

## 2nd 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)

November 5, 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  
 Phone +81-3-6711-8121  
 Scheduled date for submitting financial statements : November 12, 2021  
 Scheduled date for dividend payment : December 2, 2021  
 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 Six Months Ended September 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	%
Six months ended Sep. 30, 2021	224,817	28.2	27,259	199.3	29,835	193.5	22,046	573.6
Six months ended Sep. 30, 2020	175,346	(16.8)	9,107	(49.0)	10,166	(45.5)	3,273	(72.0)

(Note) Comprehensive income: 34,891 millions of yen [351.0%] for the six months ended September 30, 2021 and 7,737 millions of yen [14.5%] for the six months ended September 30, 2020

	Profit per share	Diluted profit per share
	Yen	Yen
Six months ended Sep. 30, 2021	73.15	-
Six months ended Sep. 30, 2020	10.78	-

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of Sep. 30, 2021	674,010	274,343	39.8	888.07
As of Mar. 31, 2021	640,385	245,000	37.1	789.34

(Reference) Shareholders' equity: 267,938 millions of yen as of September 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	-	16.00			
Year ending Mar. 31, 2022 (Forecast)			-	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
Year ending Mar. 31, 2022	448,000	13.8	38,000	19.8	42,000	21.1	24,000	21.7	79.55

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

\*Notes

- (1) Changes in significant subsidiaries during the six months ended Sep. 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 shares issued (common share)

i Number of shares issued at the end of each period (including treasury shares)	As of Sep. 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 Sep. 30, 2021	1,232,729 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)	Six months ended Sep. 30, 2021	301,392,123 shares	Six months ended Sep. 30, 2020	303,557,332 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. Qualitative Information on the Period under Review

##### (1) Overview of the operating results

Looking at the world trends during the consolidated second quarter of the fiscal year ending March 2022 (six months ended September 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 further spread of COVID-19 and has been affected by decline in automobile production because of the semiconductor shortage.

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.

Compared to the same period last year which was affected by COVID-19, the sales revenue for the consolidated second quarter of the fiscal year under review totaled ¥224,817million (up 28.2% year-on-year). On the income front, operating income amounted to ¥27,259 million (up 199.3% year-on-year), ordinary income was ¥29,835 million (up 193.5% year-on-year) and net income attribute to owners of the parent was ¥22,046 million (up 573.6% 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 ¥9,634 million (up 23.8% year-on-year). Operating income amounted to ¥1,896 million (up 132.4% 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.

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

The overall segment sales came to ¥15,445 million (up 49.7% year-on-year). Operating income amounted to ¥3,402 million (up 228.4% year-on-year), due to an increase of sales volume and sales price revisions.

##### [Safety]

As automobile production volume recovered, the automobile airbag inflator (gas-generation device) and other mobility business increased in sales volume, resulting in higher revenue compared to the same period in the prior fiscal year despite the impact of lower automobile production

Consequently, overall segment sales came to ¥31,897 million (up 17.3% year-on-year). Operating income also came to ¥2,396 million (operating loss of 1,668 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 resulting in decline in sales revenue, 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 and sales revenue decreased slightly 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 auto paint and electronic material applications.

Consequently, overall segment sales amounted to ¥58,049 million (up 17.8 % year-on-year). Operating income amounted to ¥11,646 million (up 55.6% 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 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 the recovery of demand for compound resin and water-soluble polymers, resulting in an increase in sales.

Consequently, overall segment sales amounted to ¥104,391 million (up 39.8% year-on-year). Operating income was ¥15,107 million (up 83.6% year-on-year) due to an increase of sales volume sales price revisions.

[Other Businesses]

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

Consequently, overall segment sales increased to ¥5,399 million (down 11.5% year-on-year). Operating income amounted to ¥756 million (down 19.2% year-on-year).

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

Total assets as of September 30, 2021 were ¥674,010 million, an increase of ¥33,625 million from March 31, 2021, due to increases in inventory, despite a decrease in notes and accounts receivable.

Total liabilities were ¥399,667 million, an increase of ¥4,283million from March 31, 2021, due to an increase in bills payable and accounts payable.

Total net assets were ¥274,343million. Total shareholders' equity, which is calculated as the net assets minus non-controlling interests, was ¥267,938 million. Shareholders' equity ratio was 39.8%.

(3) Overview of cash flow for the period under review

Cash and cash equivalents (“Cash”) in the cumulative consolidated second quarter amounted to ¥90,918 million.

Cash flow from operating activities

Cash flow from operating activities during the consolidated second quarter under review was +¥ 28,411million (vs. +¥21,861 million in the same period last year). The increases in cash flow were mainly attributable to ¥29,592 million of profit before income taxes and ¥12,934 million of depreciation and amortization. Meanwhile, the main factor for the decreases in cash flow was ¥14,042 million of decrease (increase) in inventories.

