Fiscal Year ended March 2021 Consolidated Financial Results

May 12, 2021

DAICEL
Sustainable Value Together

DAICEL CORPORATION

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Notes: Apply ASBJ Statement No. 29, Accounting Standard for Revenue Recognition, from the beginning of the fiscal year ending March 2022. The consolidated earnings forecast is the amount after applying the relevant accounting standards, and reference values are listed in the rate of increase / decrease from the previous fiscal year.

Financial Results

(billion yen)

	20/3 Results	21/3 Forecasts*	21/3 Results	Y o Y		vs Forecasts	
				Change	%	Change	%
Net Sales	412.8	388.0	393.6	-19.3	-4.7%	+5.6	+1.4%
Operating Income	29.6	28.0	31.7	+2.1	+7.0%	+3.7	+13.3%
Ordinary Income	31.8	29.5	34.7	+2.9	+9.1%	+5.2	+17.6%
Income Attributable to Owners of Parent	5.0	18.0	19.7	+14.7	+296.0%	+1.7	+9.5%
Exchange Rate USD/JPY	109	106	106				

In the fiscal year ended March 2021, although sales declined due to sluggish demand in various industries due to the COVID-19, the Group has steadily seized sales opportunities due to the recovery of automobile production demand, worked hard to reduce cost, and recovered its business performance over the period. In addition, the factors behind the increase in net income attributable to owners of the parent company were the recording of an extraordinary loss related to structural reforms such as the inflator business in the previous fiscal year, and the acquisition of Polyplastics as a wholly owned subsidiary in October 2020 (ownership ratio 55% to 100%).

Compared to the forecast announced in Feb. 2021, profits exceeded expectations due to price revisions associated with rising acetic acid market conditions and sales expansion in response to product demand recovery.

* The forecasts were announced on February 3, 2021.

Net Sales and Operating Income by Segment

(billion yen)

Net Sales

	20/3 Results	21/3 Forecasts*	21/3 Results	Y o Y		vs Forecasts	
				Change	%	Change	%
Medical / Healthcare	15.1	15.5	16.2	+1.1	+7.4%	+0.7	+4.6%
Smart	25.3	25.0	24.7	-0.6	-2.6%	-0.3	-1.2%
Safety	74.8	67.0	67.2	-7.6	-10.1%	+0.2	+0.3%
Materials	109.4	100.5	104.2	-5.2	-4.7%	+3.7	+3.7%
Engineering Plastics	176.1	167.5	168.6	-7.6	-4.3%	+1.1	+0.6%
Others	12.1	12.5	12.7	+0.6	+4.9%	+0.2	+1.4%
Total	412.8	388.0	393.6	-19.3	-4.7%	+5.6	+1.4%

Operating Income

	20/3 Results	21/3 Forecasts*	21/3 Results	Y o Y		vs Forecasts	
				Change	%	Change	%
Medical / Healthcare	1.3	1.5	1.6	+0.2	+16.6%	+0.1	+4.1%
Smart	3.4	3.0	3.4	+0.1	+1.9%	+0.4	+13.7%
Safety	3.3	2.5	2.2	-1.1	-32.4%	-0.3	-10.8%
Materials	15.8	15.0	17.9	+2.1	+13.3%	+2.9	+19.5%
Engineering Plastics	20.9	19.5	21.2	+0.3	+1.3%	+1.7	+8.6%
Others	0.8	1.5	1.5	+0.7	+82.1%	-0.0	-1.2%
Corporate	-15.9	-15.0	-16.1	-0.2	-1.1%	-1.1	-7.1%
Total	29.6	28.0	31.7	+2.1	+7.0%	+3.7	+13.3%

* The forecasts were announced on February 3, 2021.

Net Sales and Operating Income by Segment (Y o Y Analysis)

(billion yen)

Net Sales	20/3 Results	21/3 Results	Change	%	Analysis		
					Quantity	Prices	Exchange rate Impact
Medical / Healthcare	15.1	16.2	+1.1	+7.4%	+2.3	-1.2	-0.3
Smart	25.3	24.7	-0.6	-2.6%	-0.8	+0.2	-0.1
Safety	74.8	67.2	-7.6	-10.1%	-6.4	-1.2	-1.2
Materials	109.4	104.2	-5.2	-4.7%	-0.7	-4.5	-1.6
Engineering Plastics	176.1	168.6	-7.6	-4.3%	-2.8	-4.8	-2.3
Others	12.1	12.7	+0.6	+4.9%	+0.6	-	-
Total	412.8	393.6	-19.3	-4.7%	-7.8	-11.4	-5.5

Operating Income	20/3 Results	21/3 Results	Change	%	Analysis			
					Quantity	Prices	Exchange rate Impact	Others
Medical / Healthcare	1.3	1.6	+0.2	+16.6%	+1.1	-0.9	-0.1	-0.0
Smart	3.4	3.4	+0.1	+1.9%	-0.5	+1.5	-0.1	-0.9
Safety	3.3	2.2	-1.1	-32.4%	-5.4	-1.1	-0.1	+5.4
Materials	15.8	17.9	+2.1	+13.3%	-1.3	+1.2	-0.9	+2.2
Engineering Plastics	20.9	21.2	+0.3	+1.3%	+0.2	+1.6	-0.6	-1.5
Others	0.8	1.5	+0.7	+82.1%	+0.7	-	-	-
Corporate	-15.9	-16.1	-0.2	-1.1%	-	-	-	-0.2
Total	29.6	31.7	+2.1	+7.0%	-5.2	+2.3	-1.8	+5.0

*Exchange rate impact is included in price impact.

Business Situation for the 4th Quarter

The recovery trend from sluggish demand due to the impact of COVID-19 continued.

Medical / Healthcare	・Domestic demand for 1,3-BG(Cosmetic ingredients) remain sluggish, although sales volume of some customers exceeded the plan. Sales to China are strong. ・In the chiral separation business, columns sales for China and Europe exceeded the plan.
Smart	・ The LCD panel market continued to recover, and sales of cellulose acetate for LCD films exceeded the plan. ・ Sales of electrical materials, solvents and resist materials exceeded the plan due to strong demand in the semiconductor and LCD panel markets.
Safety	・Due to the recovery of automobile production, inflator sales volume was almost as planned.
Materials	・Sales of Acetic acid exceeded the plan due to the recovery of demand and recovery of market condition. ・Sales of Acetate tow was almost as planned. ・Sales were higher than expected due to strong demand for caprolactone derivatives and alicyclic epoxy resins.
Engineering Plastics	・ Sales of polyacetal resin, etc. exceeded the plan due to the recovery of demand for automobile parts.

Consolidated Balance Sheet

(billion yen)

	Mar. 31, 2020	Mar. 31, 2021	Change
Total Current Assets	298.0	312.5	+14.5
Cash, Deposits and Short-term Investment Securities	81.4	91.5	+10.2
Notes and Accounts Receivable-trade	79.5	93.2	+13.7
Inventories	117.4	108.7	-8.8
Other	19.7	19.2	-0.6
Total Non-Current Assets	300.0	327.9	+27.9
Property, Plant and Equipment	204.3	219.7	+15.4
Intangible Fixed Assets	13.4	10.6	-2.8
Investments and Other Assets	82.2	97.5	+15.3
Total Assets	**598.0**	**640.4**	**+42.4**
Liabilities	205.4	395.4	+190.0
Interest-bearing Liabilities	92.8	270.9	+178.2
Other	112.6	124.4	+11.8
Total Net Assets	392.6	245.0	-147.6
Total Liabilities and Net Assets	**598.0**	**640.4**	**+42.4**

As of March 31, 2021, net assets decreased and liabilities increased compared to March 31, 2020. The main reason is the acquisition of additional shares of Polyplastics to make it wholly owned subsidiary, therefore we issued 100 billion of corporate bonds and borrowed 67 billion yen of long-term debt.

