

Consolidated Financial Results for the Year Ended March 31, 2024

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

May 9, 2024

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
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Scheduled date of the general meeting of shareholders : June 21, 2024
 Scheduled date for submitting financial statements : June 24, 2024
 Scheduled date for dividend payment : June 24, 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 Year Ended March 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	%
Year ended Mar. 31, 2024	558,056	3.7	62,393	31.3	68,396	31.4	55,834	37.2
Year ended Mar. 31, 2023	538,026	15.0	47,508	(6.3)	52,035	(9.2)	40,682	30.2

(Note) Comprehensive income: 92,977 millions of yen [109.1%] for the Year ended March 31, 2024 and 44,473 millions of yen [(10.9)%] for the Year ended March 31, 2023

	Profit per share	Diluted profit per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended Mar. 31, 2024	197.56	—	17.1	8.5	11.2
Year ended Mar. 31, 2023	138.87	—	14.3	7.1	8.8

(Reference) Share of profit of entities accounted for using equity method: 2,067 millions of yen for the Year ended March 31, 2024 and 2,335 millions of yen for the Year ended March 31, 2023

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Year ended Mar. 31, 2024	839,169	374,861	42.8	1,301.21
Year ended Mar. 31, 2023	765,606	310,435	38.6	1,033.52

(Reference) Shareholders' equity: 358,896 millions of yen as of March 31, 2024 and 295,209 millions of yen as of March 31, 2023

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
Year ended Mar. 31, 2024	76,729	(55,374)	(52,373)	68,408
Year ended Mar. 31, 2023	26,847	(44,093)	19,956	93,493

2. Dividends

(Reference data)	Cash dividends per share					Dividends in total (Annual)	Dividend payout ratio (Consolidated basis)	Dividends to net assets (Consolidated basis)
	1st quarter	2nd quarter	3rd quarter	4th quarter	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
Year ended Mar. 31, 2023	—	18.00	—	20.00	38.00	11,043	27.4	3.9
Year ended Mar. 31, 2024	—	25.00	—	25.00	50.00	14,044	25.3	4.3
Year ending Mar. 31, 2025 (Forecast)	—	27.00	—	28.00	55.00		26.2	

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

*Notes

- (1) Changes in significant subsidiaries during the Year ended Mar. 31, 2024: Not applicable
(Note) Changes in specified subsidiaries that caused a change in the scope of consolidation
- (2) 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 (2)-i: Not applicable
 - iii Changes in accounting estimates: Not applicable
 - iv Retrospective restatements: Not applicable

(3) Number of shares issued (common share)

i Number of shares issued at the end of each period (Including treasury shares)	As of Mar. 31, 2024	286,942,682 shares	As of Mar. 31, 2023	302,942,682 shares
ii Number of treasury shares at the end of each period	As of Mar. 31, 2024	11,126,529 shares	As of Mar. 31, 2023	17,307,785 shares
iii Average number of shares during the each period (Cumulative from the beginning of the fiscal year)	Year ended Mar. 31, 2024	282,616,987 shares	Year ended Mar. 31, 2023	292,957,081 shares

(Reference) Overview of the Unconsolidated Financial Results

Unconsolidated Financial Results for the Year Ended March 31, 2024

(Amounts are rounded down to the nearest million)

(1) Unconsolidated Operating Results

(% of change from previous year)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
Year ended Mar. 31, 2024	262,551	11.0	30,322	160.2	69,981	161.8	67,956	142.4
Year ended Mar. 31, 2023	236,535	14.6	11,653	(28.3)	26,725	(34.5)	28,035	(1.4)

	Profit per share	Diluted profit per share
	Yen	Yen
Year ended Mar. 31, 2024	240.46	—
Year ended Mar. 31, 2023	95.70	—

(2) Unconsolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
Year ended Mar. 31, 2024	685,243	333,826	48.7	1,210.32
Year ended Mar. 31, 2023	663,478	283,919	42.8	994.00

(Reference) Shareholders' equity: 333,826 millions of yen as of March 31, 2024 and 283,919 millions of yen as of March 31, 2023

*This Financial Results report is not subject to audit.

*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. Overview of the operating results

(1) Overview of the operating results for ended March 2024

Looking at the world trends during the consolidated fiscal year ended March 2024, although the global economy continued to show signs of a gradual recovery, it remained uncertain due to the effects of global monetary tightening, the slowdown in the Chinese economy, rising prices, and the impact of the situation in Ukraine and the Middle East.

