

1st Quarter Consolidated Financial Results for the Year Ending March 31, 2025

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

August 2, 2024

Company name : DAICEL CORPORATION
 Stock Exchange on which the shares are listed : Tokyo Stock Exchange in Japan
 Code number : 4202
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Scheduled date for dividend payment : -
 The additional materials of the Financial Results : Yes
 The briefing session of the Financial Results : Yes (for institutional investors and analysts)

1. Consolidated Financial Results for the Three Months Ended June 30, 2024 (Amounts are rounded down to the nearest million)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Three months ended Jun. 30, 2024	145,572	11.3	17,458	91.5	18,179	43.2	16,189	8.0
Three months ended Jun. 30, 2023	130,802	2.2	9,118	(29.8)	12,693	(17.8)	14,984	68.3

(Note) Comprehensive income: 33,957 millions of yen [9.8%] for the three months ended June 30, 2024 and 30,924 millions of yen [26.1%] for the three months ended June 30, 2023

	Profit per share	Diluted profit per share
	Yen	Yen
Three months ended Jun. 30, 2024	58.70	—
Three months ended Jun. 30, 2023	52.46	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of Jun. 30, 2024	869,500	402,449	44.3	1,397.47
As of Mar. 31, 2024	839,169	375,410	42.8	1,303.21

(Reference) Shareholders' equity: 385,438 millions of yen as of June 30, 2024 and 359,445 millions of yen as of March 31, 2024

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, 2024	—	25.00	—	25.00	50.00
Year ending Mar. 31, 2025	—				
Year ending Mar. 31, 2025 (Forecast)		27.00	—	28.00	55.00

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

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2025

(% of change from same period of previous year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Six months ending Sep. 30, 2024	295,000	8.9	32,000	20.3	33,500	9.1	30,000	0.8	108.77
Year ending Mar. 31, 2025	610,000	9.3	65,000	4.2	67,000	(2.0)	58,000	3.9	210.29

(Note) Revisions to the latest announced forecast of consolidated financial results: Not Applicable

*Notes

(1) Significant changes in the scope of consolidation during the three months ended June 30, 2024: Not applicable

(2) Adoption of specific accounting methods for presenting quarterly financial statements: Not applicable

(3) Changes in accounting policies, changes in accounting estimates and restatements

i Changes in accounting policies due to revisions of accounting standards: Applicable

ii Changes in accounting policies other than (3)-i: Not applicable

iii Changes in accounting estimates: Not applicable

iv Retrospective restatements: Not applicable

(4) Number of issued shares (common share)

i Number of issued shares at the end of each period (including treasury shares)	As of Jun. 30, 2024	276,942,682 shares	As of Mar. 31, 2024	286,942,682 shares
ii Number of treasury shares at the end of each period	As of Jun. 30, 2024	1,130,355 shares	As of Mar. 31, 2024	11,126,529 shares
iii Average number of shares during each period (Cumulative from the beginning of the fiscal year)	Three months ended Jun. 30, 2024	275,813,361 shares	Three months ended Jun. 30, 2023	285,632,636 shares

*Review of the attached quarterly consolidated financial statements performed by certified public accountants or accounting firm: Not applicable

*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 first quarter of the fiscal year ending March 2025 (three months ended June 30, 2024), although the global economy continued to show signs of a gradual recovery, it remained uncertain due to the effects of monetary policies in each country, the stagnation in the Chinese economy, rising prices, and the impact of situation in Ukraine and the Middle East.

Demand is also showing signs of recovery in major markets of the Daicel Group. Amid such circumstances, we have steadily seized sales opportunities of the products for which demand is growing and increased sales volume. In addition, we have implemented thorough cost reductions.

As a result, sales revenue for the consolidated first quarter of the fiscal year under review totaled ¥145,572 million (up 11.3% year-on-year). On the income front, operating income amounted to ¥17,458 million (up 91.5% year-on-year), ordinary income was ¥ 18,179 million (up 43.2% year-on-year), and net income attributable to owners of the parent was ¥16,189 million (up 8.0% year-on-year).

Segment information is summarized as follows.