(The additional acquisition cost of the shares is USD1,575 million.)

Regarding selling cross-holding shares: we sold all 3 cross-holding shares and a part of 2 cross-holding shares in the fiscal year ended March 2021.

Consolidated Cash Flow Statement

(billion yen)

	2020/3	2021/3	Change
Cash Flows from Operating Activities	57.2	57.9	+0.7
Cash Flows from Investing Activities	-45.9	-34.2	+11.6
Free Cash Flows	11.3	23.6	+12.3
Cash Flows from Financing Activities	-47.9	-17.1	+30.8
Other	-2.8	3.5	+6.3
Net Increase (Decrease) in Cash and Cash Equivalents	-39.3	10.1	+49.4
Cash and Cash Equivalents at End of Period	80.7	90.7	+10.1

In the fiscal year ended March 2021, we raised funds to secure a financial base in case of an emergency such as the spread of COVID-19. As a result, cash outflows from financing activities decreased and cash and cash equivalents at the end of the period increased compared to the previous fiscal year.

Expenditures from the additional acquisition of Polyplastics shares and income from financing for this acquisition shares are offset within the Cash Flows from Financing Activities.

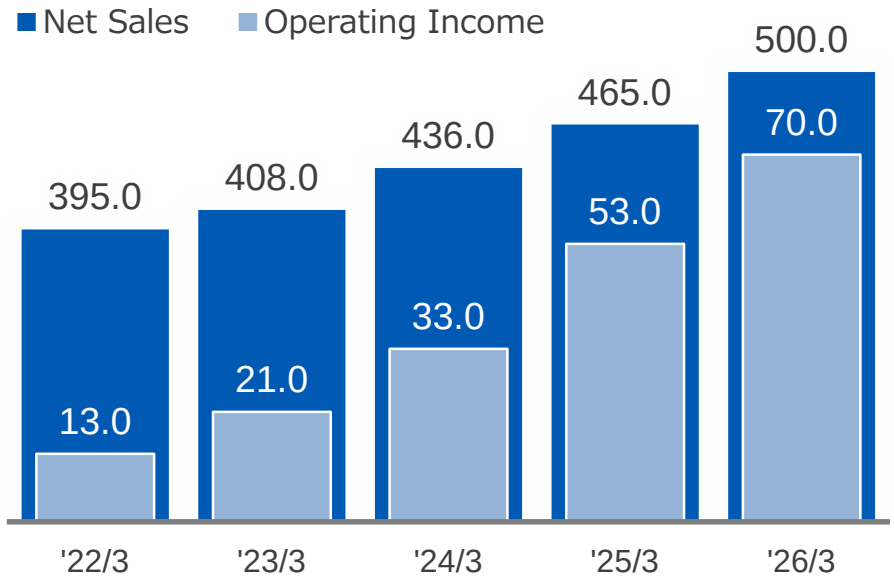
Forecasts for the Fiscal Year ending March 2022

(billion yen)

	21/3 Results	22/3 Forecasts	Change	%
Net Sales	393.6	420.0	+26.4	+6.7%
Operating Income	31.7	27.0	-4.7	-14.9%
Ordinary Income	34.7	29.0	-5.7	-16.4%
Income Attributable to Owners of Parent	19.7	22.0	+ 2.3	+11.9%
Exchange Rate USD/JPY	106	105		

R O I C	4.1%	3.4%
E B I T D A	58.6	59.7

Reference: Targets of Mid-term Management Strategy



1.5%	2.5%	4.5%	7.0%	10.0%
60.0	68.0	82.0	100.0	116.0

Upper row: ROIC, Lower row: EBITDA

Key Points of Forecast for the Fiscal Year ending March 2022

◇ Demand recovery continuing from the 2nd half of previous fiscal year contributes to annual performance.
- ・Increase sales volume reflecting demand recovery.
- ・Conduct price revision reflecting demand and market conditions

◇ North American cold wave, shortage of semiconductor supply will have some impact on automobiles market. Although these are risks, it is not expected to have a significant impact on business performance.

◇ Equity acquired in October 2020 when POLYPLASTICS became a wholly-owned subsidiary contributes to annual performance.

◇ Large-scale investment projects start operations
- ・CO（Acetic acid raw material) Plant Dec. 2021
- ・1,3-BG (Cosmetic ingredients) Plant Jan. 2022

} Total depreciation cost will increase by about ¥5 billion compared to the previous year.

Changing points from mid-term Management Strategy

◇ Changes in Market condition
- ・Recovery condition from sluggish demand due to COVID-19 (Recovery prospected in Oct. 2020 in strategy)
- ・Impact such as semiconductor shortage

◇ Change in commercial operation of large-scale investment equipment
- ・CO（Acetic acid raw material) Plant Jun. 2021 ⇒ Dec. 2021
- ・1,3-BG (Cosmetic ingredients) Plant Apr. 2021 ⇒ Jan. 2022

} Total depreciation cost will decrease by about ¥8 billion.

◇ Change of exchange assumptions
- ・¥100/US$ ⇒ ¥105/US$
- ・One yen swing in the value of the dollar translates into to a gain or loss of ¥600 million at the operating level. (Yen depreciation increases profits)

Forecasts - Net Sales and Operating Income by Segment

(billion yen)

