

# **Important Management Issues**

**June 23, 2023**

**DAICEL CORPORATION**

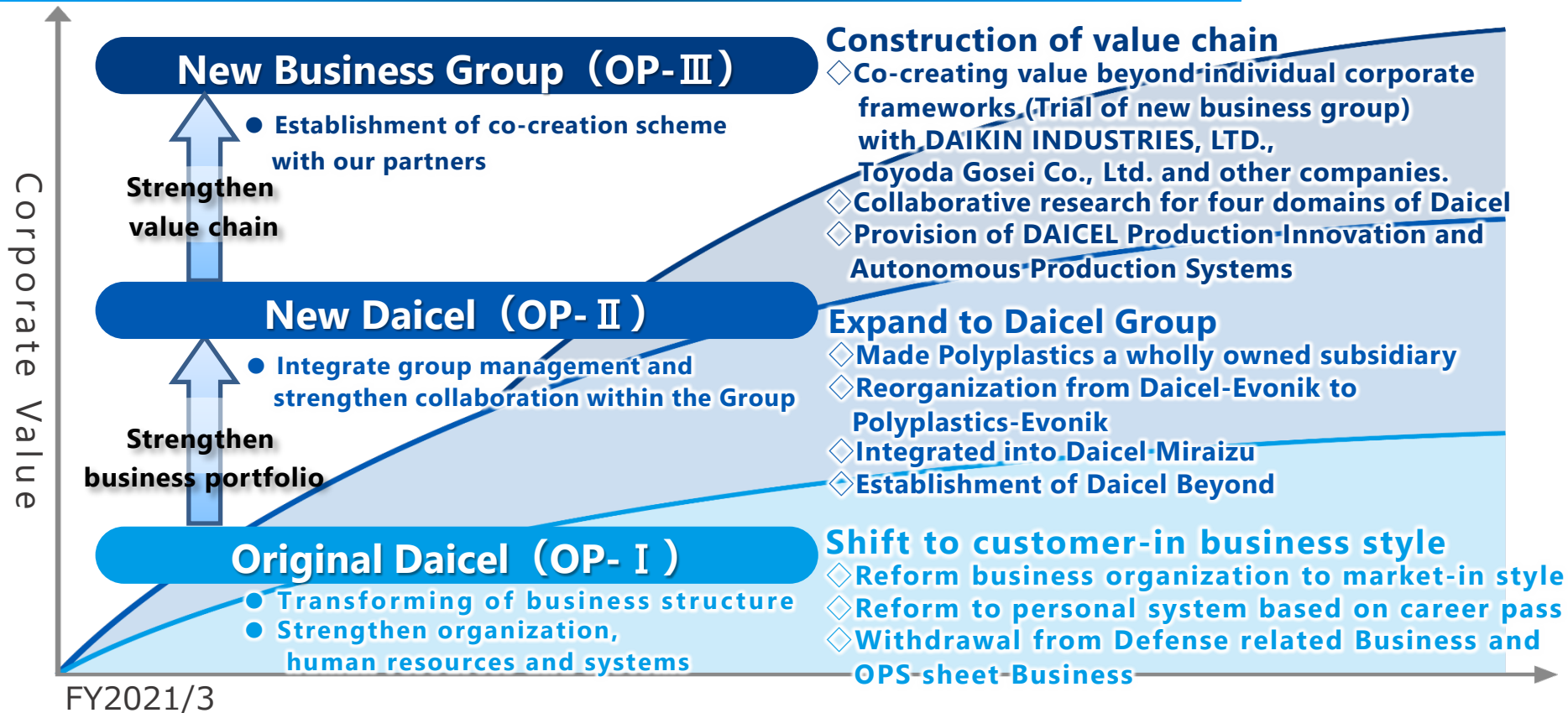
# FY2024/3 Financial Forecasts



Unit : Billion Yen	FY2023/3 Results	FY2024/3 Forecasts	FY2026/3 Mid-term Target(Updated)	FY2026/3 Mid-term Target (Previous)
Net Sales	538.0	572.0	660.0	500.0
Operating Income	47.5	53.0	82.0	70.0
Operating Profit Margin	8.8%	9.3%	12.4%	14.0%
Income Attributable to Owners of Parent	40.7	44.0	58.0	48.0
EBITDA	79.1	89.0	136.0	116.0
ROE	14.3%	14.5%	17.1%	18.0%
ROIC	5.3%	5.6%	9.3%	10.0%
ROA	5.6%	5.7%	7.7%	8.0%

