

*Reflects the correction of numerical data announced on June 17, 2025.

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Consolidated Financial Results for the Year Ended March 31, 2025

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

May 13, 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 : Yasuhiro Sakaki, President and CEO
Contact person : Masahiko Hirokawa, Executive Officer, Deputy General Manager, Corporate Support
Headquarters, General Manager-Investor Relations & Corporate Communications
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Scheduled date of the general meeting of shareholders : June 20, 2025
Scheduled date for submitting financial statements : June 18, 2025
Scheduled date for dividend payment : June 23, 2025
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, 2025 (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, 2025	586,531	5.1	61,011	(2.2)	62,320	(8.9)	49,480	(11.4)
Year ended Mar. 31, 2024	558,056	3.7	62,393	31.3	68,396	31.4	55,834	37.2

(Note) Comprehensive income: 30,946millions of yen [(66.7%)] for the Year ended March 31, 2025 and 92,977millions of yen [109.1%] for the Year ended March 31, 2024

	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, 2025	181.44	—	13.8	7.5	10.4
Year ended Mar. 31, 2024	197.56	—	17.1	8.5	11.2

(Reference) Share of profit of entities accounted for using equity method: 2,523 millions of yen for the Year ended March 31, 2025 and 2,067 millions of yen for the Year ended March 31, 2024

(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, 2025	813,831	375,037	44.2	1,357.77
Year ended Mar. 31, 2024	839,169	375,410	42.8	1,303.21

(Reference) Shareholders' equity: 359,984 millions of yen as of March 31, 2025 and 359,445 millions of yen as of March 31, 2024

(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, 2025	93,406	(47,869)	(48,855)	64,767
Year ended Mar. 31, 2024	76,729	(55,374)	(52,373)	68,408

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, 2024	—	25.00	—	25.00	50.00	14,044	25.3	4.3
Year ended Mar. 31, 2025	—	30.00	—	30.00	60.00	16,237	33.1	4.5
Year ending Mar. 31, 2026 (Forecast)	—	30.00	—	30.00	60.00		29.5	

3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2026

(% 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, 2025	290,000	0.1	22,500	(28.8)	23,500	(23.6)	25,000	(22.0)	94.29
Year ending Mar. 31, 2026	600,000	2.3	54,000	(11.5)	56,000	(10.1)	54,000	9.1	203.67

*Notes

- (1) Significant changes in the scope of consolidation during the period: Not applicable
- (2) 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 (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, 2025	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 Mar. 31, 2025	11,814,115 shares	As of Mar. 31, 2024	11,126,529 shares
iii Average number of shares during the each period (Cumulative from the beginning of the fiscal year)	Year ended Mar. 31, 2025	272,707,565 shares	Year ended Mar. 31, 2024	282,616,987 shares

(Reference) Overview of the Unconsolidated Financial Results

Unconsolidated Financial Results for the Year Ended March 31, 2025

(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, 2025	269,877	2.8	18,884	(37.7)	56,203	(19.7)	58,758	(13.5)
Year ended Mar. 31, 2024	262,551	11.0	30,322	160.2	69,981	161.8	67,956	142.4

	Profit per share	Diluted profit per share
	Yen	Yen
Year ended Mar. 31, 2025	215.46	—
Year ended Mar. 31, 2024	240.46	—

(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, 2025	643,069	347,179	54.0	1,309.47
Year ended Mar. 31, 2024	685,243	333,826	48.7	1,210.32

(Reference) Shareholders' equity: 347,179 millions of yen as of March 31, 2025 and 333,826 millions of yen as of March 31, 2024

*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 2025

Looking at the world trends during the consolidated fiscal year ended March 2025, 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, the impact of situation in Ukraine and the Middle East, and concerns about the impact of the U.S. tariff policy.

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 fiscal year under review totaled ¥586,531 million (up 5.1% year-on-year). On the income front, operating income amounted to ¥61,011 million (down 2.2% year-on-year), ordinary income was ¥62,320 million (down 8.9% year-on-year), and net income attributable to owners of the parent was ¥49,480 million (down 11.4% year-on-year).