The business environment of the Daicel Group was challenging, with demand recovering in some key markets but recovering only slowly. 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 accelerated efforts to improve profits, and implemented thorough cost reductions.

As a result, sales revenue for the consolidated fiscal year under review totaled ¥558,056 million (up 3.7% year-on-year). On the income front, operating income amounted to ¥62,393 million (up 31.3% year-on-year), ordinary income was ¥ 68,396 million (up 31.4% year-on-year), and net income attributable to owners of the parent was ¥55,834 million (up 37.2% year-on-year) mainly due to gain on sale of investment securities.

Segment information is summarized as follows.

From the consolidated first quarter of the fiscal year ended March 2024, 1,3-butylene glycol, a raw material for cosmetics, has been transferred from the Medical / Healthcare Segment to the Materials Segment, and the research and development function for new drug delivery devices has been transferred from the Safety Segment to the Medical / Healthcare 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 sale of a subsidiary of the contract development and manufacturing organization business at the end of the previous fiscal year, despite strong sales of chiral related products.

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

The overall segment sales came to ¥13,927 million (down 16.0% year-on-year). Operating income amounted to ¥791 million (down 37.2% year-on-year) due to an increase in marketing activity costs.

[Smart]

The display/Optical business, such as cellulose acetate for optical films, and high-performance films, registered an increase in sales revenue due to higher sales volume of cellulose acetate for optical films because the inventory adjustments for LCD panels progressed and expansion of overseas sales, although the sales volume of high-performance films decreased.

The IC/Semiconductor business, which includes solvents for electronics and photoresist materials, decreased in sales revenue due to differences in the sales product mix of photoresist materials although amid sluggish demand, recovery from inventory adjustments by semiconductor manufacturers began in the second half, and sales volume remained at the same level as the previous year.

The overall segment sales came to ¥30,715 million (up 3.8% year-on-year). Operating loss came to ¥2,855 million (operating loss of ¥642 million in the previous year), due to the impact of moving average differences, etc..

[Safety]

Sales revenue of the automobile airbag inflator (gas-generation devices) and other mobility business increased due to an increase in sales volume as automobile production recovered by resolving of semiconductor shortage compared with the previous fiscal year.

Consequently, overall segment sales came to ¥95,574 million (up 13.8% year-on-year). Operating income amounted to ¥2,991 million (up 478.5% year-on-year) due to increased sales volume, etc..

[Materials]

Sales revenue of acetic acid in 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, as well as softening market conditions for acetic acid.

Sales of acetic acid derivatives decreased due to a lower sales volume because of lower demand for electronic materials and LCD displays.

Sales revenue of acetate tow increased due to an increase in sales volume because of mainly increased demand for heat-not-burn tobacco products and sales price revisions from the rise in raw materials and fuel prices and strong demand, and the impact of foreign exchange rates.

Sales revenue of chemical business recorded decreases due to lower sales volume of caprolactone derivatives due to decreased demand in China, and due to lower sales volumes of alicyclic-epoxy-resin resulting from declining demand for electronic materials and LCD displays although the sales volume of 1,3-butylene glycol increased due to the expanded sales overseas, etc..

Consequently, overall segment sales amounted to ¥185,341 million (up 15.3% year-on-year). Operating income amounted to ¥42,741 million (up 106.3% year-on-year), due to correction of selling prices, and 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 decreased due to lower sales volume due to the inventory adjustments for auto parts that continued from the previous fiscal year until the beginning of this second quarter, and sluggish demand in IT-related industries.

In the business of Daicel Miraizu Ltd., including ABS and engineering plastic alloy resins, film barriers for food and water-soluble polymers, sales revenue decreased due to lower sales volumes because of decreased demand for OA.

Consequently, overall segment sales amounted to ¥226,821 million (down 4.7% year-on-year). Operating income was ¥18,301 million (down 27.7% year-on-year) due to decreased sales volume.

[Other Businesses]

Sales revenue of other businesses decreased due to withdrawal from defense-related business.

Consequently, overall segment sales amounted to ¥5,676 million (down 37.3% year-on-year). Operating income was ¥422 million (up 21.6% year on year).