- **Acetate Tow: Expand supply capacity by utilizing existing facilities and revise selling prices.**
- **Aiming for ROIC of 10% in FY2027/3 by controlling asset expansion.**

# Progress of Accelerate2025



# Pursue Synergy with Polyplastics



## ● Benefits from investments in expansion targets for FY2031/3

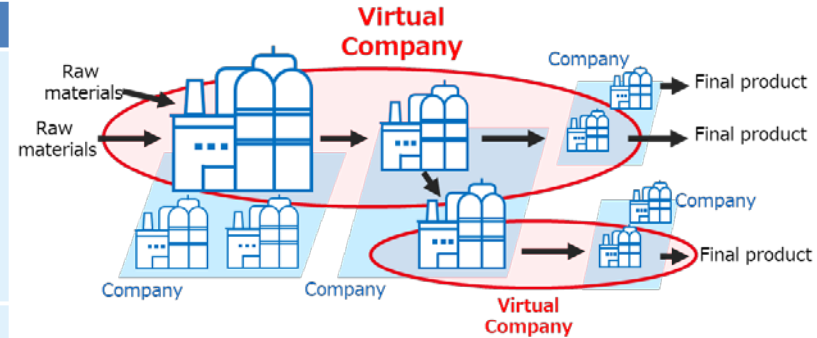
\*Cumulative benefits (EBITDA) from operation

Investment	Initial plan		Forecast		Effect*	
	Start of operation (FY)	Production Capacity (MT/ years)	Start of operation (FY)	Sales expansion strategy	FY2026/3 (Billion Yen)	FY2031/3 (Billion Yen)
POM	2026/3	90,000	2025/3	<ul style="list-style-type: none"> <li>✓ Responding to domestic demand by expanding production capacity in China</li> <li>✓ Making the more of next-generation methanol as a raw material</li> </ul>	16.0	78.0
		60,000	2026/3			
LCP	2025/3	5,000	2025/3	<ul style="list-style-type: none"> <li>✓ New applications/market development other than automotive, such as medical applications</li> <li>✓ Maintain top market share by expanding sales further aimed at expanding demand by responding to 5G millimeter-wave demand in the future</li> </ul>	5.0	36.0
		5,000	Under Planning			
COC	2024/3	20,000	2025/3	<ul style="list-style-type: none"> <li>✓ Expansion in new markets through 5G composite material (hybrids with inorganic compounds)</li> <li>✓ Responding to the growing demand in the packaging and medical fields</li> <li>✓ Sales expansion in EU countries by leveraging unique recyclability</li> </ul>	9.0	64.0
Total					30.0 (Initial plan: 20.0)	178.0

# Towards Value Chain from Supply Chain

## ● Optimal solution for the company and the supply chain

Cut-off	Keywords	Benefits
<b>Production</b>	<ul style="list-style-type: none"> <li>Continuous monitoring management</li> <li>Small lots</li> <li>Reducing time to stop and restart operation</li> <li>Synchronization of production plans</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing product quality</li> <li>Inventory reductions</li> <li>Energy Conservation</li> </ul>
<b>Development</b>	<ul style="list-style-type: none"> <li>Co-creation</li> </ul>	<ul style="list-style-type: none"> <li>Reduction in development period</li> <li>Reduction in cost of development</li> <li>Reduce frequency of customer evaluations</li> </ul>
<b>Distribution</b>	<ul style="list-style-type: none"> <li>3PL</li> <li>Lead time reduction</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of third-party warehouses</li> <li>Reduction of on-site logistics</li> <li>Inventory optimization</li> </ul>
<b>Energy</b>	<ul style="list-style-type: none"> <li>Load equalization</li> <li>Elimination of capacity gap between energy supply and production</li> <li>CO<sub>2</sub> reduction</li> </ul>	<ul style="list-style-type: none"> <li>Accelerate self-consignment system</li> <li>Overall optimization of energy usage through process synchronization</li> </ul>