Segment information is summarized as follows.

From the consolidated fiscal year ended 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 analytical 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 ¥14,438 million (up 3.7% year-on-year). Operating income was ¥261 million (down 67.0% 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 ¥37,314 million (up 10.4% year-on-year). Operating loss came to ¥780 million (operating loss of ¥897 million in the previous fiscal year), due to the 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), was affected by the certification misconduct issue at some Japanese automobile manufactures and the sluggish performance of Japanese automobile manufacturers in the Chinese market in the first half of the year, but sales volume increased due to a recovery in production volume by Japanese and Chinese automobile manufacturers in the second half of the year, resulting in increased revenue.

Although it was affected by the sale of a subsidiary in the civilian ammunition business in March 2024, the Safety business as a whole also saw an increase in revenue.

Consequently, the overall segment sales came to ¥97,620 million (up 2.1% year-on-year). Operating income amounted to ¥3,931 million (up 31.4% 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 increased due to an increase in sales volume resulting from continued solid demand, as well as the impact of exchange rates.

In the chemicals business, sales revenue of cellulose acetate decreased due to a decrease in sales volume for polarizing plate, impacted by the LCD panel market entering 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 ¥183,404 million (up 0.6% year-on-year). Operating income was ¥29,626 million (down 27.4% 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, barrier films for packaging, and 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 ¥247,986 million (up 9.3% year-on-year). Operating income was ¥27,006 million (up 47.6% year-on-year) due mainly to an increase in sales volume.

[Other Businesses]

Sales revenue of other businesses increased due to an increase in sales in the transportation and warehousing business, despite a decrease in sales of the membrane business, including separation membrane modules for water treatment.

Consequently, overall segment sales amounted to ¥5,767 million (up 1.6% year-on-year). Operating income was ¥965 million (up 128.7% year-on-year).

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

Total assets as of March 31, 2025, were ¥813,831 million, a decrease of ¥25,337 million from March 31, 2024, due to a decrease in investment securities.

Total liabilities were ¥438,794 million, a decrease of ¥24,964 million from March 31, 2024, due to a decrease in short-term bonds payable.

Total net assets were ¥375,037 million. Total shareholders' equity, which is calculated as the net assets minus non-controlling interests, was ¥359,984 million. Shareholders' equity ratio was 44.2%.

(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 +¥ 93,406million (vs. +¥76,729 million in the previous fiscal year). The increases in cash flow were mainly attributable to ¥65,499 million of net income before income taxes and ¥41,355 million of depreciation. Meanwhile, the main factor for the decreases in cash flow was a payment of ¥18,317 million for corporate income taxes and ¥15,859 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 -¥47,869 million (vs.-¥55,374 million in the previous fiscal year). The main factors for the increase in cash flow were income of ¥18,354 million from the sale and redemption of investment securities. The main factors for the decrease in cash flow were expenditures of ¥69,963 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 -¥48,855 million (vs.-¥52,373 million in the previous fiscal year). The increases in cash flow were mainly attributable to ¥33,551 million of proceeds from long-term borrowings. Meanwhile, the main factors accounting for the decrease in cash flow were ¥27,000 million for net increase (decrease) in short-term bonds payable, ¥17,836 million for repayments of long-term borrowing, ¥15,170 million in dividends paid and ¥15,000 million for purchase of treasury shares.

As a result of the above, cash and cash equivalents on March 31, 2025 totaled ¥64,767 million.

Reference: Trends in cash flow indicators

	March 2022	March 2023	March 2024	March 2025
Shareholders' equity per total assets (%)	38.9	38.6	42.8	44.2
Shareholders' equity per total assets on market value basis (%)	34.6	37.3	49.8	42.3
Ratio of interest-bearing liabilities to cash flow (year)	6.6	12.0	4.0	3.1
Interest coverage ratio (times)	32.0	19.6	53.5	47.4

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

The global economy is expected to continue to face concerns about the impact of the U.S. tariff policy on various markets, national economies, and financial markets, as well as 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, 2026, sales revenue is expected to increase due to an increase in sales volume of engineering plastics and Automobile airbag inflators. However, operating income and ordinary income are expected to decrease due to factors such as the assumption that the yen will appreciate on a year-on-year basis in exchange rates and an increase in depreciation and regular inspection expenses in the Engineering Plastics business. Net income attributable to owners of the parent is expected to increase due to an impairment loss recorded in the previous fiscal year.

