

# Consolidated Financial Results for the Six Months Ended September 30, 2024

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

November 7, 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 submitting financial statements : November 11, 2024  
 Scheduled date for dividend payment : December 3, 2024  
 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, 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	%
Six months ended Sep. 30, 2024	289,688	6.9	31,607	18.8	30,745	0.1	32,053	7.7
Six months ended Sep. 30, 2023	271,004	1.8	26,607	2.2	30,702	1.5	29,751	34.0

(Note) Comprehensive income: 24,081 millions of yen [(52.7)%] for the Six Months Ended September 30, 2024 and 50,951 millions of yen [35.8%] for the six months ended September 30, 2023

	Profit per share	Diluted profit per share
	Yen	Yen
Six months ended Sep. 30, 2024	116.18	—
Six months ended Sep. 30, 2023	104.13	—

### (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, 2024	827,832	392,310	45.5	1,364.99
As of Mar. 31, 2024	839,169	375,410	42.8	1,303.21

(Reference) Shareholders' equity: 376,902 millions of yen as of September 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	—	30.00			
Year ending Mar. 31, 2025 (Forecast)			—	30.00	60.00

(Note) Revisions to the latest announced dividend forecast: 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
Year ending Mar. 31, 2025	600,000	7.5	60,000	(3.8)	60,000	(12.3)	51,000	(8.7)	184.70

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

\*Notes

- (1) Significant changes in the scope of consolidation during the period: Not applicable
- (2) Adoption of specific accounting methods for presenting semi-annual 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 Sep. 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 Sep. 30, 2024	822,309 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)	Six months ended Sep. 30, 2024	275,893,265 shares	Six months ended Sep. 30, 2023	285,710,046 shares

\* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

\* 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 half of the fiscal year ending March 2025 (six months ended September 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 half of the fiscal year under review totaled ¥289,688 million (up 6.9% year-on-year). On the income front, operating income amounted to ¥31,607 million (up 18.8% year-on-year), ordinary income was ¥30,745 million (up 0.1% year-on-year), and net income attributable to owners of the parent was ¥32,053 million (up 7.7% year-on-year).

Segment information is summarized as follows.

From the consolidated first half 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 LCD 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]

Although sales of stationary phases for chiral columns decreased, sales revenue of the life sciences business increased due to an increase in separation services in India.

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

The overall segment sales came to ¥7,185 million (up 4.5% year-on-year). Operating income amounted to ¥189 million (down 60.7% year-on-year) due mainly to differences in product sales mix.

##### [Smart]

Sales revenue of the functional products business increased due to an increase in sales volume of caprolactone derivatives in response to recovery in demand in the Chinese market, and an increase in sales volume of cycloaliphatic epoxies in response to recovery in demand for electronic materials and LCD panels.

In the advanced technology business, sales revenue increased due to increased sales volumes of solvents for electronic materials and polymers for photoresists, reflecting a recovery in the semiconductor materials market, and an increase in sales volumes of high-performance in-vehicle films.

The overall segment sales came to ¥19,596 million (up 16.8% year-on-year). Operating income amounted to ¥215 million (up 61.7% year-on-year) due mainly to an increase of sales volume.

##### [Safety]

Sales revenue of the mobility business, such as automobile airbag inflators (gas-generation devices), increased due to the impact of exchange rates and the pass-on of increased costs to sales prices, etc, although sales volume decreased due to the impact of the certification misconduct issue at Japanese automobile manufactures and the sluggish Chinese market. In the Safety business as a whole, sales decreased due to the impact of the sale of a subsidiary engaged in the civilian ammunition business in March 2024, etc.

Consequently, overall segment sales came to ¥47,067 million (down 0.1% year-on-year). Operating income amounted to ¥1,313 million (operating loss of ¥140 million in the same period of the previous fiscal year) due to the effects of the consolidation of production regions in North America in the previous fiscal year and cost reductions.

##### [Materials]

Sales revenue of acetic acid in the acetyl business decreased due to a lower sales volume due to continued sluggish demand for its main derivatives, vinyl acetate and purified terephthalic acid, as well as a decrease in sales volume caused by sales adjustments due to an initial problems at a raw material plant (carbon monoxide).