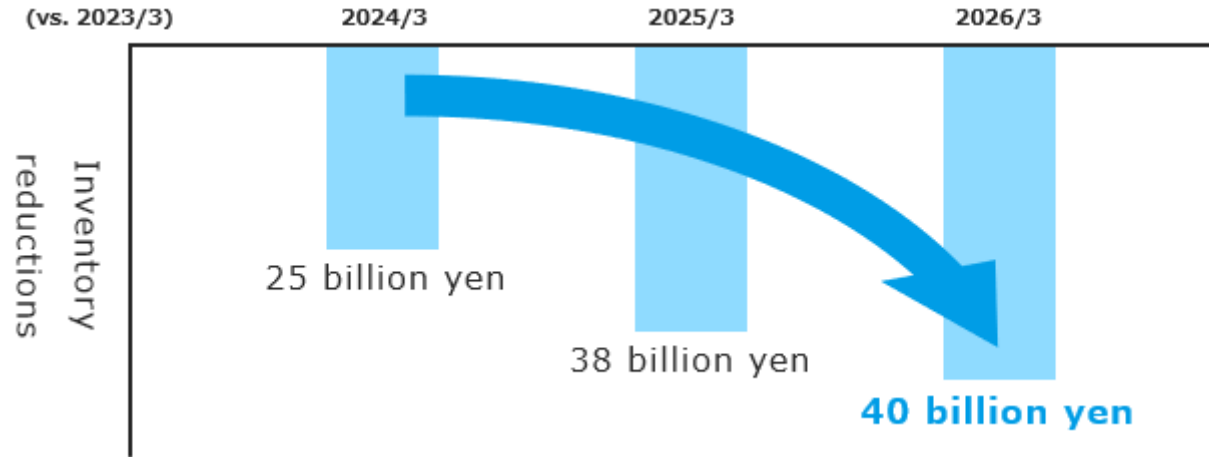


**Potential for supply chain collaboration  
across the border of companies**

**20% reduction in inventory  
and  
30% reduction in  
GHG emissions**

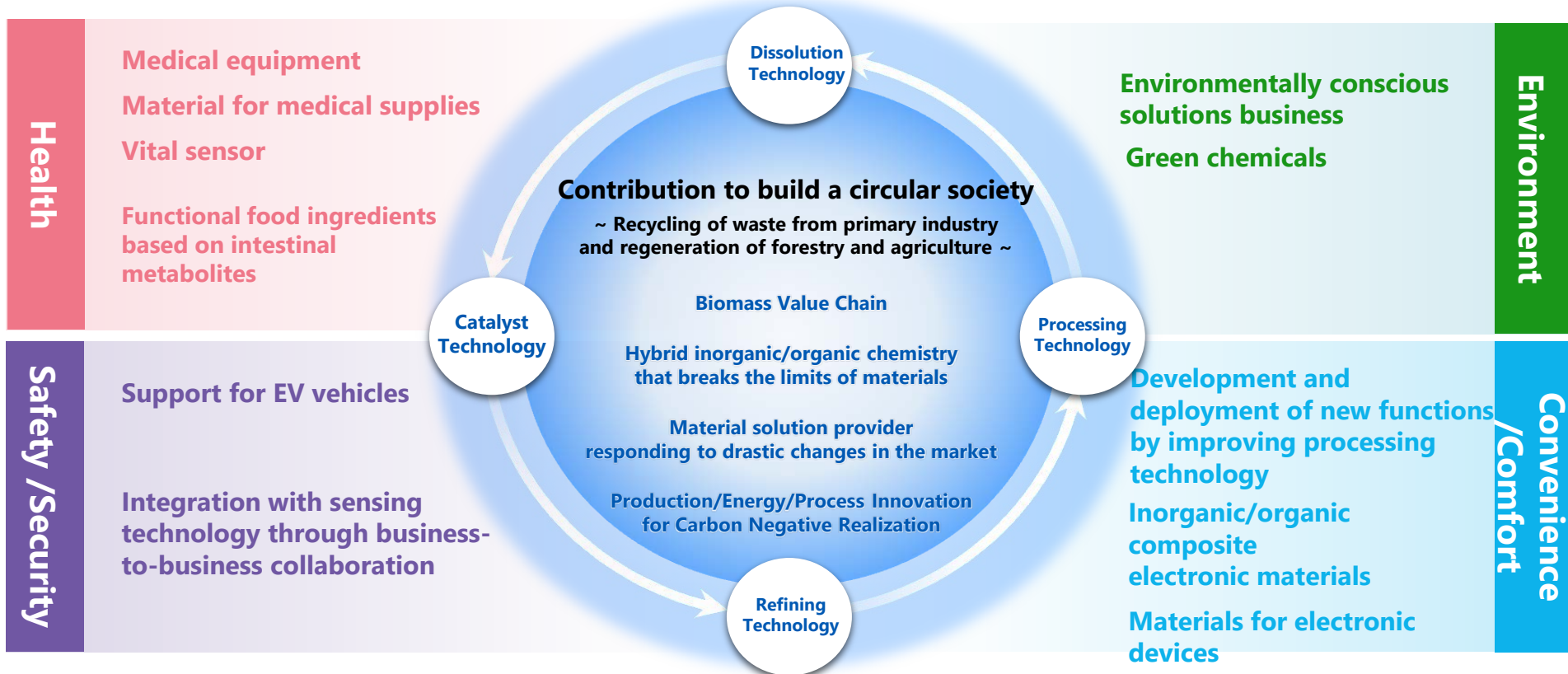
# Effects in the Value Chain (In the Case of Logistics Reform)

- Improve ROIC by optimizing operating assets and improving efficiency of invested capital



- Streamlining logistics by consistently monitoring the status of product quality utilizing online analysis, small-unit management, and resolving stuck item-
- Optimization of production plans and shortening of product switching periods by deploying Autonomous Production Systems.