Our anticipated earnings for the fiscal year ending March 31, 2026 are as follows.

Consolidated Earnings Estimates

Sales revenue	¥600.0 billion	(up 2.3% year-on-year)
Operating income	¥54.0 billion	(down 11.5% year-on-year)
Ordinary income	¥56.0 billion	(down 10.1% year-on-year)
Net income attributable to owners of the parent	¥54.0 billion	(up 9.1% year-on-year)

For these forecasts, we assume an exchange rate of ¥140/US dollar, (Asian spot) methanol price of US\$330/ton, Dubai crude oil price of US\$75/bbl and domestic naphtha price of ¥67,000/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 2025 Consolidated Financial Results" announced on May 13, 2025.

(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. However, from the fiscal year 2024, in order to clarify our commitment to stable dividends, we have introduced a new indicator, DOE (dividend on equity), in addition to the total return ratio. With regard to dividends, we aim for a DOE of 4% or more, and continue to aim for a total return ratio of 40% or more each year, combining dividends and flexible share buybacks.

Based on the policy outlined above, we will hold discussions on the payment of an ordinary year-end dividend of ¥30 per share at the 159th Annual General Meeting of Shareholders to be held on June 20, 2025. This, together with the interim dividend of ¥30 per share that was already paid in December 2024, will achieve an annual dividend of ¥60 per share, an increase of ¥10 per share from the previous fiscal year, for a dividend payout ratio of 33.1% for the fiscal year under review.

Regarding the acquisition of treasury stock, the company acquired approximately 10.98 million shares worth approximately ¥15 billion between November 2024 and February 2025. As a result, the total return ratio for this fiscal year will be 63.1%.

For the fiscal year ending March 2026, Daicel currently plans to pay an annual dividend of ¥60 per share (including an interim dividend of ¥30).

(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, 2024	As of Mar. 31, 2025
Assets		
Current assets		
Cash and deposits	73,183	65,142
Notes receivable - trade	6,557	7,406
Accounts receivable - trade	107,855	106,528
Inventories	182,510	177,879
Other	39,426	38,725
Allowance for doubtful accounts	(52)	(56)
Total current assets	409,481	395,626
Non-current assets		
Property, plant and equipment		
Buildings and structures	190,774	212,279
Accumulated depreciation	(121,749)	(121,941)
Buildings and structures, net	69,024	90,337
Machinery, equipment and vehicles	663,018	663,533
Accumulated depreciation	(544,768)	(537,199)
Machinery, equipment and vehicles, net	118,249	126,334
Tools, furniture and fixtures	35,054	35,885
Accumulated depreciation	(29,797)	(30,126)
Tools, furniture and fixtures, net	5,257	5,759
Land	36,547	30,814
Construction in progress	79,871	66,181
Total property, plant and equipment	308,949	319,426
Intangible assets		
Goodwill	85	66
Other	10,687	10,574
Total intangible assets	10,773	10,641
Investments and other assets		
Investment securities	80,023	56,652
Deferred tax assets	2,394	3,078
Retirement benefit asset	13,977	14,912
Other	13,602	13,520
Allowance for doubtful accounts	(33)	(26)
Total investments and other assets	109,964	88,137
Total non-current assets	429,688	418,205
Total assets	839,169	813,831

(Unit: Millions of Yen)

