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Consolidated Financial Results for the Nine Months Ended December 31, 2024

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

February 5, 2025

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
 Contact person : Masahiko Hirokawa, Executive Officer, Deputy General Manager, Corporate Support
 Headquarters, General Manager-Investor Relations & Corporate Communications
 Phone +81-3-6711-8121
 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 Nine months ended December 31, 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	%
Nine months ended Dec. 31, 2024	432,545	4.4	43,245	(2.8)	44,795	(7.0)	44,042	(0.4)
Nine months ended Dec. 31, 2023	414,276	2.4	44,487	21.7	48,171	21.1	44,209	49.6

(Note) Comprehensive income: 46,446 millions of yen [(19.3)%] for the Nine Months Ended December 31, 2024 and 57,565 millions of yen [86.1%] for the nine months ended December 31, 2023

	Profit per share	Diluted profit per share
	Yen	Yen
Nine months ended Dec. 31, 2024	160.30	—
Nine months ended Dec. 31, 2023	155.42	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
As of Dec. 31, 2024	861,559	395,527	44.0	1,413.85
As of Mar. 31, 2024	839,169	375,410	42.8	1,303.21

(Reference) Shareholders' equity: 379,172 millions of yen as of December 31, 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: 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
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: Not Applicable

*Notes

- (1) Significant changes in the scope of consolidation during the period: 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 Dec. 31, 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 Dec. 31, 2024	8,758,266 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)	Nine months ended Dec. 31, 2024	274,755,844 shares	Nine months ended Dec. 31, 2023	284,457,934 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 third quarter of the fiscal year ending March 2025 (nine months ended December 31, 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 third quarter of the fiscal year under review totaled ¥432,545 million (up 4.4% year-on-year). On the income front, operating income amounted to ¥43,245 million (down 2.8% year-on-year), ordinary income was ¥44,795 million (down 7.0% year-on-year), and net income attributable to owners of the parent was ¥44,042 million (down 0.4% 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 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 mainly 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 ¥10,888 million (up 3.7% year-on-year). Operating income was ¥365 million (down 59.8% year-on-year) due mainly to differences in product sales mix and an increase in expenses resulting from an increase in sales volume.

[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.

The overall segment sales came to ¥28,473 million (up 13.3% year-on-year). Operating loss came to ¥555 million (operating loss of ¥290 million in the same period of the previous fiscal year), due to the continued rise in raw material prices and an increase in expenses associated with an increase in 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 raw material costs to sales prices, although sales volume decreased slightly due to the impact of the certification misconduct issue at Japanese automobile manufacturers and the sluggish performance by Japanese automobile manufacturers in the Chinese market. In the Safety business as a whole, sales increased slightly due mainly to the sale of a subsidiary engaged in the civilian ammunition business in March 2024, etc.

Consequently, the overall segment sales came to ¥72,777 million (up 0.1% year-on-year). Operating income amounted to ¥3,054 million (up 28.1% year-on-year) due to productivity improvements in North America 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 problem 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 some 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 plate decreased as the LCD panel market entered a correction phase.

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 the acetic acid raw material plant (carbon monoxide).

Consequently, overall segment sales amounted to ¥129,162 million (down 2.4% year-on-year). Operating income was ¥19,116 million (down 34.4% year-on-year), due mainly to lower sales volume and increase in depreciation.

[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 equipment, 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 ¥186,828 million (up 10.2% year-on-year). Operating income was ¥20,559 million (up 69.6% year-on-year) due mainly to an increase in 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 ¥4,414 million (up 9.6% year-on-year). Operating income was ¥704 million (up 232.1% year-on-year).

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

Total assets as of December 31, 2024, were ¥861,559 million, an increase of ¥22,390 million from March 31, 2024, due to an increase in property, plant and equipment.

Total liabilities were ¥466,031 million, an increase of ¥2,272 million from March 31, 2024, due to an increase in long-term borrowings.

Total net assets were ¥395,527 million. Total shareholders' equity, which is calculated as the net assets minus non-controlling interests, was ¥379,172 million. Shareholders' equity ratio was 44.0%.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2024	As of Dec. 31, 2024
Assets		
Current assets		
Cash and deposits	73,183	78,864
Notes and Accounts receivable - trade	114,413	111,793
Inventories	182,510	186,048
Other	39,426	36,660
Allowance for doubtful accounts	(52)	(78)
Total current assets	409,481	413,289
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	69,024	89,744
Machinery, equipment and vehicles, net	118,249	131,153
Land	36,547	36,425
Construction in progress	79,871	71,938
Other, net	5,257	5,614
Total property, plant and equipment	308,949	334,876
Intangible assets		
Goodwill	85	75
Other	10,687	10,683
Total intangible assets	10,773	10,758
Investments and other assets		
Investment securities	80,023	71,642
Deferred tax assets	2,394	2,864
Retirement benefit asset	13,977	14,267
Other	13,602	13,891
Allowance for doubtful accounts	(33)	(29)
Total investments and other assets	109,964	102,635
Total non-current assets	429,688	448,270
Total assets	839,169	861,559