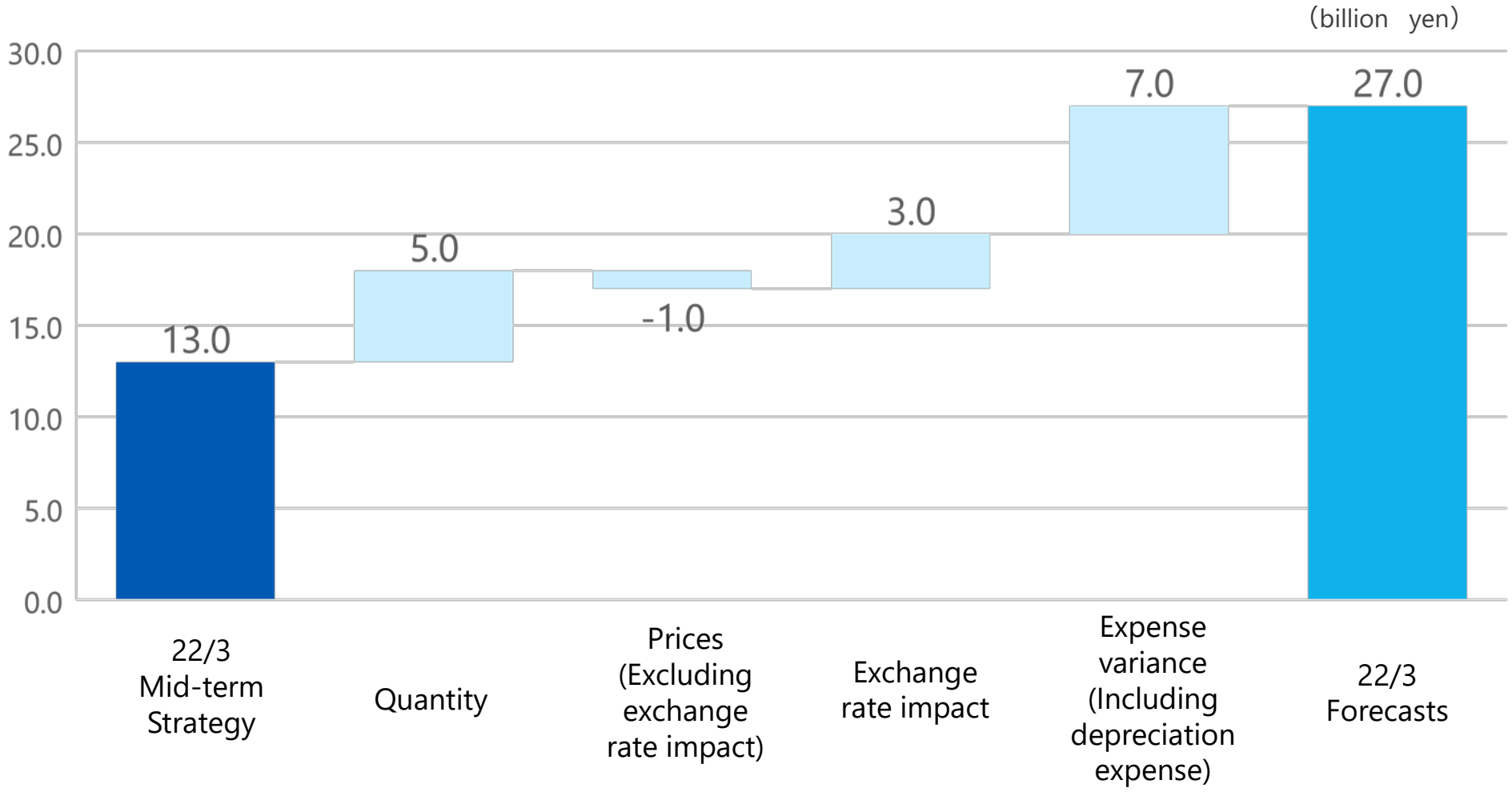
Net Sales

	21/3 Results	22/3 Mid-term Strategy	22/3 Forecasts	Y o Y		vs Mid-term Strategy	
				Change	%	Change	%
Medical / Healthcare	16.2	17.0	18.0	+1.8	+11.0%	+1.0	+5.9%
Smart	24.7	26.0	26.0	+1.3	+5.3%	+0.0	+0.0%
Safety	67.2	68.0	72.0	+4.8	+7.1%	+4.0	+5.9%
Materials	104.2	100.0	101.0	-3.2	-3.1%	+1.0	+1.0%
Engineering Plastics	168.6	174.0	192.0	+23.4	+13.9%	+18.0	+10.3%
Others	12.7	10.0	11.0	-1.7	-13.2%	+1.0	+10.0%
Total	393.6	395.0	420.0	+26.4	+6.7%	+25.0	+6.3%

Operating Income

	21/3 Results	22/3 Mid-term Strategy	22/3 Forecasts	Y o Y		vs Mid-term Strategy	
				Change	%	Change	%
Medical / Healthcare	1.6	-2.5	1.5	-0.1	-3.9%	+4.0	-
Smart	3.4	1.5	3.0	-0.4	-12.1%	+1.5	+100.0%
Safety	2.2	4.5	4.5	+2.3	+101.7%	+0.0	+0.0%
Materials	17.9	7.0	10.5	-7.4	-41.4%	+3.5	+50.0%
Engineering Plastics	21.2	18.0	22.5	+1.3	+6.3%	+4.5	+25.0%
Others	1.5	1.0	1.5	+0.0	+1.2%	+0.5	+50.0%
Corporate	-16.1	-16.5	-16.5	-0.4	-2.8%	+0.0	+0.0%
Total	31.7	13.0	27.0	-4.7	-14.9%	+14.0	+107.7%

Forecasts - Operating Income（vs Mid-term Management Strategy Analysis ）



Assumptions for Forecasts (By Segment)

	Market Environment	Business Situation / Actions
Medical / Healthcare	・Domestic demand for Cosmetic market decreased significantly due to COVID-19, a gradual recovery trend is expected. Demand growing in China. ・Price competition is expected to intensify in the Chinese market. ・Health food market remains strong due to increased health awareness. ・Market for pharmaceutical companies will remain strong, and customer operations at University and research institutes, etc. are expected to recover globally.	・New 1.3BG plant at Aboshi plant will start commercial operation from Jan. 2022. ・While supplying high value-added products to customers, expand market share in the growing Chinese market due to thorough cost reduction. ・Spherical cellulose acetate particles, BELLOCEA®, to capture replacement demand from Microplastic beads. ・Frabocell (equol) to establish stable supply system by increased production capacity, capture domestic potential demand and consider sales overseas. ・Chromatography business such as Chiral Column / stationary phases, and separation services are expected to continue to perform well. ・Analysis service business in India will try to increase new services such as Peptides, etc., and Genomics business in America will aim to expand sales centered on agribio field.

Assumptions for Forecasts (By Segment)

	Market Environment	Business Situation / Action
Smart	・LCD panel market expects 40% year-on-year growth. ・Other material film expanding market share.	・Improvement in cellulose acetate for liquid crystal film (TAC) to increase competitiveness and expand sales.
	・Semiconductor market is expected to remain strong due to investment plan of devices makers reflecting spread of 5G and highly demand in smartphone and data centers.	・Full production and sales expected for electrical materials solvents and resist materials, reflecting increased demand. Focus on providing a lineup of ultra-high-purity solvents, resist materials such as EUV, and new process materials, and consider increasing capacity to meet increasing demand.
	・High performance film is expected to recover its demand after 2nd quarter, although demand for in-vehicle products to decrease temporarily due to global semiconductor shortage. Introduction of ICT to accelerate in various markets such as education field by the impact of COVID-19..	・In addition to in-vehicle display applications, high performance film to develop its sales into new growth areas such as pen input display applications, antibacterial and antiviral products. ・Started sales of moisture permeable membrane sheet for "thin total heat exchanger unit for housing" co-created with customers.

Assumptions for Forecasts (By Segment)

	Market Environment	Business Situation / Action
Safety	・Automobile production is expected to increase by 10% year-on-year, but due to a shortage of materials such as semiconductors and re-expansion of COVID-19, there will be about 2~3% of downside risk. ・ Due to the possibility of local procurement, the impact of the shortage of semiconductors by local Chinese manufacturers is expected to be small. ・Spread of COVID-19 in India has affected automobile production since end of April.	・Inflator sales volume is expected to increase in the high 10% range from the previous year due to the acquisition of new order programs and recovery in demand in Japan and America (a decrease of about 2% due to semiconductor shortages is factored in in the first quarter). ・Sales to China have already recovered from the previous year and increased slightly. ・Spread of COVID-19 in India will affect only a small proportion of the total business. There will be no impact on the schedule for launching the production site in India in December 2023.

