Location	Use	Classification	Amount
Japan (Tatsuno-shi, Hyogo)	Manufacturing facilities for automobile airbag inflators and gas generants	Buildings and structures	2
		Machinery, equipment and vehicles	15
		Tools, furniture and fixtures	20
		Construction in progress	1,197
		Intangible assets and others	52
United States of America	Manufacturing facilities for automobile airbag inflators and gas generants	Construction in progress	304
-	Others	Goodwill	1,832
Others	Manufacturing facilities for packaging containers and others	Buildings and structures	86
		Machinery, equipment and vehicles	150
		Tools, furniture and fixtures	19
		Construction in progress	101
		Intangible assets and others	2
Total			3,786

(Asset grouping method)

Assets are grouped by the in-house company, SBU, or BU as a minimum unit.

(Circumstances causing impairment losses)

1. Manufacturing facilities for automobile airbag inflators and gas generants

It was considered difficult to recover the investment amounts due to the decline in the profitability of the inflator business in Japan and the U.S.A. Accordingly, we have written down the book value of the assets stated above at Harima Plant or in the U.S.A. to their recoverable value, and recorded the decreased amounts as "Impairment losses" under extraordinary losses. The recoverable values were measured at the net selling price which was based on the appraisal value of real estate.

2. Others

It was considered difficult to achieve the expected revenue due to the reevaluation of the business plan of the consolidated subsidiary, PI-CRYSTAL, INC. Accordingly, we have written down the unamortized balance of goodwill which was based on excess earning power and recorded the decreased amount as "Impairment losses" under extraordinary losses.

Year ended Mar. 31, 2022

(Unit: Millions of Yen)

Location	Use	Classification	Amount
Japan (Himeji-shi, Hyogo)	Manufacturing facilities for cosmetic raw materials	Construction in progress	8,385
-	Others	Goodwill	1,394
Others	Manufacturing facilities for automobile airbag inflators and others	Machinery and equipment Construction in progress	11 193
Total			9,985

(Asset grouping method)

Assets are grouped by the in-house company, SBU, or BU as a minimum unit.

(Circumstances causing impairment losses)

1. Manufacturing facilities for cosmetic raw materials

It was considered difficult to recover the investment amounts due to decline in the profitability of the healthcare business as the cosmetics market environment deteriorated on account of the impact of the COVID-19. Accordingly, we have written down the book value of the assets stated above, and recorded the decreased amounts as "Impairment losses" under extraordinary losses.

2. Others

The goodwill of Lomapharm GmbH, the consolidated subsidiary, which evaluation based on its excess earning power at the time of stock acquisition has been written down the entire unamortized balance due to the decline of its profitability. The decreased amount is recorded as "Impairment losses" under extraordinary losses.

(Calculation method of recoverable value)

The recoverable values were determined based on value in use.

The value in use for Manufacturing facilities for cosmetic raw materials was calculated by discounting future cash flow at a rate of 8.4%, and Others at 12.0%.

## 6. Segment Information

### <Main Products>

	Main products
Medical / Healthcare	Cosmetic raw materials, nutritional supplements, chiral columns and others
Smart	Cellulose acetate (for optical films for LCD), high-performance optical films, resistpolymers for semiconductors, solvents for electronic materials and others
Safety	Automobile airbag inflators, Pyro-Fuses and others
Materials	Acetic acid and derivatives, cellulose acetate (other than for optical films for LCD), acetate tow, caprolactone derivatives, alicyclic-epoxy-resin and others
Engineering Plastics	Polyacetal (POM), polybutylene terephthalate (PBT), liquid crystal polymer (LCP), ABS and engineering plastic alloy resins, various synthetic resin processed products and others
Others	Defense-related products, separation membrane modules for water treatment processes, transportation warehousing and others

Year ended Mar. 31, 2021

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Total	Corporate and eliminations	Consolidated
Net sales									
Outside customers	16,209	24,701	67,218	104,203	168,556	12,679	393,568	-	393,568
Intersegment sales	278	184	-	10,070	187	11,251	21,972	(21,972)	-
Total	16,488	24,885	67,218	114,273	168,743	23,930	415,540	(21,972)	393,568
Operating profit	1,561	3,412	2,231	17,921	21,172	1,482	47,782	(16,058)	31,723
Assets	35,214	24,145	90,552	153,895	174,149	17,039	494,995	145,390	640,385
Other									
Depreciation	1,384	1,580	4,721	9,026	6,939	481	24,133	1,697	25,830
Amortization of goodwill	242	366	472	-	-	-	1,081	-	1,081
Investment in equity method investees	-	-	-	8,720	2,541	-	11,262	-	11,262
Capital expenditure	8,657	2,030	8,786	11,598	7,082	579	38,734	820	39,555