- Improvement in product quality, cost reduction and drastic reduction of raw material inventory by introducing process innovation.
- Shortening a lead time for product transportation by shifting local production.

# Focus Domains Targeted by New Business Group





# Accelerate New Business Development by Translating Functions



Health

## New Drug Delivery Device Actranza™ Lab



Started domestic  
sales in June 2022

Aiming to develop business as a medical  
device in Japan, Europe and U.S.

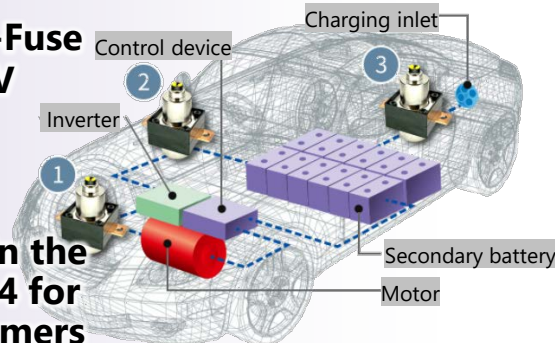
Safety /Security

## Pyro-Fuse for EV



Plan to launch in the  
summer of 2024 for  
European customers

Sales target 2031/3 is over 40 billion yen



## Fine Cellulose



Presented at the G7 Hiroshima Summit on May  
Marine Biodegradable Cellulose Acetate Resin

