

## 2nd Quarter Consolidated Financial Results for the Year Ending March 31, 2023

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

November 2, 2022

Company name : DAICEL CORPORATION  
 Stock Exchange on which the shares are listed : Tokyo Stock Exchange in Japan  
 Code number : 4202  
 URL : https://www.daicel.com  
 Representative : Yoshimi Ogawa, President and CEO  
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 Scheduled date for submitting financial statements : November 10, 2022  
 Scheduled date for dividend payment : December 2, 2022  
 The additional materials of the Financial Results : Yes  
 The briefing session of the Financial Results : Yes (for institutional investors and analysts)

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (Amounts are rounded down to the nearest million)

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

	Net Sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Six months ended Sep. 30, 2022	266,232	18.4	26,026	(4.5)	30,242	1.4	22,210	0.7
Six months ended Sep. 30, 2021	224,817	28.2	27,259	199.3	29,835	193.5	22,046	573.6

(Note) Comprehensive income: 37,518 millions of yen [7.5%] for the six months ended September 30, 2022 and 34,891 millions of yen [351.0%] for the six months ended September 30, 2021

	Profit per share	Diluted profit per share
	Yen	Yen
Six months ended Sep. 30, 2022	75.08	-
Six months ended Sep. 30, 2021	73.15	-

#### (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, 2022	746,243	311,363	40.7	1,025.10
As of Mar. 31, 2022	698,836	279,544	38.9	919.88

(Reference) Shareholders' equity: 303,585 millions of yen as of September 30, 2022 and 272,017 millions of yen as of March 31, 2022

### 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, 2022	-	16.00	-	18.00	34.00
Year ending Mar. 31, 2023	-	18.00	-	-	-
Year ending Mar. 31, 2023 (Forecast)	-	-	-	20.00	38.00

(Note) Revisions to the latest announced dividend forecast: Applicable

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

(% of change from same period of previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Year ending Mar. 31, 2023	579,000	23.7	54,000	6.5	59,000	3.0	41,000	31.2	138.44

(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, 2022: 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: Not 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, 2022	302,942,682 shares	As of Mar. 31, 2022	302,942,682 shares
ii Number of treasury shares at the end of each period	As of Sep. 30, 2022	6,790,356 shares	As of Mar. 31, 2022	7,234,296 shares
iii Average number of shares during the each period (Cumulative from the beginning of the fiscal year)	Six months ended Sep. 30, 2022	295,807,413 shares	Six months ended Sep. 30, 2021	301,392,123 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 2023 (six months ended September 30, 2022), although economic stagnation caused by the spread of COVID-19 has been recovering to some extent, the global economy remained uncertain and has been affected by a decline in automobile production from the shortage of semiconductors and the lockdown of cities in China due to COVID-19, soaring raw material and fuel price and global inflation affected by Russia's prolonged military invasion of Ukraine etc., logistics disruption and depreciation of the yen.

Amid such circumstances, the Daicel Group has steadily seized sales opportunities of the products for which demand is growing and increased sales volume, in addition, we have passed on the soaring raw material and fuel prices and distribution costs to the selling prices and have implemented thorough cost reductions although the sales volume of some products of the Daicel Group decreased due to the impact of the lockdown of cities in China and the reduction in automobile production.

The sales revenue for the consolidated second quarter of the fiscal year under review totaled ¥266,232 million (up 18.4% year-on-year). On the income front, operating income amounted to ¥26,026 million (down 4.5% year-on-year), ordinary income was ¥30,242 million (up 1.4% year-on-year) and net income attribute to owners of the parent was ¥22,210 million (up 0.7 % year-on-year).

Segment information is summarized as follows.

From the current consolidated fiscal year, the company has changed the method of allocating corporate expenses to each business in order to shift to a system in which each business bears the costs to be borne and manages them responsibly. For the year-on-year comparison, the figures for the same period of the previous year are compared by rearranging the figures based on the changed allocation method.

Segment information is summarized as follows.

##### [Medical / Healthcare]

The healthcare business increased in sales revenue due to the revision of the sales price from the rise in raw material and fuel prices and a growth in sales volume of health food ingredients although the sales volume of cosmetic ingredients decreased due to the lockdown of cities in China.

The life science business increased in sales revenue due to an increase in sales volume of chiral separation related products resulting from strong sales at other overseas bases and due to the impact of foreign exchange rates.

