

**Consolidated Financial Results**  
for the Nine Months Ended December 31, 2020  
[Under Japanese GAAP]

February 2, 2021

Company name: Dexerials Corporation      Listing: Tokyo Stock Exchange  
Security code: 4980      URL: <https://www.dexerials.jp/en>  
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Quarterly Securities Report (*Shihanki Hokokusho*) filing date: February 10, 2021  
Schedule date of dividend payment: –  
Preparation of supplementary briefing material on quarterly financial results: Yes  
Investors meeting presentation for quarterly financial results: Yes (for securities analysts and institutional investors)

(Note) Amounts less than 1 million yen have been omitted.

1. Consolidated financial results for the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)

(1) Consolidated operating results (Percentage indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2020	49,193	9.9	8,585	94.7	8,275	96.5	4,126	45.7
December 31, 2019	44,781	(5.8)	4,409	13.9	4,210	5.9	2,832	9.4

Note: Comprehensive income      For the nine months ended December 31, 2020:      ¥3,996 million [58.2%]      For the nine months ended December 31, 2019:      ¥2,525 million [5.5%]  
Note: Cash flows from operating activities      For the nine months ended December 31, 2020:      ¥10,764 million [42.1%]      For the nine months ended December 31, 2019:      ¥7,574 million [97.0%]

	Basic earnings per share	Diluted earnings per share
Nine months ended December 31, 2020	Yen 67.84	Yen 67.46
December 31, 2019	46.67	46.45

(2) Consolidated financial position

	Total assets	Net assets	Capital to asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2020	92,007	51,196	55.6	842.57
March 31, 2020	86,279	49,567	57.5	814.68

Reference: Capital (Shareholders' equity + Accumulated other comprehensive income)  
As of December 31, 2020: 51,196 million      As of March 31, 2020: 49,567 million

2. Dividends

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year	Yen	Yen	Yen	Yen	Yen
Ended March 31, 2020	–	17.00	–	17.00	34.00
Ending March 31, 2021	–	17.00	–		
Ending March 31, 2021 (forecast)				17.00	34.00

Note: Revisions to dividend forecast published most recently: None

3. Forecast of consolidated financial results for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(Percentage indicates year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year	64,500	11.8	10,000	116.6	9,500	116.2	4,200	53.6	69.18

Note: Revisions to earnings forecast published most recently: Yes

Regarding the revision of the earnings forecast, please refer to "Notice of Revised Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2021" published on February 2, 2021.

For more information on the consolidated financial results for the nine months ended December 31, 2020, please refer to the supplementary briefing material on quarterly financial results, Quarterly Securities Report for the third quarter (available in Japanese only) to be filed on February 10, 2021 and other materials, which you can find on our website at <https://www.dexerials.jp/en/ir/library/index.html>.

[Notes]

- (1) Changes in significant subsidiaries during the current period (Changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of accounting methods used specifically for preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatements of prior period financial statements
  - (a) Changes in accounting policies due to application of new or revised accounting standards: None
  - (b) Changes in accounting policies due to reasons other than above (a): None
  - (c) Changes in accounting estimates: None
  - (d) Restatements of prior period financial statements: None
- (4) Number of shares of common stock issued
  - (a) Number of shares issued (including treasury stock)

As of December 31, 2020:	64,140,800 shares
As of March 31, 2020:	63,973,800 shares
  - (b) Number of shares of treasury stock

As of December 31, 2020:	3,378,648 shares
As of March 31, 2020:	3,131,103 shares
  - (c) Average number of shares of common stock during the period

Nine months ended December 31, 2020:	60,824,342 shares
Nine months ended December 31, 2019:	60,676,326 shares

- Notes:
1. As a result of the exercise of stock options during the nine months ended December 31, 2020, the number of shares issued as of December 31, 2020 has increased by 167,000 shares.
  2. The Company has introduced a stock-based compensation plan for delivering restricted-transfer shares, and acquired treasury stock during the quarter with the main purpose of allocating to restricted-transfer shares. (293,800 shares at the end of the third quarter of the fiscal year ending March 31, 2021)
  3. As the Company has introduced an Employee Stock Ownership Plan ("J-ESOP") and a Board Benefit Trust (BBT), the number of shares of the Company held by the Trust was included in the number of shares of treasury stock as of such dates. In addition, the number of shares of the Company held by the Trust was included in the number of shares of treasury stock for such periods (3,219,045 shares for the nine months ended December 31, 2020; and 3,178,232 shares for the nine months ended December 31, 2019), which was to be deducted from the calculation of the average number of shares of common stock during the period.