(Unit: Millions of Yen)

	As of Mar. 31, 2024	As of Dec. 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable – trade	62,184	61,770
Short-term borrowings	31,758	37,369
Short-term bonds payable	27,000	19,000
Current portion of bonds payable	10,000	20,000
Current portion of long-term borrowings	16,291	22,270
Income taxes payable	6,378	8,341
Provision for repairs	—	3,559
Other	55,191	53,063
Total current liabilities	208,804	225,374
Non-current liabilities		
Bonds payable	90,000	70,000
Long-term borrowings	124,741	141,260
Deferred tax liabilities	23,128	19,506
Provision for retirement benefits for directors	36	37
Provision for repairs	1,344	30
Provision for environmental measures	102	1
Retirement benefit liability	2,710	2,913
Asset retirement obligations	1,198	1,214
Other	11,691	5,691
Total non-current liabilities	254,954	240,656
Total liabilities	463,758	466,031
Net assets		
Shareholders' equity		
Share capital	36,275	36,275
Capital surplus	0	0
Retained earnings	233,664	248,283
Treasury shares	(15,895)	(12,035)
Total shareholders' equity	254,045	272,524
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43,319	36,798
Deferred gains or losses on hedges	(14)	(17)
Foreign currency translation adjustment	53,371	62,060
Remeasurements of defined benefit plans	8,723	7,806
Total accumulated other comprehensive income	105,399	106,648
Non-controlling interests	15,964	16,354
Total net assets	375,410	395,527
Total liabilities and net assets	839,169	861,559

(2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024
Net sales	414,276	432,545
Cost of sales	298,031	311,422
Gross profit	116,244	121,123
Selling, general and administrative expenses	71,757	77,877
Operating profit	44,487	43,245
Non-operating income		
Interest income	1,102	912
Dividend income	1,574	1,496
Share of profit of entities accounted for using equity method	1,570	1,935
Foreign exchange gains	132	—
Other	1,180	1,256
Total non-operating income	5,560	5,602
Non-operating expenses		
Interest expenses	1,258	1,346
Foreign exchange losses	—	548
Bond issuance costs	2	2
Settlement payments	—	1,200
Other	614	954
Total non-operating expenses	1,875	4,052
Ordinary profit	48,171	44,795
Extraordinary income		
Gain on disposal of non-current assets	31	25
Gain on sale of investment securities	11,229	9,717
Gain on sale of shares of subsidiaries and associates	—	4,553
Total extraordinary income	11,260	14,296
Extraordinary losses		
Loss on retirement of non-current assets	620	684
Loss on liquidation of business	—	1,106
Total extraordinary losses	620	1,790
Profit before income taxes	58,812	57,300
Income taxes		
Income taxes – current	11,533	13,879
Income taxes – deferred	2,654	(1,252)
Total income taxes	14,188	12,626
Profit	44,623	44,674
Profit attributable to non-controlling interests	413	631
Profit attributable to owners of parent	44,209	44,042

(3) Consolidated Statement of Comprehensive Income

(Unit: Millions of Yen)

	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024
Profit	44,623	44,674
Other comprehensive income		
Valuation difference on available-for-sale securities	2,937	(6,520)
Deferred gains or losses on hedges	(43)	(2)
Foreign currency translation adjustment	10,209	8,821
Remeasurements of defined benefit plans, net of tax	(422)	(920)
Share of other comprehensive income of entities accounted for using equity method	261	394
Total other comprehensive income	12,942	1,772
Comprehensive income	57,565	46,446
Comprehensive income attributable to		
owners of parent	56,716	45,291
non-controlling interests	849	1,155

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 nine months ended December 31st, 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 Nine months ended Dec. 31, 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	10,496	25,124	72,723	132,364	169,538	4,028	414,276	—	414,276
Intersegment sales	9	5,406	—	2,790	187	10,279	18,672	(18,672)	—
Total	10,505	30,530	72,723	135,154	169,726	14,307	432,949	(18,672)	414,276
Operating profit (loss)	909	(290)	2,385	29,148	12,121	212	44,487	—	44,487

(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 Nine months ended Dec. 31, 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	10,888	28,473	72,777	129,162	186,828	4,414	432,545	—	432,545
Intersegment sales	0	92	—	8,984	136	10,652	19,865	(19,865)	—
Total	10,888	28,565	72,777	138,147	186,964	15,067	452,411	(19,865)	432,545
Operating profit (loss)	365	(555)	3,054	19,116	20,559	704	43,245	—	43,245

(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.

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 December 31, 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 nine months ended December 31, 2024 have not been prepared.

Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill for the nine months ended December 31, 2024 are as follows.

	(Unit: Millions of Yen)	
	Nine months ended Dec. 31, 2023	Nine months ended Dec. 31, 2024
Depreciation	23,251	30,201
Amortization of goodwill	47	13