The overall segment sales came to ¥10,886 million (up 13.0% year-on-year). Operating income amounted to ¥1,105 million (down 20.8% year-on-year) due to an increase of depreciation.

##### [Smart]

The display business, such as cellulose acetate for optical films, and high-performance films, registered decrease in sales revenue due to lower sales volume of cellulose acetate for optical film as a result of LCD panel inventory adjustment by customers although sales volume of high-performance films increased.

The IC/Semiconductor business, which includes solvents for printed electronics and resist materials, increased in sales revenue driven by higher sales volume for semiconductor materials, for which demand remained strong, and an increase in sales prices due to a rise in raw material and fuel prices although sales volumes for LCD panel materials decreased.

The overall segment sales came to ¥16,164 million (up 4.7% year-on-year). Operating income amounted to ¥373 million (down 85.5% year-on-year), due to the soaring raw material and fuel prices and an increasing of research and development expenses.

#### [Safety]

The automobile airbag inflator (gas-generation devices) and other mobility business increased in sales due to an increase in sales volume by the gradual recovery of automobile production and due to the impact of foreign exchange rates although it was affected by the shortage of semiconductors and the lockdown of cities in China.

Consequently, overall segment sales came to ¥39,745 million (up 24.6% year-on-year). Operating loss came to ¥364 million (operating income of ¥1,072 million in the same period of the previous year) due to the soaring raw material prices and distribution costs.

#### [Material]

Sales revenue of acetic acid decreased due to sales adjustments associated with regular repairs and the softening of the acetic acid market, which had soared the previous year.

Sales of acetic acid derivatives increased due to an increase in sales volume of ethyl acetate.

Sales revenue of acetate tow increased due to an increase in sales volumes from the strong demand of a certain product and due to the sales prices revision from the rise in raw material and fuel prices, and the impact of foreign exchange rates. In addition, it is also no longer affected by changes in accounting standards, which was a factor in the decrease in sales in the same period of the previous year.

Caprolactone derivatives and alicyclic-epoxy-resin recorded increased sales revenue driven by higher sales volume of caprolactone derivatives due to a strong demand for polyurethane, and correction of sales prices due to rising raw material and fuel prices, and the impact of foreign exchange.

Consequently, overall segment sales amounted to ¥72,359 million (up 24.7 % year-on-year). Operating income amounted to ¥10,332 million (up 20.2% year-on-year), due to an increase of sales volume and the impact of foreign exchange rates.

#### [Engineering Plastics]

In the business of Polyplastics Co., Ltd., such as polyacetal (POM), polybutylene terephthalate (PBT) resin, and liquid crystal polymer (LCP), sales revenue increased due to continuous sales prices revision from the rise in raw material and fuel prices and the influence of exchange rates although sales volume decreased due to inventory reduction by auto components suppliers to response to the expected decrease in automobile production by Japanese automobile manufacturers, compared to the same period of the previous year when the sales volume increased sharply due to the recovery of demand from the influence of COVID-19.

In the business of Daicel Miraizu Ltd., including ABS and engineering plastic alloy resins, film barriers for food and water-soluble polymers, sales revenue increased due to the revision of sales prices result from the rise in raw material and fuel prices and the impact of foreign exchange rates.

Consequently, overall segment sales amounted to ¥123,559 million (up 18.4% year-on-year). Operating income was ¥14,461

million (up 10.0% year-on-year) due to an increase of sales volume and impact of foreign exchange.

[Other Businesses]

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

Consequently, overall segment sales amounted ¥3,517 million (down 34.9% year-on-year). Operating income amounted to ¥118 million (down 74.4% year-on-year).

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

Total assets as of September 30, 2022 were ¥746,243 million, an increase of ¥47,407 million from March 31, 2022, due to increases in inventory, despite a decrease in Cash and deposits.

Total liabilities were ¥434,880 million, an increase of ¥15,587 million from March 31, 2022, due to an increase in bills payable and accounts payable.

Total net assets were ¥311,363million. Total shareholders' equity, which is calculated as the net assets minus non-controlling interests, was ¥303,585 million. Shareholders' equity ratio was 40.7%.

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

Cash and cash equivalents ("Cash") in the cumulative consolidated second quarter amounted to ¥85,583 million.