From the consolidated first quarter of the fiscal year ending March 2025, caprolactone derivatives and alicyclic-epoxy-resin have been transferred from the Materials Segment to the Smart Segment, and cellulose acetate for optical films (TAC) has been transferred from the Smart Segment to the Materials Segment. Year-on-year comparisons are made by rearranging figures for the same period of the previous fiscal year according to the segments after the transfer.

[Medical / Healthcare]

Sales revenue of the life science business decreased due to the sales of chiral columns and stationary phases decreased.

The healthcare business increased in sales revenue due to increased sales volume by an increase in inbound tourists.

The overall segment sales came to ¥3,487 million (up 3.3% year-on-year). Operating income amounted to ¥94 million (down 70.2% year-on-year) due mainly to a decrease of sales volume in the life sciences business.

[Smart]

Sales revenue of the functional products business increased due to an increase in sales volume of caprolactone derivatives because of a recovery in demand in the Chinese market, and an increase in sales volume of alicyclic-epoxy-resin due to a recovery in demand for electronic materials and LCD displays.

In the advanced technology business, although sales of functional films remained at the same level as the same period of the previous fiscal year, sales revenue increased due to an increase in sales volume of solvents for electronic materials and resist materials in line with the recovery of the semiconductor materials market.

The overall segment sales came to ¥10,317 million (up 23.4% year-on-year). Operating income amounted to ¥501 million (up 343.4% year-on-year) due mainly to an increase of sales volume.

[Safety]

Sales revenue of the automobile airbag inflator (gas-generation devices) and other mobility business increased due in part to the impact of foreign exchange rates, although sales volume remained at the same level as the same period of the previous fiscal year in line with the impact of the certification fraud issues by automobile manufacturers in the Japanese market.

Consequently, overall segment sales came to ¥23,294 million (up 4.0% year-on-year). Operating loss came to ¥47 million (operating loss of ¥651 million in the same period of the previous fiscal year), reflecting ongoing efforts to improve productivity in North America, although operating income increased due to the effects of consolidating production bases in North America.

[Materials]

Sales revenue of acetic acid in the acetyl business decreased due to a lower sales volume due to a decline in demand for major derivatives such as vinyl acetate and high-purity terephthalic acid.

Sales revenue of acetate tow decreased due to a decline in sales volume in this first quarter of the consolidated fiscal year due to the impact of inventory adjustments by customers, while demand for acetate tow remained firm.

In the chemicals business, sales of cellulose acetate for LCDs remained at the same level as the same period of the previous fiscal year due to growth in competing materials, despite a moderate recovery trend in the LCD panel market. However, sales revenue increased due to an increase in sales volume for use as raw materials for acetate tow.

Sales revenue of other chemical business decreased due to a decrease in sales volume of 1,3-butylene glycol due mainly

to the impact of economic slowdown in China and South Korea.

Consequently, overall segment sales amounted to ¥44,495 million (down 1.5% year-on-year). Operating income amounted to ¥9,083 million (up 5.1% year-on-year), due mainly to 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 higher sales volume for the automotive, which were significantly affected by inventory adjustments of automotive parts in the same period of the previous fiscal year, and electronic materials industries, as well as the impact of exchange rates.

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 higher sales volumes because of recovery of overseas OA markets.

Consequently, overall segment sales amounted to ¥62,710 million (up 24.6% year-on-year). Operating income was ¥7,717 million (up 951.4% year-on-year) due mainly to increased sales volume.

[Other Businesses]

Sales revenue of other businesses increased due to higher sales of membrane business, including membrane modules for water treatment.

Consequently, overall segment sales amounted to ¥1,267 million (up 9.1% year-on-year). Operating income was ¥109 million (operating loss of ¥33 million in the same period of the previous fiscal year).

(2) Overview of financial position for the period under review

Total assets as of June 30, 2024, were ¥869,500 million, an increase of ¥30,331 million from March 31, 2024, due to increases in inventories and property, plant and equipment.

Total liabilities were ¥467,051 million, an increase of ¥3,292 million from March 31, 2024, due to an increase in long-term borrowings.