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

Total assets as of March 31, 2024 were ¥ 839,169 million, an increase of ¥ 73,562 million from March 31, 2023, due to increases in accounts receivable-trade and in property, plant and equipment.

Total liabilities were ¥464,308 million, an increase of ¥ 9,137 million from March 31, 2023, due to mainly an increase in long-term borrowings.

Total net assets were ¥374,861 million. Total shareholders' equity, which is calculated as the net assets minus non-controlling interests, was ¥358,896 million. Shareholders' equity ratio was 42.8 %.

(3) Overview of cash flow for the fiscal year under review

Cash flow from operating activities

Cash flow from operating activities during the consolidated fiscal year under review was +¥ 76,729million (vs. +¥26,847 million in the previous fiscal year). The increases in cash flow were mainly attributable to ¥76,032 million of net income before income taxes and ¥33,644 million of depreciation and amortization. Meanwhile, the main factor for the decreases in cash flow was a payment of ¥16,901 million for corporate income taxes and ¥11,198 million of loss (gain) on sale of investment securities.

Cash flow from investment activities

Cash flow from investment activities during the consolidated fiscal year under review was -¥55,374 million (vs.-¥44,093 million in the previous fiscal year). The main factors for the increase in cash flow were income of ¥13,216 million from the sale and redemption of investment securities. The main factors for the decrease in cash flow were expenditures of ¥65,618 million for the purchase of property, plant and equipment.

Cash flow from financing activities

Cash flow from financing activities during the consolidated fiscal year under review was -¥52,373 million (vs.+¥19,956 million in the previous fiscal year). The increases in cash flow were mainly attributable to ¥29,489 million of proceeds from long-term borrowings. Meanwhile, the main factors accounting for the decrease in cash flow were ¥30,000 million for redemption of bonds, ¥15,000 million for purchase of treasury shares, ¥12,859 million in dividends paid and ¥12,852 million for repayments of long-term borrowing.

As a result of the above, cash and cash equivalents on March 31, 2024 totaled ¥68,408 million.

Reference: Trends in cash flow indicators

	March 2021	March 2022	March 2023	March 2024
Shareholders' equity per total assets (%)	37.1	38.9	38.6	42.8
Shareholders' equity per total assets on market value basis (%)	40.1	34.6	37.3	49.8
Ratio of interest-bearing liabilities to cash flow (year)	4.7	6.6	12.0	4.0
Interest coverage ratio (times)	53.8	32.0	19.6	53.5

Notes: Shareholders' equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio on a market value basis: Market capitalization/Total assets

Ratio of interest-bearing debts to cash flow: Interest-bearing debts/Cash flow from operating activities

Interest coverage ratio: Cash flow from operating activities/Interest expenses

1. Each indicator is calculated based on consolidated financial results.
2. Market capitalization is calculated by multiplying the closing price at year-end by the number of outstanding shares at year-end (excluding treasury stocks).
3. Cash flow from operating activities is the net cash reported on the consolidated statement of cash flow. Interest-bearing debts include all consolidated balance sheet-reported liabilities on which interest is paid. For interest expenses, the amount of interest payment reported on the consolidated statement of cash flow is used.

(4) Outlook

Although the future global economy is expected to continue to show signs of a gradual recovery, it is expected to be uncertain due to the effects of global monetary tightening, the slowdown in the Chinese economy, and the impact of the situation in Ukraine and the Middle East.

Amid such circumstances, the Daicel Group will steadily seize sales opportunities by securing product supply to our customers by closely coordinating the supply chain and establish of production system according to demand. In addition, the Company will work on appropriate revisions of sales price and implement thorough cost reductions in all areas of the company.

Regarding the Daicel Group's business forecast for the fiscal year ending March 31, 2025, sales revenue, operating income and net income attributable to owners of the parent are expected to increase due to sales expansion by seizing sales opportunities for demand recovery and due to an increase of production in the engineering plastics, and structural reforms in the safety business although the depreciation expenses will increase due to the operation of the acetic acid raw material (carbon monoxide) plant,.

Our anticipated earnings for the fiscal year ending March 31, 2025 are as follows.