	As of Mar. 31, 2024	As of Mar. 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable – trade	62,184	61,239
Short-term borrowings	31,758	35,899
Short-term bonds payable	27,000	—
Current portion of bonds payable	10,000	20,000
Current portion of long-term borrowings	16,291	16,999
Income taxes payable	6,378	11,273
Provision for repairs	—	4,603
Other	55,191	60,339
Total current liabilities	208,804	210,353
Non-current liabilities		
Bonds payable	90,000	70,000
Long-term borrowings	124,741	138,021
Deferred tax liabilities	23,128	11,048
Provision for retirement benefits for directors	36	37
Provision for repairs	1,344	122
Provision for environmental measures	102	1
Retirement benefit liability	2,710	2,831
Asset retirement obligations	1,198	1,205
Other	11,691	5,173
Total non-current liabilities	254,954	228,440
Total liabilities	463,758	438,794
Net assets		
Shareholders' equity		
Share capital	36,275	36,275
Capital surplus	0	0
Retained earnings	233,664	253,721
Treasury shares	(15,895)	(16,171)
Total shareholders' equity	254,045	273,826
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	43,319	27,490
Deferred gains or losses on hedges	(14)	(14)
Foreign currency translation adjustment	53,371	51,052
Remeasurements of defined benefit plans	8,723	7,629
Total accumulated other comprehensive income	105,399	86,158
Non-controlling interests	15,964	15,052
Total net assets	375,410	375,037
Total liabilities and net assets	839,169	813,831

(2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Year ended Mar. 31, 2024	Year ended Mar. 31, 2025
Net sales	558,056	586,531
Cost of sales	398,776	421,785
Gross profit	159,280	164,746
Selling, general and administrative expenses	96,887	103,735
Operating profit	62,393	61,011
Non-operating income		
Interest income	1,565	1,205
Dividend income	2,367	2,546
Share of profit of entities accounted for using equity method	2,067	2,523
Foreign exchange gains	1,339	—
Rental income from non-current assets	472	474
Subsidy income	344	663
Other	794	583
Total non-operating income	8,952	7,996
Non-operating expenses		
Interest expenses	1,666	1,981
Foreign exchange losses	—	2,209
Bond issuance costs	2	2
Settlement payments	—	1,200
Other	1,279	1,294
Total non-operating expenses	2,949	6,687
Ordinary profit	68,396	62,320
Extraordinary income		
Gain on disposal of non-current assets	155	46
Gain on sales of investment securities	11,198	15,859
Gain on sale of shares of subsidiaries and associates	—	4,553
Total extraordinary income	11,354	20,459
Extraordinary losses		
Loss on retirement of non-current assets	819	6,292
Impairment losses	1,668	7,053
Loss on valuation of investment securities	506	968
Loss on valuation of shares of subsidiaries and associates	—	364
Loss on sale of shares of subsidiaries and associates	723	1,493
Loss on liquidation of business	—	1,106
Total extraordinary losses	3,718	17,279
Profit before income taxes	76,032	65,499
Income taxes		
Income taxes - current	17,113	21,481
Income taxes - deferred	2,374	(6,459)
Total income taxes	19,487	15,022
Profit	56,545	50,477
Profit attributable to non-controlling interests	710	996
Profit attributable to owners of parent	55,834	49,480

(3) Consolidated Statement of Comprehensive Income

(Unit: Millions of Yen)

	Year ended Mar. 31, 2024	Year ended Mar. 31, 2025
Profit	56,545	50,477
Other comprehensive income		
Valuation difference on available-for-sale securities	10,416	(15,828)
Deferred gains or losses on hedges	(58)	(0)
Foreign currency translation adjustment	20,144	(2,463)
Remeasurements of defined benefit plans, net of tax	5,229	(1,072)
Share of other comprehensive income of entities accounted for using equity method	700	(165)
Total other comprehensive income	36,432	(19,530)
Comprehensive income	92,977	30,946
Comprehensive income attributable to		
owners of parent	91,245	30,239
non-controlling interests	1,732	707