Total net assets were ¥402,449 million. Total shareholders' equity, which is calculated as the net assets minus non-controlling interests, was ¥385,438 million. Shareholders' equity ratio was 44.3 %.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2024	As of Jun. 30, 2024
Assets		
Current assets		
Cash and deposits	73,183	73,482
Notes and Accounts receivable - trade	114,413	112,009
Inventories	182,510	186,546
Other	39,426	42,224
Allowance for doubtful accounts	(52)	(96)
Total current assets	409,481	414,167
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	69,024	76,451
Machinery, equipment and vehicles, net	118,249	114,947
Land	36,547	37,077
Construction in progress	79,871	90,237
Other, net	5,257	5,384
Total property, plant and equipment	308,949	324,098
Intangible assets		
Goodwill	85	86
Other	10,687	10,694
Total intangible assets	10,773	10,780
Investments and other assets		
Investment securities	80,023	88,899
Deferred tax assets	2,394	2,657
Retirement benefit asset	13,977	14,009
Other	13,602	14,919
Allowance for doubtful accounts	(33)	(31)
Total investments and other assets	109,964	120,454
Total non-current assets	429,688	455,333
Total assets	839,169	869,500

(Unit: Millions of Yen)

	As of Mar. 31, 2024	As of Jun. 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable – trade	62,184	59,428
Short-term borrowings	31,758	31,520
Short-term bonds payable	27,000	22,000
Current portion of bonds payable	10,000	10,000
Current portion of long-term borrowings	16,291	16,270
Income taxes payable	6,378	5,663
Provision for repairs	—	1,313
Other	55,191	57,361
Total current liabilities	208,804	203,556
Non-current liabilities		
Bonds payable	90,000	90,000
Long-term borrowings	124,741	131,064
Deferred tax liabilities	23,128	25,308
Provision for retirement benefits for directors	36	37
Provision for repairs	1,344	559
Provision for environmental measures	102	102
Retirement benefit liability	2,710	2,817
Asset retirement obligations	1,198	1,227
Other	11,691	12,376
Total non-current liabilities	254,954	263,494
Total liabilities	463,758	467,051
Net assets		
Shareholders' equity		
Share capital	36,275	36,275
Capital surplus	0	0
Retained earnings	233,664	228,676
Treasury shares	(15,895)	(1,613)
Total shareholders' equity	254,045	263,339
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43,319	48,373
Deferred gains or losses on hedges	(14)	(16)
Foreign currency translation adjustment	53,371	65,302
Remeasurements of defined benefit plans	8,723	8,438
Total accumulated other comprehensive income	105,399	122,098
Non-controlling interests	15,964	17,011
Total net assets	375,410	402,449
Total liabilities and net assets	839,169	869,500

(2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Three months ended Jun. 30, 2023	Three months ended Jun. 30, 2024
Net sales	130,802	145,572
Cost of sales	97,081	102,038
Gross profit	33,720	43,533
Selling, general and administrative expenses	24,602	26,074
Operating profit	9,118	17,458
Non-operating income		
Interest income	285	296
Dividend income	841	566
Share of profit of entities accounted for using equity method	595	639
Foreign exchange gains	1,996	764
Other	437	404
Total non-operating income	4,156	2,672
Non-operating expenses		
Interest expenses	418	398
Bond issuance costs	0	0
Settlement payments	—	1,200
Other	162	353
Total non-operating expenses	581	1,951
Ordinary profit	12,693	18,179
Extraordinary income		
Gain on disposal of non-current assets	3	13
Gain on sale of investment securities	7,917	—
Gain on sale of shares of subsidiaries and associates	—	3,707
Total extraordinary income	7,920	3,721
Extraordinary losses		
Loss on retirement of non-current assets	175	220
Total extraordinary losses	175	220
Profit before income taxes	20,438	21,680
Income taxes		
Income taxes – current	2,948	5,789
Income taxes – deferred	2,500	(557)
Total income taxes	5,449	5,232
Profit	14,989	16,448
Profit attributable to non-controlling interests	5	258
Profit attributable to owners of parent	14,984	16,189