Consolidated Earnings Estimates

Sales revenue	¥610.0billion	(up 9.3% year-on-year)
Operating income	¥65.0 billion	(up 4.2% year-on-year)
Ordinary income	¥67.0 billion	(down 2.0% year-on-year)
Net income attributable to owners of the parent	¥58.0 billion	(up 3.9% year-on-year)

For these forecasts, we assume an exchange rate of ¥145/US dollar, (Asian spot) methanol price of US\$320/ton, Dubai crude oil price of US\$90/bbl and domestic naphtha price of ¥71,000/kl.

The forecasts above are based on currently available information. Actual results may differ from these forecasts due to a number of factors.

* For the forecasts of sales revenue, operating income, capital investment, depreciation, and R&D expenses by segment, please refer to the "Fiscal Year ended March 2024 Consolidated Financial Results" announced on May 9, 2024.

(5) Basic policy regarding profit distribution and dividends for the current and next fiscal years

Daicel's basic dividend policy is to distribute profits in a balanced manner that comprehensively considers maximizing asset efficiency, realizing optimal capital structure, securing soundness to maintain fund raising capacity, and stable dividends reflecting the consolidated business results. As for the number of dividend payments in each fiscal year, we pay dividends twice a year based on the date of record: at the end of the second quarter and at the end of the fiscal year.

Internal reserves will be applied to investment in business expansion and reinforcement of highly-profitable business structures, such as R&D for new business development and strengthening of existing businesses, new construction and expansion of facilities, and efficiency improvement measures.

Through future business development, we will ensure growing benefits to our shareholders. In our mid-term management strategic period (from the fiscal year ended March 2021 to the fiscal year ending March 2026), we have set a minimum dividend per share (¥32 per share annually) at the time of announcement of the mid-term management strategy and we are targeting a total return ratio of 40% or more, which is a combination of dividends and agile share buybacks.

Based on the policy outlined above, we will hold discussions on the payment of an ordinary year-end dividend of ¥25 per share at the 158th Annual General Meeting of Shareholders to be held on June 21, 2024. This, together with the interim dividend of ¥25 per share that was already paid in December 2023, will achieve an annual dividend of ¥50 per share, an increase of ¥12 per share from the previous fiscal year, for a dividend payout ratio of 25.3% for the year under review.

Regarding the acquisition of treasury stock, the company acquired approximately 10.14 million shares worth approximately ¥15 billion between November 2023 and March 2024. As a result, the total return ratio for this fiscal year will be 52.0%.

And we have decided to introduce DOE (dividend on equity) as a new indicator in addition to a total return ratio, in order to clarify our stance on paying stable dividends. Regarding dividends, we aim for a DOE of 4% or more, and we will continue to aim for a total return ratio of 40% or more each fiscal year, which is a combination of dividends and flexible share buybacks.

For the fiscal year ending March 2025, Daicel currently plans to pay an annual dividend of ¥55 per share (including an interim dividend of ¥ 27), an increase of ¥5 per share from the previous fiscal year.

(6) Basic concept regarding the selection of accounting standards

The Daicel Group will continue to prepare consolidated financial statements in accordance with Japanese standards, while taking into account the need to compare consolidated financial statements across different accounting periods and companies.

The Daicel Group will adopt International Accounting Standards, as appropriate, in consideration of circumstances in Japan and overseas.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2023	As of Mar. 31, 2024
Assets		
Current assets		
Cash and deposits	93,840	73,183
Notes receivable - trade	4,602	6,557
Accounts receivable - trade	96,932	107,855
Inventories	177,169	182,510
Other	34,149	39,426
Allowance for doubtful accounts	(66)	(52)
Total current assets	406,627	409,481
Non-current assets		
Property, plant and equipment		
Buildings and structures	181,794	190,774
Accumulated depreciation	(116,985)	(121,749)
Buildings and structures, net	64,809	69,024
Machinery, equipment and vehicles	591,652	663,018
Accumulated depreciation	(516,850)	(544,768)
Machinery, equipment and vehicles, net	74,802	118,249
Tools, furniture and fixtures	33,018	35,054
Accumulated depreciation	(27,942)	(29,797)
Tools, furniture and fixtures, net	5,076	5,257
Land	35,639	36,547
Construction in progress	75,803	79,871
Total property, plant and equipment	256,130	308,949
Intangible assets		
Goodwill	338	85
Other	10,853	10,687
Total intangible assets	11,191	10,773
Investments and other assets		
Investment securities	67,914	80,023
Deferred tax assets	2,425	2,394
Retirement benefit asset	7,648	13,977
Other	13,707	13,602
Allowance for doubtful accounts	(40)	(33)
Total investments and other assets	91,656	109,964
Total non-current assets	358,978	429,688
Total assets	765,606	839,169