Sales target 2031/3 is over 40 billion yen

## Rare Metal Recovery



Developed a separation membrane  
that can recover gold without burning it

Environment

## Power Electronics

Ag-Si alloy sintered bonding

Achieved cost reduction and  
performance improvement by  
increasing silicon content

## Semiconductor masking

Silicon nitride selective  
adsorbents

Semiconductor of the Year 2023  
Excellence Award (Semiconductor  
Electronic Materials Category)

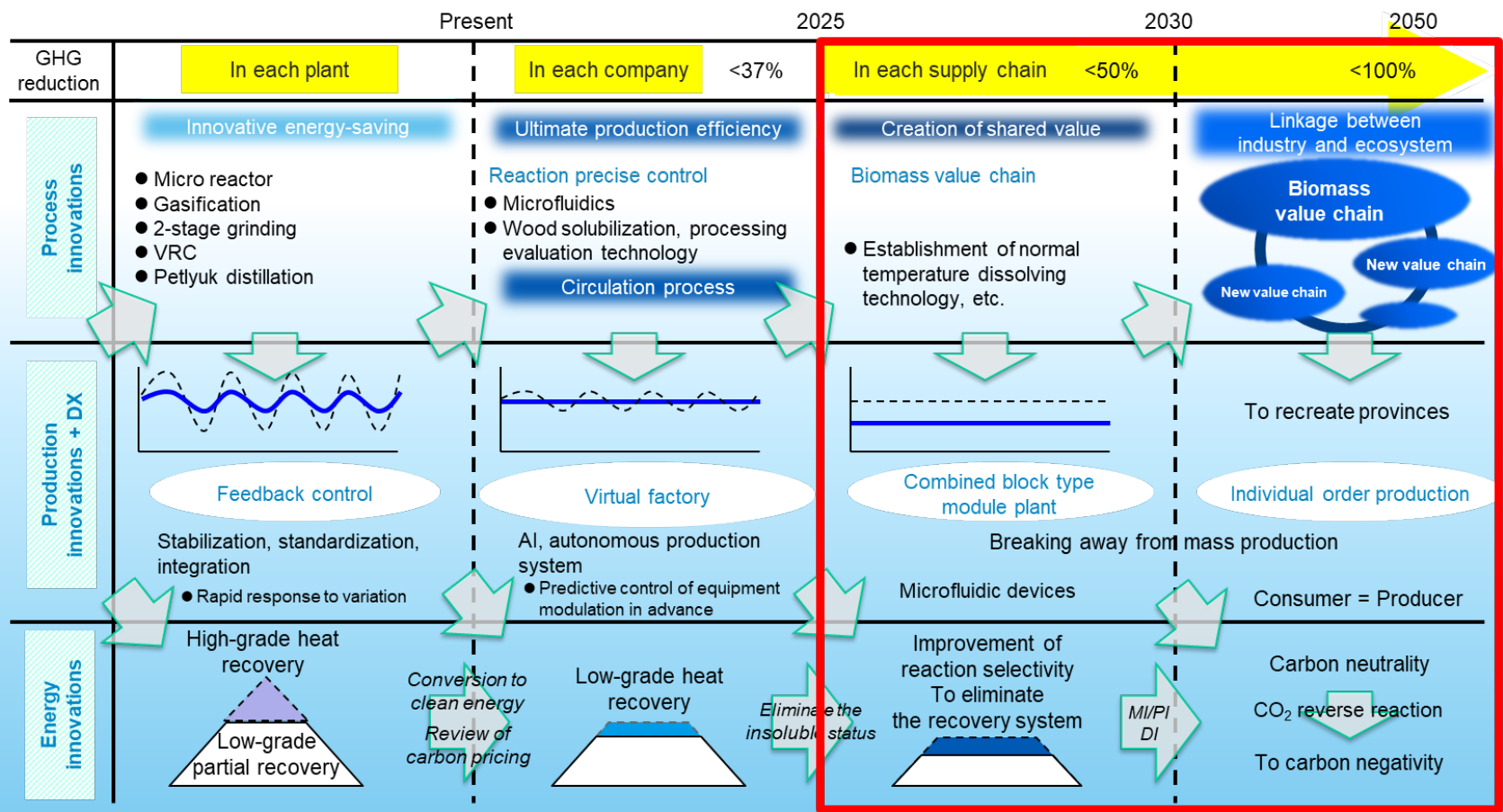
Sales target 2031/3 is over 50 billion yen