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

In the chemicals business, sales revenue of cellulose acetate increased due to an increase in sales volume for use as raw materials for acetate tow, although sales for polarizing plates remained at the same level as the same period of the previous

fiscal year due to growth in competing materials amid a moderate recovery in the LCD panel market.

Sales revenue of other chemical business decreased due to a decrease in sales volume of ethyl acetate due mainly to sluggish demand and sales adjustments following initial problems at a acetic acid raw material plant (carbon monoxide).

Consequently, overall segment sales amounted to ¥88,464 million (down 0.6% year-on-year). Operating income amounted to ¥14,343 million (down 27.9% year-on-year), due mainly to lower sales volume.

#### [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 an increase in sales volume for automobiles, industrial equipments, and electronic materials, as well as the impact of exchange rates.

In the business of Daicel Miraizu Ltd., including water-soluble polymers and barrier films for packaging, AS resins, sales revenue decreased due to the transfer of its resin compound business to equity method affiliate Novacel Co., Ltd. in July 2024.

Consequently, overall segment sales amounted to ¥124,547 million (up 14.6% year-on-year). Operating income was ¥15,201 million (up 148.2% 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 ¥2,826 million (up 13.5% year-on-year). Operating income was ¥344 million (up 182.0% year-on-year).

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

Total assets as of September 30, 2024, were ¥827,832 million, a decrease of ¥11,336 million from March 31, 2024, due to decreases in Notes and Accounts receivable - trade.

Total liabilities were ¥435,522 million, a decrease of ¥28,236 million from March 31, 2024, due to a decrease in short-term bonds payable.

Total net assets were ¥392,310 million. Total shareholders' equity, which is calculated as the net assets minus non-controlling interests, was ¥376,902 million. Shareholders' equity ratio was 45.5 %.

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

Cash and cash equivalents ("Cash") in the cumulative consolidated first half amounted to ¥64,440 million.

#### Cash flow from operating activities

Cash flow from operating activities during the consolidated first half under review was +¥50,745 million (vs. +¥49,192 million in the same period of the previous fiscal year). The increases in cash flow were mainly attributable to ¥41,773 million of net income before income taxes and ¥19,702 million of depreciation and amortization. Meanwhile, the main factor for the decreases in cash flow was ¥8,651 million of decrease (increase) in income taxes paid.

#### Cash flow from investment activities

Cash flow from investment activities during the consolidated first half under review was -¥29,391 million (vs. -¥26,773 million in the same period last year). The main factors for the increase in cash flow were income of ¥7,844 million from the sale and redemption of investment securities. The main factors for the decrease in cash flow were expenditures of ¥43,457 million for the purchase of property, plant and equipment.

#### Cash flow from financing activities

Cash flow from financing activities during the consolidated first half under review was -¥24,043 million (vs. -¥28,102 million in the same period of the previous fiscal year). The increases in cash flow were mainly attributable to 22,137 million of proceeds from long-term borrowings. The main factors accounting for the decrease in cash flow were ¥14,000 million of net increase (decrease) in short-term bonds payable, ¥10,000 million for redemption of bonds and ¥6,907 million in net increase (decrease) in short-term borrowings.

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

Based on the business results for the consolidated first half of the current fiscal year, the Company has revised its consolidated earnings forecasts for the full fiscal year ending March 31, 2025 announced on May 9, 2024. For details, please refer to the " Notice Regarding Revision to Consolidated Financial Forecast " released today.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2024	As of Sep. 30, 2024
Assets		
Current assets		
Cash and deposits	73,183	64,793
Notes and Accounts receivable - trade	114,413	100,291
Inventories	182,510	184,069
Other	39,426	36,025
Allowance for doubtful accounts	(52)	(89)
Total current assets	409,481	385,089
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	69,024	72,811
Machinery, equipment and vehicles, net	118,249	111,397
Land	36,547	36,223
Construction in progress	79,871	96,486
Other, net	5,257	5,143
Total property, plant and equipment	308,949	322,062
Intangible assets		
Goodwill	85	72
Other	10,687	10,635
Total intangible assets	10,773	10,707
Investments and other assets		
Investment securities	80,023	78,164
Deferred tax assets	2,394	2,702
Retirement benefit asset	13,977	14,230
Other	13,602	14,905
Allowance for doubtful accounts	(33)	(30)
Total investments and other assets	109,964	109,973
Total non-current assets	429,688	442,743
Total assets	839,169	827,832