(Unit: Millions of Yen)

	As of Mar. 31, 2023	As of Mar. 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable – trade	56,167	62,184
Short-term borrowings	36,267	31,758
Short-term bonds payable	30,000	27,000
Current portion of bonds payable	30,000	10,000
Current portion of long-term borrowings	12,742	16,291
Income taxes payable	5,343	6,378
Provision for repairs	3,565	–
Other	46,768	55,191
Total current liabilities	220,856	208,804
Non-current liabilities		
Bonds payable	100,000	90,000
Long-term borrowings	108,823	124,741
Deferred tax liabilities	14,394	23,677
Provision for retirement benefits for directors	71	36
Provision for repairs	–	1,344
Provision for environmental measures	122	102
Retirement benefit liability	4,735	2,710
Asset retirement obligations	1,170	1,198
Other	4,995	11,691
Total non-current liabilities	234,314	255,503
Total liabilities	455,170	464,308
Net assets		
Shareholders' equity		
Share capital	36,275	36,275
Capital surplus	132	0
Retained earnings	204,529	233,115
Treasury shares	(15,716)	(15,895)
Total shareholders' equity	225,221	253,496
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,906	43,319
Deferred gains or losses on hedges	43	(14)
Foreign currency translation adjustment	33,519	53,371
Remeasurements of defined benefit plans	3,519	8,723
Total accumulated other comprehensive income	69,988	105,399
Non-controlling interests	15,225	15,964
Total net assets	310,435	374,861
Total liabilities and net assets	765,606	839,169

(2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Net sales	538,026	558,056
Cost of sales	392,214	398,776
Gross profit	145,811	159,280
Selling, general and administrative expenses	98,303	96,887
Operating profit	47,508	62,393
Non-operating income		
Interest income	697	1,565
Dividend income	3,277	2,367
Share of profit of entities accounted for using equity method	2,335	2,067
Foreign exchange gains	—	1,339
Rental income from non-current assets	482	472
Subsidy income	147	344
Other	696	794
Total non-operating income	7,637	8,952
Non-operating expenses		
Interest expenses	1,432	1,666
Foreign exchange losses	201	—
Bond issuance costs	1	2
Donations	550	370
Other	925	909
Total non-operating expenses	3,111	2,949
Ordinary profit	52,035	68,396
Extraordinary income		
Gain on disposal of non-current assets	74	155
Gain on sales of investment securities	4,208	11,198
Subsidy income	513	—
Gain on sales of investments in capital of subsidiaries and associates	722	—
Total extraordinary income	5,519	11,354
Extraordinary losses		
Loss on retirement of non-current assets	1,524	819
Impairment losses	—	1,668
Loss on tax purpose reduction entry of non-current assets	513	—
Loss on valuation of investment securities	—	506
Loss on sale of shares of subsidiaries and associates	—	723
Loss on liquidation of business	548	—
Total extraordinary losses	2,587	3,718
Profit before income taxes	54,967	76,032
Income taxes		
Income taxes – current	13,055	17,113
Income taxes – deferred	270	2,374
Total income taxes	13,326	19,487
Profit	41,641	56,545
Profit attributable to non-controlling interests	958	710
Profit attributable to owners of parent	40,682	55,834

(3) Consolidated Statement of Comprehensive Income

(Unit: Millions of Yen)

	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Profit	41,641	56,545
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,910)	10,416
Deferred gains or losses on hedges	15	(58)
Foreign currency translation adjustment	7,579	20,144
Remeasurements of defined benefit plans, net of tax	(942)	5,229
Share of other comprehensive income of entities accounted for using equity method	89	700
Total other comprehensive income	2,831	36,432
Comprehensive income	44,473	92,977
Comprehensive income attributable to		
owners of parent	43,353	91,245
non-controlling interests	1,119	1,732

(4) Consolidated Statement of Cash Flows

(Unit: Millions of Yen)