Convenience  
/Comfort



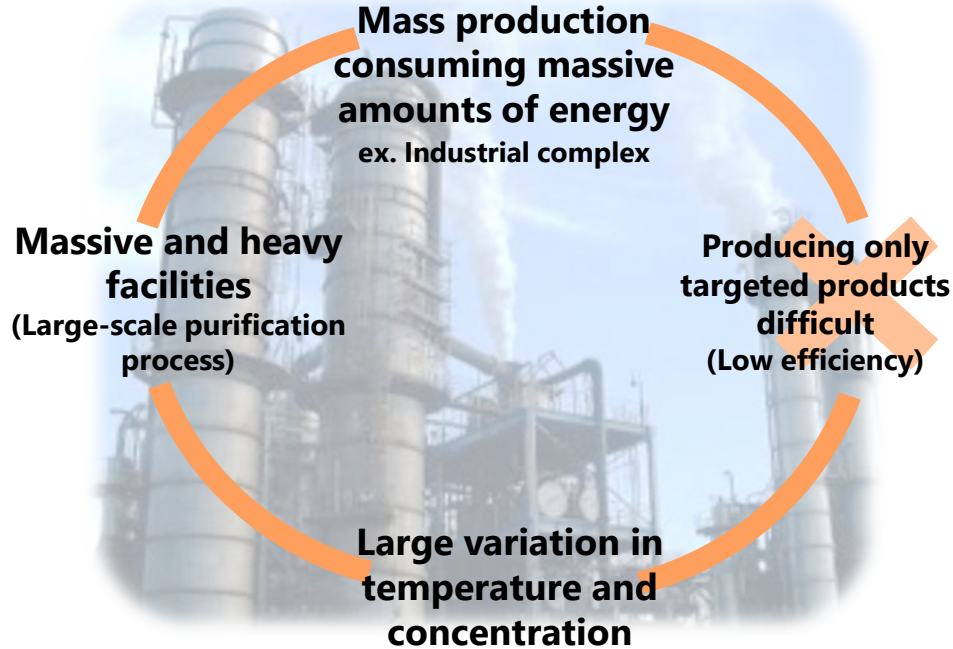
# Road to Carbon Neutral/Negative Realization