Cash flow from operating activities

Cash flow from operating activities during the consolidated second quarter under review was +¥7,770 million (vs. +¥28,411 million in the same period last year). The increases in cash flow were mainly attributable to ¥32,471 million of profit before income taxes and ¥14,251 million of depreciation and amortization. Meanwhile, the main factor for the decreases in cash flow was ¥28,586 million of decrease (increase) in inventories.

Cash flow from investment activities

Cash flow from investment activities during the consolidated second quarter under review was -¥17,201 million (vs. -¥21,289 million in the same period last year). The main factors for the decrease in cash flow was expenditures of ¥21,015 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 +¥1,156 million (vs. -¥7,503 million in the same period last year). Meanwhile, the main factor for the increases in cash flow was ¥22,604 million for Net increase (decrease) in short-term borrowings. And the main factor for the decreases in cash flow were ¥10,301 million for repayments of long-term borrowings and ¥100,000 million for Redemption of bonds.

(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, 2023 announced on May 11, 2022. For details, please refer to the " Notice Regarding Revision of Financial Forecast for Fiscal Year Ending March 31, 2023 and Revision of the Annual Dividend Forecast " released today.

## 5. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2022	As of Sep. 30, 2022
Assets		
Current assets		
Cash and deposits	88,130	85,774
Notes and accounts receivable – trade	102,562	106,046
Securities	2,398	1,598
Inventories	142,002	176,919
Other	25,186	27,390
Allowance for doubtful accounts	(32)	(59)
Total current assets	360,247	397,670
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	61,408	64,518
Machinery, equipment and vehicles, net	71,823	78,254
Land	31,660	32,229
Construction in progress	60,279	65,282
Other, net	4,671	4,986
Total property, plant and equipment	229,843	245,270
Intangible assets		
Goodwill	363	398
Other	9,702	10,264
Total intangible assets	10,066	10,662
Investments and other assets		
Investment securities	73,246	65,152
Deferred tax assets	2,474	2,723
Retirement benefit asset	8,686	9,470
Other	14,314	15,333
Allowance for doubtful accounts	(42)	(40)
Total investments and other assets	98,679	92,639
Total non-current assets	338,589	348,573
Total assets	698,836	746,243

(Unit: Millions of Yen)

	As of Mar. 31, 2022	As of Sep. 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	61,888	66,071
Short-term borrowings	22,198	45,263
Current portion of long-term bonds payable	10,003	10,003
Current portion of long-term borrowings	12,272	6,891
Income taxes payable	5,529	6,884
Provision for repairs	–	1,363
Provision for environmental measures	14	14
Asset retirement obligations	194	161
Other	41,797	43,952
Total current liabilities	153,898	180,605
Non-current liabilities		
Bonds payable	130,000	120,000
Long-term borrowings	106,029	107,752
Deferred tax liabilities	16,311	16,146
Provision for retirement benefits for directors	89	69
Provision for repairs	1,052	641
Provision for environmental measures	125	124
Net defined benefit liability	6,623	4,522
Asset retirement obligations	1,255	1,263
Other	3,906	3,754
Total non-current liabilities	265,394	254,274
Total liabilities	419,292	434,880
<b>Net assets</b>		
Shareholders' equity		
Share capital	36,275	36,275
Capital surplus	14	6
Retained earnings	174,500	191,388
Treasury shares	(6,090)	(5,715)
Total shareholders' equity	204,699	221,954
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	36,813	31,580
Deferred gains or losses on hedges	27	43
Foreign currency translation adjustment	25,966	44,052
Remeasurements of defined benefit plans	4,509	5,954
Total accumulated other comprehensive income	67,317	81,631
Non-controlling interests	7,526	7,778
Total net assets	279,544	311,363
Total liabilities and net assets	698,836	746,243

## (2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Six months ended Sep. 30, 2021	Six months ended Sep. 30, 2022
Net sales	224,817	266,232
Cost of sales	154,883	190,145
Gross profit	69,934	76,087
Selling, general and administrative expenses	42,674	50,061
Operating profit	27,259	26,026
Non-operating income		
Interest income	108	190
Dividend income	1,008	884
Share of profit of entities accounted for using equity method	964	1,183
Foreign exchange gains	451	2,293
Other	1,018	705
Total non-operating income	3,550	5,258
Non-operating expenses		
Interest expenses	682	667
Other	292	374
Total non-operating expenses	975	1,042
Ordinary profit	29,835	30,242
Extraordinary income		
Gain on disposal of non-current assets	140	14
Gain on sale of investment securities	-	3,354
Total extraordinary income	140	3,369
Extraordinary losses		
Loss on retirement of non-current assets	383	421
Loss on liquidation of business	-	719
Total extraordinary losses	383	1,141
Profit before income taxes	29,592	32,471
Income taxes		
Income taxes - current	6,624	8,565
Income taxes - deferred	681	1,106
Total income taxes	7,305	9,671
Profit	22,287	22,799
Profit attributable to non-controlling interests	240	588
Profit attributable to owners of parent	22,046	22,210