Assumptions for Forecasts (By Segment)

	Market Environment	Business Situation / Action
Safety	・Assuming an increase in labor costs of 5% to 7% excluding Japan.	・Improve labor productivity by automating equipment and reducing personnel. Increase the automation rate to 60%, up 6% from the previous year, and improve productivity per direct personnel(Quantity / Person) by 15%.
	・Supply chain disruption risk between America and China.	・Decided on the production layout after the consolidation and abolition of production bases, assuming supply chain disruption between America and China.
	・Spread of electric car.	・We have started Pyro-Fuse sales in Europe, and promote marketing activity toward market expansion after 2023.

Assumptions for Forecasts (By Segment)

	Market Environment	Business Situation / Action
Materials	・Demand for acetic acid and acetic acid derivatives are expected to continue to remain strong, and market conditions in the first half are also expected to remain higher than the previous year. ・The main market demand for acetate tow is expected to remain same as previous year when it fell by about 6% due to effect of COVID 19, or slightly decrease. ・The need for environmental materials is increasing due to the growing global awareness of the environment. ・Demand for caprolactone derivatives and epoxy compounds will continue to recover from the second half of 2020 for automobile applications and electronic material applications.	・Postponement of CO plant operation in Dec 2022. ・Implement price revision reflecting rising market conditions. However, sales volume is expected to decrease due to repair and switching of CO plant. ・Acetate tow will expand sales for heat-not-burn devices by cultivating new customers and increasing the lineup of low-filterability varieties. Sales volume and price are expected to be same as the previous year. Continued full production. ・Promote cost reduction by expanding the use of low-cost pulp. ・Work on the development of applications that take advantage of the fact that cellulose acetate is a biomass-derived and biodegradable environmental material. ・Caprolactone derivatives and epoxy compounds will expand sales volume, while implementing price revision. ・We will continue our med-term strategic efforts such as expanding applications and establishing new production bases to expand epoxy business.

Assumptions for Forecasts (By Segment)

	Market Environment	Business situation / Action
Engineering Plastics	・Automobile market continues to recover since last autumn. Automobile production will be affected by production adjustment due to shortage of semiconductors in 1st quarter, but is expected to recover afterwards. ・Smartphone market is expected to return to same level as 2019. Strong demand for LCP due to switching to 5G compatible models and new base stations. ・Soaring raw material prices and restrictions on procurement due to the impact of North American cold wave.	・Sales volume is expected to increase, except for LCP which is already in full production. Implement price revisions to reflect soaring demand and raw material / fuel prices. ・Establish the production increase plan for POM and LCP, and drive application development to make use of future supply capacity. ・Achieve growth in Europe and the United States and improve customer appeal of group products due to opening EU Technical Solution Center and upgrading market function by reinforcement of CRM. ・Aim to improve the profitability of the PPS business by supply chain transformation, high value-added application development, resin cost structure improvement.

Progress of Large-scale Investment Project

We plan to start commercial operation of the following large-scale investment project in the fiscal year ending March 2022.
The total capital investment is about ¥60 billion, and depreciation expenses are expected to be approximately ¥5 billion in the fiscal year ending March 2022.

- Renewal of acetic acid raw material (carbon monoxide) plant in Aboshi (Start operation in Dec. 2021.)
- New 1,3-BG manufacturing plant in Aboshi (Start operation in Jan. 2022.)

In the mid-term management strategy announced in February 2021, we had scheduled the acetic acid raw material plant to start operations in June 2021 and the 1,3-BG manufacturing plant to start operations in April 2021. We expected that the total depreciation expense for the fiscal year ending March 2022 was approximately 13 billion yen.
However, we have reconsidered the operation period in consideration of safety, due to the impact of COVID-19 and equipment malfunctions during the test run period,

The new 1,3-BG manufacturing plants process is improved through technological innovation.
We will verify the quality equivalent to Ohtake products during the trial run period.
Furthermore, we will develop "Aboshi quality" products with high added value simultaneously.

Return to Shareholders

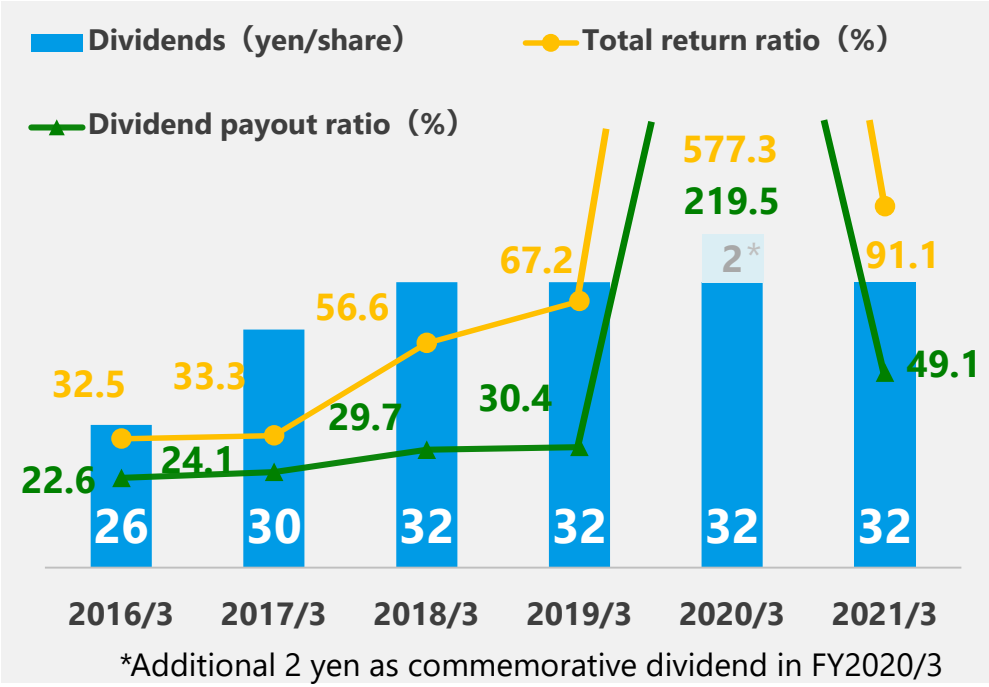
FY ended March 2021

- Dividends for 2nd half : 16 yen per share (No change from previous forecast), Annual dividends : 32 yen per share
- Purchase of own stocks of 9.68 million shares for 8.3 billion yen.
  (Period of purchase: From Apr to July 2020. The total amount acquired from Nov 2019 to July 2020 is 21.46 million shares for 20 billion yen)
- Cancellation of 13 million shares of treasury stock in September 2020.
  (ratio to the total number of issued shares before cancellation 4.11%)

FY ending March 2022

- Annual dividends forecasts : 34 yen per share

Dividends (yen/share)	2021/3 (Results)	2022/3 (Forecast)
For 1st Half	16	16
For 2nd Half	16	16
Annual	32	32



*Additional 2 yen as commemorative dividend in FY2020/3

Synergy with Polyplastics

We established an integrated department for resin business :"Performance Material Center"

1) Boosting the synergy effect by integrated management of resin business in Daicel Group

Without decreasing each companies' flexibility, we are:

- Re-examining the portfolio of resin businesses
- Expanding our product line through collaboration・Mergers and Acquisitions
- Reinforcing cross-divisional relationship between each company's marketing, researching and production departments

Main activities

◇ Transfer the business of Long Fiber Reinforced Thermoplastics "PLASTRON" to utilize Polyplastics' market infrastructure
◇ Apply the plastic compound ability of Daicel Hirohata Factory to Polyplastics for increasing production
◇ Suggesting PEEK(Daicel Evonic) and PEK(Polyplastics started its marketing),whose products are in a mutually complementary relationship, to both customers as a portfolio to increase the opportunities for adoption

2) Enhancing the development of new materials making use of each company's advantages in Daicel Group

We launched research for developing ingenious engineering plastics by total molecular design from material to products. For example, we are planning to combine Daicel's monomer development technology(computational chemistry) and Polyplastics' polymerization technology for development

3) Applying Polyplastics' technology to the businesses except for resin

Synergy with Polyplastics

The details of Synergy

To enhance synergistic effects, we promote integrated human resource management between Daicel and Polyplastics.
We implemented the transfer of the Board Members on April 1st, 2021. We also promote personnel changes between both companies.