	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Cash flows from operating activities		
Profit before income taxes	54,967	76,032
Depreciation	31,516	33,644
Impairment losses	—	1,668
Amortization of goodwill	59	59
Increase (decrease) in provision for environmental measures	(16)	(20)
Interest and dividend income	(3,975)	(3,933)
Interest expenses	1,432	1,666
Share of loss (profit) of entities accounted for using equity method	(2,335)	(2,067)
Loss (gain) on disposal of non-current assets	(74)	(155)
Loss on retirement of non-current assets	1,524	819
Loss (gain) on sale of investment securities	(4,208)	(11,198)
Loss (gain) on sale of investments in capital of subsidiaries and associates	(722)	—
Loss (gain) on sale of shares of subsidiaries and associates	—	723
Loss (gain) on valuation of investment securities	—	506
Loss on liquidation of business	548	—
Decrease (increase) in trade receivables	4,498	(6,177)
Decrease (increase) in inventories	(31,875)	1,420
Increase (decrease) in trade payables	(8,701)	487
Other, net	(7,365)	(4,967)
Subtotal	35,274	88,510
Interest and dividends received	6,063	5,921
Interest paid	(1,372)	(1,433)
Income taxes paid	(14,425)	(16,901)
Income taxes refund	1,308	633
Net cash provided by (used in) operating activities	26,847	76,729
Cash flows from investing activities		
Net decrease (increase) in time deposits	(208)	(4,236)
Purchase of property, plant and equipment	(47,386)	(65,618)
Proceeds from sale of property, plant and equipment	318	6,318
Purchase of intangible assets	(4,537)	(3,590)
Purchase of investment securities	(365)	(1,232)
Proceeds from sale and redemption of investment securities	8,677	13,216
Proceeds from sale of investments in capital of subsidiaries and associates	1,125	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	466
Loan advances	(807)	(513)
Proceeds from collection of loans receivable	445	809
Other, net	(1,353)	(992)
Net cash provided by (used in) investing activities	(44,093)	(55,374)

(Unit: Millions of Yen)

	Year ended Mar. 31, 2023	Year ended Mar. 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	13,413	(5,690)
Net increase (decrease) in short-term bonds payable	29,998	(3,002)
Proceeds from long-term borrowings	15,074	29,489
Repayments of long-term borrowings	(13,107)	(12,852)
Redemption of bonds	(10,003)	(30,000)
Proceeds from share issuance to non-controlling shareholders	7,200	—
Purchase of treasury shares	(10,000)	(15,000)
Proceeds from sale of treasury shares	0	—
Dividends paid	(10,651)	(12,859)
Dividends paid to non-controlling interests	(742)	(893)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(200)
Repayments of lease liabilities	(1,224)	(1,363)
Net cash provided by (used in) financing activities	19,956	(52,373)
Effect of exchange rate change on cash and cash equivalents	2,795	5,932
Net increase (decrease) in cash and cash equivalents	5,506	(25,084)
Cash and cash equivalents at beginning of period	87,986	93,493
Cash and cash equivalents at the end of period	93,493	68,408

(5) Notes to Consolidated Statements of Income

Daicel group has recognized impairment losses on the following asset groups.

Year ended Mar. 31, 2023

Not applicable

Year ended Mar. 31, 2024

(Unit: Millions of Yen)

Location	Use	Classification	Amount
-	Others	Goodwill	224
United States of America	Business assets	Intangible assets and others	1,182
		Machinery, equipment and others	149
		Trademark and others	111
Total			1,668

(Asset grouping method)

Daicel's assets are grouped by SBU or BU as a minimum unit.

Consolidated subsidiaries' assets are primarily grouped by subsidiary as a minimum unit.

(Circumstances causing impairment losses)

The goodwill and the business assets of Biodiscovery, LLC (hereafter "Arbor") were written down to the recoverable amount due to the decrease of its profitability resulting from sales decrease to the European customers which caused by prolonged conflict in Ukraine and inventory adjustment by the customers.

The decreased amount is recorded as "Impairment losses" under extraordinary losses.

(Calculation method of recoverable value)

The recoverable values were determined based on value in use.

The value in use for the goodwill and the business assets was calculated by discounted future cash flow at a rate of 16.0%.

