

# 3rd Quarter Consolidated Financial Results for the Year Ending March 31, 2024

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

February 6, 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 for submitting financial statements : February 9, 2024  
 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, 2023 (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, 2023	414,276	2.4	44,487	21.7	48,171	21.1	44,209	49.6
Nine months ended Dec. 31, 2022	404,513	17.9	36,566	(6.9)	39,766	(7.9)	29,548	25.7

(Note) Comprehensive income: 57,565 millions of yen [86.1%] for the Nine months ended December 31, 2023 and 30,930 millions of yen [(15.6%)] for the Nine months ended December 31, 2022

	Profit per share	Diluted profit per share
	Yen	Yen
Nine months ended Dec. 31, 2023	155.42	—
Nine months ended Dec. 31, 2022	100.18	—

### (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, 2023	805,241	342,930	40.7	1,178.41
As of Mar. 31, 2023	765,606	310,435	38.6	1,033.52

(Reference) Shareholders' equity: 327,848 millions of yen as of December 31, 2023 and 295,209 millions of yen as of March 31, 2023

## 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, 2023	—	18.00	—	20.00	38.00
Year ending Mar. 31, 2024	—	25.00	—		
Year ending Mar. 31, 2024 (Forecast)				25.00	50.00

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

## 3. Forecast of Consolidated Financial Results for the Year Ending March 31, 2024

(% 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, 2024	562,000	4.5	61,000	28.4	65,500	25.9	54,000	32.7	188.84

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

\*Notes

- (1) Changes in significant subsidiaries during the Nine months ended Dec. 31, 2023: Not applicable  
(Note) Changes in specified subsidiaries that caused a change in the scope of consolidation
- (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: Not 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, 2023	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 Dec. 31, 2023	8,729,591 shares	As of Mar. 31, 2023	17,307,785 shares
iii Average number of shares during each period (Cumulative from the beginning of the fiscal year)	Nine months ended Dec. 31, 2023	284,457,934 shares	Nine months ended Dec. 31, 2022	294,939,316 shares

\*This Quarter Consolidated Financial Results report is not subject to quarterly review.

\*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 2024 (nine months ended December 31, 2023), 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 prolonged situation in Ukraine.

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 third quarter of the fiscal year under review totaled ¥414,276 million (up 2.4% year-on-year). On the income front, operating income amounted to ¥44,487 million (up 21.7% year-on-year), ordinary income was ¥ 48,171 million (up 21.1% year-on-year), and net income attributable to owners of the parent was ¥44,209 million (up 49.6% 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 ending 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 ¥10,496 million (down 15.3% year-on-year). Operating income amounted to ¥909 million (down 30.3% 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 despite sluggish demand 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 lower sales volume resulting from continued sluggish demand for semiconductors and LCD panels.

The overall segment sales came to ¥22,632 million (down 2.5% year-on-year). Operating loss came to ¥1,823 million (operating loss of ¥209 million in the same period of the previous year), due to a decrease of sales volume and 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 alleviation of semiconductor shortage compared with the same period of the previous fiscal year.

Consequently, overall segment sales came to ¥72,723 million (up 17.1% year-on-year). Operating income amounted to ¥2,385 million (up 74.2% 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 sales price revisions from the rise in raw material 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 for urethane applications 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 recovery of domestic demand for cosmetics by inbound tourists.

Consequently, overall segment sales amounted to ¥134,855 million (up 14.7% year-on-year). Operating income amounted to ¥30,681 million (up 137.5% 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 impact of 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 equipment.

Consequently, overall segment sales amounted to ¥169,538 million (down 7.4% year-on-year). Operating income was ¥12,121 million (down 41.9% 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 ¥4,028 million (down 34.4% year-on-year). Operating income was ¥212 million (down 32.5% year on year).

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

Total assets as of December 31, 2023 were ¥805,241 million, an increase of ¥39,634 million from March 31, 2023, due to increases in cash and deposits, notes and accounts receivable, and construction in progress.

Total liabilities were ¥462,311 million, an increase of ¥7,140 million from March 31, 2023, due to an increase in short-term borrowings.

Total net assets were ¥342,930 million. Total shareholders' equity, which is calculated as the net assets minus non-controlling interests, was ¥327,848 million. Shareholders' equity ratio was 40.7 %

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Unit: Millions of Yen)

	As of Mar. 31, 2023	As of Dec. 31, 2023
Assets		
Current assets		
Cash and deposits	93,840	89,278
Notes and Accounts receivable - trade	101,534	106,598
Inventories	177,169	180,046
Other	34,149	34,905
Allowance for doubtful accounts	(66)	(111)
Total current assets	<u>406,627</u>	<u>410,716</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	64,809	65,296
Machinery, equipment and vehicles, net	74,802	75,230
Land	35,639	36,518
Construction in progress	75,803	108,155
Other, net	5,076	5,322
Total property, plant and equipment	<u>256,130</u>	<u>290,524</u>
Intangible assets		
Goodwill	338	312
Other	10,853	10,901
Total intangible assets	<u>11,191</u>	<u>11,213</u>
Investments and other assets		
Investment securities	67,914	69,949
Deferred tax assets	2,425	2,399
Retirement benefit asset	7,648	7,434
Other	13,707	13,038
Allowance for doubtful accounts	(40)	(34)
Total investments and other assets	<u>91,656</u>	<u>92,786</u>
Total non-current assets	<u>358,978</u>	<u>394,524</u>
Total assets	<u>765,606</u>	<u>805,241</u>