Cash flow from investment activities

Cash flow from investment activities during the consolidated second quarter under review was -¥21,289 million (vs. -¥18,112 million in the same period last year). The main factors for the decrease in cash flow were expenditures of ¥19,269 million for the purchase of property, plant and equipment.

Cash flow from financing activities

Cash flow from financing activities during the consolidated second quarter under review was -¥7,503 million (vs. -¥4,302 million in the same period last year). Meanwhile, the main factors accounting for the decrease in cash flow were an expenditure of 4,819 million in cash dividend payments, ¥2,027 million for repayments of long-term borrowings and ¥1,008 million for dividends paid to non-controlling interests.

(4) Explanation regarding future forecast information of consolidated financial results

Based on the business results for the consolidated second quarter of the current fiscal year, the Company has revised its consolidated earnings forecasts for the full fiscal year ending March 31, 2022 announced on August 3, 2021. For details, please refer to the “ Notice Regarding Differences between Consolidated Financial Forecast and Actual Results for Six-month Period ended September 30, 2021, and Revision to Consolidated Financial Forecast for Fiscal Year ending March 31, 2022” released today.

## 5. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2021	As of Sep. 30, 2021
Assets		
Current assets		
Cash and deposits	90,827	91,081
Notes and accounts receivable – trade	93,159	87,365
Securities	709	805
Inventories	108,659	123,524
Other	19,200	20,575
Allowance for doubtful accounts	(31)	(38)
Total current assets	312,524	323,314
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	61,999	61,246
Machinery, equipment and vehicles, net	67,289	69,184
Land	30,306	30,394
Construction in progress	55,082	57,794
Other, net	5,042	4,736
Total property, plant and equipment	219,720	223,355
Intangible assets		
Goodwill	2,410	2,044
Other	8,197	9,462
Total intangible assets	10,607	11,506
Investments and other assets		
Investment securities	75,352	91,512
Other	22,238	24,378
Allowance for doubtful accounts	(58)	(57)
Total investments and other assets	97,532	115,833
Total non-current assets	327,860	350,696
Total assets	640,385	674,010

(Unit: Millions of Yen)

	As of Mar. 31, 2021	As of Sep. 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	49,419	55,203
Short-term borrowings	7,024	7,884
Current portion of bonds payable	–	10,000
Current portion of long-term borrowings	5,003	11,846
Income taxes payable	4,582	4,199
Provision for repairs	2,852	1,505
Other	43,684	40,047
Total current liabilities	112,566	130,686
Non-current liabilities		
Bonds payable	140,003	130,003
Long-term borrowings	115,568	106,824
Deferred tax liabilities	13,684	19,734
Provision for retirement benefits for directors	80	84
Provision for repairs	–	253
Provision for environmental measures	195	144
Net defined benefit liability	7,923	7,463
Asset retirement obligations	1,268	1,265
Other	4,094	3,205
Total non-current liabilities	282,818	268,980
Total liabilities	395,384	399,667
<b>Net assets</b>		
Shareholders' equity		
Share capital	36,275	36,275
Capital surplus	–	14
Retained earnings	152,816	170,118
Treasury shares	(1,446)	(1,107)
Total shareholders' equity	187,645	205,301
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36,884	48,346
Deferred gains or losses on hedges	(27)	(1)
Foreign currency translation adjustment	8,689	9,816
Remeasurements of defined benefit plans	4,660	4,475
Total accumulated other comprehensive income	50,207	62,637
Non-controlling interests	7,148	6,404
Total net assets	245,000	274,343
Total liabilities and net assets	640,385	674,010

## (2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Six months ended Sep. 30, 2020	Six months ended Sep. 30, 2021
Net sales	175,346	224,817
Cost of sales	127,957	154,883
Gross profit	47,388	69,934
Selling, general and administrative expenses	38,281	42,674
Operating profit	9,107	27,259
Non-operating income		
Interest income	124	108
Dividend income	845	1,008
Share of profit of entities accounted for using equity method	1,000	964
Net foreign exchange gains	-	451
Other	762	1,018
Total non-operating income	2,733	3,550
Non-operating expenses		
Interest expenses	488	682
Net foreign exchange losses	584	-
Other	602	292
Total non-operating expenses	1,674	975
Ordinary profit	10,166	29,835
Extraordinary income		
Gain on disposal of non-current assets	27	140
Total extraordinary income	27	140
Extraordinary losses		
Loss on retirement of non-current assets	265	383
Impairment losses	1,530	-
Total extraordinary losses	1,795	383
Profit before income taxes	8,397	29,592
Income taxes		
Income taxes - current	2,485	6,624
Income taxes - deferred	199	681
Total income taxes	2,684	7,305
Profit	5,713	22,287
Profit attributable to non-controlling interests	2,440	240
Profit attributable to owners of parent	3,273	22,046