- **Enhance synergistic effects**
  ⇒The President of Daicel concurrently holds the post of Chairman of Polyplastics.

- **Project the strategy of the resin business in Daicel Group and reinforce the integrated management of Production, Sales, and Research departments**
  ⇒The President of Polyplastics concurrently holds the post of the head of the newly-built "Performance Material Center". （Senior Managing Executive Officer of Daicel and President of Polyplastics）

- **We rapidly implement investment in the engineering plastics business which is the main production increase strategy in the Mid-term management strategy**
  ⇒We transferred the Head of Polyplastics production center to the Department of Engineering Center in Daicel. （Managing Executive Officer of Polyplastics→ Managing Executive Officer of Daicel ）

- **Disseminating and reinforcing the market-in (customer-in) sales orientation in Daicel**
  ⇒We transferred the Head of Sales department in Polyplastics to the Head of Material SBU in Daicel.
  （ Managing Executive Officer of Polyplastics → Managing Executive Officer of Daicel ）

The Challenge of Realizing a "Company for Client Demand"

We are proceeding with "New business development based on Customer-In". This is the business method focusing on customer demand which commits to solving customer issues with all of Daicel Group's capabilities. We achieved such results in the fiscal year ending March 2021 in collaboration with Daikin Industries, Ltd.

Previously, we committed to the customer with only one department, however in order to develop new products in a short time frame, we mobilized staff members of required departments such as cellulose, organic synthetic chemistry, film and evaluative analysis. Through these combined efforts were able to develop new products very quickly.

In addition, it brought us other customers for new applications. This is because we proposed an alternative usage for acetyl cellulose (acetate tow) in consideration of the market demand.

We will continue to create variable solutions with customers to meet the expectations of society.

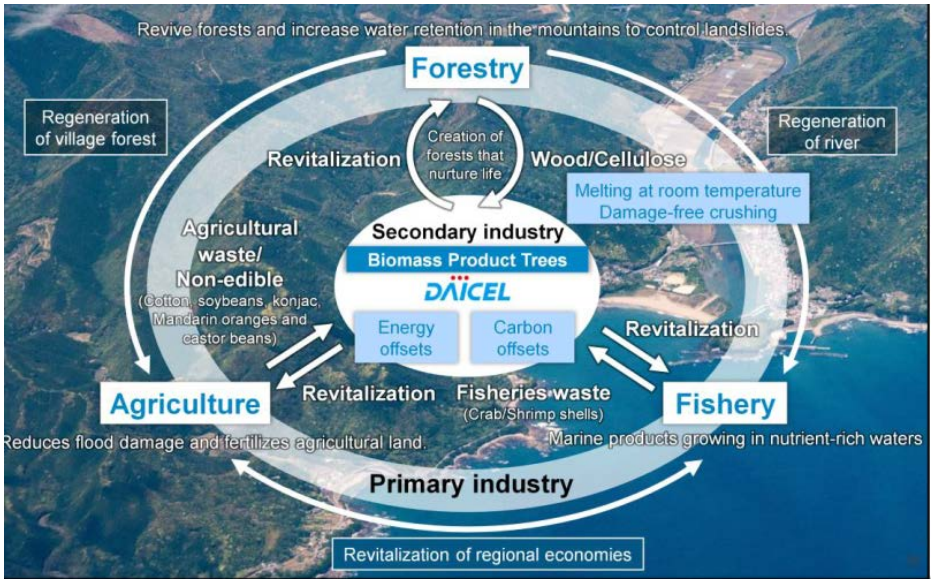


For more detail, please refer to the reference "Success in collaboration with Daikin"

New Biomass Value Chain Framework

We are undertaking the following projects for achieving “New Biomass Value Chain Framework” .

- Using fast-regenerating forest materials of temperate climates effectively
- Developing new chemical process: dissolving solid cellulose made from wood under moderate temperatures
- Developing a new Biomass product group complementing the petroleum products group
- Open-minded research development collaborating between industry, academia and government



For more detail, please refer to the reference “academic-industrial cooperation project”

Reform of Personnel System to Realize “Sustainable People”

Transform into an autonomous self-propelled organization.

Bold delegation of authority.

Personnel systems that make employees feel fulfilled and rewarded according to their authority and responsibilities.

◇Introduce Job-Grading system to management positions

- Translate from a single function-grading system to multiple-track personnel promotion system, based on a job-grading system that links role expectations and rewards.
- Towards realizing varied career advancement according to strengths (specialist / management) of each employee, from a generalist-oriented career development system.

◇ Plan to introduce stock-based rewards to management positions.

- Improve the mind of management by sticking to company-wide management goals and management indicators set by own department.
- Realize a treatment system appropriate for work results.
- Pursuing personal affluence through business execution.

REFERENCES

Domestic Certifications / Assessments (As of May 2021)

- Health & Productivity: White 500 (2nd consecutive year)
- Highest-level "Class 3 Eruboshi" accreditation (received from Japan's Minister of Health, Labor and Welfare based on the Act on Promotion of Women's Participation and Advancement in the Workplace)
- DBJ (Development Bank of Japan Inc.) Employees' Health Management Rating (Polyplastics received the highest rating)
- Japan Research Institute ESG/SDGs assessment: AA rank （Sumitomo Mitsui Banking Corporation ESG/SDGs Assessment Loan ）
- Mitsubishi UFJ Research & Consulting Co., Ltd. and Japan Credit Rating Agency, Ltd. ESG Evaluation: S rank（MUFG Bank, Ltd. ESG Evaluation Loan ）

ESG Indices which Include Daicel (As of May 2021)

- MSCI ESG Leaders Indexes
- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index
- S&P/JPX Carbon Efficient Index

Academia-industrial Cooperation Project

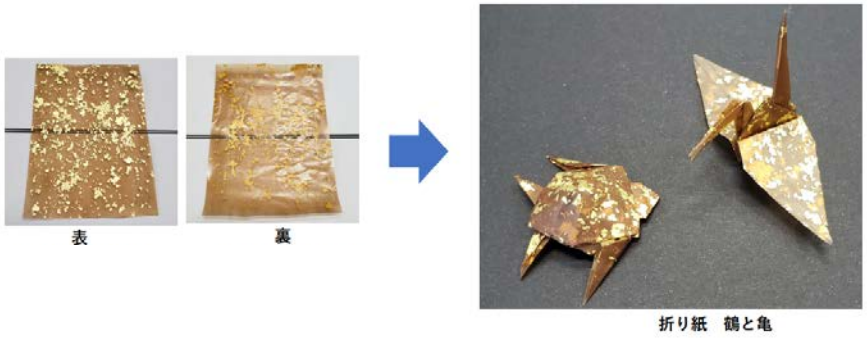
■ Kanazawa University

Kanazawa University researches fine cellulose and develops manufacturing technology based on the super mild melting technology. This technology allows us to design more flexible molecules compared to conventional strategy and facilitates controlling biodegradation and expressing many functions.
Kanazawa University also plans to build research facilities available for other companies and universities which will open in 2022.