\* This financial results report is not subject to audit procedures to be performed by certified public accountants or an audit firm.

\* [Proper use of earning forecasts, and other special notes]

(Disclaimer with respect to earnings and other forecasts)

The forward-looking statements including earnings forecast contained in this document are based on information currently available to us and certain assumptions that we believe are reasonable. Accordingly, we can give no assurance that such statements will prove to be correct. Actual results may differ from the results anticipated in these forward-looking statements due to a variety of factors.

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## 1. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly consolidated balance sheets

(Millions of yen)

	Previous fiscal year (As of March 31, 2020)	Current quarter (As of December 31, 2020)
<b>Assets</b>		
Current assets:		
Cash and deposits	13,779	19,392
Notes and accounts receivable - trade	9,617	12,912
Electronically recorded monetary claims - operating	77	161
Merchandise and finished goods	1,998	2,155
Work in process	2,035	2,012
Raw materials and supplies	1,642	2,070
Other	2,317	2,024
Allowance for doubtful accounts	(3)	(2)
Total current assets	31,466	40,727
Non-current assets:		
Property, plant and equipment:		
Buildings and structures	31,813	30,014
Accumulated depreciation	(21,173)	(20,213)
Buildings and structures, net	10,640	9,801
Machinery, equipment and vehicles	39,575	36,996
Accumulated depreciation	(31,378)	(29,432)
Machinery, equipment and vehicles, net	8,197	7,564
Land	3,696	3,357
Construction in progress	1,118	917
Other	6,150	6,405
Accumulated depreciation	(4,848)	(5,031)
Other, net	1,302	1,373
Total property, plant and equipment	24,954	23,014
Intangible assets:		
Goodwill	22,479	21,124
Patent right	1,514	1,210
Other	1,080	1,097
Total intangible assets	25,075	23,432
Investments and other assets:		
Shares of subsidiaries and associates	738	631
Retirement benefit asset	1,604	1,780
Deferred tax assets	1,728	1,586
Other	722	846
Allowance for doubtful accounts	(10)	(10)
Total investments and other assets	4,782	4,833
Total non-current assets	54,813	51,280
Total assets	86,279	92,007

(Millions of yen)

	Previous fiscal year (As of March 31, 2020)	Current quarter (As of December 31, 2020)
<b>Liabilities</b>		
Current liabilities:		
Notes and accounts payable - trade	5,750	8,168
Electronically recorded obligations - operating	1,157	1,654
Current portion of long-term borrowings	2,847	4,283
Accounts payable - other	2,101	3,835
Accrued expenses	627	858
Income taxes payable	1,212	1,045
Provision for bonuses	1,500	1,308
Other	557	915
Total current liabilities	15,755	22,068
Non-current liabilities:		
Long-term borrowings	14,486	12,370
Retirement benefit liability	5,259	5,149
Deferred tax liabilities	238	196
Other	971	1,025
Total non-current liabilities	20,956	18,742
Total liabilities	36,711	40,810
<b>Net assets</b>		
Shareholders' equity:		
Share capital	16,021	16,066
Capital surplus	16,021	16,066
Retained earnings	19,562	21,514
Treasury shares	(3,255)	(3,539)
Total shareholders' equity	48,349	50,109
Accumulated other comprehensive income:		
Deferred gains or losses on hedges	155	0
Foreign currency translation adjustment	1,159	1,186
Remeasurements of defined benefit plans	(96)	(99)
Total accumulated other comprehensive income	1,218	1,087
Total net assets	49,567	51,196
Total liabilities and net assets	86,279	92,007

## (2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

## Quarterly consolidated statements of income

(Millions of yen)