## (3) Consolidated Statements of Comprehensive Income

(Unit: Millions of Yen)

	Six months ended Sep. 30, 2020	Six months ended Sep. 30, 2021
Profit	5,713	22,287
Other comprehensive income		
Valuation difference on available-for-sale securities	1,829	11,462
Deferred gains or losses on hedges	13	25
Foreign currency translation adjustment	72	1,217
Remeasurements of defined benefit plans, net of tax	(4)	(182)
Share of other comprehensive income of entities accounted for using equity method	112	80
Total other comprehensive income	2,023	12,603
Comprehensive income	7,737	34,891
Comprehensive income attributable to		
owners of parent	5,300	34,476
non-controlling interests	2,436	414

## (4) Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

	Six months ended Sep. 30, 2020	Six months ended Sep. 30, 2021
Cash flows from operating activities		
Profit before income taxes	8,397	29,592
Depreciation	12,660	12,934
Impairment losses	1,530	-
Amortization of goodwill	541	372
Interest and dividend income	(970)	(1,116)
Interest expenses	488	682
Share of (profit) loss of entities accounted for using equity method	(1,000)	(964)
Loss (gain) on sale and retirement of non-current assets	238	242
Decrease (increase) in trade receivables	6,438	6,205
Decrease (increase) in inventories	7,214	(14,042)
Increase (decrease) in trade payables	(9,770)	5,552
Other, net	1,835	(6,852)
Subtotal	27,603	32,605
Interest and dividends received	1,024	1,121
Interest paid	(485)	(688)
Income taxes paid	(6,281)	(4,627)
Net cash provided by (used in) operating activities	21,861	28,411
Cash flows from investing activities		
Net decrease (increase) in time deposits	-	(82)
Purchase of property, plant and equipment	(15,671)	(19,269)
Proceeds from sale of property, plant and equipment	12	651
Purchase of intangible assets	(883)	(2,409)
Purchase of investment securities	(203)	(102)
Proceeds from sale and redemption of investment securities	313	721
Loan advances	(18)	(91)
Proceeds from collection of loans receivable	56	41
Other, net	(1,717)	(750)
Net cash provided by (used in) investing activities	(18,112)	(21,289)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,178	882
Proceeds from long-term borrowings	16,118	19
Repayments of long-term borrowings	(2,524)	(2,027)
Purchase of treasury shares	(8,285)	(0)
Dividends paid	(5,594)	(4,819)
Dividends paid to non-controlling interests	(5,225)	(1,008)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(411)	(150)
Repayments of lease liabilities	(556)	(398)
Net cash provided by (used in) financing activities	(4,302)	(7,503)
Effect of exchange rate change on cash and cash equivalents	160	463
Net increase (decrease) in cash and cash equivalents	(392)	81
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	80,281	90,918

## 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 ¥3,322 million, “Cost of sales” decreased by ¥2,985 million, and “Operating Profit,” “Ordinary profit” and “Profit before income taxes” decreased by ¥337 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, 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 Six months ended Sep. 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	7,784	10,316	27,187	49,285	74,671	6,101	175,346	-	175,346
Intersegment sales	144	72	-	4,070	568	6,636	11,492	(11,492)	-
Total	7,929	10,388	27,187	53,356	75,239	12,738	186,839	(11,492)	175,346
Operating profit (loss)	816	1,036	(1,668)	7,485	8,228	936	16,834	(7,727)	9,107

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

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Corporate and eliminations	Total
Impairment losses	-	-	1,530	-	-	-	-	1,530

II Six months ended Sep. 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	9,634	15,445	31,897	58,049	104,391	5,399	224,817	-	224,817
Intersegment sales	282	230	527	9,374	155	6,038	16,607	(16,607)	-
Total	9,916	15,675	32,424	67,424	104,547	11,437	241,425	(16,607)	224,817
Operating profit	1,896	3,402	2,396	11,646	15,107	756	35,206	(7,946)	27,259

### 2. Information on Impairment Losses 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 six months ended September 30, 2021, Net sales for the "Medical/Healthcare" segment decreased by ¥16 million and Operating profit decreased by ¥2 million, Net sales for the "Smart" segment decreased by ¥162 million and Operating profit decreased by ¥154 million, Net sales for the "Materials" segment decreased by ¥2,858 million and Operating profit decreased by ¥189 million, Net sales for the "Engineering Plastics" segment decreased by ¥272 million and Operating profit increased by ¥9 million, and Net sales for the "Others" segment decreased by ¥11 million compared using the previous accounting method.