(4) Consolidated Statements of Changes in Equity
Year ended March 31, 2024

(Unit: Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	36,275	132	204,529	(15,716)	225,221
Cumulative effects of changes in accounting policies			549		549
Restated balance	36,275	132	205,078	(15,716)	225,770
Changes during the year					
Dividends of surplus			(12,861)		(12,861)
Net profit attributable to owners of parent			55,834		55,834
Restricted stock awards			134	294	428
Repurchase of treasury stock				(15,000)	(15,000)
Retirement of treasury stock		(6)	(14,520)	14,526	—
Change in ownership interest of parent due to transactions with non-controlling interests		(125)			(125)
Net changes of items other than shareholders' equity in the year					
Total changes during the year	—	(131)	28,586	(179)	28,274
Balance at end of period	36,275	0	233,664	(15,895)	254,045

	Accumulated other comprehensive income					Non-controlling interests	Total equity
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total		
Balance at beginning of period	32,906	43	33,519	3,519	69,988	15,225	310,435
Cumulative effects of changes in accounting policies							549
Restated balance	32,906	43	33,519	3,519	69,988	15,225	310,985
Changes during the year							
Dividends of surplus							(12,861)
Net profit attributable to owners of parent							55,834
Restricted stock awards							428
Repurchase of treasury stock							(15,000)
Retirement of treasury stock							—
Change in ownership interest of parent due to transactions with non-controlling interests						(100)	(225)
Net changes of items other than shareholders' equity in the year	10,413	(58)	19,851	5,204	35,411	839	36,250
Total changes during the year	10,413	(58)	19,851	5,204	35,411	738	64,425
Balance at end of period	43,319	(14)	53,371	8,723	105,399	15,964	375,410

Year ended March 31, 2025

(Unit: Millions of Yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	36,275	0	233,664	(15,895)	254,045
Changes during the year					
Dividends of surplus			(15,179)		(15,179)
Net profit attributable to owners of parent			49,480		49,480
Restricted stock awards			37	442	479
Repurchase of treasury stock				(15,000)	(15,000)
Retirement of treasury stock			(14,282)	14,282	—
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net changes of items other than shareholders' equity in the year					
Total changes during the year	—	—	20,056	(276)	19,780
Balance at end of period	36,275	0	253,721	(16,171)	273,826

	Accumulated other comprehensive income					Non-controlling interests	Total equity
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total		
Balance at beginning of period	43,319	(14)	53,371	8,723	105,399	15,964	375,410
Changes during the year							
Dividends of surplus							(15,179)
Net profit attributable to owners of parent							49,480
Restricted stock awards							479
Repurchase of treasury stock							(15,000)
Retirement of treasury stock							—
Change in ownership interest of parent due to transactions with non-controlling interests							—
Net changes of items other than shareholders' equity in the year	(15,829)	(0)	(2,318)	(1,093)	(19,240)	(912)	(20,153)
Total changes during the year	(15,829)	(0)	(2,318)	(1,093)	(19,240)	(912)	(373)
Balance at end of period	27,490	(14)	51,052	7,629	86,158	15,052	375,037

(5) Consolidated Statement of Cash Flows

(Unit: Millions of Yen)

	Year ended Mar. 31, 2024	Year ended Mar. 31, 2025
Cash flows from operating activities		
Profit before income taxes	76,032	65,499
Depreciation	33,644	41,355
Impairment losses	1,668	7,053
Amortization of goodwill	59	18
Increase (decrease) in provision for repairs	(2,220)	3,380
Interest and dividend income	(3,933)	(3,751)
Interest expenses	1,666	1,981
Share of loss (profit) of entities accounted for using equity method	(2,067)	(2,523)
Loss (gain) on disposal of non-current assets	(155)	(46)
Loss on retirement of non-current assets	819	6,292
Loss (gain) on sale of investment securities	(11,198)	(15,859)
Loss (gain) on sale of shares of subsidiaries and associates	723	(3,060)
Loss (gain) on valuation of investment securities	506	968
Loss (gain) on valuation of shares of subsidiaries and associates	—	364
Loss on liquidation of business	—	1,106
Decrease (increase) in trade receivables	(6,177)	(250)
Decrease (increase) in inventories	1,420	2,812
Increase (decrease) in trade payables	487	(288)
Other, net	(2,767)	476
Subtotal	88,510	105,529
Interest and dividends received	5,921	5,969
Interest paid	(1,433)	(1,972)
Income taxes paid	(16,901)	(18,317)
Income taxes refund	633	2,196
Net cash provided by (used in) operating activities	76,729	93,406
Cash flows from investing activities		
Net decrease (increase) in time deposits	(4,236)	4,443
Purchase of property, plant and equipment	(65,618)	(69,963)
Proceeds from sale of property, plant and equipment	6,318	98
Purchase of intangible assets	(3,590)	(2,379)
Purchase of investment securities	(1,232)	(91)
Proceeds from sale and redemption of investment securities	13,216	18,354
Purchase of shares of subsidiaries and associates	—	(444)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	466	4,373
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(804)
Loan advances	(513)	(7)
Proceeds from collection of loans receivable	809	517
Other, net	(992)	(1,965)
Net cash provided by (used in) investing activities	(55,374)	(47,869)