	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Net sales	44,781	49,193
Cost of sales	27,719	28,189
Gross profit	17,061	21,003
Selling, general and administrative expenses	12,652	12,418
Operating profit	4,409	8,585
Non-operating income:		
Interest income	34	7
Foreign exchange gains	72	—
Rental income	70	71
Other	69	74
Total non-operating income	247	153
Non-operating expenses:		
Interest expenses	62	48
Foreign exchange losses	—	26
Share of loss of entities accounted for using equity method	188	168
Depreciation	177	176
Loss on investments in investment partnerships	7	16
Other	11	27
Total non-operating expenses	446	463
Ordinary profit	4,210	8,275
Extraordinary income:		
Gain on sale of non-current assets	1	0
Gain on change in equity	—	26
Subsidy income	50	—
Settlement received	42	—
Total extraordinary income	93	27
Extraordinary losses:		
Loss on sale of property, plant and equipment	—	222
Loss on retirement of property, plant and equipment	18	65
Restructuring expenses	41	1,802
Compensation for damage	—	154
Total extraordinary losses	59	2,244
Profit before income taxes	4,245	6,057
Income taxes - current	1,243	1,751
Income taxes - deferred	169	179
Total income taxes	1,413	1,930
Profit	2,832	4,126
Profit attributable to owners of parent	2,832	4,126

Quarterly consolidated statements of comprehensive income

(Millions of yen)

	For the nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	For the nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Profit	2,832	4,126
Other comprehensive income:		
Deferred gains or losses on hedges	(40)	(154)
Foreign currency translation adjustment	(256)	27
Remeasurements of defined benefit plans	(9)	(3)
Total other comprehensive income	(306)	(130)
Comprehensive income	2,525	3,996
Comprehensive income attributable to:		
Owners of parent	2,525	3,996
Non-controlling interests	—	—

(3) Notes to quarterly consolidated financial statements

(Going concern assumption)  
Not applicable.

(Significant changes in shareholders' equity)  
Not applicable.

(Supplemental information)

(Employee Stock Ownership Plan ("J-ESOP"))

The Company has introduced an Employee Stock Ownership Plan ("J-ESOP") as an incentive program granting employees shares of common stock of the Company to incentivize them to improve its financial results and, thus, stock prices by increasing the linkage of their compensation to the stock price and financial results of the Company and sharing economic benefits with shareholders.

The shares of the Company remaining in the Trust are presented as shares of treasury stock in the net assets section at their carrying amount (excluding the amount of incidental expenses) in the Trust. The carrying amount and the number of shares of treasury stock at the end of the previous fiscal year and at the end of the third quarter of the current fiscal year are ¥3,170 million for 3,025 thousand shares and ¥3,151 million for 3,007 thousand shares, respectively.

(Board Benefit Trust (BBT))

The Company has introduced a performance-linked stock compensation plan through a Board Benefit Trust (BBT). The plan more clearly links the compensation of directors and senior executive officers (excluding outside directors; the same applies hereinafter) to the Company's results of operations and its share value. Under the plan, directors and senior executive officers experience both the benefit of high share prices and the risk of low share prices with the Company's shareholders. Such plan thus would lead directors to continuously aim for better performances over a medium- to long-term period and more contributions to increasing corporate value.

The shares of the Company remaining in the Trust are presented as shares of treasury stock in the net assets section at their carrying amount (excluding the amount of incidental expenses) in the Trust. The carrying amount and the number of shares of treasury stock at the end of the previous fiscal year and at the end of the third quarter of the current fiscal year are ¥85 million for 105 thousand shares and ¥62 million for 77 thousand shares, respectively.



(Segment information)

- 1) For the nine months ended December 31, 2019 (from April 1, 2019 to December 31, 2019)  
Information on amounts of net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable Segment			Adjustment (Note)	Consolidated
	Optical Materials and Components	Electronic Materials and Components	Total		
Net sales					
Sales to external customers	18,253	26,527	44,781	—	44,781
Intersegment sales or transfers	1	111	113	(113)	—
Total	18,255	26,638	44,894	(113)	44,781
Segment profit	1,718	4,040	5,758	(1,348)	4,409

Note: The amount of adjustment for segment profit of minus ¥1,348 million is the amount of amortization of goodwill that is not attributable to any reportable segment.

Reference: Consolidated net sales from markets other than Japan: ¥28,948 million

- 2) For the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 2020)  
Information on amounts of net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable Segment			Adjustment (Note)	Consolidated
	Optical Materials and Components	Electronic Materials and Components	Total		
Net sales					
Sales to external customers	21,144	28,048	49,193	—	49,193
Intersegment sales or transfers	6	82	89	(89)	—
Total	21,151	28,131	49,282	(89)	49,193
Segment profit	4,806	5,127	9,933	(1,348)	8,585

Note: The amount of adjustment for segment profit of minus ¥1,348 million is the amount of amortization of goodwill that is not attributable to any reportable segment.

Reference: Consolidated net sales from markets other than Japan: ¥33,047 million