■ Kyoto University

We started a research partnership with Kyoto University at full scale in 2020. Taking advantage of the solubility of wood under a moderate environment and catalytic reactions, we developed a unique method to separate cellulose and to produce a functional material which is completely different from the conventional pulping process.
We will establish a joint research department in 2021 and conclude a comprehensive research partnership agreement with 5 faculties and research institutes.
We will continue to enhance our solid academic-industrial cooperative research.



Paper crane and turtle created by a folding film made from wood

Success in Collaboration with Daikin Industries, Ltd.

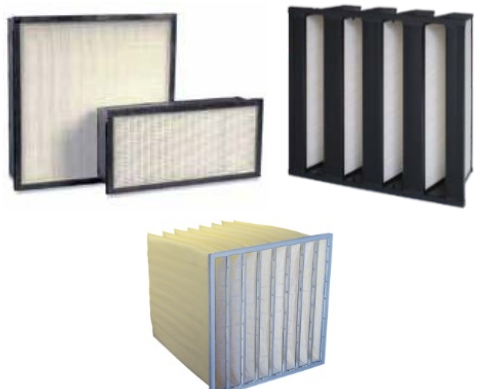
By making use of both companies' characteristics, Daikin's air conditioning element technology and Daicel's material technology, we worked together to develop more valuable products for customers.

We developed two products with Daikin in the fiscal year ended March 2021. The first product is a "Total heat exchange type element coated with permeable membrane" for total heat exchanger unit, which is created using our coating technology. The second product is a "Low pressure loss filter" for the large-sized air conditioners, which is embedded with our Acetate Tow.

To make a good use of this accomplishment, we will continue to develop a strong partnership with Daikin in the future to create industry first and best manufacturing to provide solutions to society.



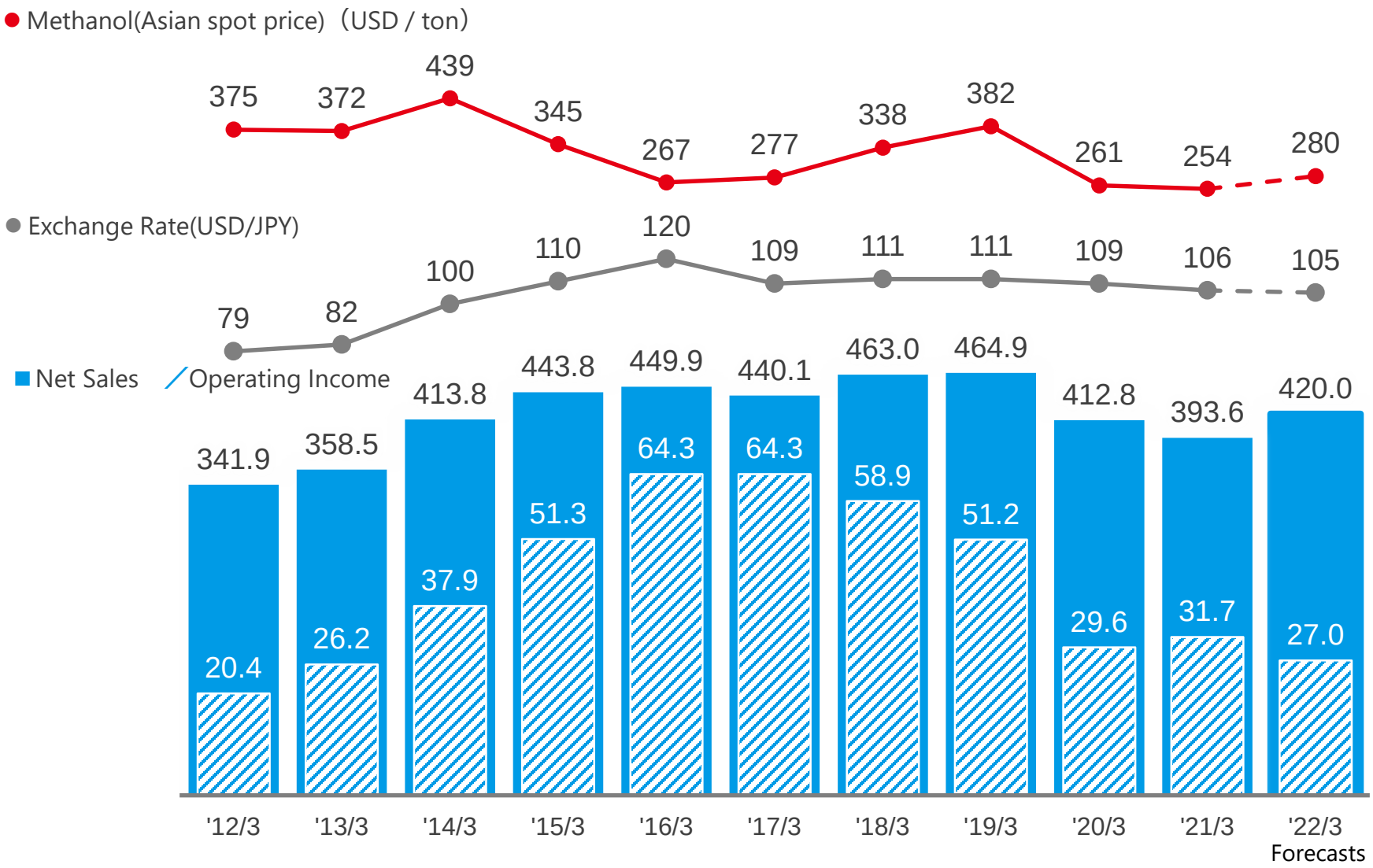
Total heat exchange type element



Air filters

Trend in Net Sales and Operating Income and Forecasts

(billion yen)