## -Balance Economy and Ecology by Innovation in Technology

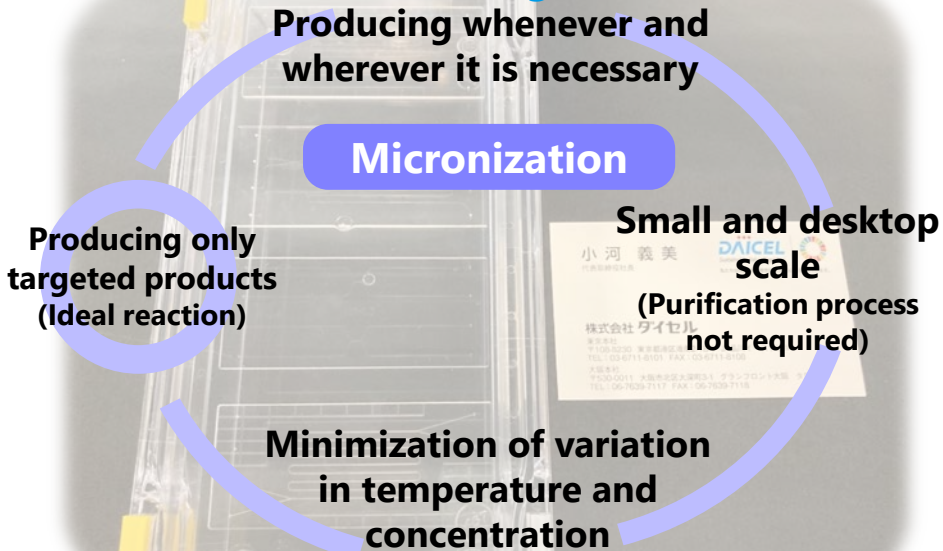


# From Mass Production To Production Method that Produces Only Targeted Products

## Technological improvement in existing facilities



## Technological innovation aimed at the ideal manufacturing method



### Technologies required for

- Clogging in flow path ⇒ Technology for dissolving
- Technology for controlling multiple line flows  
⇒ Precision machinery design technology
- Expansion into supply chain beyond company  
⇒ Modularizing into 30 types



## Micronization

Technology for dissolving  
Homogenization

## Universalization (standardization)

Daicel production innovation  
8 types of 41 operations

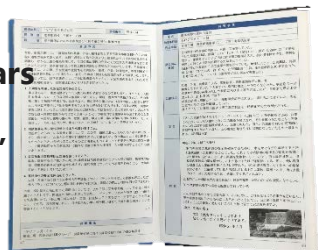
Modularized into about 30 types

- Reduced need for large-scale plants  
⇒ From overconcentration to decentralization
- Reduced need for large-scale distribution  
⇒ Manufacturing en route to delivery possible
- Reduced plant risks  
⇒ Increase safety due to smaller volumes of chemical products

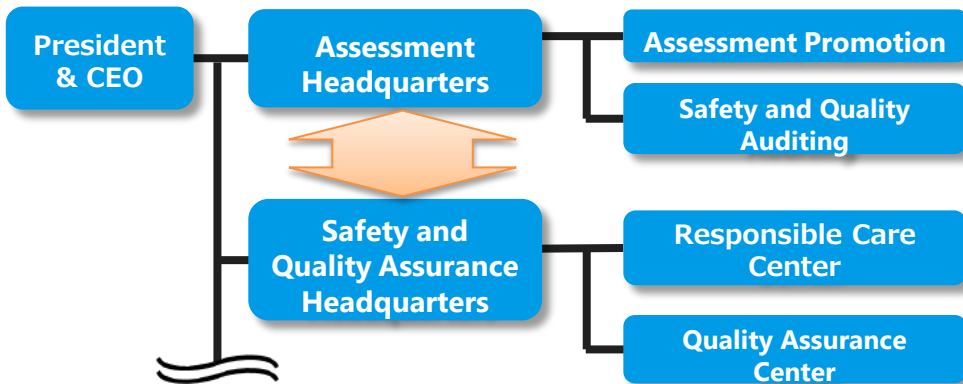
# Firmly establish safety, quality and compliance

- Deliberating on inappropriate cases of UL certification
- Establishment of new Ethical Standards and Conduct Policy  
“Be a good member of society before being a business person”

- A notebook containing the past 50 years of serious incidents and notifications  
(Always carry it to ensure employees' remembrance)



- Clarification of audit and execution functions



- Utilization of personnel system based on multiple career path  
-Reform workstyle