(Unit: Millions of Yen)

	Year ended Mar. 31, 2024	Year ended Mar. 31, 2025
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,690)	4,839
Net increase (decrease) in short-term bonds payable	(3,002)	(27,000)
Proceeds from long-term borrowings	29,489	33,551
Repayments of long-term borrowings	(12,852)	(17,836)
Redemption of bonds	(30,000)	(10,000)
Purchase of treasury shares	(15,000)	(15,000)
Dividends paid	(12,859)	(15,170)
Dividends paid to non-controlling interests	(893)	(765)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(200)	—
Repayments of lease liabilities	(1,363)	(1,474)
Net cash provided by (used in) financing activities	(52,373)	(48,855)
Effect of exchange rate change on cash and cash equivalents	5,932	(323)
Net increase (decrease) in cash and cash equivalents	(25,084)	(3,641)
Cash and cash equivalents at beginning of period	93,493	68,408
Cash and cash equivalents at the end of period	68,408	64,767

(6) Notes to Consolidated Financial Statements

(Note concerning Assumption of Going Concern)

Not applicable

(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 consolidated financial statements. Also, on April 1st, 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 previous consolidated fiscal year 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.

(Changes in Presentation)

(Consolidated statements of Income)

“Donations” which was listed separately under “Non-operating expenses” for the year ended March 31, 2024, have been included in “Other” under “Non-operating expenses” from the year ended March 31, 2025 due to the decreased monetary significance of the items. To reflect this change in presentation, the consolidated financial statements for the year ended March 31, 2024 have been reclassified. As a result, ¥370 million of “Donations” was presented under “Non-operating expenses” have been reclassified as “Other”.

(Consolidated statement of Cash flows)

“Increase (decrease) in provision for repairs” which was included in “Other” under “Cash flows from operating activities” for the year ended March 31, 2024, have been listed separately from the fiscal year ended March 31, 2025 due to the increased monetary significance of the items.

“Increase (decrease) in provision for environmental measures” which was listed separately under “Cash flows from operating activities” for the year ended March 31, 2024, have been included in “Other” under “Cash flows from operating activities” from the fiscal year ended March 31, 2025 due to the decreased monetary significance of the items.

To reflect this change in presentation, the consolidated financial statements for the year ended March 31, 2024 have been reclassified. As a result, ¥(2,220) million of “Other” and ¥(20) million of “Increase (decrease) in provision for environmental measures” that were presented under “Cash flows from operating activities” have been reclassified as “Increase (decrease) in provision for repairs” and “Other”.

