

# 1st Quarter Consolidated Financial Results for the Year Ending March 31, 2022

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

August 3, 2021

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  
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 General Manager, Investor Relations & Corporate Communications  
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 Scheduled date for submitting financial statements : August 10, 2021  
 Scheduled date for dividend payment : -  
 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 Three Months Ended June 30, 2021 (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	%
Three months ended Jun. 30, 2021	111,358	34.3	13,944	350.7	15,235	293.3	12,283	1,834.3
Three months ended Jun. 30, 2020	82,913	(20.2)	3,094	(66.3)	3,874	(59.2)	635	(88.1)

(Note) Comprehensive income: 19,069 millions of yen [3,231.6%] for the three months ended June 30, 2021 and 572 millions of yen [(87.4%)] for the three months ended June 30, 2020

	Profit per share	Diluted profit per share
	Yen	Yen
Three months ended Jun. 30, 2021	40.76	-
Three months ended Jun. 30, 2020	2.08	-

### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of Jun. 30, 2021	657,437	258,992	38.3	836.25
As of Mar. 31, 2021	640,385	245,000	37.1	789.34

(Reference) Shareholders' equity: 251,988 millions of yen as of June 30, 2021 and 237,852 millions of yen as of March 31, 2021

## 2. Dividends

(Reference data)	Cash dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2021	-	16.00	-	16.00	32.00
Year ending Mar. 31, 2022	-	-	-	-	-
Year ending Mar. 31, 2022 (Forecast)	-	16.00	-	16.00	32.00

(Note) Revisions to the latest announced dividend forecast: Not Applicable

## 3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2022

(% 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, 2021	222,000	26.6	23,000	152.6	24,000	136.1	16,000	388.8	53.10
Year ending Mar. 31, 2022	435,000	10.5	35,000	10.3	37,000	6.7	24,000	21.7	79.65

(Note) Revisions to the latest announced forecast of consolidated financial results: Applicable

\*Notes

- (1) Changes in significant subsidiaries during the three months ended Jun. 30, 2021: Not applicable  
(Note) Changes in specified subsidiaries that caused a change in the scope of consolidation
- (2) Adoption of specific accounting methods for presenting quarterly financial statements: Not applicable
- (3) 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 (3)-i: Not applicable
  - iii Changes in accounting estimates: Not applicable
  - iv Retrospective restatements: Not applicable

(4) Number of issued shares (common share)

i Number of issued shares at the end of each period (including treasury shares)	As of Jun. 30, 2021	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 Jun. 30, 2021	1,609,753 shares	As of Mar. 31, 2021	1,609,633 shares
iii Average number of shares during each period (Cumulative from the beginning of the fiscal year)	Three months ended Jun. 30, 2021	301,333,049 shares	Three months ended Jun. 30, 2020	305,958,162 shares

\*This Quarter Consolidated Financial Results report is not subject to quarterly review.

\*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.

#### 4. Overview of the operating results

##### (1) Overview of the operating results for the quarter under review

Looking at the world trends during the consolidated first quarter of the fiscal year ending March 2022 (three months ended June 30, 2021), although economic stagnation caused by the spread of COVID-19 has been recovering to some extent, the global economy remained uncertain due to re-spread of COVID-19 and has been affected by the semiconductor shortage.

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

As market demand has recovered compared to the same period last year which was affected by COVID-19, the sales revenue for the first quarter of the consolidated fiscal year under review totaled ¥111,358 million (up 34.3% year-on-year). On the income front, operating income amounted to ¥13,944 million (up 350.7% year-on-year), ordinary income was ¥15,235 million (up 293.3% year-on-year) and net income attribute to owners of the parent was ¥12,283 million (up 1,834.3% year-on-year).

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.

The overall segment sales came to ¥4,790 million (up 22.0% year-on-year). Operating income amounted to ¥850 million (up 107.3% year-on-year).

##### [Smart]

The display business, such as cellulose acetate for optical films and high-performance films, registered growth in sales revenue due to a recovery in demand, resulting in higher sales volume.

The IC/Semiconductor business, such as solvents for printed electronics and resist materials, increased in sales revenue due to a recovery in semiconductor market demand, resulting in higher sales volume, and other factors.

The overall segment sales came to ¥7,989 million (up 56.2% year-on-year). Operating income amounted to ¥1,974 million (up 229.5% year-on-year), due to an increase of sales volume and sales price revision.

##### [Safety]

As automobile production volume recovered, the automobile airbag inflator (gas-generation device) and other mobility business increased in sales volume, resulting higher revenue.

Consequently, overall segment sales came to ¥16,262 million (up 52.5% year-on-year). Operating income also came to ¥738 million (operating loss of 2,306 million yen in the same period of the previous year) due to an increase of sales volume and recovery of utilization rate.

##### [Material]

Although there were changes in accounting standards causing a decline in sales, 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 volume increased slightly as major overseas customers, hoping for market recovery, secured raw materials. This factor and the influence of exchange rates increased its sales revenue.