(Unit: Millions of Yen)

	As of Mar. 31, 2024	As of Sep. 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	62,184	63,270
Short-term borrowings	31,758	24,796
Short-term bonds payable	27,000	13,000
Current portion of bonds payable	10,000	—
Current portion of long-term borrowings	16,291	16,736
Income taxes payable	6,378	10,362
Provision for repairs	—	1,765
Other	55,191	41,645
Total current liabilities	208,804	171,578
Non-current liabilities		
Bonds payable	90,000	90,000
Long-term borrowings	124,741	137,703
Deferred tax liabilities	23,128	18,921
Provision for retirement benefits for directors	36	37
Provision for repairs	1,344	769
Provision for environmental measures	102	1
Retirement benefit liability	2,710	2,809
Asset retirement obligations	1,198	1,196
Other	11,691	12,503
Total non-current liabilities	254,954	263,943
Total liabilities	463,758	435,522
<b>Net assets</b>		
Shareholders' equity		
Share capital	36,275	36,275
Capital surplus	0	0
Retained earnings	233,664	244,578
Treasury shares	(15,895)	(1,171)
Total shareholders' equity	254,045	279,682
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43,319	41,401
Deferred gains or losses on hedges	(14)	(17)
Foreign currency translation adjustment	53,371	47,744
Remeasurements of defined benefit plans	8,723	8,090
Total accumulated other comprehensive income	105,399	97,219
Non-controlling interests	15,964	15,408
Total net assets	375,410	392,310
Total liabilities and net assets	839,169	827,832

## (2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Six months ended Sep. 30, 2023	Six months ended Sep. 30, 2024
Net sales	271,004	289,688
Cost of sales	196,069	205,685
Gross profit	74,935	84,003
Selling, general and administrative expenses	48,327	52,395
Operating profit	26,607	31,607
Non-operating income		
Interest income	681	626
Dividend income	1,045	946
Share of profit of entities accounted for using equity method	1,055	1,407
Foreign exchange gains	1,932	—
Other	719	866
Total non-operating income	5,434	3,847
Non-operating expenses		
Interest expenses	832	799
Foreign exchange losses	—	1,966
Bond issuance costs	0	0
Settlement payments	—	1,200
Other	505	742
Total non-operating expenses	1,338	4,708
Ordinary profit	30,702	30,745
Extraordinary income		
Gain on disposal of non-current assets	3	15
Gain on sale of investment securities	9,712	6,756
Gain on sale of shares of subsidiaries and associates	—	4,543
Total extraordinary income	9,716	11,315
Extraordinary losses		
Loss on retirement of non-current assets	348	287
Total extraordinary losses	348	287
Profit before income taxes	40,070	41,773
Income taxes		
Income taxes – current	8,359	12,967
Income taxes – deferred	1,847	(3,775)
Total income taxes	10,207	9,192
Profit	29,863	32,581
Profit attributable to non-controlling interests	111	527
Profit attributable to owners of parent	29,751	32,053

## (3) Consolidated Statement of Comprehensive Income

(Unit: Millions of Yen)

	Six months ended Sep. 30, 2023	Six months ended Sep. 30, 2024
Profit	29,863	32,581
Other comprehensive income		
Valuation difference on available-for-sale securities	4,633	(1,918)
Deferred gains or losses on hedges	(43)	(2)
Foreign currency translation adjustment	16,192	(5,652)
Remeasurements of defined benefit plans, net of tax	(267)	(640)
Share of other comprehensive income of entities accounted for using equity method	574	(284)
Total other comprehensive income	21,088	(8,499)
Comprehensive income	50,951	24,081
Comprehensive income attributable to		
owners of parent	50,092	23,873
non-controlling interests	858	208