(Notes to Consolidated Statements of Income)

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

Year ended Mar. 31, 2024

(Unit: Millions of Yen)

Location	Use	Classification	Amount
-	Others	Goodwill	224
Unites 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%

Year ended Mar. 31, 2025

Location	Use	Classification	Amount
Japan (Himeji-shi, Hyogo)	Manufacturing facilities for synthetic resin processed products	Land	4,450
		Buildings and structures	315
		Machinery, equipment and vehicles	513
		Tools, furniture and fixtures	25
		Construction in progress	56
		Intangible assets and others	50
Japan (Tatsuno-shi, Hyogo)	Manufacturing facilities for lenses	Buildings and structures	73
		Machinery, equipment and vehicles	146
		Tools, furniture and fixtures	66
		Construction in progress	1,330
		Intangible assets and others	24
Total			7,053

(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)

1. Manufacturing facilities for synthetic resin processed products

We have transferred our business related to the research, development, and sales of the group's resin coloring and resin compounding to Novacel Co., Ltd. As a result of reviewing the business plan in conjunction with this, it was determined to be difficult to recover the investment amounts due to decline in the profitability. Accordingly, we have written down the book value of the assets stated above and recorded the decreased amounts as "Impairment losses" under extraordinary losses. The recoverable values were measured at the net selling price which was based on the appraisal value of real estate.

2. Manufacturing facilities for lenses

It was considered difficult to recover the investment amounts due to decline in the profitability of the smart business as there have been delays in projects and a sharp drop in demand. Accordingly, we have written down the book value of the assets stated above and recorded the decreased amounts as "Impairment losses" under extraordinary losses. The recoverable values were measured at the net selling price.

(Segment Information)

[Segment Information]

1. Description of reportable segments

The Company's reportable segments are components of the Company for which separate financial information is available that is reviewed on a regular basis by the Board of Directors in determining how to allocate the Company's management resources and evaluate its performance.

The Company has adopted an organization centered on "Strategic Business Units (SBUs)," and each SBU formulates comprehensive domestic and overseas strategies and conducts business activities.

Accordingly, the Company has categorized its businesses into five reportable segments: "Medical/Healthcare business," "Smart business," "Safety business," "Materials business," and "Engineering Plastics business."

The main products in the reportable segments are as follows:

<Main Products>

	Main products
Medical / Healthcare	Chiral columns, nutritional supplements and others
Smart	Caprolactone derivatives, alicyclic-epoxy-resin, resist polymers for semiconductors, solvents for electronic materials, high-performance optical films and others
Safety	Automobile airbag inflators, Pyro-Fuses and others
Materials	Acetic acid and derivatives, acetate tow, cellulose acetate, 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	Separation membrane modules for water treatment processes, transportation warehousing and others

2. Methods of measurement for the amount of sales, profit or loss, assets and other items for each reportable segment

Accounting methods applied for calculation of sales, income (loss), assets, liabilities, and other items by reportable segment are the same as those used for preparing the consolidated financial statements.

The profit of each reportable segments is based on operating profit.

Intersegment revenues and transfers are mainly based on market prices and manufacturing costs.

3. Information on the amount of sales, profit or loss, assets and other items for each reportable segment

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	33,814	95,574	182,242	226,821	5,676	558,056	—	558,056
Intersegment sales	—	7,352	—	3,757	152	13,682	24,946	(24,946)	—
Total	13,927	41,167	95,574	186,000	226,974	19,359	583,003	(24,946)	558,056
Operating profit (loss)	791	(897)	2,991	40,784	18,301	422	62,393	—	62,393
Assets	15,866	43,009	120,871	240,625	312,250	6,621	739,244	99,924	839,169
Other									
Depreciation	989	2,861	6,906	11,561	8,132	549	31,001	1,969	32,970
Amortization of goodwill	59	—	—	—	—	—	59	—	59
Investment in equity method investees	—	—	—	10,485	3,658	—	14,143	—	14,143
Capital expenditure	1,892	2,947	9,333	16,432	45,696	402	76,703	754	77,458

(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. The reconciliation of segment assets consists of elimination of intersegment receivables of ¥(1,653) million and unallocated corporate assets of ¥101,578 million. Corporate assets consist of surplus operating funds (cash and deposits), long-term investment funds (investment securities), properties held or used by the administration departments, basic research departments, etc. and others.