Year ended Mar. 31, 2022

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Total	Corporate and eliminations	Consolidated
Net sales									
Outside customers	19,494	32,490	69,455	122,820	212,267	11,409	467,937	-	467,937
Intersegment sales	527	640	-	11,066	264	12,043	24,543	(24,543)	-
Total	20,021	33,131	69,455	133,887	212,531	23,453	492,481	(24,543)	467,937
Operating profit	3,435	5,799	5,189	24,771	25,758	1,766	66,722	(16,024)	50,697
Assets	27,424	27,101	75,411	163,792	225,326	14,155	533,212	165,624	698,836
Other									
Depreciation	1,388	1,972	5,029	9,046	7,000	589	25,027	1,921	26,948
Amortization of goodwill	204	-	500	-	-	-	705	-	705
Investment in equity method investees	-	-	-	10,180	3,056	-	13,236	-	13,236
Capital expenditure	1,017	2,929	7,688	18,800	7,357	783	38,577	2,263	40,840

## 7. Related Information

### (1) Product and Service Information

Year ended Mar. 31, 2022

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Total
Net sales to outside customers	19,494	32,490	69,455	122,820	212,267	11,409	467,937

### (2) Geographic Information

#### (i) Net sales

Year ended Mar. 31, 2022

(Unit: Millions of Yen)

Japan	Asia		Other	Total
	China	Other		
203,974	92,401	96,059	75,502	467,937

#### (ii) Property, plant and equipment

Year ended Mar. 31, 2022

(Unit: Millions of Yen)

Japan	Asia			Other	Total
	China	Malaysia	Other		
151,676	28,002	15,943	17,870	16,350	229,843

## 8. Information on Impairment Losses of Non-Current Assets by Reportable Segment

Year ended Mar. 31, 2022

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Corporate and eliminations	Total
Impairment losses	9,791	-	193	-	-	-	-	9,985

(Note) Medical / Healthcare has determined that it could not expect to generate cash inflows sufficient to recover the invested capital in future and we recorded Impairment losses of noncurrent assets and goodwill by ¥9,791 million for the year ended March 31, 2022.

## 9. Information on Amortization of Goodwill and Unamortized Balances by Reportable Segment

Year ended Mar. 31, 2022

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Corporate and eliminations	Total
Amortization	204	-	500	-	-	-	-	705
Ending balance	363	-	-	-	-	-	-	363

## 10. Significant Events After Reporting Period

### (Dissolution of overseas consolidated subsidiaries)

We resolved at the Board of Directors' meeting held on April 28, 2022 to dissolve its consolidated subsidiary, Daicel Safety Systems Korea, Inc. (hereinafter "DSSK").

#### (1) Background of the dissolution

DSSK has been manufacturing and selling automobile airbag inflators in South Korea, but since the start of commercial production in December 2013, it has been difficult to secure profits. Although we have been working to improve the business, we have determined that it will be extremely difficult to resolve this situation and have decided to dissolve DSSK.

#### (2) Outline of the subsidiary to be dissolved

Company name	Daicel Safety Systems Korea, Inc.	
Location	285, Yeongcheonsandan-ro, Geumho-eup, Yeongcheon-si, Gyeongsangbuk-do, 38899, Korea	
Representative	Representative of a board of directors, Yosuke Omae	
Business	Manufacture and sales of automotive airbag inflators	
Date of establishment	November 29, 2011	
Investment ratio	Daicel Corporation 100%	
Relationship between the listed company and the relevant company	Capital relationship	DSSK is a wholly-owned consolidated subsidiary of Daicel Corporation
	Personal relationship	An employee of Daicel Corporation doubles as a representative of DSSK
	Business relationship	Daicel Corporation sells products and raw materials to DSSK

#### (3) Date of dissolution

The liquidation will be completed as soon as the required procedures pursuant to local laws are completed. However, specific dates have not been determined at the current moment.

#### (4) Effect of the dissolution on profit and loss

The impact of this dissolution on the consolidated performance is immaterial.

### (Regarding unauthorized access to an overseas consolidated subsidiary)

On April 12, 2022, we confirmed that our consolidated subsidiary, Polyplastics Asia Pacific Sdn. Bhd. (Malaysia), received unauthorized access to its internal network by a third party. We promptly reported this to the local authorities and have cut off the system from the network that was illegally accessed and conducted an overhaul. On April 26, 2022, we have identified that this unauthorized access was caused by a ransomware (ransom demand virus) attack. We will continue to work with specialized agencies to address this issue.

The impact of this matter on the consolidated performance for the next fiscal year is currently assessing. If a significant impact on business performance is expected in the future, we will promptly announce it.