## (3) Consolidated Statements of Comprehensive Income

(Unit: Millions of Yen)

	Six months ended Sep. 30, 2021	Six months ended Sep. 30, 2022
Profit	22,287	22,799
Other comprehensive income		
Valuation difference on available-for-sale securities	11,462	(5,234)
Deferred gains or losses on hedges	25	15
Foreign currency translation adjustment	1,217	17,885
Remeasurements of defined benefit plans, net of tax	(182)	1,448
Share of other comprehensive income of entities accounted for using equity method	80	604
Total other comprehensive income	12,603	14,719
Comprehensive income	34,891	37,518
Comprehensive income attributable to		
owners of parent	34,476	36,524
non-controlling interests	414	994

## (4) Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

	Six months ended Sep. 30, 2021	Six months ended Sep. 30, 2022
Cash flows from operating activities		
Profit before income taxes	29,592	32,471
Depreciation	12,934	14,251
Amortization of goodwill	372	29
Interest and dividend income	(1,116)	(1,075)
Interest expenses	682	667
Share of (profit) loss of entities accounted for using equity method	(964)	(1,183)
Loss (gain) on sale and retirement of non-current assets	242	406
Loss (gain) on sale of investment securities	-	(3,354)
Decrease (increase) in trade receivables	6,205	3,097
Decrease (increase) in inventories	(14,042)	(28,586)
Increase (decrease) in trade payables	5,552	(925)
Other, net	(6,852)	(1,781)
Subtotal	32,605	14,016
Interest and dividends received	1,121	1,081
Interest paid	(688)	(802)
Income taxes paid	(4,627)	(6,524)
Net cash provided by (used in) operating activities	28,411	7,770
Cash flows from investing activities		
Net decrease (increase) in time deposits	(82)	(36)
Purchase of property, plant and equipment	(19,269)	(21,015)
Proceeds from sale of property, plant and equipment	651	225
Purchase of intangible assets	(2,409)	(959)
Purchase of investment securities	(102)	(54)
Proceeds from sale and redemption of investment securities	721	4,949
Loan advances	(91)	(71)
Proceeds from collection of loans receivable	41	312
Other, net	(750)	(550)
Net cash provided by (used in) investing activities	(21,289)	(17,201)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	882	22,604
Proceeds from long-term borrowings	19	5,419
Repayments of long-term borrowings	(2,027)	(10,301)
Redemption of bonds	-	(10,000)
Purchase of treasury shares	(0)	(0)
Dividends paid	(4,819)	(5,321)
Dividends paid to non-controlling interests	(1,008)	(742)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(150)	-
Repayments of lease liabilities	(398)	(501)
Net cash provided by (used in) financing activities	(7,503)	1,156
Effect of exchange rate change on cash and cash equivalents	463	5,871
Net increase (decrease) in cash and cash equivalents	81	(2,403)
Cash and cash equivalents at beginning of period	90,747	87,986
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	89	-
Cash and cash equivalents at the end of period	90,918	85,583

## 6. Segment Information

I 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 (loss)	1,395	2,576	1,072	8,599	13,152	461	27,259	-	27,259

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

Not applicable.

II Six months ended Sep. 30, 2022

### 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	10,886	16,164	39,745	72,359	123,559	3,517	266,232	-	266,232
Intersegment sales	103	74	-	7,397	157	6,200	13,933	(13,933)	-
Total	10,989	16,238	39,745	79,756	123,717	9,718	280,166	(13,933)	266,232
Operating profit	1,105	373	(364)	10,332	14,461	118	26,026	-	26,026

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

Not applicable.

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

From the first quarter ended June 30, 2022, we reviewed the method of allocating corporate expenses and changed the calculation method of Operating profit (loss) in order to more suitably evaluate and manage the performance of each segment.

The segment information of the fiscal year ended September 30, 2021, is presented based on the changed method.