6. Segment Information

<Main Products>

	Main products
Medical / Healthcare	Nutritional supplements, chiral columns and others
Smart	Cellulose acetate (for optical films for LCD), high-performance optical films, resistpolymers for semiconductors, solvents for electronic materials and others
Safety	Automobile airbag inflators, Pyro-Fuses and others
Materials	Acetic acid and derivatives, cellulose acetate (other than for optical films for LCD), acetate tow, caprolactone derivatives, alicyclic-epoxy-resin, cosmetic raw materials and others
Engineering Plastics	Polyacetal (POM), polybutylene terephthalate (PBT), liquid crystal polymer (LCP), ABS and engineering plastic alloy resins, various synthetic resin processed products and others
Others	Defense-related products, separation membrane modules for water treatment processes, transportation warehousing and others

Year ended Mar. 31, 2023

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Total	Corporate and eliminations	Consolidated
Net sales									
Outside customers	16,581	29,599	83,981	160,750	238,062	9,051	538,026	—	538,026
Intersegment sales	196	289	—	12,913	288	12,414	26,102	(26,102)	—
Total	16,777	29,888	83,981	173,663	238,350	21,465	564,128	(26,102)	538,026
Operating profit (loss)	1,260	(642)	517	20,715	25,310	347	47,508	—	47,508
Assets	20,118	38,466	113,611	224,311	265,325	15,586	677,420	88,186	765,606
Other									
Depreciation	1,455	2,466	6,278	9,766	8,496	584	29,048	1,787	30,835
Amortization of goodwill	59	—	—	—	—	—	59	—	59
Investment in equity method investees	—	—	—	10,117	3,407	—	13,525	—	13,525
Capital expenditure	2,072	3,931	8,742	7,706	30,506	1,215	54,176	2,132	56,308

Year ended Mar. 31, 2024

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Total	Corporate and eliminations	Consolidated
Net sales									
Outside customers	13,927	30,715	95,574	185,341	226,821	5,676	558,056	—	558,056
Intersegment sales	—	290	—	10,820	152	13,682	24,946	(24,946)	—
Total	13,927	31,005	95,574	196,161	226,974	19,359	583,003	(24,946)	558,056
Operating profit (loss)	791	(2,855)	2,991	42,741	18,301	422	62,393	—	62,393
Assets	15,866	45,990	120,871	237,644	312,250	6,621	739,244	94,262	833,506
Other									
Depreciation	989	2,681	6,906	11,741	8,132	549	31,001	1,969	32,970
Amortization of goodwill	59	—	—	—	—	—	59	—	59
Investment in equity method investees	—	—	—	10	3	—	14	—	14
Capital expenditure	1,892	2,482	9,333	16,896	45,696	402	76,703	754	77,458

(Matters Regarding the Changes in Reportable Segment)

From the first quarter ended June 30, 2023, we made changes in reportable segments. The cosmetic ingredient 1,3-butylene glycol (1,3BG), which was previously included in the “Medical & Healthcare” segment, has been reclassified to the “Materials” segment. Furthermore, research and development function regarding the new medical device, which was previously included in the “Safety” segment, has been reclassified to the “Medical & Healthcare” segment.

The segment information of the fiscal year ended March 31, 2023, is presented based on the reclassified segment.

7. Related Information

(1) Product and Service Information

Year ended Mar. 31, 2024

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Total
Net sales to outside customers	13,927	30,715	95,574	185,341	226,821	5,676	558,056

(2) Geographic Information

(i) Net sales

Year ended Mar. 31, 2024

(Unit: Millions of Yen)

Japan	Asia		Other	Total
	China	Other		
192,983	109,484	135,116	120,471	558,056

(ii) Property, plant and equipment

Year ended Mar. 31, 2024

(Unit: Millions of Yen)

Japan	Asia			Other	Total
	China	Malaysia	Other		
156,799	68,795	15,229	31,291	36,833	308,949

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

Year ended Mar. 31, 2024

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Corporate and eliminations	Total
Impairment losses	1,668	—	—	—	—	—	—	1,668

(Note) We recorded Impairment losses of noncurrent assets and goodwill by ¥1,668 million for the year ended March 31, 2024 in the Medical / Healthcare segment.

9. Information on Amortization of Goodwill and Unamortized Balances by Reportable Segment

Year ended Mar. 31, 2024

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Corporate and eliminations	Total
Amortization	59	—	—	—	—	—	—	59
Ending balance	85	—	—	—	—	—	—	85