(Unit: Millions of Yen)

	As of Mar. 31, 2023	As of Dec. 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	56,167	64,755
Short-term borrowings	36,267	52,523
Short-term bonds payable	30,000	34,000
Current portion of bonds payable	30,000	10,000
Current portion of long-term borrowings	12,742	9,050
Income taxes payable	5,343	3,968
Provision for repairs	3,565	—
Other	46,768	40,101
Total current liabilities	220,856	214,399
Non-current liabilities		
Bonds payable	100,000	90,000
Long-term borrowings	108,823	123,126
Deferred tax liabilities	14,394	18,159
Provision for retirement benefits for directors	71	36
Provision for repairs	—	816
Provision for environmental measures	122	99
Retirement benefit liability	4,735	4,570
Asset retirement obligations	1,170	1,185
Other	4,995	9,916
Total non-current liabilities	234,314	247,911
Total liabilities	455,170	462,311
<b>Net assets</b>		
Shareholders' equity		
Share capital	36,275	36,275
Capital surplus	132	0
Retained earnings	204,529	221,491
Treasury shares	(15,716)	(12,414)
Total shareholders' equity	225,221	245,353
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,906	35,840
Deferred gains or losses on hedges	43	—
Foreign currency translation adjustment	33,519	43,560
Remeasurements of defined benefit plans	3,519	3,093
Total accumulated other comprehensive income	69,988	82,494
Non-controlling interests	15,225	15,081
Total net assets	310,435	342,930
Total liabilities and net assets	765,606	805,241

## (2) Consolidated Statements of Income

(Unit: Millions of Yen)

	Nine months ended Dec. 31, 2022	Nine months ended Dec. 31, 2023
Net sales	404,513	414,276
Cost of sales	293,491	298,031
Gross profit	111,021	116,244
Selling, general and administrative expenses	74,455	71,757
Operating profit	36,566	44,487
Non-operating income		
Interest income	445	1,102
Dividend income	1,591	1,574
Share of profit of entities accounted for using equity method	1,817	1,570
Foreign exchange gains	—	132
Other	1,023	1,180
Total non-operating income	4,878	5,560
Non-operating expenses		
Interest expenses	1,097	1,258
Foreign exchange losses	20	—
Bond issuance costs	1	2
Other	558	614
Total non-operating expenses	1,677	1,875
Ordinary profit	39,766	48,171
Extraordinary income		
Gain on disposal of non-current assets	71	31
Gain on sale of investment securities	4,168	11,229
Total extraordinary income	4,239	11,260
Extraordinary losses		
Loss on retirement of non-current assets	1,034	620
Loss on liquidation of business	864	—
Total extraordinary losses	1,898	620
Profit before income taxes	42,108	58,812
Income taxes		
Income taxes – current	9,640	11,533
Income taxes – deferred	2,067	2,654
Total income taxes	11,708	14,188
Profit	30,400	44,623
Profit attributable to non-controlling interests	851	413
Profit attributable to owners of parent	29,548	44,209

## (3) Consolidated Statement of Comprehensive Income

(Unit: Millions of Yen)

	Nine months ended Dec. 31, 2022	Nine months ended Dec. 31, 2023
Profit	30,400	44,623
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,247)	2,937
Deferred gains or losses on hedges	15	(43)
Foreign currency translation adjustment	4,632	10,209
Remeasurements of defined benefit plans, net of tax	1,243	(422)
Share of other comprehensive income of entities accounted for using equity method	(114)	261
Total other comprehensive income	530	12,942
Comprehensive income	30,930	57,565
Comprehensive income attributable to		
owners of parent	30,088	56,716
non-controlling interests	841	849



## 6. Segment Information

I Nine months ended Dec. 31, 2022

### 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	12,389	23,217	62,110	117,596	183,059	6,139	398,373	—	404,513
Intersegment sales	151	161	—	10,712	232	9,188	11,258	(20,447)	—
Total	12,541	23,378	62,110	128,309	183,292	15,327	409,632	(20,447)	404,513
Operating profit (loss)	1,305	(209)	1,369	12,918	20,868	314	36,252	—	36,566

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

Not applicable.

II 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	22,632	72,723	134,855	169,538	4,028	414,276	—	414,276
Intersegment sales	9	238	—	7,957	187	10,279	18,672	(18,672)	—
Total	10,505	22,871	72,723	142,813	169,726	14,307	432,949	(18,672)	414,276
Operating profit (loss)	909	(1,823)	2,385	30,681	12,121	212	44,487	—	44,487

### 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, 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 December 31, 2022, is presented based on the reclassified segment.