(3) Consolidated Statement of Comprehensive Income

(Unit: Millions of Yen)

	Three months ended Jun. 30, 2023	Three months ended Jun. 30, 2024
Profit	14,989	16,448
Other comprehensive income		
Valuation difference on available-for-sale securities	4,566	5,054
Deferred gains or losses on hedges	—	(2)
Foreign currency translation adjustment	11,195	12,139
Remeasurements of defined benefit plans, net of tax	(115)	(281)
Share of other comprehensive income of entities accounted for using equity method	288	599
Total other comprehensive income	15,935	17,508
Comprehensive income	30,924	33,957
Comprehensive income attributable to		
owners of parent	30,425	32,888
non-controlling interests	499	1,068

6. Changes in Accounting Policies

On April 1, 2024, the Group adopted the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, revised on October 28, 2022) (hereinafter referred to as “ASBJ Statement No. 27 (revised 2022)”).

Regarding the amendment related to the classification of current income taxes (taxation on other comprehensive income), the Group follows the transitional treatment prescribed in the proviso to Paragraph 20-3 of ASBJ Statement No. 27 (revised 2022), as well as the transitional treatment prescribed in the proviso to Paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, revised on October 28, 2022) (hereinafter referred to as “ASBJ Guidance No. 28 (revised 2022)”). These changes in accounting policies have no impact on the Group’s quarterly consolidated financial statements.

Also, on April 1, 2024, the Group adopted ASBJ Guidance No. 28 (revised 2022), regarding the amendment related to the review of the treatment in the consolidated financial statements when deferring for tax purposes the gain or loss on the sale of subsidiary shares and others among the Group companies. The change in accounting policy has been applied retrospectively, and the consolidated financial statements for the three months ended June 30th, 2023 and as of March 31st, 2024 have been prepared on a retrospective basis.

As a result, compared to before the retrospective financial statements, “Deferred tax liabilities” as of March 31st, 2024 decreased by ¥549 million. Also, the cumulative effect was reflected on net assets at the beginning of the fiscal year 2023 which resulted in an increase in “Retained earnings” of ¥549 million. Moreover, “Net assets per share” as of March 31st, 2024 increased by ¥2.

7. Segment Information

I Three months ended Jun. 30, 2023

1. Sales and Profit (Loss) by Reportable Segment

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Total	Corporate and eliminations	Consolidated
Net sales									
Outside customers	3,375	8,364	22,394	45,180	50,325	1,161	130,802	—	130,802
Intersegment sales	—	1,432	—	1,038	53	3,398	5,923	(5,923)	—
Total	3,375	9,797	22,394	46,219	50,378	4,559	136,725	(5,923)	130,802
Operating profit (loss)	315	113	(651)	8,639	734	(33)	9,118	—	9,118

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

Not applicable.

II Three months ended Jun. 30, 2024

1. Sales and Profit (Loss) by Reportable Segment

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Total	Corporate and eliminations	Consolidated
Net sales									
Outside customers	3,487	10,317	23,294	44,495	62,710	1,267	145,572	—	145,572
Intersegment sales	—	24	—	3,372	58	3,508	6,962	(6,962)	—
Total	3,487	10,342	23,294	47,867	62,768	4,775	152,535	(6,962)	145,572
Operating profit (loss)	94	501	(47)	9,083	7,717	109	17,458	—	17,458

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, 2024, we made changes in reportable segments. Caprolactone derivatives and cycloaliphatic epoxies, which were previously included in the “Materials” segment, have been reclassified to the “Smart” segment. Furthermore, cellulose acetate for optical films, which was previously included in the “Smart” segment, has been reclassified to the “Materials” segment.

The segment information of the fiscal year ended June 30, 2023, is presented based on the reclassified segment.

8. Notes to Quarterly Consolidated Statement of Cash Flows

Quarterly consolidated statement of cash flows for the three months ended June 30, 2024 have not been prepared. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill for the three months ended June 30, 2024 are as follows.

(Unit: Millions of Yen)

	Three months ended Jun. 30, 2023	Three months ended Jun. 30, 2024
Depreciation	7,434	9,499
Amortization of goodwill	15	4