## (4) Consolidated Statement of Cash Flows

(Unit: Millions of Yen)

	Six months ended Sep. 30, 2023	Six months ended Sep. 30, 2024
Cash flows from operating activities		
Profit before income taxes	40,070	41,773
Depreciation	15,283	19,702
Amortization of goodwill	31	9
Interest and dividend income	(1,727)	(1,572)
Interest expenses	832	799
Share of loss (profit) of entities accounted for using equity method	(1,055)	(1,407)
Loss (gain) on sale and retirement of non-current assets	345	271
Gain on sale of investment securities	(9,712)	(6,756)
Gain on sale of shares of subsidiaries and associates	—	(4,543)
Decrease (increase) in trade receivables	(2,627)	11,318
Decrease (increase) in inventories	(658)	(5,022)
Increase (decrease) in trade payables	7,872	3,432
Other, net	8,915	294
Subtotal	57,568	58,299
Interest and dividends received	1,982	1,783
Interest paid	(808)	(685)
Income taxes paid	(9,549)	(8,651)
Net cash provided by (used in) operating activities	49,192	50,745
Cash flows from investing activities		
Net decrease (increase) in time deposits	(4,165)	4,469
Purchase of property, plant and equipment	(32,576)	(43,457)
Proceeds from sale of property, plant and equipment	26	59
Purchase of intangible assets	(1,165)	(1,254)
Purchase of investment securities	(63)	(147)
Proceeds from sale and redemption of investment securities	11,400	7,844
Loan advances	(4)	(4)
Proceeds from collection of loans receivable	406	502
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	3,527
Other, net	(630)	(932)
Net cash provided by (used in) investing activities	(26,773)	(29,391)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6,264)	(6,907)
Net increase (decrease) in short-term bonds payable	(10,000)	(14,000)
Proceeds from long-term borrowings	9,519	22,137
Repayments of long-term borrowings	(4,107)	(6,888)
Redemption of bonds	(10,000)	(10,000)
Purchase of treasury shares	(0)	(0)
Dividends paid	(5,713)	(6,894)
Dividends paid to non-controlling interests	(893)	(765)
Repayments of lease liabilities	(642)	(725)
Net cash provided by (used in) financing activities	(28,102)	(24,043)
Effect of exchange rate change on cash and cash equivalents	5,108	(1,279)
Net increase (decrease) in cash and cash equivalents	(574)	(3,968)
Cash and cash equivalents at beginning of period	93,493	68,408
Cash and cash equivalents at the end of period	92,919	64,440

## 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 semi-annual 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 six months ended September 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 Six months ended Sep. 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	6,877	16,775	47,132	89,032	108,696	2,490	271,004	—	271,004
Intersegment sales	—	2,884	—	1,888	71	6,907	11,751	(11,751)	—
Total	6,877	19,660	47,132	90,921	108,767	9,397	282,756	(11,751)	271,004
Operating profit (loss)	481	133	(140)	19,884	6,125	122	26,607	—	26,607

(Note) 1. The category of “Others” is a business segment not included in reportable segments and includes the membrane business and the transportation warehousing business.

2. There is no difference between total operating profit (loss) and operating profit in the consolidated statements of income.

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

Not applicable.

II Six months ended Sep. 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	7,185	19,596	47,067	88,464	124,547	2,826	289,688	—	289,688
Intersegment sales	0	51	—	6,589	96	7,110	13,847	(13,847)	—
Total	7,185	19,647	47,067	95,054	124,644	9,937	303,536	(13,847)	289,688
Operating profit	189	215	1,313	14,343	15,201	344	31,607	—	31,607

(Note) 1. The category of “Others” is a business segment not included in reportable segments and includes the membrane business and the transportation warehousing business.

2. There is no difference between total operating profit and operating profit in the consolidated statements of income.

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 half ended September 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 September 30, 2023, is presented based on the reclassified segment.