Quarterly Results for Sales and Operating income

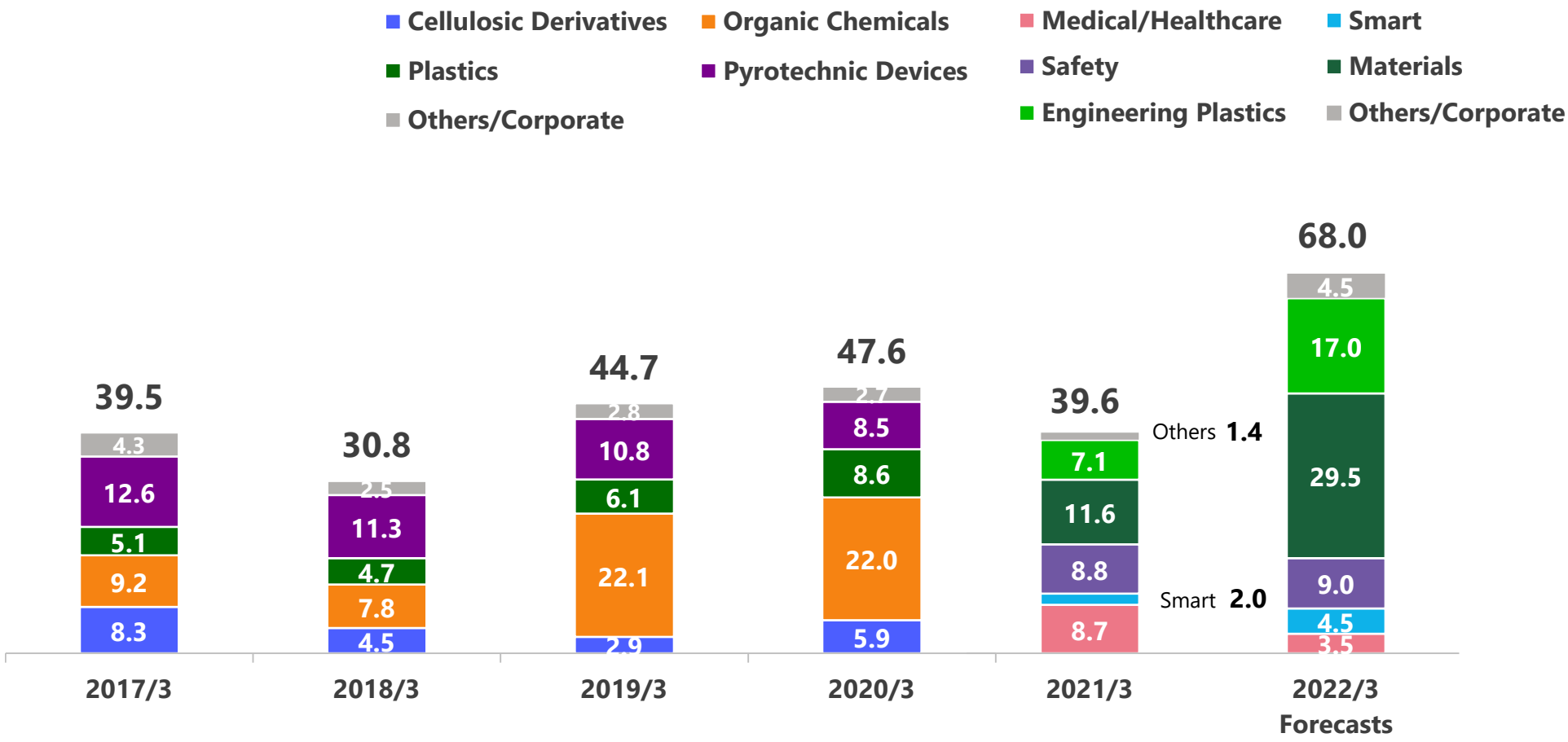
(billion yen)

Net Sales	FY ended March 2020				FY ended March 2021			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Medical / Healthcare	4.0	3.9	3.8	3.5	3.9	3.9	4.2	4.2
Smart	6.3	6.5	6.2	6.2	5.1	5.2	7.3	7.1
Safety	20.4	19.5	18.1	16.8	10.7	16.5	19.5	20.5
Materials	26.9	28.1	26.4	28.0	25.6	23.7	25.6	29.3
Engineering Plastics	44.1	45.7	44.6	41.7	35.2	39.5	46.5	47.4
Others	2.2	3.0	3.0	3.9	2.4	3.7	3.0	3.6
Total	103.9	106.8	102.1	100.0	82.9	92.4	106.0	112.2

Operating income	FY ended March 2020				FY ended March 2021			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Medical / Healthcare	0.7	0.4	0.3	0.0	0.4	0.4	0.4	0.3
Smart	1.3	1.0	0.5	0.5	0.6	0.4	1.0	1.3
Safety	1.4	1.0	0.6	0.3	-2.3	0.6	2.2	1.7
Materials	4.5	3.4	3.0	4.9	3.9	3.6	3.4	7.1
Engineering Plastics	5.4	6.6	4.0	4.9	3.9	4.3	5.8	7.1
Others	0.0	0.3	0.1	0.4	0.4	0.5	0.4	0.2
Corporate	-4.1	-4.1	-3.7	-4.0	-3.8	-3.9	-3.6	-4.7
Total	9.2	8.7	4.8	7.0	3.1	6.0	9.6	13.0

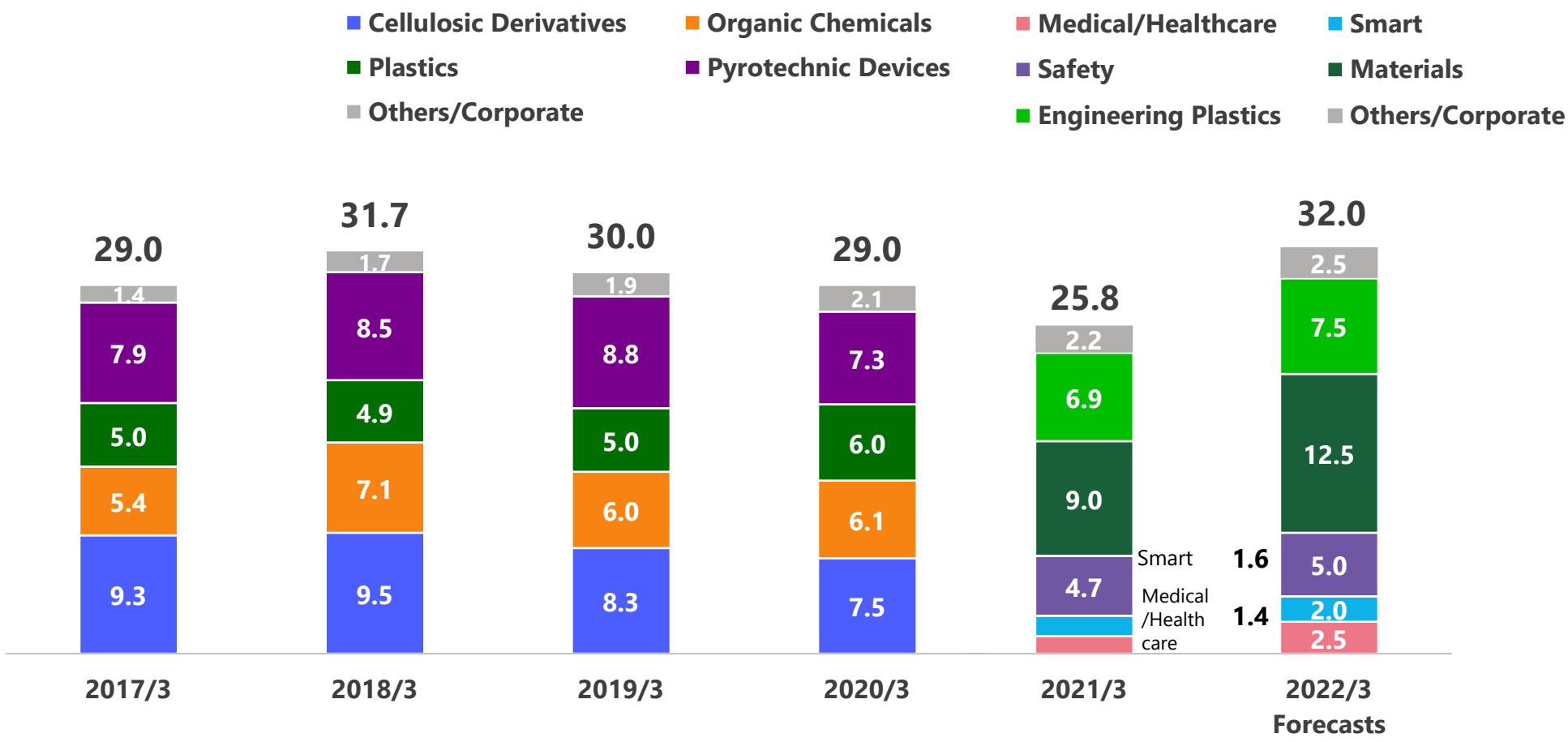
Capital Expenditures

(billion yen)