Caprolactone derivatives and alicyclic-epoxy-resin posted an increase due to recovery in demand for auto paint and electronic material applications, resulting in higher sales volume.

Consequently, overall segment sales amounted to ¥28,293 million (up 10.5 % year-on-year). Operating income amounted to ¥6,039 million (up 55.8% 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 volume increased significantly due to the recovery of demand for automobiles and smartphones, resulting in an increase in sales.

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 the recovery of demand for compound resin, resulting in an increase in sales.

Consequently, overall segment sales amounted to ¥51,467 million (up 46.2% year-on-year). Operating income was ¥8,202 million (up 109.6% year-on-year) due to an increase of sales volume.

#### [Other Businesses]

Sales revenue of other businesses increased due to higher sales volume of defense-related business.

Consequently, overall segment sales increased to ¥2,556 million (up 6.9% year-on-year). Operating income amounted to ¥532 million (up 24.6% year-on-year).

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

Total assets as of June 30, 2021 were ¥657,437 million, an increase of ¥17,052 million from March 31, 2021, due to increases in inventory, despite a decrease in notes and accounts receivable.

Total liabilities were ¥398,444 million, an increase of ¥3,060 million from March 31, 2021, due to an increase in bills payable and accounts payable.

Total net assets were ¥ 258,992 million. Total shareholders' equity, which is calculated as the net assets minus non-controlling interests, was ¥251,988 million. Shareholders' equity ratio was 38.3%.

### (3) Explanation regarding future forecast information of consolidated financial results

During the first quarter of the current fiscal year under review, our consolidated operating results have exceeded targets in each segment beyond our expectations. Despite the decline in automobile production caused by the semiconductor shortage which had a negative impact on some part of our operations, the growing demand for our products, such as ingredients for cosmetics, electronic material products and engineering plastics stimulated our sales volume, thus leading to an increase in our sales. Also, an upturn in product markets brought a positive influence on the operating results.

Under the circumstances of a rebound of COVID-19 and the semiconductor shortage, there is some uncertainty in the outlook of our business environment after the second quarter. Nevertheless, based on the business results for the first quarter of the current fiscal year, forecasts of demand and product market conditions, and revised assumptions concerning procurement prices of raw materials, the Company has revised its consolidated earnings forecasts upward for the first half and full fiscal year ending March 31, 2022 announced on May 12, 2021, as shown below. For details, please refer to the "Notice Concerning Revision of Earnings Forecast" released today.

<Forecast of Consolidated Financial Results for the Fiscal Year Ending March 31, 2022>

(Unit: Millions of Yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent company	Net income per share (Yen)
First-Half	222,000	23,000	24,000	16,000	53.10
Full-Year	435,000	35,000	37,000	24,000	79.65

\* The above business forecast is based on the information available at the time of writing. There are many uncertain factors inherent in projections, and there may be cases in which actual results materially differ from projections contained in this material.

## 5. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2021	As of Jun. 30, 2021
Assets		
Current assets		
Cash and deposits	90,827	85,255
Notes and accounts receivable – trade	93,159	86,707
Securities	709	1,010
Inventories	108,659	117,735
Other	19,200	25,448
Allowance for doubtful accounts	(31)	(31)
Total current assets	312,524	316,125
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	61,999	61,672
Machinery, equipment and vehicles, net	67,289	65,793
Land	30,306	31,279
Construction in progress	55,082	60,064
Other, net	5,042	4,813
Total property, plant and equipment	219,720	223,623
Intangible assets		
Goodwill	2,410	2,244
Other	8,197	9,404
Total intangible assets	10,607	11,648
Investments and other assets		
Investment securities	75,352	83,350
Other	22,238	22,747
Allowance for doubtful accounts	(58)	(57)
Total investments and other assets	97,532	106,039
Total non-current assets	327,860	341,311
Total assets	640,385	657,437

(Unit: Millions of Yen)

	As of Mar. 31, 2021	As of Jun. 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	49,419	51,145
Short-term borrowings	7,024	7,438
Current portion of long-term borrowings	5,003	5,973
Income taxes payable	4,582	2,856
Provision for environmental measures	2,852	2,685
Other	43,684	44,103
Total current liabilities	112,566	114,202
Non-current liabilities		
Bonds payable	140,003	140,003
Long-term borrowings	115,568	114,384
Deferred tax liabilities	13,684	17,443
Provision for retirement benefits for directors	80	82
Provision for repairs	195	141
Net defined benefit liability	7,923	7,701
Asset retirement obligations	1,268	1,276
Other	4,094	3,208
Total non-current liabilities	282,818	284,241
Total liabilities	395,384	398,444
<b>Net assets</b>		
Shareholders' equity		
Share capital	36,275	36,275
Retained earnings	152,816	160,350
Treasury shares	(1,446)	(1,446)
Total shareholders' equity	187,645	195,179
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36,884	42,953
Deferred gains or losses on hedges	(27)	(14)
Foreign currency translation adjustment	8,689	9,303
Remeasurements of defined benefit plans	4,660	4,567
Total accumulated other comprehensive income	50,207	56,808
Non-controlling interests	7,148	7,004
Total net assets	245,000	258,992
Total liabilities and net assets	640,385	657,437