- My Life Plan, Career Challenge
- Management and Professional Positions

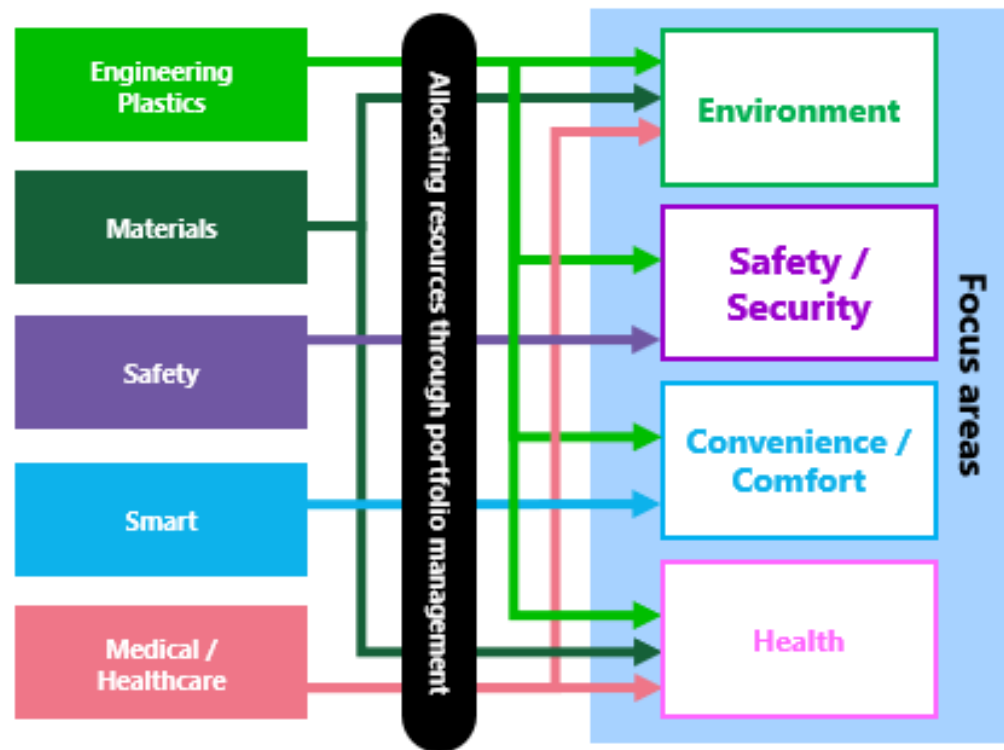
- Talk session with President and CEO

- Visit all sites and promote dialogues in person

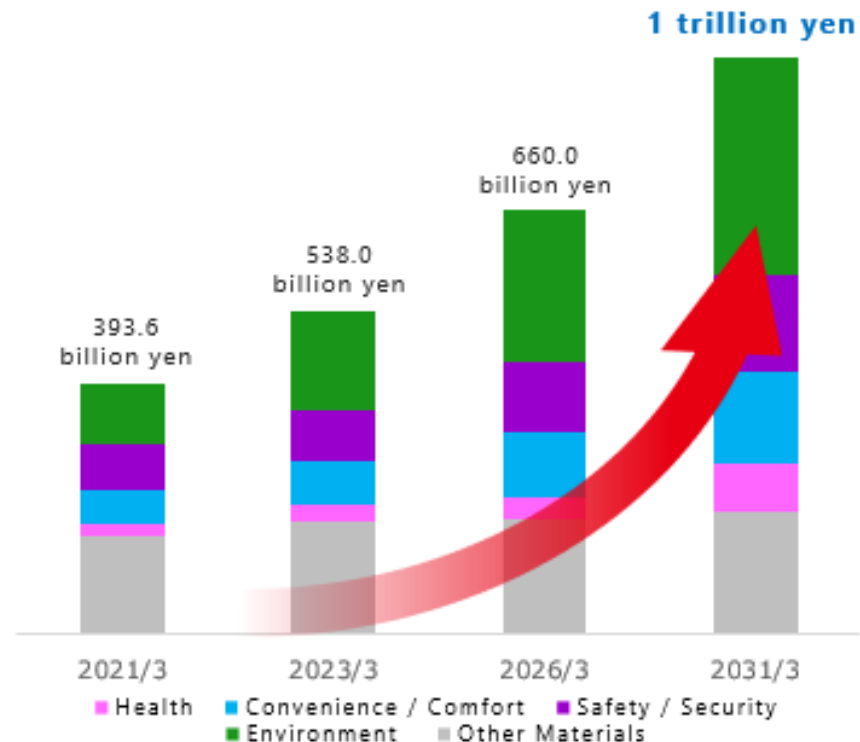


# Targeted Earnings Structure

【Each Business and Focus Areas】



【Target earnings structure (net sales)】



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