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

Year ended Mar. 31, 2025

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Total	Corporate and eliminations	Consolidated
Net sales									
Outside customers	14,438	37,314	97,620	183,404	247,986	5,767	586,531	—	586,531
Intersegment sales	1	137	—	12,980	179	14,302	27,601	(27,601)	—
Total	14,439	37,451	97,620	196,385	248,165	20,069	614,133	(27,601)	586,531
Operating profit (loss)	261	(780)	3,931	29,626	27,006	965	61,011	—	61,011
Assets	15,427	38,659	130,651	229,891	325,812	5,694	746,137	67,693	813,831
Other									
Depreciation	1,015	2,565	6,933	18,791	9,387	619	39,313	1,639	40,952
Amortization of goodwill	18	—	—	—	—	—	18	—	18
Investment in equity method investees	—	—	—	10,087	5,801	—	15,889	—	15,889
Capital expenditure	880	1,990	10,736	9,953	43,235	304	67,101	2,359	69,461

(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. The reconciliation of segment assets consists of elimination of intersegment receivables of ¥(6,558) million and unallocated corporate assets of ¥74,252 million. Corporate assets consist of surplus operating funds (cash and deposits), long-term investment funds (investment securities), properties held or used by the administration departments, basic research departments, etc. and others.

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

4. Matters Regarding the Changes in Reportable Segment

From the first quarter of the consolidated fiscal year, 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 March 31, 2024, is presented based on the reclassified segment.

[Related Information]

Year ended Mar. 31, 2024

1. Product and Service Information

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Total
Net sales to outside customers	13,927	33,814	95,574	182,242	226,821	5,676	558,056

2. Geographic Information

(1) Net sales

(Unit: Millions of Yen)

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

(2) Property, plant and equipment

(Unit: Millions of Yen)

Japan	Asia			Europe		Other	Total
	China	Malaysia	Other	Germany	Other		
156,799	68,795	15,229	31,291	23,924	4,512	8,396	308,949

Year ended Mar. 31, 2025

1. Product and Service Information

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Total
Net sales to outside customers	14,438	37,314	97,620	183,404	247,986	5,767	586,531

2. Geographic Information

(1) Net sales

(Unit: Millions of Yen)

Japan	Asia		Other	Total
	China	Other		
191,802	121,784	143,010	129,934	586,531

(2) Property, plant and equipment

(Unit: Millions of Yen)

Japan	Asia			Europe		Other	Total
	China	Malaysia	Other	Germany	Other		
138,215	83,005	12,955	34,737	36,524	6,255	7,732	319,426

[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 in the Medical / Healthcare segment for the year ended March 31, 2024.

Year ended Mar. 31, 2025

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Corporate and eliminations	Total
Impairment losses	—	1,642	—	—	5,411	—	—	7,053

(Note) We recorded Impairment losses of noncurrent assets by ¥1,642 million in the Smart segment and ¥5,411 million in the Engineering Plastics segment for the year ended March 31, 2025.

[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

Year ended Mar. 31, 2025

(Unit: Millions of Yen)

	Medical / Healthcare	Smart	Safety	Materials	Engineering Plastics	Others	Corporate and eliminations	Total
Amortization	18	—	—	—	—	—	—	18
Ending balance	66	—	—	—	—	—	—	66

[Information on gain on negative goodwill for each reportable segment]

Year ended March 31, 2024

Not applicable

Year ended March 31, 2025

Not applicable

(Per share information)

	Year ended March 31, 2024	Year ended March 31, 2025
Net assets per share	1,303.21	1,357.77
Net profit per share	197.56	181.44

(Notes) 1. Diluted net profit per share is not stated because there are no dilutive shares.

2. The basis for calculation of net profit per share is as follows:

Item	Year ended March 31, 2024	Year ended March 31, 2025
Net profit attributable to owners of the parent (Millions of Yen)	55,834	49,480
Amount not attributable to common shareholders (Millions of Yen)	—	—
Net profit attributable to owners of the parent related to common shares (Millions of Yen)	55,834	49,480
Average number of common shares during the period (thousand shares)	282,617	272,708

(Significant subsequent events)

Not applicable