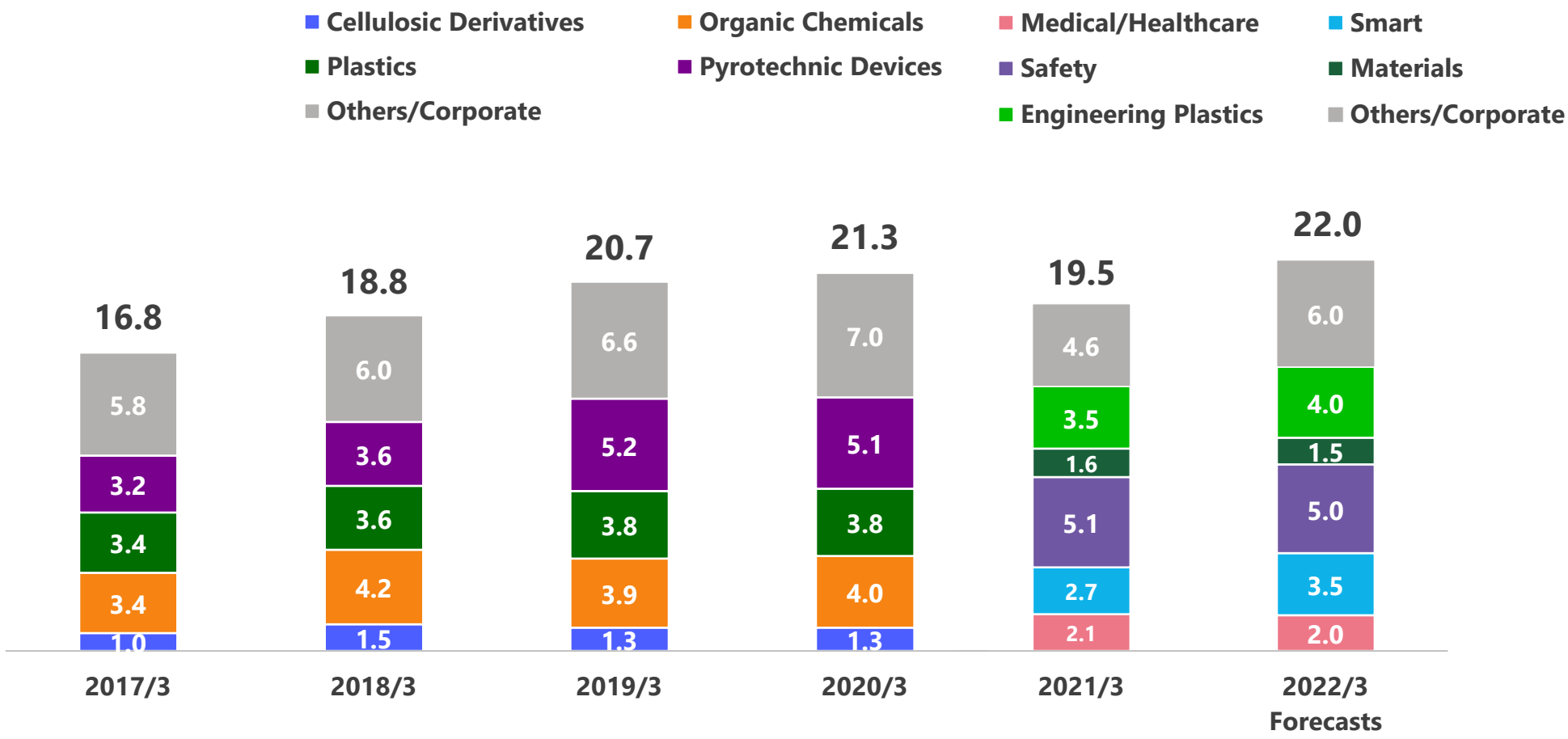
Depreciation and Amortization

(billion yen)



R&D

(billion yen)



Financial Forecast (FY ending March 2022)

(billion yen)

		2021/3 Results*			2022/3 Forecasts			Change (B)-(A)
		1st Half	2nd Half	Total(A)	1st Half	2nd Half	Total(B)	
	Medical / Healthcare	7.8	8.4	16.2	8.5	9.5	18.0	+1.8
	Smart	10.3	14.4	24.7	13.5	12.5	26.0	+1.3
	Safety	27.2	40.0	67.2	34.0	38.0	72.0	+4.8
	Materials	49.3	54.9	104.2	49.5	51.5	101.0	-3.2
	Engineering Plastics	74.7	93.9	168.6	96.0	96.0	192.0	+23.4
	Others	6.1	6.6	12.7	5.5	5.5	11.0	-1.7
Net Sales		**175.3**	**218.2**	**393.6**	**207.0**	**213.0**	**420.0**	**+26.4**
	Medical / Healthcare	0.8	0.7	1.6	0.8	0.7	1.5	-0.1
	Smart	1.0	2.4	3.4	2.3	0.7	3.0	-0.4
	Safety	-1.7	3.9	2.2	1.5	3.0	4.5	+2.3
	Materials	7.5	10.4	17.9	7.0	3.5	10.5	-7.4
	Engineering Plastics	8.2	12.9	21.2	10.5	12.0	22.5	+1.3
	Others	0.9	0.5	1.5	0.7	0.8	1.5	+0.0
	Corporate	-7.7	-8.3	-16.1	-8.8	-7.7	-16.5	-0.4
Operating Income		**9.1**	**22.6**	**31.7**	**14.0**	**13.0**	**27.0**	**-4.7**
Ordinary Income		**10.2**	**24.5**	**34.7**	**15.0**	**14.0**	**29.0**	**-5.7**
Income Attributable to Owners of Parent		**3.3**	**16.4**	**19.7**	**11.0**	**11.0**	**22.0**	**+2.3**
(ref.) Exchange rate USD/JPY		107	105	106	105	105	105	

Assumptions

		2020/3 Results		2021/3 Results		2022/3 Plan	
		1st Half	2nd Half	1st Half	2nd Half	1st Half	2nd Half
Exchange rate (USD／JPY)		109	109	107	105	105	105
Raw Materials	Methanol Asian spot price (USD/ton)	277	245	192	316	280	280
	Crude Oil Dubai (USD/bbl.)	64	56	37	53	50	50
	Domestic Naphtha (JPY/kl)	42,800	42,700	27,500	34,500	32,000	32,000

Notes Regarding Forward-Looking Statements

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