## (2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Three months ended Jun. 30, 2020	Three months ended Jun. 30, 2021
Net sales	82,913	111,358
Cost of sales	60,904	75,891
Gross profit	22,009	35,467
Selling, general and administrative expenses	18,915	21,522
Operating profit	3,094	13,944
Non-operating income		
Interest income	67	64
Dividend income	545	577
Share of profit of entities accounted for using equity method	635	527
Other	403	553
Total non-operating income	1,652	1,724
Non-operating expenses		
Interest expenses	252	342
Foreign exchange losses	272	-
Other	347	91
Total non-operating expenses	872	433
Ordinary profit	3,874	15,235
Extraordinary income		
Gain on disposal of non-current assets	2	7
Total extraordinary income	2	7
Extraordinary losses		
Loss on retirement of non-current assets	225	122
Impairment losses	672	-
Total extraordinary losses	897	122
Profit before income taxes	2,978	15,121
Income taxes		
Income taxes - current	874	1,837
Income taxes - deferred	181	919
Total income taxes	1,055	2,756
Profit	1,923	12,364
Profit attributable to non-controlling interests	1,287	81
Profit attributable to owners of parent	635	12,283

## (3) Consolidated Statement of Comprehensive Income

(Unit: Millions of Yen)

	Three months ended Jun. 30, 2020	Three months ended Jun. 30, 2021
Profit	1,923	12,364
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,649)	6,068
Deferred gains or losses on hedges	(4)	12
Foreign currency translation adjustment	339	729
Remeasurements of defined benefit plans, net of tax	(3)	(92)
Share of other comprehensive income of entities accounted for using equity method	(32)	(12)
Total other comprehensive income	(1,350)	6,704
Comprehensive income	572	19,069
Comprehensive income attributable to		
owners of parent	(763)	18,894
non-controlling interests	1,335	184

## 6. Accounting Policy Changes

### (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 ¥2,078 million, “Cost of sales” decreased by ¥1,737 million, and “Operating Profit,” “Ordinary profit” and “Profit before income taxes” decreased by ¥341 million. In addition, “Retained earnings” at the beginning of the fiscal year ending March 31, 2022, decreased by ¥30 million.

### (Adoption of Accounting Standard for Fair Value Measurement)

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, March 21, 2021, 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, 2020) 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.

## 7. Segment Information

I Three months ended Jun. 30, 2020

### 1. Sales and Profit (Loss) by Reportable Segment

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Total	Corporate and eliminations	Consolidated
Net sales									
Outside customers	3,925	5,113	10,665	25,609	35,206	2,392	82,913	-	82,913
Intersegment sales	99	33	-	2,321	234	2,952	5,641	(5,641)	-
Total	4,025	5,147	10,665	27,930	35,440	5,345	88,554	(5,641)	82,913
Operating profit (loss)	410	599	(2,306)	3,875	3,913	427	6,921	(3,827)	3,094

### 2. Information on Impairment Loss of Non-Current Assets by Reportable Segment

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Corporate and eliminations	Total
Impairment loss	-	-	672	-	-	-	-	672

II Three months ended Jun. 30, 2021

### 1. Sales and Profit (Loss) by Reportable Segment

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Total	Corporate and eliminations	Consolidated
Net sales									
Outside customers	4,790	7,989	16,262	28,293	51,467	2,556	111,358	-	111,358
Intersegment sales	175	86	291	4,554	72	3,022	8,203	(8,203)	-
Total	4,966	8,075	16,553	32,847	51,540	5,579	119,562	(8,203)	111,358
Operating profit	850	1,974	738	6,039	8,202	532	18,338	(4,393)	13,944

### 2. Information on Impairment Loss of Non-Current Assets by Reportable Segment

Not applicable.

### 3. Matters Regarding the Changes in Reportable Segment

(Application of the Accounting Standard for Revenue Recognition)

As indicated in Accounting Policy Changes, "Accounting Standard for Revenue Recognition" and other has been applied from the beginning of the fiscal year ending March 31, 2022, and the measurement method for profit or loss in the Reportable Segment has changed due to the change of the accounting method for revenue recognition.

As a result, in the three months ended June 30, 2021, Net sales for the "Medical/Healthcare" segment decreased by ¥44 million and Operating profit decreased by ¥9 million, Net sales for the "Smart" segment increased by ¥2 million and Operating profit increased by ¥9 million, Net sales for the "Materials" segment decreased by ¥1,870 million and Operating profit decreased by ¥370 million, Net sales for the "Engineering Plastics" segment decreased by ¥157 million and Operating profit increased by ¥28 million, and Net sales for the "Others" segment decreased by ¥8 million compared using the previous accounting method.